Royal Borough of Greenwich

Statement of Accounts

2022/23

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Introduction from Councillor Ivis Williams, Cabinet Member for Finance, Resources and Social Value, Royal Borough of Greenwich

This statement of accounts covers the financial year 1 April 2022 to 31 March 2023, a period where many Royal Greenwich residents have been at the brink due to the cost of living crisis.

As a Council, we are facing unprecedented pressures on our finances as we work to ensure that vulnerable residents, such as those unable to afford food and heating, the elderly and at-risk children, are supported.

This year, with inflation hitting a 40-year high, groceries and bills have risen faster than average household income, resulting in pressure on Council services, food banks and Council-funded organisations such as Live Well Greenwich.

Despite the challenges, we have seen our communities' step forward with warm and welcoming spaces opening across the borough for residents unable to heat their homes. As a Council, we have supported these initiatives with £61,000 in financial backing.

By September, Greenwich Foodbank had already given out 100,000 meals, surpassing the 92,000 meals given in the entirety of 2021. We have provided thousands of meals to children during the school holidays, so they don't go hungry. These figures clearly show that food insecurity is affecting residents in our borough, and why it remains a priority for us. We have backed local food initiatives with £150,000 in Greenwich Supports funding, helping more people access good nutritious food.

Since April 2022, our Advice Hubs have grown substantially, with hubs in Greenwich Peninsula, Eltham, Glyndon, Woolwich Dockyard, Woolwich Common and Thamesmead and roaming locations Abbey Wood, Greenwich West, Coldharbour, Middle Park and Kidbrooke.

Thanks to our partnership with Citizens Advice, Greenwich Housing Rights, and the Plumstead Community Law Centre, more than 1,000 residents have had free face-to-face support with welfare benefits, housing, pension benefit, council tax, debt and the cost of living crisis.

We have supported vulnerable residents with payments totalling over £965,000 to 21,000 households under the Emergency Support Scheme. Hundreds of homes in our borough benefitted from more than £645,000 in Discretionary Hardship Payments, which we have supplemented with our own reserves £300,000 agreed by Cabinet under Greenwich Supports, to those in private and council accommodation.

This year, we have invested £129m into improving council homes and building new ones through our Greenwich Builds programme. We have seen the historic Tramshed venue re-open following our £4m investment and work begin on the multi-million-pound Woolwich Leisure Centre which will regenerate the town centre.

We have continued the rollout of the LED Street Lighting upgrade and Public Sector Decarbonisation programmes, which contribute towards the Councils 2030 Carbon Neutral target. And opened a new customer service centre in Eltham to ensure we can reach more people.

Although we're facing financial pressure, we're still investing so that Royal Greenwich can be a great place to live for people of all ages, genders, ethnicities, religions and abilities. Our plans to ensure we can provide the best support is outlined in our corporate plan.

The plan, Our Greenwich, covers everything from addressing the climate emergency, tackling child food poverty and reducing bureaucracy over the next four years, and much more.

Councillor Ivis Williams
Cabinet Member for Finance, Resources and Social Value, Royal Borough of Greenwich

Narrative Report

The Royal Borough of Greenwich is one of 33 London Boroughs. The borough is home to:

- a World Heritage site
- the O2 arena
- Greenwich Park
- the Cutty Sark
- the Royal Arsenal in Woolwich and
- the Prime Meridian

These are just a few of the world class attractions in the borough.

The Authority operated in 2022/23 with a Leader / Cabinet system with 55 councillors in total (23 wards); the current political balance is 52 Labour and 3 Conservative councillors. New elections took place in May 2022.

Over the course of 2022/23, the authority was grouped into 6 distinct directorates:

- Children's Services
- Health and Adult Services
- Regeneration, Enterprise and Skills
- Housing and Safer Communities
- Communities, Environment and Central
- Finance and Legal Services

Council Services

The Royal Borough of Greenwich offers services to residents in the following areas:

- **Advice and Benefits** - Welfare Rights, Housing Benefit and debt, as well as what to do in an emergency
- **Business** - Business support services, doing business with the council, and information about licensing and trading standards
- **Community and Living** - births, deaths, marriages and citizenship, community safety and anti-social behaviour, community grant funding and family history research
- **Council and Democracy** – information on councillors, local matters, voting, council tax
- **Education and Learning** - schools and colleges, childcare arrangements, adult learning courses, and help with schooling costs
- **Environment and Planning** - recycling, street cleaning, noise and pollution, planning and conservation, building control and parks and open spaces
- **Health and Social Care** - adult care services, support for families and children and people with disabilities
- **Housing** - Exchanging a council home, access services for council tenants, assessing housing options and information for landlords and leaseholders
- **Jobs and careers** - council jobs and other opportunities through Greenwich Local Labour and Business (GLLaB)
- **Leisure and Culture** - local leisure facilities, libraries, entertainment and events, as well as tourist information
- **Transport and streets** - parking and transport information, as well as resources for cyclists and foot tunnel users

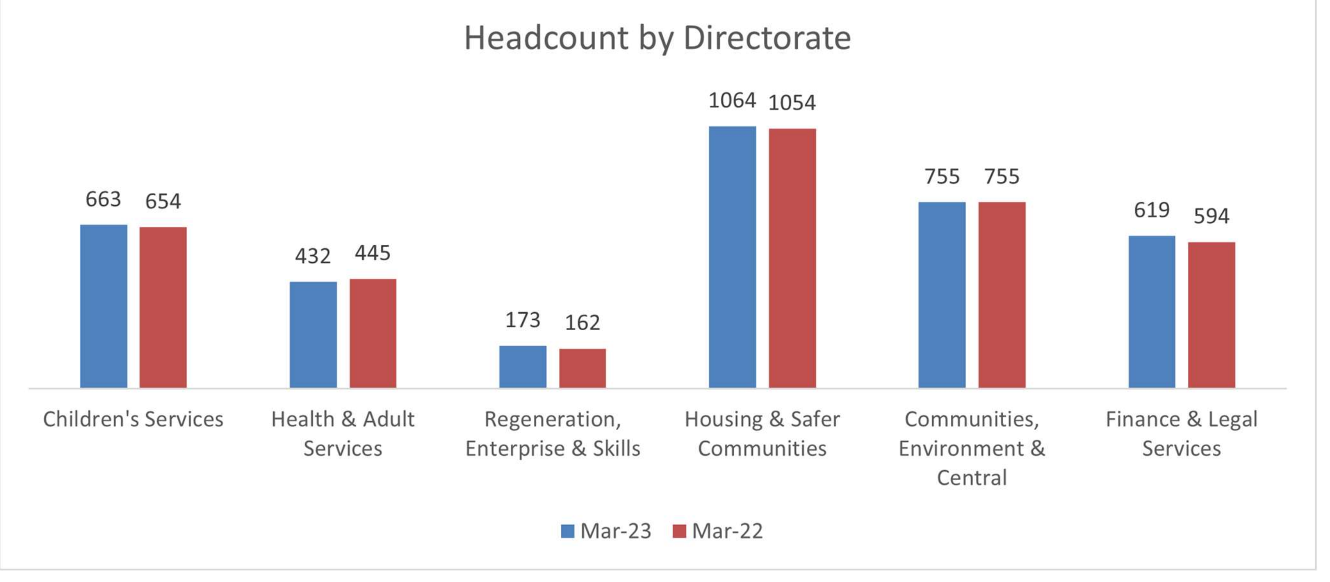
More information on the above services is available on our website www.royalgreenwich.gov.uk

Staffing

The Royal Borough of Greenwich employs 3,712 staff. The demographic composition of the workforce as at 31 March 2023 was:

- 56% female
- 35% BME
- 5% disabled
- an average age of 47

The number of staff working in each Directorate as at 31st March 2023 is illustrated in the chart below:



Future Challenges

The Council faces a number of overarching challenges in the coming years:

- Central government funding is likely to come under increasing pressure due to the current economic outlook; Local Authorities will need to look to raise alternative sources of income to be able to maintain service delivery.

- Demographic growth and an increasingly ageing population will continue to present challenges on the Council's budget in years to come.

- Both Brexit and recovery from the Covid -19 pandemic continue to cause uncertainty. The financial impacts are not currently quantified and could be positive or negative.

- The world economy is currently experiencing significant inflationary pressures. This increase is primarily due to a surge in global energy prices and the impact of economic sanctions against Russia.

- The Royal Borough declared a climate emergency in June 2019. There will be significant challenges in delivering the Carbon Neutral Plan 2021-2030.

Performance

The Royal Borough of Greenwich has launched Our Greenwich which is a plan for the next four years that focuses on the change we collectively want to see in our borough. It has been developed with residents, partners and staff. The document is structured around five themes leading to 20 missions: -

- People's health supports them in living their best life
- People will not experience discrimination
- Those in financial need can access the right support, advice and opportunities to improve their situation
- Children and young people can reach their full potential
- Everyone in Greenwich is safer, and feels safer
- People in Greenwich have access to a safe and secure home that meets their needs
- It is easier, safer and greener to move around the borough and the rest of London
- Development delivers positive change to an area for existing and new communities
- Neighbourhoods are vibrant, safe and attractive with community services that meet the needs of local residents
- Greenwich plays an active role in tackling the climate crisis and improving environmental sustainability, in line with our commitment of being carbon neutral by 2030
- Everyone has the opportunity to secure a good job
- Town centres, high streets and shopping parades are vibrant, prosperous, well-maintained places that meet the needs of local people
- Our economy attracts new high value businesses whilst strengthening its foundations
- The voluntary, community and socially motivated sectors in Greenwich are strengthened and able to provide more support to the most in need
- Our Council is better at listening to communities, and communities feel they are heard
- We develop networks with communities, key partners and businesses to meet need and address challenges together
- We design our services around the needs of our residents
- Our Council is an adaptive organisation, enabling it to navigate the increasing number of challenges it faces while remaining financially sustainable
- Our Council works in the most efficient and effective ways possible
- Our Council is a great place to work, with a diverse workforce who have the right skills and are motivated and empowered to deliver

Since the approval of the previous Corporate Plan the Council has delivered: -

- Establishing the Greenwich Community Hub during COVID-19 to help thousands of residents
- 527 Ukrainian refugees accommodated with local sponsors
- 700 Supported Afghan refugees on arrival to the UK
- Establishing a holiday meals programme
- Rolling out of new cycle lanes
- New Plumstead Centre and started work on Woolwich Leisure Centre
- 11 school streets set up
- £17m funding for Woolwich High Street improvements
- Planted over 2,500 trees
- A 'Good' Ofsted rating for our Children Services
- Elizabeth line opening
- Woolwich Works opening

Financial Performance

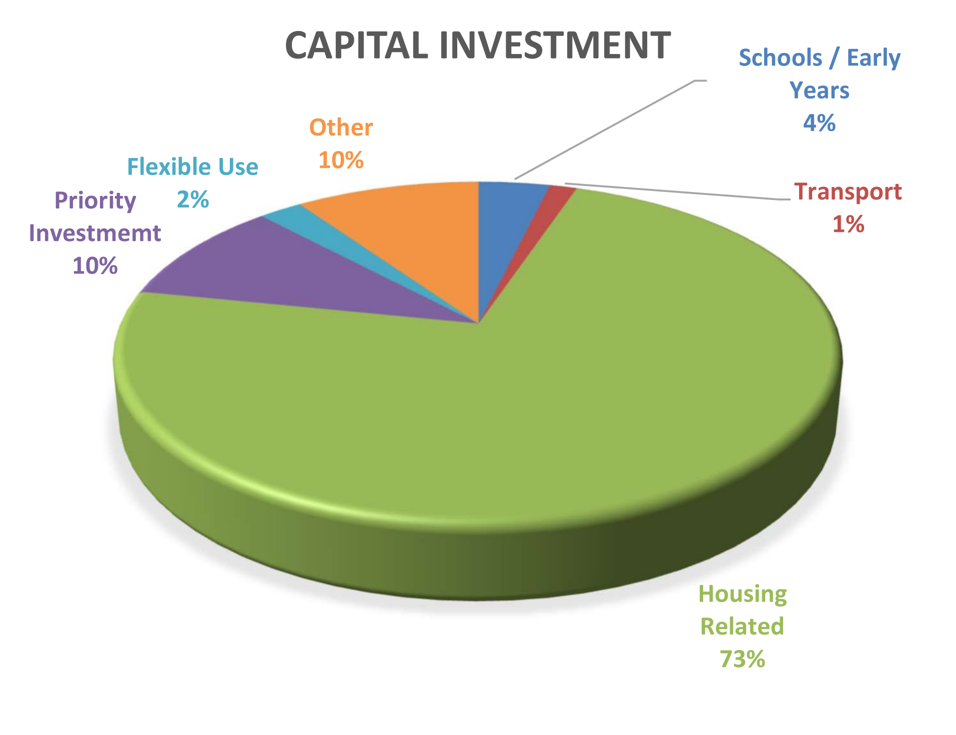
The Council continues to face significant pressures from government policy, alongside local / national demographic and economic trends. Against this backdrop, the borough is reviewing how to best utilise its natural and financial resources in order to counter these pressures. The Council has a medium term financial strategy in place covering a rolling four year period.

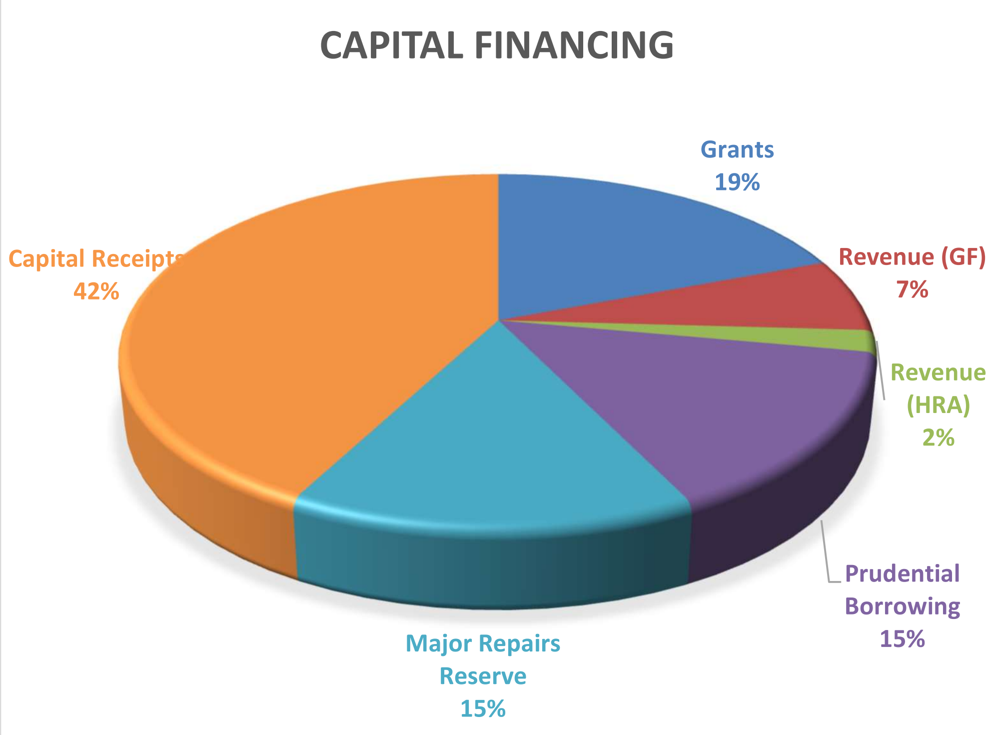
Capital

The Council invested £177m in 2022/23, of which £129m was deployed on housing related projects that will deliver new homes and improvements to the existing stock. Capital investment continues to be made on educational establishments, as part of transformational regeneration projects and towards the Councils Carbon Neutral commitment. During the financial year Royal Greenwich took advantage of the time limited Flexible Use of Capital Receipts directive, with £4m of service transformation costs funded from capital receipts.

Financing for the capital investment programme is derived from various sources including revenue and grant streams, capital receipts and borrowing. All borrowing undertaken is sustainable, in that debt servicing costs are supported by identified revenue budgets.

External borrowing at 31 March 2023 was £420m.





Revenue Outturn

The table below shows the final revenue position for the Authority for 2022/23 and the preceding year for comparison:

Actual Spend versus Budget	Overspend / (Underspend)	
	2022/23 £m	2021/22 £m
Health & Adults	3.9	1.3
Children's	5.8	(0.2)
Communities, Environment & Central	0.6	(1.0)
Housing & Safer Communities	3.8	2.0
Finance & Legal Services	0.5	0.3
Regeneration, Enterprise & Skills	0.1	(0.5)
Net Position	**14.7**	**1.9**
Corporate Pressures:		
No Recourse to Public Funds	2.8	2.6
Transportation & Parking	7.6	4.7
Treasury Management	(10.1)	(8.9)
Utilisation of COVID reserves	(9.6)	
Other / corporate resources	(4.9)	
Net GF Position	**0.5**	**0.3**
Increase / (Decrease) in General Reserve	(0.5)	(0.3)

HRA Position	**1.2**	**(1.1)**

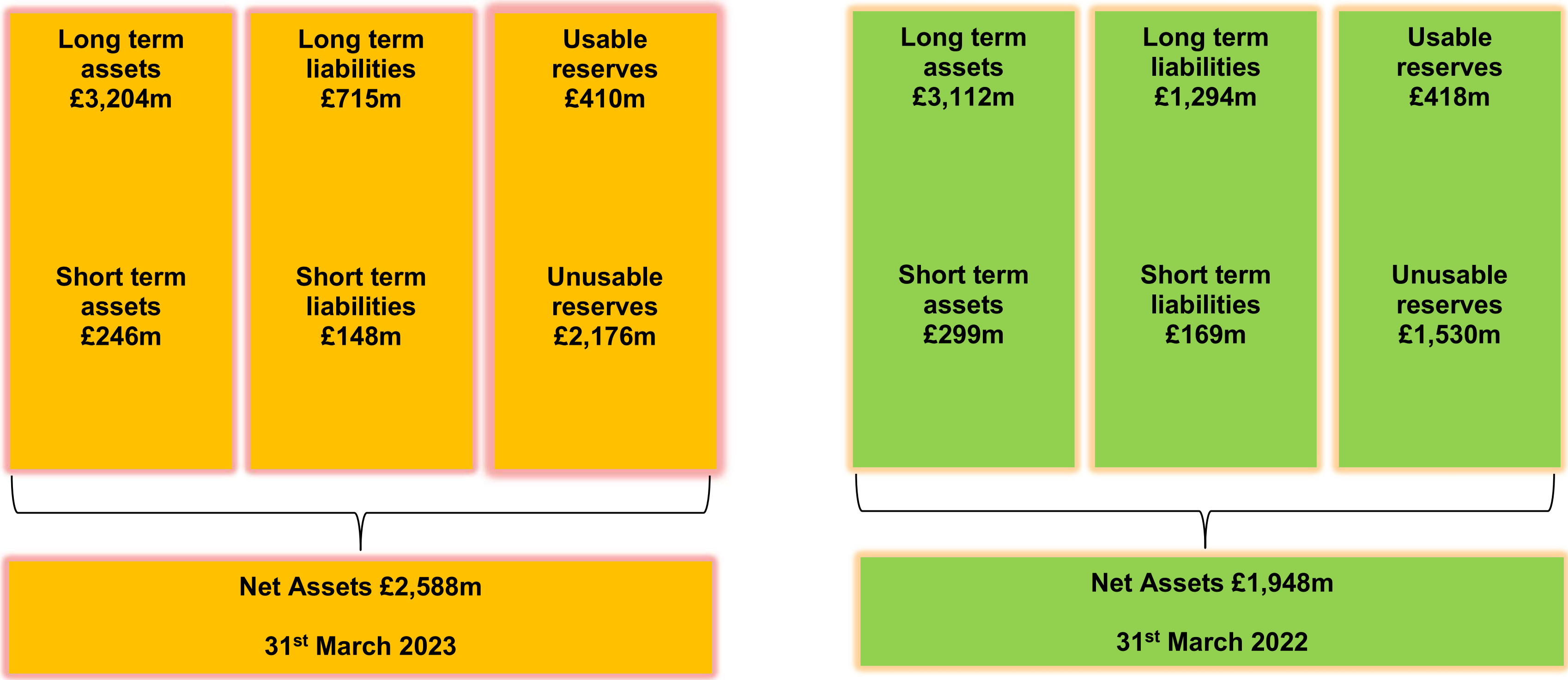
The key budgetary pressures in 2022/23 were in:

- Health & Adults – There has been an increase in care package spend, as well as an increase in spend against more independent forms of living.
- Children's Services - additional pressures on placement and transport budgets.
- Housing and Safer Communities – additional expenditure pressures in relation to Emergency Overnight Accommodation and Temporary Accomodation.
- Transportation & Parking - primarily due to lower enforcement revenue raised compared to budget.

These pressures have been met through a combination of temporary savings on Treasury Management activities, one-off resources and underspends in other Directorates.

Balance Sheet

The balance sheet has seen an increase in its net worth as can be seen in the graphic below.



Housing Revenue Account

The Council has a stock of 20,251 social rented homes and 5,157 leaseholders. A £463m multi-yar programme to increase and improve its housing stock is underway, with £110m of investment during 2022/23.

The Council manages its own Housing Stock and collected £101m in dwelling rents and £20m in service charges in 2022/23. This income is held in a ring-fenced account (the Housing Revenue Account) which can only be used for managing and maintaining the housing stock and associated services.

Pension Liabilities

The Royal Borough of Greenwich Pension Fund is independently revalued every three years (triennial valuation). The most recent revaluation, as at 31 March 2022, assessed the funding level at 103% compared with 97% in 2019.

The Council is an employer within the Royal Borough of Greenwich pension fund and plans to achieve a 100% funding level over a period of no more than 20 years. The triennial valuation confirmed that the contribution rate payable would continue to be frozen – such that it will have remained at the same level for over a decade now.

Strategic Risks for the coming year

A risk management strategy is in place to identify and evaluate risk. The risks with high likelihood and with the highest potential impact have been included in the table below:

Risk	Impact
Medium Term Financial Strategy – Finance and Resources	• Adverse impact on the Council's financial standing • Threat to service delivery and inability to deliver other significant priorities • Threat of failure to fulfil statutory duties
Capacity / Workforce Planning	• Unable to recruit / train /retain staff with the necessary skills and experience
Growth in RBG Population	• Pressure on services as population grows
External Partnership and Commissioning of Services	• Failure to achieve regeneration outcomes • Failure to secure future prosperity priorities of Council from investment plans
Health & Safety. Compliance and Wellbeing Procedures	• Breach of Statutory Duty • Compensation Claims • Reputational damage
Key Strategic Partnerships and Supply Chain Security	• Ineffective contracting leads to delivery failure • Disruption to deliver plans by contractor failure
Cyber Security & Data Breaches	• Loss of data / access to data by breach • Risk of significant fine • Loss of access to necessary third party systems
Business Continuity, Emergency Planning	• Plan fails to meet the organisations needs • Recovery plans inadequate and fail to support recovery
Insufficient School Places	• Failure to plan for future - Capacity in wrong part of borough • Breach of statutory duty • Reputational damage

Government Welfare Legislation – Impact on Service delivery	• Increased rent arrears • Increased pressure of Council finance and servicing • Additional demand for housing support
Government Welfare Legislation – Impact on Income Collection	• Cost of living pressures • Households falling into poverty • Increased pressure demand for support for other Council help
Preventable Incident to the Wellbeing of a Child or Adult	• Reputational damage and loss of public confidence • Disruption of an event – investigation, legal action, staff recruitment and retention, compensation • Potential loss of service / government commissioners
Achieving Carbon Neutral by 2030	• Significant resources need to be identified and invested • Damage due to extreme weather events • Health and environmental impact on residents • Uncertainty / need for greater clarity of national targets
Loss of life and limb through lack of residential building safety	• Lack of effective maintenance / compliance regime • Residents at risk of injury • Resources to raise conditions of properties

Structure of the Statement of Accounts

The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, which in turn is underpinned by International Financial Reporting Standards.

The Main Financial Statements are:

Movement in Reserves Statement - The net of the authority's short/long term assets and liabilities is represented by its reserves – this is also known as its net worth. Reserves are usable or unusable and this note shows how the main usable plus total unusable reserves have changed.

Comprehensive Income and Expenditure Statement - This is the income and expenditure for the authority on a financial accounting basis i.e. it reflects the cost to the authority of running services, but does not reflect the cash position.

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

Cash Flow Statement - This takes the surplus or deficit from the income and expenditure statement and reconciles it to the actual movement in cash on the balance sheet.

Additional Statements / Other Notes are:

Expenditure and Funding Analysis – shows how funding available to the Council has been used in providing services in comparison with those resources used by Authorities in accordance with Generally Accepted Accounting Practices.

Collection Fund Statement - this contains statements that reflect the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government, of council tax and non-domestic rates.

Housing Revenue Account - this shows the economic cost in the year of the landlord responsibility for social housing provision in accordance with accounting standards, rather than the amount to be funded from rents and government grants.

Pension Fund Account - the Royal Borough of Greenwich Pension Fund is part of the Local Government Pension Scheme (LGPS) and is administered by the Royal Borough of Greenwich.

Accounting Policies - the main underlying accounting policies underpinning the financial statements.

Annual Governance Statement - this sets out a framework in relation to risk management and internal control, along with efficiency and effectiveness.

Statement of Responsibilities

The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Section 151 Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

Approval of Accounts

I certify that the Statement of Accounts was approved by Council at its meeting on 31st January 2024.

Cllr Dominic Mbang
Mayor of the Royal Borough of Greenwich **Dated** **31 January 2024**

The Section 151 Officer's Responsibilities

The Section 151 Officer is responsible for the preparation of the Authority'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 Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local authority Code.

The Section 151 Officer has also:

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

Certification of the Section 151 Officer

I hereby certify that the Statement of Accounts on pages 26-178 give a true and fair view of the financial position of the Authority at the reporting date and of its expenditure and income for the year ended 31st March 2023.

Damon Cook CPFA **Dated** **31 January 2024**
CFO - Section 151 Officer

Independent Auditor's Report to the Members of Royal Borough of Greenwich

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Royal Borough of Greenwich (the 'Authority') for the year ended 31 March 2023, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2023 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Section 151 Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Section 151 Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Section 151 Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the Section 151 Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon, and our auditor's report on the pension fund financial statements. The Section 151 Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;

- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority and the Section 151 Officer

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Section 151 Officer. The Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Section 151 Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015,the Local Government Act 2003, Local Government Act 1972, Local Government and Housing Act 1989 and the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992 and the Local Government Finance Act 2012)).

We enquired of management and the Audit and Risk Management Panel, concerning the Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, and the Audit and Risk Management Panel, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and any other fraud risks identified for the audit. We determined that the principal risks were in relation to:

- journal entries posted which met a range of criteria determined during the course of the audit, in particular those posted around the reporting date which had an impact on the Comprehensive Income and Expenditure Statement, and
- material accounting estimates including the valuation of Council Dwellings, Other Land and Buildings and Surplus Assets and the net Defined Benefit Pension Liability in the Balance Sheet.

Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
- journal entry testing, with a focus on entries meeting the risk criteria determined by the audit team;
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of the valuation of Council Dwellings, Other Land and Buildings and Surplus Assets and the valuation of the net Defined Benefit Pension liability; and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the relevant financial item

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members including:

- the risk of management override of controls and risks around journals posted around the reporting date which impacted on the Comprehensive Income and Expenditure Statement; and
- the significant accounting estimates related to valuation of Council Dwellings, Other Land and Buildings and Surplus assets and the valuation of the net Defined Benefit Pensions liability.

We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation

- knowledge of the local government sector
- understanding of the legal and regulatory requirements specific to the Authority including:
    - the provisions of the applicable legislation
    - guidance issued by CIPFA/LASAAC and SOLACE
    - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

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

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report on the above matter except:

- On 22 November 2023 we identified a significant weakness in how the Authority plans and manages its resources to ensure it continues to deliver its services. This is in relation to the Authority's Medium Term Financial Plans (MTFP) which are predicated on a strategy of balancing the revenue budget by delivering transformational efficiencies while avoiding significant cuts to services. However, this has led to an over-reliance on the write down of reserves and other short-term measures to balance the budget where transformational savings of sufficient scale and pace have not been forthcoming. We recommend that the Authority;

    - Review the process of setting and monitoring savings schemes with contingency plans, separating recurrent and one-off savings.
    - Implement robust corporate and member oversight and challenge of proposed savings, with responsible managers held accountable for credible, accurately valued, and realistically timed savings.
    - Closely monitor savings delivery and develop mitigating actions for delays or risks.
    - Prepare a realistic plan that replenishes reserves, and reduces reliance on one-off measures and reviewing service delivery.
    - Develop and discuss savings plans for future years of the MTFP with members as soon as possible.

- On 28 November 2023 we identified a significant weakness in the Authority's arrangements for improving economy, efficiency and effectiveness. In May 2022 the Authority self-referred to the Regulator of Social Housing that it was behind on its statutory duty to regularly assess the risk of fire and to take precautions to prevent the risk of fire. In August 2022, the Regulator of Social Housing undertook an inspection and published a regulatory notice concluding that the Authority had breached the Home Standard and as a result there was the potential for serious detriment to tenants. We recommend that the Authority settle the requirements of the regulatory notice, ensuring that the regulators findings are addressed promptly and effectively.

Our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Authority's arrangements in our Auditor's Annual Report. If we identify any further significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2023.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

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

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Royal Borough of Greenwich for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2023.

Use of our report

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

Joanne Brown, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor,
London
1 February 2024

Comprehensive Income and Expenditure Statement

2021/22 Restated Gross Expenditure	2021/22 Restated Gross Income	2021/22 Restated **Net Expenditure**	**Comprehensive Income and Expenditure Statement**	2022/23 Gross Expenditure	2022/23 Gross Income	2022/23 **Net Expenditure**
£000	£000	**£000**		£000	£000	**£000**
61,647	(7,909)	53,739	Communities & Environment	68,494	(9,108)	59,386
176,920	(134,034)	42,886	Finance & Legal Services	171,851	(134,638)	37,212
41,726	(22,175)	19,551	Housing & Safer Communities	43,261	(23,934)	19,327
62,835	(119,873)	(57,037)	Housing Revenue Account	120,636	(124,676)	(4,040)
173,594	(89,507)	84,088	Health & Adult's Services	171,305	(98,120)	73,184
50,200	(51,959)	(1,759)	Regeneration, Enterprise & Skills	45,019	(42,556)	2,463
21,037	(14,791)	6,246	Transportation & Parking*	23,315	(15,450)	7,866
379,003	(268,225)	110,778	Children's Services	394,578	(278,466)	116,112
966,963	**(708,472)**	**258,492**	**Net Cost of Services**	**1,038,459**	**(726,949)**	**311,510**
2,158	(19,706)	(17,548)	Other Operating Expenditure (Note 3)	16,219	(4,050)	12,169
64,105	(432)	63,672	Financing and Investment Income and Expenditure (Note 4)	29,335	(4,237)	25,098
0	(343,155)	(343,155)	Taxation and Non-Specific Grant Income (Note 5)	0	(330,651)	(330,651)
66,263	**(363,293)**	**(297,031)**	**Other Income and Expenditure**	**45,554**	**(338,938)**	**(293,384)**
1,033,226	**(1,071,765)**	**(38,539)**	**(Surplus) or Deficit on Provision of Services**	**1,084,013**	**(1,065,887)**	**18,126**
		(104,598)	(Surplus) or deficit on revaluation of property, plant & equipment assets (Note 8)			(74,430)
		(240,775)	Re-measurement of the net defined benefit liability / (asset) (Note 19)			(582,695)
		(345,373)	**Other Comprehensive Income and Expenditure**			(657,125)
		(383,912)	**Total Comprehensive Income and Expenditure**			**(638,999)**

*2021/22 figures restated to reflect Transportation & Parking as reported in 2022/23

Movement in Reserves Statement

Movement in Reserves Statement 2022/23	Revenue Reserves		Capital Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserves	Capital Grants Unapplied	**Total Usable Reserves**	Unusable Reserves	**Total Authority Reserves**
	£000	£000	£000	£000	£000	**£000**	£000	**£000**
Balance at 31 March 2022 carried forward	**(237,549)**	**(16,670)**	**(94,684)**	**(6,748)**	**(62,685)**	**(418,336)**	**(1,530,452)**	**(1,948,788)**
Movement in Reserves During 2022/23								
Total Comprehensive Income and Expenditure	12,507	5,619	0	0	0	18,126	(657,125)	(638,999)
Adj between accounting basis & funding basis under regs (Note 6)	(3,122)	(4,412)	19,261	0	(21,862)	(10,134)	10,134	0
(Increase) / Decrease in 2022/23	**9,386**	**1,207**	**19,261**	**0**	**(21,862)**	**7,992**	**(646,991)**	(638,999)
Balance at 31 March 2023 carried forward	**(228,165)**	**(15,462)**	**(75,423)**	**(6,748)**	**(84,546)**	**(410,344)**	**(2,177,443)**	**(2,587,788)**

General Fund balance comprises:	
Amounts Earmarked (Note 7)	(209,270)
Amounts Uncommitted	(18,896)
Total General Fund Balance at 31 March 2023	**(228,165)**

Movement in Reserves Statement 2021/22	**Revenue Reserves**		**Capital Reserves**					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserves	Capital Grants Unapplied	**Total Usable Reserves**	Unusable Reserves	**Total Authority Reserves**
	£000	£000	£000	£000	£000	**£000**	£000	**£000**
Balance at 31 March 2021 carried forward	**(226,406)**	**(15,541)**	**(94,406)**	**(6,748)**	**(37,036)**	**(380,137)**	**(1,184,740)**	**(1,564,877)**
Movement in Reserves During 2021/22								
Total Comprehensive Income and Expenditure	34,760	(73,299)	0	0	0	(38,539)	(345,373)	(383,912)
Adj between accounting basis & funding basis under regs (Note 6)	(45,903)	72,170	(278)	0	(25,649)	339	(339)	0
(Increase) / Decrease in 2021/22	**(11,143)**	**(1,130)**	**(278)**	**0**	**(25,649)**	**(38,199)**	**(345,712)**	(383,912)
Balance at 31 March 2022 carried forward	**(237,549)**	**(16,670)**	**(94,684)**	**(6,748)**	**(62,685)**	**(418,336)**	**(1,530,452)**	**(1,948,789)**

General Fund balance comprises:	
Amounts Earmarked (Note 7)	(218,161)
Amounts Uncommitted	(19,388)
Total General Fund Balance at 31 March 2022	**(237,549)**

Balance Sheet

31 March 2022 £000	Balance Sheet	Notes	31 March 2023 £000
3,058,849	Property, Plant & Equipment	9	3,152,669
770	Heritage Assets		770
4,840	Investment Properties	10	4,810
29,659	Long Term Investments	16	35,838
23,432	Long Term Debtors	16	10,409
3,117,550	**Long Term Assets**		**3,204,496**
166,632	Short Term Investments	16	115,974
5,327	Assets Held for Sale	12	3,127
1,039	Inventories		858
70,813	Short Term Debtors	20	93,498
50,140	Cash and Cash Equivalents	Cashflow	32,298
293,951	**Current Assets**		**245,755**
(667)	Cash and Cash Equivalents	Cashflow	(720)
(5,090)	Short Term Borrowing	16	(10,619)
(282)	Short Term Deferred Income	14	(258)
(132,745)	Short Term Creditors	22	(128,069)
(30,015)	Receipts in Advance	5	(8,182)
(168,799)	**Current Liabilities**		**(147,848)**
(729,351)	Pension Liability	19	(162,848)
(12,788)	Provisions	23	(7,907)
(420,464)	Long Term Borrowing	16	(412,946)
(2,122)	Long Term Deferred Income	14	(1,864)
(129,187)	Other Long-Term Liabilities	14/16	(129,051)
(1,293,912)	**Long Term Liabilities**		**(714,616)**
1,948,788	**Net Assets**		**2,587,787**
(418,336)	Usable Reserves	MIRS	(410,344)
(1,530,452)	Unusable Reserves	8	(2,177,443)
(1,948,788)	**Total Reserves**		**(2,587,787)**

Cash Flow Statement

2021/22 £000	Cash Flow Statement	2022/23 £000
38,539	Net surplus or (deficit) on the provision of services	(18,126)
106,816	Adj to net surplus or deficit on the provision of services for non cash movements (Cash Flow Note 1)	97,261
(76,493)	Adj for items incl in net surplus / deficit on the provision of services that are investing and financing activities (Cash Flow Note 1)	(111,343)
68,862	Net cash flows from Operating Activities	(32,209)
(148,267)	Investing Activities (Cash Flow Note 2)	(8,884)
76,723	Financing Activities (Cash Flow Note 3)	23,197
(2,682)	Net increase or (decrease) in cash and cash	(17,895)
52,155	Cash and cash equivalents at the beginning of the reporting period	49,474
49,474	**Cash and cash equivalents at the end of the reporting period (Cash Flow Note 5)**	**31,578**

Cash Flow Note 1 - Operating Activities

The cash flows for operating activities include the following items:

400	Interest received	(3,234)
(25,440)	Interest paid	(26,934)

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

49,435	Depreciation	54,004
(33,327)	Impairment and downward valuations	42,447
(11,606)	Increase / (decrease) in creditors	(27,959)
10,244	(Increase) / decrease in debtors	(11,396)
(519)	(Increase) / decrease in inventories	181
14,919	Increase / (decrease) in receipts in advance	(21,833)
61,154	Movement in pension liability	16,192
(15,299)	Increase / (decrease) in provisions	(4,881)
31,814	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	50,507
106,816		**97,261**

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financial activities:

(32,903)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(55,541)
(43,590)	Capital Grants credited to surplus or deficit on the provision of services	(55,802)
(76,493)		**(111,343)**

Cash Flow Note 2 - Investing Activities

(126,783)	Purchase of property, plant and equipment, investment property and intangible assets	(164,160)
32,903	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	55,541
(100,734)	Purchase/Proceeds from short-term and long-term investments	45,482
46,347	Capital Grant receipts	54,252
(148,267)	**Net cash flows from investing activities**	**(8,884)**

Cash Flow Note 3 - Financing Activities

51,560	Cash receipts of short- and long-term borrowing	0
(2,792)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(4,132)
(3,759)	Repayments of short-term and long-term borrowing	(1,990)
31,714	Collection Fund adjustments	29,320
76,723	**Net cash flows from financing activities**	**23,197**

Cash Flow Note 4 - Reconciliation of Liabilities Arising from Financing Activities

	2022/23 1 April £000	Financing Cash flows	Other non-cash changes	2022/23 31 March £000
Long-term borrowings	420,464	0	(7,518)	412,946
Short-term borrowings	5,091	(1,990)	7,519	10,619
Lease liabilities	1,667	(2)	0	1,665
On balance sheet PFI liabilities	90,746	(4,133)	0	86,613
Total liabilities from *financing activities*	**517,968**	**(6,125)**	**1**	**511,844**

	2021/22 1 April £000	Financing Cash flows	Other non-cash changes	2021/22 31 March £000
Long-term borrowings	371,199	50,647	(1,382)	420,464
Short-term borrowings	6,409	(2,846)	1,528	5,091
Lease liabilities	1,669	(2)	0	1,667
On balance sheet PFI liabilities	93,536	(2,790)	0	90,746
Total liabilities from *financing activities*	**472,813**	**45,009**	**146**	**517,968**

Cash Flow Note 5 - Cash and Cash Equivalents

50,140	Cash and bank balances	32,298
(667)	Bank overdraft	(720)
49,474	**Total cash and cash equivalents**	**31,578**

Note 1 – Expenditure and Funding Analysis

2021/22 Net Expenditure Chargeable to the General Fund and HRA Balances £000	2021/22 Adjustments Between the Funding and Accounting Basis £000	2021/22 **Net Expenditure in CIES £000**	**Expenditure and Funding Analysis**	2022/23 Net Expenditure Chargeable to the General Fund and HRA Balances £000	2022/23 Adjustments Between the Funding and Accounting Basis £000	2022/23 **Net Expenditure in CIES £000**
48,643	5,096	53,739	Communities & Environment	55,447	3,939	59,386
30,282	12,604	42,886	Finance & Legal Services	17,936	19,277	37,212
17,581	1,969	19,551	Housing & Safer Communities	19,005	321	19,327
(15,731)	(41,306)	(57,037)	Housing Revenue Account	(12,523)	8,483	(4,040)
79,058	5,030	84,088	Health & Adult Services	73,885	(701)	73,184
(5,072)	9,560	4,488	Regeneration, Enterprise and Skills	(8,360)	10,823	2,463
0	0	0	Transportation & Parking	8,291	(425)	7,866
89,226	21,552	110,778	Children's Services	91,561	24,551	116,112
243,986	**14,505**	**258,493**	**Net Cost of Services**	**245,242**	**66,268**	**311,510**
1,578	(19,126)	(17,548)	Other Operating Expenditure (Note 3)	1,571	10,598	12,169
25,154	38,518	63,672	Financing and Investment Income and Expenditure (Note 4)	22,698	2,400	25,098
(282,991)	(60,164)	(343,155)	Taxation and Non-Specific Grant Income (Note 5)	(258,918)	(71,732)	(330,651)
(256,259)	**(40,772)**	**(297,031)**	**Other Income and Expenditure**	**(234,649)**	**(58,734)**	**(293,384)**
(12,272)	**(26,267)**	**(38,539)**	**(Surplus) or Deficit on the Provision of Services**	**10,593**	**7,534**	**18,126**
(241,947)			Opening General Fund Balance & Housing Revenue Account Balance	(254,220)		
(12,272)			(Surplus) or Deficit on General Fund & Housing Revenue Account Balance in Year	10,593		
(254,220)			**Closing General Fund Balance & Housing Revenue Account Balance**	**(243,627)**		

Adjustments from General Fund to arrive at Comprehensive Income & Expenditure Statement amounts 2022/23

	Adjustments for Capital Purposes £000	Net Change in Pension Adjustments £000	Other Differences £000	Total Adjustments £000
Communities & Environment	1,595	2,312	32	3,939
Finance & Legal Services	17,958	1,916	(597)	19,277
Housing & Safer Communities	(12)	355	(22)	321
Housing Revenue Account	5,540	3,103	(159)	8,484
Health & Adult's Services	(1,745)	1,207	(163)	(701)
Regeneration, Enterprise and Skills	10,287	452	84	10,823
Transportation & Parking	(608)	96	88	(425)
Children's Services	22,502	4,351	(2,302)	24,551
Net Cost of Services	**55,517**	**13,792**	**(3,040)**	**66,270**
Other Operating Expenditure	10,598	0	0	10,598
Financing and Investment Income and Expenditure	0	2,400	0	2,400
Taxation and Non-Specific Grant Income	(55,802)	0	(15,930)*	(71,732)
Other Income and Expenditure	**(45,204)**	**2,400**	**(15,930)**	**(58,734)**
Difference Between General Fund (Surplus)/Deficit and Comprehensive Income and Expenditure Statement (Surplus)/Deficit on Provision of Services	**10,313**	**16,192**	**(18,970)**	**7,536**

***Change in the Council Tax and Business Rates Adjustment Account**

Adjustments from General Fund to arrive at Comprehensive Income & Expenditure Statement amounts 2021/22

	Adjustments for Capital Purposes £000	Net Change in Pension Adjustments £000	Other Differences £000	Total Adjustments £000
Communities & Environment	504	5,183	(591)	5,096
Finance & Legal Services	7,678	5,010	(83)	12,604
Housing & Safer Communities	748	1,221	(1)	1,969
Housing Revenue Account	(49,935)	9,047	(419)	-41,306
Health & Adult Services	651	4,596	(218)	5,030
Regeneration, Enterprise & Skills	7,124	2,517	(80)	9,560
Children's Services	5,335	15,786	429	21,552
Net Cost of Services	**(27,894)**	**43,362**	**(963)**	**14,505**
Other Operating Expenditure	(19,126)	0	0	(19,126)
Financing and Investment Income and Expenditure	20,726	17,792	0	38,518
Taxation and Non-Specific Grant Income	(43,590)	0	(16,574)	(60,164)
Other Income and Expenditure	**(41,990)**	**17,792**	**(16,574)**	**(40,772)**
Difference Between General Fund (Surplus)/Deficit and Comprehensive Income and Expenditure Statement (Surplus)/Deficit on Provision of Services	**(69,884)**	**61,154**	**(17,537)**	**(26,267)**

Note 2 – Expenditure and Income Analysed by Nature

2021/22 £000	Expenditure and Income Analysed by Nature	2022/23 £000
	Expenditure	
303,036	Employee Expenses	295,143
709,613	Other Service Expenditure	691,125
(25,734)	Depreciation, Amortisation, Impairment & Reversal of Impairment	54,591
25,586	Interest Payments	26,935
1,578	Precepts & Levies	1,571
580	Payments to Housing Capital Receipts Pool	2,320
18,566	(Gains)/Loss on the disposal of non-current assets	12,328
1,033,226	**Total Expenditure**	**1,084,013**
	Income	
(261,847)	Fees, Charges and Other Service Income	(258,073)
(432)	Interest and Investment Income	(4,237)
(343,155)	Taxation and Non-Specific Grant Income	(330,651)
(446,625)	Government Grants & Contributions	(468,875)
(19,706)	(Gains)/losses on the disposal of non-current assets	(4,050)
(1,071,765)	**Total Income**	**(1,065,887)**
(38,539)	**Surplus or Deficit on the Provision of Services**	**18,127**

Note 3 - Other Operating Expenditure

2021/22 £000	Other Operating Expenditure	2022/23 £000
1,578	Levies	1,571
580	Payments to the Government Housing Capital Receipts Pool	2,320
(19,706)	(Gains) / losses on the disposal of non-current assets	8,278
(17,548)	Total	**12,169**

Note 4 - Financing and Investment Income and Expenditure

2021/22 £000	Financing and Investment Income and Expenditure	2022/23 £000
25,586	Interest payable and similar charges	26,935
17,792	Pensions interest cost and expected return on pensions assets	2,400
18,566	(Gain)/Loss on Disposal of Academies	0
2,160	Investment Properties Fair Value change	0
(432)	Interest receivable and similar income	(4,237)
63,672	**Total**	**25,098**

Note 5 – Taxation and Grant Income

Taxation and non-specific grant income

The Authority credited the following Grants, Contributions and Donations to the Comprehensive Income and Expenditure Statement in 2022/23.

2021/22 £000	Taxation and Non-Specific Grant Income	2022/23 £000
(110,905)	Council Tax Income	(114,973)
(109,262)	Business Rates	(105,517)
(25,700)	Revenue Support Grant	(26,491)
(11,086)	Social Care Grant	(14,955)
(14,980)	Improved Better Care Fund	0
(11,260)	Other Government Grant	(12,912)
(16,372)	Non-ringfenced Government Grants - COVID-19	0
(43,590)	Capital Grants and Contributions	(55,802)
(343,155)	**Total**	**(330,651)**

Specific Grant Income

Grant Income	2021/22 £000	2022/23 £000
Dedicated Schools Grant	(220,118)	(226,760)
Rent Allowance Subsidy	(66,766)	(63,233)
Rent Rebate Subsidy	(50,554)	(49,918)
Public Health Grant	(24,397)	(25,350)
Private Finance Initiative – Building Schools for the Future	(12,291)	(12,291)
Improved Better Care Fund	0	(15,434)
Pupil Premium	(9,623)	(10,264)
Post 16 Grant	(7,085)	(8,105)
Ukrainian Resettlement Group	0	(6,313)
Household Support Fund	(1,395)	(5,740)
School Supplementary Grant	0	(3,990)
Flexible Homelessness Support Grant	(2,606)	(2,642)
Infants Free School Meal Grant	(2,236)	(2,158)
Benefit Adminstartion Grant	(2,147)	(2,096)
Private Finance Initiave – Neigbouring Resource Centres	(2,091)	(2,091)
Independent Living Fund Grant	(1,082)	(1,810)
Rough Sleeping Initiave	(2,371)	(1,777)
Skills Funding Agency	(1,872)	(1,766)
Unaccoumpanied Asylum Seeking Children Grant	(1,306)	(1,695)
Troubled Families Grant	(1,066)	(1,331)
Holiday Activities Grant	(1,057)	(1,263)
Restart Grant	0	(1,158)
Adult Social Care Discharge Fund	0	(1,109)
Local Implementation and Planning Grant	(1,012)	(869)
Other Miscellaneous Grants	(12,063)	(14,094)
COVID-19 Grants		
- School Grants	(2,411)	(2,702)
- Contain Outbreak management Fund	(3,434)	(1,392)
- BR Grants Principle	(6,510)	(892)
- Infection Control Fund	(2,665)	(186)
- Workforce Recruitment & Retention	(2,203)	(7)
- Community Testing	(2,058)	0
- Winter Grant Scheme	(1,619)	0
- Other COVID-19 (Under £1 million each)	(2,585)	(439)
Total	**(446,625)**	**(468,875)**

The Authority has received a number of Grants and Contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned if not spent. The balances at the year-end are as follows:

Revenue Grant Receipts in Advance	**2021/22 £000**	**2022/23 £000**
Devolved Formula Grant	(493)	(1,027)
Energy Bills Support Scheme	0	(874)
Council Tax Energy Rebate – Discretionary Scheme	(892)	0
SSMTR Grant	0	(140)
Council Tax Energy Rebates	(15,112)	0
Skills Funding Agency	(805)	(678)
Other(Under £100k each)	(103)	(164)
COVID-19		
- COMF Grant	(5,945)	(4,553)
- LA Practical Support Fund	(613)	(613)
- COVID Additional Relief Fund	(5,221)	0
- Self Isolation	(527)	0
- Community Champions Fund	(212)	0
Other COVD-19(Under £100k each)	(92)	(132)
Total	**(30,015)**	**(8,182)**

Note 6 - Adjustments between Accounting Basis and Funding Basis under Regulations

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

Adjustments between Accounting Basis and Funding Basis under Regulations 2022/23	**Usable Reserves**				
	General Fund Balance £000	**Housing Revenue Account £000**	**Capital Receipts Reserve £000**	**Major Repairs Reserve £000**	**Capital Grants Unapplied £000**
Adjustments to the Revenue Resources					

Adjustments between Accounting Basis and Funding Basis under Regulations 2022/23

	Usable Reserves				
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied
	£000	£000	£000	£000	£000
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)	(12,174)	(4,018)	0	0	0
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	235	0	0	0	0
Council Tax and Business Rates (transfers to or from Collection Fund Adjustment Account)	15,930	0	0	0	0
Holiday pay (transferred to the Accumulated Absences Reserve)	2,646	159	0	0	0
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)	(38,979)	(65,061)	0	0	(55,802)
Total Adjustments to Revenue Resources	**(32,342)**	**(68,920)**	**0**	**0**	**(55,802)**
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	7,757	34,931	(42,688)	0	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	(459)	459	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(2,320)	0	2,320	0	0
Posting of Housing Revenue Account resources from revenue to the Major Repairs Reserve	0	26,525	0	(26,525)	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	11,891	0	0	0	0
Capital expenditure financed from the revenue balances (transfer to the Capital Adjustment Account)	11,893	3,512	0	0	0
Total Adjustments between Revenue and Capital Resources	**29,220**	**64,508**	**(39,909)**	**(26,525)**	**0**
Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	59,170	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	26,524	0
Application of capital grants to finance capital expenditure	0	0	0	0	33,940
Cash payments in relation to deferred capital receipts			0		
Total Adjustments to Capital Resources	**0**	**0**	**59,170**	**26,524**	**33,940**
Total Adjustments	**(3,121)**	**(4,411)**	**19,261**	**0**	**(21,862)**

Adjustments between Accounting Basis and Funding Basis under Regulations 2021/22	Usable Reserves				
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied
	£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)	(52,107)	(9,047)	0	0	0
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	235	0	0	0	0
Council Tax and Business Rates (transfers to or from Collection Fund Adjustment Account)	16,574	0	0	0	0
Holiday pay (transferred to the Accumulated Absences Reserve)	309	419	0	0	0
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)	(34,751)	19,425	0	0	(43,590)
Total Adjustments to Revenue Resources	**(69,740)**	**10,796**	**0**	**0**	**(43,590)**
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,866	31,034	(32,901)	0	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	(578)	578	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(580)	0	580	0	0
Posting of Housing Revenue Account resources from revenue to the Major Repairs Reserve	0	24,899	0	(24,899)	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	8,838	0	0	0	0
Capital expenditure financed from the revenue balances (transfer to the Capital Adjustment Account)	13,713	6,017	0	0	0
Total Adjustments between Revenue and Capital Resources	**23,837**	**61,373**	**(31,743)**	**(24,899)**	**0**
Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	31,466	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	24,899	0
Application of capital grants to finance capital expenditure	0	0	0	0	17,941
Cash payments in relation to deferred capital receipts			0		
Total Adjustments to Capital Resources	**0**	**0**	**31,466**	**24,899**	**17,941**
Total Adjustments	**(45,903)**	**72,170**	**(278)**	**(0)**	**(25,649)**

Note 7a – Movements in Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2022/23.

Earmarked Reserves	31/03/21 £000	Transfers Out £000	Transfers In £000	31/03/22 £000	Transfers Out £000	Transfers In £000	31/03/23 £000
Other Earmarked Reserves	(23,543)	3,747	(10,819)	(30,615)	6,966	(13,841)	(37,490)
Schools	(23,861)	6,371	(1,669)	(19,160)	6,612	(4,513)	(17,061)
Education and Social Care	(28,212)	8,666	(8,884)	(28,430)	5,480	(8,437)	(31,387)
Council Tax and Business Rates	(17,188)	283	(6,999)	(23,904)	2,891	(635)	(21,647)
Risk (based upon risk of events occurring)	(22,528)	971	(7,631)	(29,189)	1,512	(85)	(27,761)
Coronavirus Emergency Funding	(12,477)	5,677	(8,933)	(15,733)	15,733	0	0
Coronavirus Grant Funding	(5,791)	1,460	(3,198)	(7,529)	831	(650)	(7,347)
Collection Fund (timing difference)	(17,180)	17,180	(6,868)	(6,868)	6,868	0	0
Total (excluding revenue reserves held specifically for capital purpose)	**(150,780)**	**44,354**	**(55,001)**	**(161,428)**	**46,895**	**(28,160)**	**(142,693)**
Reserves held specifically for Capital purposes							
Priority Investment Programme	(813)	1,692	(1,554)	(675)	904	(1,646)	(1,417)
Schools Capital	(4,668)	0	0	(4,668)	0	0	(4,668)
Section 106 Contributions	(6,438)	3,507	(2,264)	(5,194)	928	(5,016)	(9,283)
Vehicles and Other Capital Reserves	(23,645)	17,812	(17,350)	(23,183)	11,933	(13,505)	(24,755)
Minimum Revenue Provision Capacity	(20,420)	30	(2,622)	(23,013)	30	(3,470)	(26,453)
Total Reserves held specifically for Capital purposes	**(55,984)**	**23,041**	**(23,789)**	**(56,732)**	**13,794**	**(23,638)**	**(66,576)**
Total Earmarked Reserves	**(206,764)**	**67,395**	**(78,790)**	**(218,161)**	**60,689**	**(51,798)**	**(209,270)**

Note 7b – Capital Receipts Reserve

2021/22 Reserved £000	2021/22 Usable £000	General Fund	2022/23 Reserved £000	2022/23 Usable £000
0	(13,350)	Balance at 1st April	0	(11,383)
0	(1,866)	Cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure statement	0	(7,757)
0	0	Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	0
0	0	Transfer of receipts from Housing	0	0
0	0	Transfer from Deferred Capital Receipts Reserve Reserve upon receipt of cash	0	(258)
0	3,834	Use of Capital Receipts Reserve to finance new capital expenditure	0	8,344
0	**(11,383)**	**Balance at 31st March**	**0**	**(11,055)**
		Housing Revenue Account		
(580)	(81,057)	Balance at 1st April	0	(83,301)
(2,320)	(29,294)	Cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure statement	(2,320)	(34,931)
0	0	Transfer of receipts to General Fund	0	0
0	578	Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	459
0	26,472	Use of Capital Receipts Reserve to finance new capital expenditure	0	66,717
0	0	Prior year adjustment	0	0
580	0	Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	2,320	0
0	0	Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	(13,312)
2,320	0	Reserved receipts available to repay debt (c/f)	0	0
0	**(83,301)**	**Balance at 31st March**	**(0)**	**(64,368)**
0	**(94,683)**	**Total**	**(0)**	**(75,423)**

Note 7c - Capital Grants Unapplied Reserve

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

	2021/22 £000	2022/23 £000
Gov – Schools & Education	31,628	45,562
Gov – Disabled Facility Grant	5,795	6,359
Gov – Public Sector Decarbonisation	1,066	0

Gov – Sustainable Warmth	2,861	2,861
Gov – Community Capacity Social Care	2,505	2,505
Gov – Future High Streets	2,218	1,408
GLA – Housing Grants	8,243	13,015
Community Infrastructure Levy	6,154	9,761
Other	2,214	3,075
Balance at end of the year	**62,684**	**84,546**

Note 8 – Unusable Reserves

2021/22 £000	Unusable Reserves	2022/23 £000
(750,559)	Revaluation Reserve	(802,005)
(1,500,491)	Capital Adjustment Account	(1,490,250)
1,468	Financial Instruments Adjustment Account	1,233
729,351	Pensions Reserve	162,848
(5,229)	Council Taxpayers Adjustment Account	(10,171)
(20,453)	Deferred Capital Receipts Reserve	(40,767)
3,274	Business Ratepayers Adjustment Account	(7,714)
12,188	Accumulated Absences Account	9,383
(1,530,452)	**Total Unusable Reserves**	**(2,177,443)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since its inception on 1 April 2007. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2021/22 £000	Revaluation Reserve	2022/23 £000
(667,488)	**Balance at 1 April**	**(750,559)**
(253,561)	Upward revaluation of assets	(187,730)

148,962	Downward revaluation of assets & impairment losses not charged to the Surplus or Deficit on the Provision of	113,299
(104,599)	Surplus / deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of	(74,431)
20,770	Difference between fair value depreciation and historical cost depreciation	22,377
758	Accumulated gains on assets sold or scrapped	608
21,528	Amount written off to the Capital Adjustment Account	22,985
(750,559)	**Balance at 31 March**	**(802,005)**

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).
- is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement
- contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Authority
- contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 1 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2021/22	Capital Adjustment Account	2022/23	
£000		£000	£000
(1,435,007)	**Balance b/f**		**(1,500,491)**
0	Adjustment to balance b/f		29,111
(1,435,007)	**Balance at 1 April**		**(1,471,380)**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive I&E Statement		
49,465	Charges for depreciation and impairment of non current assets	54,004	
(33,305)	Revaluation losses on property, plant and equipment	42,447	
11,574	Revenue expenditure funded from capital under statute	17,657	
31,763	Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive I&E Statement	50,507	
59,497		164,615	
(758)	Adjusting amounts written out of the Revaluation Reserve	(608)	
(20,770)	Adjusting amounts written out of the Revaluation Reserve for the difference between fair value depreciation and historical cost depreciation	(22,377)	
37,969	**Net written out amount of the cost of non current assets consumed in the year**		**141,630**
	Capital financing applied in the year		
(30,305)	Use of the Capital Receipts Reserve to finance new capital expenditure	(75,061)	

(24,899)	Use of the Major Repairs Reserve to finance new capital expenditure	(26,524)	
(9,172)	Capital grants and contributions credited to the Comprehensive I&E Statement that have been applied to capital financing	(30,580)	
(8,769)	Application of grants to capital financing from the Capital Grants Unapplied Account	(3,360)	
(8,838)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(11,890)	
(19,730)	Capital expenditure charged against the General Fund and HRA balances	(15,405)	
(1,740)	Reserved capital receipts	2,320	
(103,453)			**(160,500)**
(1,500,491)	**Balance at 31 March**		**(1,490,250)**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the Account at 31 March 2023 will be charged to the General Fund until extinguished in 2031/32.

2021/22 £000	Financial Instruments Adjustment Account	2022/23 £000	2022/23 £000
1,703	**Balance at 1 April**		**1,468**
(235)	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(235)	
(235)	Amount by which finance costs charged to the Comprehensive I&E Statement are different from finance costs chargeable in the year in accordance with statutory requirements		(235)
1,468	**Balance at 31 March**		**1,233**

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 Authority accounts for post- employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employers' 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 shortfall in the benefits earned by past and current employees and account for the resources that the Authority 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.

2021/22 £000	Pensions Reserve	2022/23 £000
908,972	**Balance at 1 April**	**729,351**
(240,775)	Actuarial gains or losses on pensions assets and liabilities	(582,695)
96,675	Reversal of retirement benefit items debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive I&E Statement	53,820
(35,521)	Employer's pensions contributions and direct payments to pensioners payable in the year	(37,628)
729,351	**Balance at 31 March**	**162,848**

Deferred Capital Receipts Reserve

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

2021/22 £000	Deferred Capital Receipts Reserve	2022/23 £000
(20,453)	**Balance b/f**	**(20,453)**
0	Adjustment to balance b/f	(29,111)
(20,453)	**Balance at 1 April**	**(49,564)**
(0)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(4,773)
(0)	Transfer to the capital receipts reserve upon receipt of cash	13,570
(20,453)	**Balance at 31 March**	**(40,767)**

Council Taxpayers Adjustment Account

The Council Taxpayers Adjustment Account manages the differences arising from the recognition of council tax 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.

2021/22 £000	Council Taxpayers Adjustment Account	2022/23 £000

(3,344)	**Balance at 1 April**	(5,229)
(1,885)	Amount by which council tax income credited to the Comprehensive I&E Statement is different from council tax income calculated for the year in accordance with statutory requirements	(4,942)
(5,229)	**Balance at 31 March**	**(10,171)**

Business Ratepayers Adjustment Account

The Business Ratepayers Adjustment Account manages the differences arising from the recognition of business rates income in the Comprehensive Income and Expenditure Statement as it falls due from business ratepayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2021/22 £000	Business Ratepayers Adjustment Account	2022/23 £000
17,963	**Balance at 1 April**	**3,274**
(14,689)	Amount by which business rates income credited to the Comprehensive I&E Statement is different from business rates income calculated for the year in accordance with statutory requirements	(10,988)
3,274	**Balance at 31 March**	**(7,714)**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2021/22 £000	Accumulated Absences Account	2022/23 £000	2022/23 £000
12,916	**Balance at 1 April**		**12,188**
(12,916)	Settlement or cancellation of accrual made at the end of the preceding year	(12,188)	
12,188	Amounts accrued at the end of the current year	9,383	
(728)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(2,805)
12,188	**Balance at 31 March**		**9,383**

Note 9 - Property, Plant and Equipment

Movements 2022/23	**Council Dwellings £000**	**Other Land and Buildings £000**	**Vehicles Plant Furniture and Equipment £000**	**Community Assets £000**	**Surplus assets £000**	**Assets under Construction £000**	**Total Property Plant and Equipment £000**	**PFI assets within PPE £000**
Cost or valuation								
At 1 April 2022	1,639,177	1,294,403	31,124	9,584	27,619	12,302	3,014,209	119,967
Adjustment to Balance b/fwd	0	0	0	0	0	0	0	0
Additions	46,057	33,200	6,148	2,560	0	68,496	156,460	0
Revaluation increases / (decreases) recognised in Revaluation Reserve	29,626	15,597	0	(289)	(2,729)	(8,195)	40,124	41,532
Revaluation increases / (decreases) recognised in SoDoPS	(6,348)	(33,450)	0	0	0	(2,228)	(48,139)	0
Derecognise – Disposals	(47,572)	(93)	(482)	0	0	0	(48,147)	0
Derecognise – Other	0	0	0	0	0	0	0	0
Assets reclassified (to) / from Held for Sale	(7,939)	0	0	0	(950)	0	(8,889)	0
Other movements in cost or valuation	765	2,913	0	0	(125)	(3,552)	0	0
At 31 March 2023	**1,653,766**	**1,312,57**	**036,790**	**11,854**	**23,814**	**66,823**	**3,105,617**	**161,499**
Accumulated depreciation and Impairment								
At 1 April 2022	(51,726)	(22,768)	(17,044)	0	(525)	0	(92,063)	(2,066)
Depreciation charge	(25,679)	(20,757)	(2,538)	0	(88)	(36)	(49,099)	(2,066)
Depreciation written out to the Revaluation Reserve	24,879	28,320	0	0	179	72	53,450	4,132
Depreciation written out to the SoDoPS	(2,091)	(3,551)	0	0	0	0	(5,642)	0
Derecognise – Disposals	773	12	5	0	0	0	790	0
Other movements in depreciation and Impairment	(25)	26	0	0	50	(36)	15	0
At 31 March 2023	**(53,869)**	**(18,718)**	**(19,577)**	**0**	**(383)**	**(0)**	**(92,548)**	**(0)**
Net Book Value:								
At 31 March 2022	**1,587,451**	**1,271,635**	**14,079**	**9,584**	**27,094**	**12,302**	**2,922,145**	**117,901**
At 31 March 2023	**1,599,897**	**1,293,852**	**17,212**	**11,854**	**23,431**	**66,823**	**3,013,069**	**161,499**
Revaluations:								
Historic Cost	0	0	17,212	11,854	0	66,823	95,889	0
At 31 March 2023	1,597,496	1,057,334	0	0	23,431	0	2,678,261	166,438
At 31 March 2022	2,030	173,263	0	0	0	0	175,293	0
At 31 March 2021	371	58,295	0	0	0	0	58,666	0
At 31 March 2020	0	4,960	0	0	0	0	4,960	0

Movements 2021/22	Council Dwellings	Other Land and Buildings	Vehicles Plant Furniture and Equipment	Community Assets	Surplus assets	Assets under Construction	Total Property Plant and Equipment	PFI assets within PPE
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2021	1,547,103	1,201,835	28,555	6,788	22,417	29,442	2,836,140	113,225
Adjustment to Balance b/fwd	0	0	0	0	0	0	0	0
Additions	46,779	56,237	6,902	3,084	0	9,504	122,506	0
Revaluation increases / (decreases) recognised in Revaluation Reserve	74,507	50,666	0	0	6,631	0	131,804	6,742
Revaluation increases / (decreases) recognised in SoDoPS	(16,231)	(18,078)	0	0	(106)	0	(34,415)	0
Derecognise – Disposals	(12,981)	(18,566)	(4,333)	0	0	0	(35,880)	0
Derecognise – Other	0	0	0	(288)	0	0	(288)	0
Assets reclassified (to) / from Held for Sale	0	(5,010)	0	0	(648)	0	(5,658)	0
Other movements in cost or valuation	0	27,319	0	0	(675)	(26,644)	0	0
At 31 March 2022	**1,639,177**	**1,294,403**	**31,124**	**9,584**	**27,619**	**12,302**	**3,014,209**	**119,967**
Accumulated depreciation and Impairment								
At 1 April 2021	(51,857)	(21,598)	(19,094)	0	(429)	0	(92,978)	(1,954)
Depreciation charge	(24,185)	(20,322)	(1,862)	0	(142)	0	(46,511)	(2,066)
Depreciation written out to the Revaluation Reserve	24,105	18,759	0	0	35	0	42,899	1,954
Derecognise – Disposals	211	343	3,911	0	0	0	4,465	0
Other movements in depreciation and Impairment	0	50	0	0	11	0	61	0
At 31 March 2022	**(51,726)**	**(22,768)**	**(17,045)**	**0**	**(525)**	**0**	**(92,064)**	**(2,066)**
Net Book Value:								
At 31 March 2021	**1,495,249**	**1,180,235**	**9,463**	**6,787**	**21,987**	**29,442**	**2,743,158**	**111,272**
At 31 March 2022	**1,587,451**	**1,271,635**	**14,079**	**9,584**	**27,094**	**12,302**	**2,922,145**	**117,901**
Revaluations:								
Historic Cost	0	0	14,079	9,584	0	12,302	35,965	0
At 31 March 2022	1,587,451	1,196,593	0	0	27,094	0	2,811,138	117,901
At 31 March 2021	0	73,071	0	0	0	0	73,071	0
At 31 March 2020	0	4,971	0	0	0	0	4,971	0

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Council Dwellings: 40 years
- Other Buildings: 5 – 125 years
- Vehicles, Plant, Furniture and Equipment: 4 - 10 years
- Infrastructure: 25 – 100 years
- Surplus: 4 – 40 years
- Community Assets: The majority of these assets are not depreciated as they have an indeterminable life. Where a community asset is being used as an operational building, then it has been depreciated in line with the policy relating to that category of asset.

Capital Commitments

As at 31 March 2023, the Authority had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2022/23 and future years budgeted to cost £62.5m. Similar commitments at 31 March 2022 were £75.4m. The major commitments are:

- Housing Projects - £43.5m
- Transportation Capital Programme - £0.08m
- Schools Capital Programme - £6.8m
- Regeneration projects - £5.1m
- Other schemes - £7.0m

The Authority has also made available a £54.7m loan facility to Meridian Home Start Ltd for the delivery of affordable housing within the borough. As at 31 March 2023 £34.1m of this facility had been drawn down leaving up to £20.6m available for future years.

Non Current Assets – Schools

There were no in-year school academy conversions.

Revaluations

The Authority carries out a rolling programme that ensures all Property, Plant and Equipment is revalued at least every five years. Valuations were carried out internally and externally (Wilks Head and Eve and VoA). Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimations set out in the professional standards of the Royal Institution of Chartered Surveyors.

All Surplus assets are measured at fair value and have been categorised as having a level 2 input level in the fair value hierarchy, except for those valued at £1. Further information on fair value measurement can be found under accounting policies and table below.

Surplus Assets FV valuation technique	**2022/23 £000**
Estimated sales price assuming development potential	22,794
Estimated sales price by direct comparison	270
Capitalisation of rental value	367
Net Book Value at 31 March	**23,431**

Note 9b – 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 means 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 asset.

	2021/22 £000	**2022/23 £000**
Net book value (modified historical cost)		
At 1 April	135,023	136,655

Additions	4,514	7,658
Derecognition	0	0
Depreciation	(2,881)	(4,761)
Net Book Value at 31 March	**136,655**	**139,552**

	2021/22 £000	2022/23 £000
Infrastructure Assets	136,655	139,552
Other PPE assets	2,922,145	3,013,069
Total PPE assets	**3,058,800**	**3,152,621**

The authority has elected to adopt the Temporary Relief for 2022/23 as it is unable to accurately calculate the value of any infrastructure asset, such as roads and street lighting, that have been disposed of or replaced during the financial year. The authority has determined in accordance with Regulation [30M England or 24L Wales] of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil. The authority believes that the economic benefit from the net book value of infrastructure assets, as reported at the 31 March 2023, will continue to be realised through continued use.

Note 10 – Investment Properties

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

	2021/22	2022/23
	£000	**£000**
Rental income from investment property	358	335
Net gain/(loss)	**358**	**335**

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

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

	2021/22	2022/23
	£000	**£000**
Balance at start of the year	7,000	4,840
Net Gains/Losses from fair value adjustment	(2,160)	(30)
Balance at end of the year	**4,840**	**4,810**

Note 10A – Surplus Assets

Surplus assets are those assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale The fair value of surplus assets is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following table summarises the movement in the fair value of surplus assets over the year:

	2021/22	2022/23
	£000	**£000**
Balance at start of the year	21,988	27,094
Transfers:		
To/from property, plant and equipment	(1,323)	(1,075)
Depreciation	(141)	(88)
Other Changes	6,570	(2,500)
Balance at end of the year	**27,094**	**23,431**

Note 11 – Impairment Losses

The Authority's Valuer has assessed there has been no impairment with regards to the overall asset portfolio.

Note 12 – Assets Held for Sale

Assets Held for Sale	2021/22 £000	2022/23 £000
Balance outstanding at start of year	107	5,327
Assets newly classified as held for sale – Property, Plant and Equipment	5,715	8,889
Additions	39	0
Revaluation gains	743	0
Revaluation losses	(1,160)	(7,939)
Assets declassified as held for sale – Property, Plant and Equipment	(57)	0
Assets sold	(61)	(3,150)
Balance outstanding at year-end	**5,326**	**3,127**

Note 13 – Capital Expenditure and Capital Financing

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

2021/22 £000	Capital Expenditure and Capital Financing	2022/23 £000
783,554	**Opening Capital Financing Requirement b/f**	**818,735**
0	Adjustment to balance b/f	29,111
	Opening Capital Financing Requirement	**847,846**
	Capital Investment	
127,059	Property, Plant and Equipment	164,119

11,574	Revenue expenditure funded from capital under statute	17,657
	Sources of Finance	
(30,305)	Capital receipts	(75,061)
(42,840)	Government grants and other contributions	(33,940)
(19,730)	Direct revenue contributions	(41,928)
(8,838)	MRP / loans fund principal	(11,888)
(1,740)	Reserved capital receipts	2,320
818,735	**Closing Capital Financing Requirement**	**869,125**
	Explanation of Movement in Year	
(1,868)	Increase in underlying need to borrow (supported by government financial assistance)	(1,868)
37,049	Increase in underlying need to borrow (unsupported by government financial assistance)	52,258
35,181	**Increase / (decrease) in Capital Financing Requirement**	**50,390**

Note 14 – Private Finance Initiatives and Similar Contracts

The Authority has two PFI contracts.

Provision of Neighbourhood Resource Centres (NRCs)

A PFI agreement was signed in 2002 for the provision of three Centres. The three NRCs were designed to replace the Authority's four Homes for Elderly People (HEP) and deliver a range of high quality services for older people. The NRCs opened between May and August 2004 and the contract is for 30 years. The Authority is leasing the sites to the Provider for 30 years at nil value and will be returned to the Authority for nil consideration at the end of the contract.

Provision of two secondary schools

The Authority entered into an agreement in 2009 for the provision of two schools, Crown Woods and Thomas Tallis. The schools came into operation during 2011/12 and the contract runs for 25 years. The sites were made available to the operator at nil value for the duration of the contract. In September 2014, Crown Woods converted to academy status. The Authority undertook a refinancing exercise of the PFI contract in 2016/17.

In accordance with the Code of Practice on Local Authority Accounting the assets provided under the PFI contracts and the sites provided by the Authority are recognised on the authority's Balance Sheet. Movements in value are detailed in the analysis movement on Property, Plant and Equipment.

Under these contracts the Authority paid £12.631m (NRCs) and £15.867m (secondary schools) in 2022/23. The Authority is required to make the following payments to the Providers of these contracts:

	NRCs			Secondary Schools		
Year	**Services**	**Interest**	**Capital**	**Services**	**Interest**	**Capital**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
2023/24	10,490	1,077	607	4,378	7,212	3,802
2024/25 to 2027/28	45,430	3,326	2,512	25,979	23,112	14,000
2028/29 to 2032/33	59,269	3,770	7,345	42,728	16,644	23,061
2033/34 to 2037/38	19,925	3	2,715	20,482	8,691	32,571
Total	**135,114**	**8,176**	**13,179**	**93,567**	**55,659**	**73,434**

Although the payments made to the contractors are described as unitary payments, they have been calculated to compensate the contractors for the fair value of the services delivered, the capital expenditure incurred in providing the facilities and interest payable. The payments under these PFI agreements are partially linked to Retail Price Index, adjusted for on an annual basis, and can be reduced if the contractor fails to meet the service or availability standards set-out in the contracts. The liability outstanding to pay the contractors for the capital expenditure incurred is as follows:

	NRCs		Secondary Schools	
Outstanding Liability	**2021/22**	**2022/23**	**2021/22**	**2022/23**
	£000	**£000**	**£000**	**£000**
Balance outstanding at start of year	**14,560**	**13,871**	**78,976**	**76,875**
Payments during the year	(689)	(692)	(2,101)	(3,441)
Balance outstanding at year-end	**13,871**	**13,179**	**76,875**	**73,434**

The Authority has the right to terminate the contracts provided it compensates the contractors in full for all costs incurred, including the repayment of outstanding debt. In accordance with the contracts, the Authority may opt to refinance the PFIs through the contractors. During 2016/17 the Authority authorised the refinancing of its Secondary School PFI with the gain shared with the contractor. The savings realised by the Authority during 2022/23 and applied as a reduction in the interest charge was £0.282m (£0.309m 2021/22). The amounts held as deferred income in respect of this transaction at 31 March 2023 is;

PFI Deferred Income	**2021/22**	**2022/23**
	£000	**£000**
Not later than one year	282	258
Later than one year and not later than five years	909	832
Late than five years	1,213	1,032

Total	**2,404**	**2,122**

S106 Liabilities

Section 106 receipts are monies paid to the Authority by developers in relation to the granting of planning permission and typically detail works that are required to be carried out or relate to the provision of new facilities as a result of that permission (e.g. affordable homes, early years provision). These sums are ring-fenced and can only be spent as part of an agreement with the developer. As at 31st March 2023, the Authority held £45.183m of S106 liabilities (£40.908m 2021/22).

Note 15 – Leases

Authority as Lessee

Finance Leases

The Authority has an industrial estate and four premises held under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

Finance Lease (Lessee)	**2021/22**	**2022/23**
	£000	**£000**
Vehicles, Plant , Furniture and Equipment	**6,693**	**7,212**

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

Finance Lease Liabilities (net present value of minimum lease payments)	**2021/22**	**2022/23**
	£000	**£000**
Current	2	2
Non Current	1,666	1,664
Finance costs payable in future years	5,016	4,936
Minimum lease payments	**6,684**	**6,602**

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

Finance Lease Liabilities	**Minimum Lease Payments**		**Finance Lease Liabilities**	
	2021/22	**2022/23**	**2021/22**	**2022/23**
	£000	**£000**	**£000**	**£000**
Not later than one year	82	82	2	2
Later than one year and not later than five years	326	326	8	8
Late than five years	6,276	6,195	1,658	1,656
Total	**6,684**	**6,602**	**1,668**	**1,666**

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 2022/23 contingent rents payable by the Authority were £334,792 (2021/22: £240,972).
The Authority has sub-let some units of the industrial estate and 'Woolwich Works' assets held under the finance lease. At 31 March 2023 the minimum payments expected to be received under non-cancellable sub-leases was £2,219,555 (£1,679,587 at 31 March 2022).

Operating Leases

Property

The Authority has acquired some land and a number of buildings to assist with service provision throughout the Borough. The future minimum lease payments due under non-cancellable leases in future years are:

Operating Leases	**2021/22**	**2022/23**
	£000	**£000**
Not later than one year	348	285
Later than one year and not later than five years	1,167	958
Later than five years	9,307	7,425
Minimum Lease payments	**10,822**	**8,668**

The leases are held for a variety of reasons and are charged to their relevant service line in the Comprehensive Income & Expenditure Statement. The lease payments recognised as an expense in the period total £413,691 (£396,169 2021/22). The Authority has sub-let some of the assets held under the above operating leases. At 31 March 2023 the minimum payments expected to be received under non-cancellable sub-leases was £555,403 (£556,462 at 31 March 2022).

Internal Leasing

The Authority operates an internal leasing fund whereby services make annual contributions into a centrally held usable reserve, which is subsequently for the acquisition of vehicles used principally in the provision of waste collection, building maintenance, street cleansing and passenger services. In 2022/23 the Authorities' accounts include capital expenditure to the value of £5,879,795 (£5,081,020 in 2021/22) on the acquisition of new vehicles which was funded by a revenue contribution to capital from internal leasing fund. Repayments were made to the fund in 2022/23 totalling £3,209,705 (£3,055,220 in 2021/22). The repayments are made to the fund to enable future replacement and are based on the expected primary life of the vehicle.

Authority as Lessor

Finance Leases

The Authority has leased out part of a Car Park (Calderwood Street) to a Building Management company on a finance lease with a remaining term of 104 years. The Authority has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated of the property when the lease comes to an end. 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 Authority in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

Finance Lease Debtor (net present value of minimum lease payments)	**2021/22**	**2022/23**
	£000	**£000**
Non-current	308	307
Unearned finance income	7,548	7,474
Gross Investment in the Lease	**7,856**	**7,781**

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

Finance Lease Debtor	**Gross Investment in the Lease**		**Minimum Lease Payments**	
	2021/22	**2022/23**	**2021/22**	**2022/23**
	£000	**£000**	**£000**	**£000**
Not later than one year	75	75	75	75
Later than one year and not later than five years	299	299	299	299
Later than five years	7,482	7,407	7,482	7,407
Minimum Lease Payments	**7,856**	**7,781**	**7,856**	**7,781**

There have been no contingent rents received in respect of the Calderwood Street Car Park lease in 2022/23 (£nil in 2021/22).

Operating Leases

The Authority leases out property and equipment under operating leases for the following purposes:

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

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

Future Minimum Lease Payments	2021/22 £000	2022/23 £000
Not later than one year	3,237	5,624
Later than one year and not later than five years	9,396	13,200
Later than five years	21,228	27,534
Minimum Lease Payments	**33,861**	**46,358**

There have been no contingent rents received under operating lease agreements in 2022/23 (£nil in 2021/22).

Note 16 - Financial Instruments

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Carrying Value			
	Long Term		Short Term	
	2021/22	2022/23	2021/22	2022/23
	£000	£000	£000	£000
Investments*				
Amortised Cost	29,659	**35,838**	166,632	**115,974**

Debtors**				
Amortised Cost	22,126	9,115	43,044	60,065
Cash and Cash Equivalents	0	0	50,140	32,298
Total Financial Assets	**51,785**	**44,953**	**259,816**	**208,337**
Borrowings				
Financial Liabilities at amortised cost	(420,464)	**(412,946)**	(5,090)	**(10,619)**
Other Long Term Liabilities				
PFI and Finance Lease Liabilities	(88,279)	**(86,613)**	(4,135)	**(4,409)**
Creditors***				
Amortised Cost	0	**0**	(67,827)	**(68,136)**
Cash Overdrawn	0	**0**	(667)	**(720)**
Total Financial Liabilities	**(508,743)**	**(499,559)**	**(77,719)**	**(83,884)**

* £36.164m of short term investments are held with the Debt Management Account Deposit Facility and £79.489m in Govt. Treasury Bills. Long Term investments includes £33.291m held with Meridian Home Start.

** The figure for short-term debtors (net of bad debts provision) excludes prepayments of £3.892m (2021/22 £2.281m) and also excludes Collection Fund, NNDR and Government entries of £29.541m (2021/22 £25.489m). The figure for long-term debtors excludes Collection Fund entries of £1.294m.

*** The figure for short term creditors excludes prepaid income of £10.859m (2021/22 £8.161m) and also excludes Collection Fund and Government entries of £49.074m (2021/22 £56.757m).

Income, Expense, Gains and Losses

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

Income, Expense, Gain and Loss	**2021/22**			**2022/23**		
	Financial Liabilities measured at amortised cost	**Financial Assets: measured at amortised cost**	**Financial Assets: measured at fair value through Profit and Loss**	**Financial Liabilities measured at amortised cost**	**Financial Assets: measured at amortised cost**	**Financial Assets: measured at fair value through Profit and Loss**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Interest Expense	(25,586)	0	0	(26,935)	0	0
Interest Income	0	224	0	0	3,828	0
Gains/(losses) on financial assets	0	0	0	0	0	0

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by Investment, long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- based on rates for equivalent loans at that date (new loan redemption rates for PWLB)
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value.

Except for the financial liabilities carried at fair value (described below), all other financial liabilities and financial assets represented by investment and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (Level 2), using the following assumptions:

- For loans from the PWLB payable, new loan repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. As the Debt Management Office provides a transparent approach allowing the exit cost to be calculated without undertaking a repayment or transfer it is appropriate to disclose the exit price. As an alternative, we have assessed the cost of taking a new loan at PWLB new loan rates applicable to existing loans on Balance Sheet date (which could be viewed as a proxy for transfer value);
- For non-PWLB loans payable, PWLB new loan repayment rates have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable, the prevailing benchmark market rates have been used to provide the fair value;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;

Financial liabilities are held with PWLB and Market lenders. All of these investments and borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, we have used a financial model valuation provided by Link Asset Services. This valuation applies the net present value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date.

As new loan rate borrowing comparison would not reflect the effect of the penalty charge that PWLB would raise on early repayment, a supplementary measure of the fair value of PWLB Commitment is to compare the terms of these loans with estimates of the terms that would be offered for the market transactions undertaken at the balance sheet date, which has been assumed as the PWLB Premature Repayment Rate. At the balance sheet date the fair value for PWLB would be £295m (21/22 £418m), LOBO £ 152m (21/22 £254m) and Other Loans £9m (21/22 £10m). The PFI liabilities measure using Premature Repayment Rate would be £94m (21/22 £113m). The following table shows the Fair Value of PWLB, LOBO and Other Loans measured at New Loan Rate.

The fair values calculated are as follows:

Financial Liabilities Held at Amortised Costs		**31 March 2022**		**31 March 2023**	
	Fair Value Level	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
		£000	**£000**	**£000**	**£000**
PFI/ Finance Lease	2	(92,415)	(107,245)	(88,279)	(89,918)
PWLB	2	(284,483)	(355,152)	(283,101)	(259,257)
LOBO	2	(129,789)	(194,770)	(129,791)	(122,967)
Other Loans	2	(11,283)	(8,817)	(10,673)	(8,464)
Overdrawn	N/A	(667)	(667)	(720)	(720)

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

Assets		**31 March 2022**		**31 March 2023**	
	Fair Value Level	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
		£000	**£000**	**£000**	**£000**
Financial assets held at amortised cost:					
Investment	2	196,291	196,072	151,812	151,492
Cash and cash equivalents	1	50,140	50,140	32,298	32,298
Short Term Debtors	N/A	43,044	43,044	60,065	60,065

Long Term Debtors	N/A	22,126	22,126	9,115	9,115

The fair value of the assets is lower than the carrying amount where the Authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is lower than the rates available for similar loans at the Balance Sheet date. This shows a notional future loss (based on economic conditions as at 31 March 2023) attributable to the commitment to receive interest lower than current market rates. Assets and liabilities at fair value through profit or loss are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument. Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

Note 17 - Nature and Extent of Risks Arising from Financial Instruments

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

- credit risk – the possibility that other parties might fail to pay amounts due to the Authority
- liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments
- Re-financing risk - the possibility that the Authority might need to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

Overall Procedures for Managing Risk

The Authority's overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. This requires the Authority to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall, these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations.
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
  - the Authority's overall borrowing
  - its maximum and minimum exposures to fixed and variable rates
  - its maximum and minimum exposures to the maturity structure of its debt
  - its maximum annual exposures to investments maturing beyond a year.
- by the adoption of a Treasury Policy Statement and treasury management by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These are required to be reported and approved before the start of the year to which they relate. These items are reported with the annual treasury management strategy, which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 23 February 2023.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, investment securities and as credit exposures to the Authority's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- credit default swap spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries
- share prices and news and information from the City via Bloomberg and other sources.
- UK institutions provided with support from the UK Government
- a £30m credit limit (with the exception of the UK Government)

The Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits and securities. The Authority does not generally allow credit for customers. The past due but not impaired amount (forming part of the Authority's debtors) can be analysed by age as follows (all sums owing are due to be settled within one year):

Debtor Age	**2021/22**	**2022/23**
	£'000	**£'000**
Less than three months	19,037	19,086
Three to six months	2,506	8,080
Six to one year	4,100	5,320
More than one year	14,177	14,828
Total	**39,820**	**47,314**

A summary of the credit quality of the Council's investments at 31 March 2023 is shown below:

2021/22 £'000		2022/23 £'000
Amortised Cost	Fitch Ratings	Amortised Cost
166,413	AA-	115,653
29,878	N/A	*36,159
196,291		**151,812**

* The £36m N/A Amortised cost are related to non-treasury loans made up mostly from Meridian Home Start Ltd. whose loan is secured against the assets of the properties

Liquidity Risk

The Authority manages its liquidity position through the risk management procedures above, as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed. The Authority has term investments in the DMO, which are classified as "investment at amortised cost", The Authority has ready access to borrowings from banks to cover any day- to-day cash flow need and the PWLB and money markets for access to longer-term funds. The Authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates (see Refinancing Risk).

Refinancing Risk

The Authority maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Authority relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets. The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Authority approved treasury and investment strategies address the main risks, and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The Authority sets limits on the proportion of its fixed rate borrowing during specified periods. Interest rates on loans varied between 0.96% - 8.13% (2021/22: 0.96% - 10.25%). The principal maturity analysis of financial liabilities is as follows:

2021/22 £'000					2022/23 £'000			
PWLB	Bank*	Others	Total		PWLB	Bank*	Others	Total
1,382	-	608	1,990	Less than one year	6,910	-	608	7,518
6,910	-	608	7,518	Between one and two years	0	-	608	608
6,910	-	1,825	8,735	Between two and five years	6,910	-	1,825	8,735
19,002	-	3,205	22,207	Maturing in five to ten years	25,911	-	3,367	29,278
247,995	129,000	5,010	382,005	Maturing in more than ten years	241,086	129,000	4,239	374,325
282,199	**129,000**	**11,256**	**422,455**		**280,817**	**129,000**	**10,647**	**420,464**

*The LOBO maturity profile assumes that the lender will not exercise their option until maturity.

Within the "more than ten years" category, are £119m of market loans (LOBO`s) made up of varied interest rates between 3.99% and 4.55%, all of which have options built into them whereby, after a period of time the lender may ask for the rate payable to be changed. The Authority has the option to either accept this increase or repay the loan in full, without penalty. The risk to the Authority is that these options get exercised at a time of unfavourable interest rates. The Authority has set a limit on its long-term borrowing that can be undertaken on this basis. The option dates have been spread over several years to ensure that the risk of this scenario occurring is reduced. All trade and other payables are due to be paid in less than one year. A further £10m is a fixed rate loan at 3.89% interest with a U.K. Bank in this category. Also included is an Amber Meef 2 LLP loan with £10.65m remaining for our street lighting capital program with a preferential rate of 0.96%, whilst the remaining £281m is with PWLB Loans at various interest rates between 1.37% and 8.13%.

Market Risk

Interest Rate Risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

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

On 31 March 2023, 100% of the debt portfolio was held in fixed rate instruments. Those debts are all purchased on a hold to maturity basis and therefore any temporary fluctuations in the market value of such products would have no impact on the Council's finances. Investments are also subject to movements in Interest rates. Most of the investments were held as fixed rate, fixed term basis. On 31 March 2023, £14.975m was held in a call account on variable interest rate. If variable interest rates had been 1% higher (with all other variables held constant) the financial effect would be a net increase in income of £0.150m. The impact of a 1% fall in interest rates would be a net decrease in income of £0.150m.

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

The Authority has a number of strategies for managing interest rate risk. During periods of falling interest rates and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Authority's cost of borrowing and provide compensation for a proportion of any higher costs. The treasury management team has an active strategy for assessing interest rate exposure. The long-term borrowing of the Authority is held at a fixed rate and thus there would be no effect on the Comprehensive Income and Expenditure Statement, or the debit to the Housing Revenue Account, if interest rates were different from those that prevailed on the Balance Sheet date. Investments are mostly held at fixed rates.

Price Risk

The Authority does not generally invest in equity shares but has holdings of Treasury Bills. The Authority was consequently exposed to gains or losses arising from movements in the prices of these instruments should they have wished to sell them before their maturity date. Therefore, in the event of any being sold the Treasury Bills would be classified as 'Investment at amortised cost', meaning that all movements in price will impact on gains and losses recognised in income and expenditure in the surplus or deficit on the provision of services. There was four 0.25 – 0.75% rise changes in Bank Base rate between the date on which the securities were acquired and the Balance Sheet date, and the carrying value thus would have slightly changed the fair value of the Treasury Bills. It is the Authority's current policy not to trade the securities before their maturity date unless there are exceptional circumstances.

Foreign Exchange Risk

The Authority has no financial assets / liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

Note 18 - Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Authority are eligible to be members of the Teachers' Pension Scheme, administered by the Department for Education. Certain Public Health employees who transferred to the Authority on 1 April 2013 are eligible to be members of the NHS Pension Scheme. The Schemes provide relevant employees with specified benefits upon their retirement and the Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Schemes are technically defined benefit schemes. However, the Schemes are unfunded and use notional funds as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of the underlying financial position and performance of the Schemes with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, they are accounted for on the same basis as defined contribution schemes.

In respect of Teacher's Pensions, the Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and included within Note 19.

Scheme	Year ending 31 March 2022		Year ending 31 March 2023	
	Contributions paid	Percentage of pensionable pay	Contributions paid	Percentage of pensionable pay
	£000	%	£000	%
Teacher's Pensions	15,732	23.68*	16,277	23.68
NHS Pension scheme	114	14.38	112	14.38
Total	**15,846**	**-**	**16,389**	**-**

**Total contributions paid into the Teachers' Pension Scheme in 2022/23 was £23.107m (£22.342m in 2021/22).*

Note 19 - Defined Benefit Pension Schemes

Participation in Pension Schemes

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

The Authority participates in two post- employment schemes:

- The Local Government Pension Scheme (LGPS), administered locally by the Royal Borough of Greenwich (RBG) – this is a funded defined benefit career average re-valued earnings scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The Authority is an employer within the London Pension Fund Authority (LPFA), which is also a LGPS fund.

- Discretionary post- retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due. No further awards have been made since 2008 in respect of the LGPS. However, this facility remains as part of the Teachers' Pension Scheme.

The policy for recognising actuarial gains and losses is that actuarial gains and losses are recognised in the reserves i.e. in Other Comprehensive Income and Expenditure.

Transactions Relating to Post-employment Benefits

The costs of retirement benefits are recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions (in accordance with IAS 19). However, the charge required to be made against council tax is based on the cash payable in the year (derived from the employer contribution rates of 18.5% for RBG and 22.2% for LPFA, plus lump sums as required), therefore, the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Total Expense Recognised in the Comprehensive I&E Statement **for Post-Employment Benefits**	**LGPS (Funded)**				**Discretionary Benefits (Unfunded)**			
	2021/22	**2022/23**			**2021/22**	**2022/23**		
	Total	**RBG**	**LPFA**	**Total**	**Total**	**RBG**	**LPFA**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Comprehensive I&E Statement								
Cost of Services								
Service cost comprising								
Current service cost including admin expenses	80,053	49,895	225	**50,120**	-	-	-	**-**

Settlements and curtailments	(1,170)	1,234	66	**1,300**	-	-	-	-
Past Service Cost	-	-	-	-	-	-	-	-
Financing and Investment Income and Expenditure	-	-	-	-	-	-	-	-
Net interest expense	16,905	1,119	(297)	**822**	**887**	1,516	62	**1,578**
Total Post Employment Benefit Charged to SoDoPS	**95,788**	**52,248**	**(6)**	**52,242**	**887**	**1,516**	**62**	**1,578**
Other Post Employment benefit Charged to the Comprehensive I&E Statement								
Re-measurement of the net defined benefit liability comprising:								
Return on plan assets	(81,969)	95,618	1,800	97,418	-	-	-	-
Actuarial (gains) or losses arising on changes in demographic assumptions	(108,541)	-	-	-	**135**	-	-	-
Actuarial (gains) or losses arising on changes in financial assumptions	(90,721)	(865,791)	(21,807)	(887,598)	**989**	10,582	145	**10,727**
Experience gain/loss	27,286	179,691	6,369	186,060	**50**	(3,515)	(172)	**(3,687)**
Other	(6,731)	-			-	-	-	-
	18,727		14,385	14,385	-	-	-	-
Total Post Employment Benefit Charged to other Income and Expenditure in the CIES	**(241,949)**	**(590,482)**	**747**	**(589,735)**	**1,174**	**7,067**	**(27)**	**7,040**
Total Post Employment Benefit Charged to the CIES	**(146,161)**	**(538,234)**	741	**(537,493)**	**2,061**	8,583	**35**	**8,618**
Movement in Reserves Statement								
Reversal of net charges made to SoDoPS for post- employment benefits (per Code)	**(95,788)**	(52,248)	6	**(52,242)**	**(887)**	(1,516)	(62)	**(1,578)**
Actual amount charged against the General Fund Balance for Pensions in the Year								
Employer's contributions payable to the scheme	**31,742**	**33,670**	**550**	**34,220**				
Retirement benefits payable to pensioners					**3,779**	**3,594**	**186**	**3,780**

Pensions Assets and Liabilities recognised in the Balance Sheet

The amount included in the balance sheet arising from the Authority's obligation in respect of it defined benefits plans is as follows:

Pensions Assets and Liabilities recognised in the Balance Sheet	LGPS (Funded)			
	2021/22	2022/23		
	Total	RBG	LPFA	Total
	£000	£000	£000	£000
Present value of defined benefit obligation	**(2,219,058)**	(1,532,396)	(58,297)	**(1,590,693)**
Fair value of plan assets	**1,553,250**	1,402,315	94,898	**1,497,213**
Other movements in liability/(assets) – asset ceiling	**(21,282)**	-	(36,349)	**(36,349)**
Net liability arising from Defined Benefit Obligation	**(687,090)**	**(130,081)**	**252**	**(129,829)**

Pensions Assets and Liabilities recognised in the Balance Sheet	Discretionary Benefits (Unfunded)			
	2021/22	2022/23		
	Total	RBG	LPFA	Total
	£000	£000	£000	£000
Net liability arising from Defined Benefit Obligation	**(42,261)**	**(31,062)**	**(1,957)**	**(33,019)**

Reconciliation of the movements in the Fair Value of Scheme (Plan) Assets

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. However, from 2013/14 the expected return and the interest cost has been replaced with a single net interest cost, which will effectively set the expected return equal to the IAS19 discount rate.

Reconciliation of movements in the **Fair Value of the scheme (plan) assets**	**Local Government Pension Scheme**			
	2021/22	**2022/23**		
	Total	**RBG**	**LPFA**	**Total**
	£000	**£000**	**£000**	**£000**
Opening balance 1 April	**1,457,779**	**1,455,707**	**97,543**	**1,553,250**
Interest on scheme assets	**28,843**	57,411	3,056	**60,467**
Re-measurement gain/ loss:				
Return on assets less interest	**81,969**	(95,618)	(1,800)	**(97,418)**
Other	**6,731**	-	-	**-**
Administration expenses	**(1,076)**	(924)	(29)	**(953)**
Employer contributions	**35,521**	37,264	364	**37,628**
Contributions by scheme participants	**12,145**	13,161	38	**13,199**
Benefits paid	**(66,889)**	(64,681)	(4,274)	**(68,955)**
Settlements	**(1,773)**	(5)	-	**(5)**
Closing balance 31 March	**1,553,250**	**1,402,315**	**94,898**	**1,497,213**

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

Reconciliation of present value of the Scheme Liabilities (Defined Benefit Obligation)	LGPS (Funded)				Discretionary (Unfunded)			
	2021/22	2022/23			2021/22	2022/23		
	Total	RBG	LPFA	Total	Total	RBG	LPFA	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Opening balance 1 April	**(2,317,917)**	**(2,143,558)**	**(75,500)**	**(2,219,058)**	**(46,327)**	**(40,207)**	**(2,054)**	**(42,261)**
Current service cost	**(78,977)**	(48,971)	(196)	**(49,167)**	**-**	-	-	**-**
Interest cost	**(45,700)**	(58,530)	(2,077)	**(60,607)**	**(887)**	(1,516)	(62)	**(1,578)**
Contributions by scheme participants	**(12,145)**	(13,161)	(38)	**(13,199)**	**-**	-	-	**-**
Remeasurement gains and losses	**-**	-	-	**-**	**-**	-	-	**-**
Change in demographic assumptions	**108,271**	-	-	**-**	**135**	-	-	**-**
Change in financial assumptions	**88,743**	844,627	21,517	**866,144**	**989**	10,582	145	**10,727**
Experience loss/(gain) on defined benefit obligation	**(27,386)**	(172,661)	(6,025)	**(178,686)**	**50**	(3,515)	(172)	**(3,687)**
Benefits paid	**63,110**	61,087	4,088	**65,175**	**3,779**	3,594	186	**3,780**
Settlements	**4,232**	23	-	**23**	**-**	-	-	**-**
Past service costs, including Curtailments	**(1,289)**	(1,252)	(66)	**(1,318)**	**-**	-	-	**-**
Closing balance 31 March	**(2,219,058)**	**(1,532,396)**	**(58,297)**	**(1,590,693)**	**(42,261)**	**(31,062)**	**(1,957)**	**(33,019)**

Local Government Pension Scheme Assets

The Discretionary Benefits arrangement has no assets to cover its liabilities. The LGPS assets consist of the following categories, by amount and proportion of the total assets held:

RBG Pension Fund	2021/22			2022/23		
	Quoted price in active markets	Not quoted price in active markets	Total	Quoted price in active markets	Not quoted price in active markets	Total
	£000	£000	£000	£000	£000	£000
UK and Overseas Unit Trusts	-	-	**-**	-	-	**-**
Unitised insurance policies	-	-	**-**	-	-	**-**
Equity	-	731,753	**731,753**	-	647,766	**647,766**
Bonds	-	-	**-**	-	-	**-**
Fixed Income	-	220,709	**220,709**	-	267,248	**267,248**
Property	-	-	**-**	-	-	**-**
Property- Unit trust	-	144,276	**144,276**	-	117,751	**117,751**
Multi Asset	-	178,507	**178,507**	-	175,161	**175,161**
Infrastructure	-	11,060	**11,060**	-	16,652	**16,652**
Private Debt	-	32,335	**32,335**	-	51,789	**51,789**
Diversified Alternative	-	95,370	**95,370**	-	95,126	**95,126**
Private equity	-	1,725	**1,725**	-	1,044	**1,044**
Property-Freehold	-	3,639	**3,639**	-	5,700	**5,700**
Cash/other investment balance	-	36,333	**36,333**	-	24,078	**24,078**
Closing balance 31 March	**-**	1,455,707	**1,455,707**	**-**	**1,402,315**	**1,402,315**

LPFA	2021/22			2022/23		
	Quoted price in active markets	Not quoted price in active markets	Total	Quoted price in active markets	Not quoted price in active markets	Total
	£000	£000	£000	£000	£000	£000
Equity investments	54,968	-	**54,968**	55,806	-	**55,806**
Property	-	8,623	**8,623**	-	9,319	**9,319**

Infrastructure	-	10,298	**10,298**	-	12,007	**12,007**
Target Return Portfolio	20,827	-	**20,827**	17,645	-	**17,645**
Cash	-	2,827	**2,827**	-	121	**121**
Closing balance 31 March	**75,795**	**21,748**	**97,543**	**73,451**	**21,447**	**94,898**

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. Both the LGPS and Discretionary Benefits liabilities have been assessed by Barnett-Waddingham, an independent firm of actuaries, using data from the full triennial valuation as at 31 March 2022.

The principal assumptions used by the actuary have been:

Assumptions	**RBG**		**LPFA**	
	2021/22	**2022/23**	**2021/22**	**2022/23**
Mortality assumptions (yrs)				
Longevity at 65 for current pensioners				
Men	19.5	19.6	20.8	20.9
Women	22.9	23.0	23.5	23.5
Longevity at 65 for future pensioners				
Men	20.9	21.0	21.0	21.1
Women	24.9	24.5	25.3	25.4
Other assumptions (%)				
Rate of inflation (CPI)	3.20	2.95	3.45	2.9
Rate of increase in salaries	4.20	3.95	4.45	3.9
Rate of increase in pensions	3.20	2.95	3.45	2.9
Rate for discounting scheme liabilities*	2.60	4.80	2.60	4.8

*effectively also equal to the expected return

RBG and LPFA assume all members will retire at one age for all tranches of benefit, which will be the weighted average tranche retirement age.

There has been an improvement in the rate for discounting scheme liabilities between 2021/22 and 2022/23 for RBG and the LPFA scheme. Both the RBG and LPFA rates increased by 2.2%. Had the discount rate remained at 2021/22 levels, the defined benefits obligation for RBG would have decreased by £40.7m and LPFA would have decreased by £1.6m.

Change in Assumptions	**Increase in assumption**			**Decrease in assumption**		
	RBG	**LPFA**	**Total**	**RBG**	**LPFA**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Rate for discounting scheme liabilities (increase or decrease by 0.1 %)	(23,593)	(584)	**(24,177)**	24,192	594	**24,786**
Rate of increase in salaries (increase or decrease by 0.1 %)	1,589	16	**1,605**	(1,580)	(16)	**(1,596)**
Rate of increase in pensions (increase or decrease by 0.1 %)	23,018	589	**23,607**	(22,455)	(579)	**(23,034)**
Longevity (increase or decrease in 1 year)	69,830	3,459	**73,289**	(66,504)	(3,260)	**(69,764)**

Impact on the authority's cash flows

The liabilities show the underlying commitments that the Authority has in the long run to pay post- employment (retirement) benefits. The total liability of £162.848m (2021/22: £729.351m) has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet resulting in an overall balance of £2.586bn (2021/22: £1.949bn). However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- the deficit on the LGPS will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The objective of the scheme is to achieve 100% funding. Funding levels are monitored on an annual basis. A triennial valuation was carried out as at 31 March 2022, utilising three pools of employers within the scheme. The valuation has taken account of the national changes to the scheme under the Public Pensions Services Act 2013. The Act provides for scheme regulations to be made within a common framework, to establish new career average re-valued earnings to pay pensions and other benefits to certain public servants. The next valuation will be calculated as at 31 March 2025, effective from 1 April 2026. The total contributions expected to be made in respect of funded defined benefits by the Authority in the year to 31 March 2024 are £33.75m. The weighted average duration of the defined benefit obligation for RBG scheme members is 20 years and LPFA scheme members 12 years.

Note 20 - Short Term Debtors

31-Mar-22 £000	Short Term Debtors	31-Mar-23 £000
5,463	HMRC – VAT	15,244
1,702	Other Central government bodies	601
3,519	Other local authorities	6,105
3,715	NHS bodies	8,917
11,026	Council Tax Arrears	11,387
1,636	Council Tax Court Cost	1,477
5,992	Housing Benefit Overpayment Debt	5,567
3,124	Housing Rents	1,818
832	Business Rates Debt	832
24,169	Sundry Debtors	25,582
2,281	Prepayments	3,892
7,354	Other	12,075
70,813	**Total**	**93,498**

Debtors are shown net of bad debts provision of £59.086m at 31st March 2023 and £56.520m at 31st March 2022

Note 21 – Debtors for Local Taxation

Aged Taxation Arrears	Council Tax		Business Rates	
	2021/22 £000	2022/23 £000	2021/22 £000	2022/23 £000
Not later than one year	3,896	3,789	555	547
Later than one year and not later than five years	5,268	5,544	263	271
Later than five years	1,862	2,053	14	13
Total	**11,026**	**11,387**	**832**	**832**

Council Tax debtors are shown net of bad debts provision of £22.768m at 31st March 2023 and Business Rates debtors are shown net of bad debts provision of £2.660m at 31st March 2023.

Note 22 - Short Term Creditors

31-Mar-22	Short Term Creditors	31-Mar-23
£000		£000
(26,360)	Central government bodies	(15,337)
(1,718)	DLUHC - Business Rate Prepayments	(2,347)
(7,144)	HMRC – PAYE & N.I.	(6,493)
(14,647)	Other local authorities	(15,045)
(2,139)	GLA – Business Rate Prepayments	(2,983)
(2,436)	NHS bodies	(2,334)
(12,188)	Accumulated Absences Account	(9,383)
(6,228)	HRA Prepayments	(8,515)
(7,058)	RBG Council Tax Prepayments	(7,859)
(1,563)	RBG Business Rates Prepayments	(2,133)
(748)	Other Prepayments	(1,022)
(50,516)	Other entities and individuals	(54,617)
(132,745)	**Total**	**(128,069)**

Note 23 – Provisions

Provisions	1 April 2022	Amounts Used/Reversed	Additional Provisions	31 March 2023
	£000	£000	£000	£000
Insurance	(6,000)	0	0	(6,000)
Business Rates Appeals	(1,283)	0	(143)	(1,426)
Thames Water Provision	(5,505)	5,024	0	(481)
Total (Long Term)	**(12,788)**	**5,024**	**(143)**	**(7,907)**

Insurance

The Authority's internal insurance fund account is used to cover the cost of insurance. The fund is used to meet the insurance premiums, meet the cost of the insurance claims beneath the insurance excess and provide for insurance claims that have yet to be settled. Through the fund a wide range of insurance risks are covered. These include public liability, employer's liability, vehicles and fire. The timing of any outstanding claims is dependent upon third party solicitors and the courts and it is therefore impossible to state clearly, when the resultant economic benefit transfer will occur. There is also uncertainty around existing claims so no assumptions have been made in respect of future events, and reimbursements. The costs within the Authority's internal insurance fund are met through contributions from departmental services towards the cost of insurance, through central support charges. The Authority previously used Municipal Mutual Insurance Limited to provide insurance cover, until its demise in the 1990s. MMI has continued to meet claims covering the period up until it ceased providing further cover. However, under the administration arrangements, there was provision for scheme creditors (of which the Authority is one) to be called upon to contribute to future scheme liability.

Business Rates Appeals

The Business Rates Appeals provision represents the Authority's share of contributions made to the Collection Fund Income and Expenditure Account for a provision in relation to business rate appeals.

Thames Water

Under the terms of agreements made in 2002 and 2006 between Thames Water Utilities and a number of Councils including RBG, the Council acted as the collector of water rates on behalf of Thames Water. The water rates were collected by the council as part of the rent in return for a discount from the standard water charge. In 2006 the government implemented the Water Resale Order 2006 which provided that water resellers may only recover from tenants the same sum for water charges as they pay to the water provider (plus a nominal administration fee).

In 2016 the High Court in the case of Kim Jones v Southwark LB ordered London Borough of Southwark to reimburse all their tenants the difference between the annual sum charged to tenants as water rates and the annual sum Southwark paid to Thames Water.

The terms used in the agreements between RBG and Thames Water were identical in all material respects to those agreed between Southwark LB and Thames Water. In the circumstances RBG were considered to be a Water reseller within the meaning of the Water Reseller Order 2006. This makes RBG liable to reimburse all affected tenants in the same way that Southwark LB was ordered to refund.

Note 24 - Agency Services

Mayoral CIL

The Authority acts as an Agent for Transport for London in respect of Mayoral (CIL) raised to support strategic infrastructure projects across the Capital and is able to retain up to 4% for administration and collection purposes. During 2022/23 £0.125m was retained and as at 31 March 2023 £2.228m was held on behalf of Transport for London.

Mayoral (CIL)		
	2021/22	**2022/23**
	£000	**£000**
Balance at start of the year	**1,650**	**1,816**
Contributions	3,433	3,663
Recognised administration fee	(127)	(125)
Transfers to TfL	(3,140)	(3,126)
Balance at end of the year	**1,816**	**2,228**

Business Rates Grants

The Authority acts as an Agent for Central Government in respect of the majority of Business Rates Grants that are used to support business during the current Covid pandemic.

This government scheme has now finished, the closing balance of £0.118m is held as a debtor for likely recovery post reconciliation.

Business Rates Grants	**2021/22 £000**	**2022/23 £000**
Balance b/fwd	(13,342)	(10,284)
Contributions from the Government	(12,792)	0
Payments to Businesses	12,824	0
Unspent grant refunded back	2,456	10,402
Recognised administration fee	570	0
Balance at end of the year	**(10,284)**	**118**

Council Tax Energy Rebate

The Authority acts as an Agent for Central Government to provide a payments £150 to eligible households as part of its response to rising energy bills. This scheme has now finished and the closing balance is held as a Creditor for likely repayment on reconciliation.

Council Tax Energy Rebate	**2022/23 £000**
Balance b/fwd	0
Contributions from the Government	(15,112)
Payments to Individuals	14,329
Balance at end of the year	**(783)**

Alternative Energy Scheme

The Authority acts as an Agent for Central Government to provide payments to households across Great Britain that use alternative fuels like heating oil as part of its response to rising energy bills.

Alternative Energy Scheme	**2022/23 £000**
Balance b/fwd	0
Contributions from the Government	(1,124)
Payments to Businesses	179
Unspent grant refunded back	0
Recognised administration fee	71
Balance at end of the year	**(874)**

This scheme continues in 2023/24, and the Balance is held as a Receipt in Advance, to be released when the appropriate conditions are met.

Council Tax and NDR

The collection of Council Tax and Business Rates income is in substance also an agency arrangement.

Note 25 - Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2022. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2022/23:

Dedicated Schools Grant	Central Expenditure	Individual Schools Budget	Total
	£000	£000	£000
Final DSG for 2022/23 before academy and high needs recoupment			348,596
Academy and high needs figure recouped for 2022/23			119,234
Total DSG after academy and high needs recoupment for 2022/23			**229,362**
Plus: Brought Forward from 2021/22			4,048
Less: Carry-forward to 2022/23 agreed in advance			0
Agreed initial budgeted distribution in 2022/23	**39,680**	**193,730**	**233,410**
In year adjustments	-	12	12
Final Budget distribution for 2022/23	**39,680**	**193,742**	**233,422**

Less: Actual central expenditure	39,657		39,657
Less: Actual ISB deployed to schools		190,026	190,026
In year Carry-forward to 2023/24	**23**	**3,716**	**3,739**
Plus: Local authority contribution for 2022/23	-	-	-
Carry-forward to 2023/24	**23**	**3,716**	**3,739**

The total amount of individual school reserve balances at 31 March 2023 was £9.591m (£12.748m at 31 March 2022).

Note 26 - Pooled Budgets

Under the terms of a Section 75 Agreement (National Health Service Act 2006), a partnership arrangement exists between the Authority and Oxleas National Health Service Foundation Trust in respect of mental health. The pooled budgets meet the cost of providing all care co-ordinating services for people from this client group.

Greenwich Integrated Mental Health Service	**2021/22 £000**	**2022/23 £000**
Funding provided to the pooled budget by		
the Authority	(2,494)	(2,432)
the Trust	(33,416)	(34,056)
Sub Total	**(35,910)**	**(36,488)**
Expenditure met from the pooled budget by		
the Authority	2,494	2,432
the Trust	34,410	34,317
Sub Total	**36,904**	**36,749**
Net (surplus) / deficit arising on the pooled budget during the year	**994**	**261**

As it is the lead partner, all detailed transactions are shown in Oxleas Trust accounts.

The national £3.8bn Better Care Fund (BCF) was announced by the Government in the June 2013 spending round as a mechanism for the transformation of integrated health and social care. From 2015/16, there was a national requirement to operate the BCF as a pooled budget. Resources would be transferred to individual Clinical Commissioning Groups (CCG's) from NHS England, and from the CCGs (now Integrated Care Boards – ICBs) to the pooled budgets. The

Authority and South East London (SEL) ICB have entered into such an arrangement, and an agreed level has been entered into a single pot that has then been used to commission and/or deliver health and social care services. The total BCF pot for Greenwich in 2022/23 (SEL ICB & Authority), was £26.680m (including DFG).

Better Care Fund	**2021/22 £000**	**2022/23 £000**
Pooled Budget Funding		
the Authority	(15,061)	(15,752)
the Greenwich CCG	(10,343)	(10,928)
Sub Total	**(25,404)**	**(26,680)**
Expenditure incurred from pooled budget		
the Authority	15,061	15,752
the Greenwich CCG	10,357	11,257
Sub Total	**25,418**	**27,009**
Net (surplus) / deficit arising on the pooled budget during the year	**14**	**329**

Note 27 - External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and to non-audit services provided by the Authority's external auditors:

External Audit Costs	**2021/22 £000**	**2022/23 £000**
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	237	232
Fees payable to external auditors for the certification of grant claims and returns for the year.	78	77
Fees payable to external auditors in respect of CFO Insights	0	10
Total	**315**	**319**

Note 28 - Related Parties

The Authority is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority 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 Authority. The UK Government exerts significant control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides a significant amount of its funding in the form of grants, and prescribes the terms of many transactions that the Authority has with other parties (e.g., housing benefits). Grants received from government departments are set out in Note 5 Taxation and Grant Income.

<u>Officers</u>

- J Carswell, an employee of the Authority, is married to the Executive Director of London & Quadrant Housing Association. An amount of £26.374.67 was paid to the organisation from the Authority during the year and £1,049.60 owed to the company at end of the year.
- T Dorling, an employee of the Authority, is a Managing Director of D G Cities Limited and Director and CEO of DG Connect Ltd. See note below.
- K Scotford, an employee of the Authority, is Non-Executive Director on the board of Greenwich Service Plus. See note below.
- M Armstrong, an employee of the Authority, is seconded full time to support the senior management and financial strategies of Greenwich Service Plus and Greenwich Service Solutions Ltd. Please see note below.
- M Bakalovic an employee of the Authority, is the Managing director of Greenwich Service Plus and Greenwich Service Solutions Ltd. Please see note below.
- V Geoghegan an employee of the Authority, is on the board of Directors of the Planning Officers Society, £640 was paid to the society during the year.
- M Rankin, an employee of the Authority sits on the board of Directors of Digital Greenwich Connect Ltd, 50% owed by DG Cities Ltd. Please see note below.

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2022/23 is shown in Note 29.

- Councillor M Hartley, acting in a personal capacity, is a Vice President and Director of Greenwich and Bexley Credit Union. Payments for investments on behalf of members were paid over from the Authority to the amount of £1,401,054 during the year.
- Councillor I Williams, is a Director of the Board of Greenwich Dance agency, an amount of £132,873 was paid to the organisation during the year.
- Councillor C Lloyd is Chair of Board of Director of Greenwich Service Solutions. Please see note below.
- Councillor A Khaireh, employed at the Greenwich Islamic Centre, an amount of £135,329 was paid to the organisation during the year.

Some Members of the Authority are nominated to the board of local organisations as Authority Appointed Members and have declarable transactions not listed above, as follows:

Name of Organisation	Councillor(s)	Value of Transactions £	Outstanding Balances £
Charlton Triangle Homes	Councillor J van den Broek (Member) Councillor L Saldin (Member)	344,144	10,000
Colfe's School Management Team	Councillor S Drury (Member)	21,471	
Royal Borough of Greenwich Destination Management Company	Councillor J van den Broek (Member)	See note below	See note below
DG Cities Limited	Councillor C Mulligan (Member) Councillor S Thomas (Member)	See note below	See note below
Eltham Crematorium Joint Committee	Councillor A Khaireh (Deputy) Councillor D Scott McDonald (Member) Councillor A Lekau (Deputy) Councillor M Lolavar (Deputy) Councillor M Morrow (Deputy) Councillor A Okereke (Deputy) Councillor A Cousins (Deputy Councillor A Smith (Deputy) Councillor P Slattery (Deputy) Councillor Ivis Williams (Deputy) Councillor M Williams (Member)	See note below	See note below
Eltham United Charities	Councillor L Bird (Member)	3,236	0
Greenwich & Docklands International Festival	Councillor G Dillon (Member)	222,750	0
Greenwich Development Corporation	Councillor D Hyland (Member) Councillor J Fahy (Member) Councillor S Thomas (Member)	0	90,684
Greenwich Housing Rights	Councillor C Burke-McDonald (Member)	120,000	26,250
Greenwich Leisure Ltd	Councillor P Slattery (Member) Councillor S Bauer (Deputy) Councillor J Smith (Member) Councillor G Dillon (Deputy) Councillor J Ranabhat (Member) Councillor S Thomas (Member)	8,536,319	354,619
Greenwich Services Plus	Councillor S Merrill (Member)	See note below	See note below

Greenwich Service Solutions	Councillor C Lloyd (Member)	See note below	See note below
Greenwich Theatre Board	Councillor N Asghar (Member) Councillor N Fletcher (Trustee)	50,000	0
Greenwich Winter Night Shelter	Councillor L Saldin (Trustee)	8,920	0
Lee Valley Regional Park Authority	Councillor D Gardner (Member)	198,010	0
LGA General Assembly	Councillor I Williams (Member) Councillor A Okereke (Member) Councillor L Olugbemi (Member) Councillor O McGahey (Member)	43,997	298
Local Government Information Unit	Councillor A Smith (Member) Councillor D Gardner (Member)	24,605	0
London Councils	Councillor A Okereke (Member) Councillor A Khaireh (Member/Deputy) Councillor I Williams (Member) Councillor D Scott-McDonald (Deputy) Councillor D Mgbang (Member) Councillor D Thorpe (Committee Member Councillor N Williams (Member) Councillor O Babatola (Member) Councillor P Slattery (Member) Councillor A Smith (Deputy) Councillor A Lekau (Member)	207,958	0
Long Lane Football Club	Councillor O McGahey (Committee Member)	3,030	0
Maritime Academy Trust	Councillor I Williams (parent Cllr)	1,405,964	440,845
Meridian Home Start Ltd	Councillor D Hyland (Observer)	7,558,214	0
Middle Park Community Centre	Councillor R Taggart-Ryan (Member) Councillor C May (Member)	41,821	19,500
New Charlton Community Centre	Councillor D Mbang (Member)	342	0
Oxleas Foundation	Councillor D Scott MacDonald (Member)	11,592,771	0
Plumstead Alms houses	Councillor J Ranabhat (Member)	22,639	1,741
Plumstead Make Merry	Councillor I Cooke (Member)	5,400	0
Royal Greenwich Heritage Trust	Councillor J Van den Broek (Member) Councillor L Saldin (Member) Councillor N Fletcher (Trustee) Councillor D Hyland (President)	See note below	See note below

Roots for Life	Councillor D Gardner (Trustee)	41,746	1,000
Southeast London Combined Heat and Power Company (SELCHP)	Councillor A Smith (Member)	7,005,578	0
Tramshed Arts	Councillor J Smith (Member)	157,906	93,768
Woodlands Farm Trust	Councillor D Thorpe (Member)	202	0
Woolwich Creative District Trust (Woolwich Works)	Councillor D Sullivan (Member) Councillor D Hyland (Member) Councillor J Smith (Member)	2,217,502	0

Other Public Bodies

The Authority has entered into a pooled budget agreement with Oxleas NHS Foundation Trust as outlined in Note 26.

Eltham Crematorium

The Authority runs the Eltham Crematorium under a joint committee arrangement with the London Borough of Bexley and Dartford Borough Council.

2021/22 £000	Eltham Crematorium Transactions	2022/23 £000
1,110	Amounts held in Royal Borough of Greenwich bank account	1,096
763	Annual Support Service Cost	707
220	Surplus Distribution	208

Pension Fund

The Royal Borough of Greenwich is the Administering Authority for the Royal Borough of Greenwich Pension Fund.

2021/22 £000	Pension Fund Transactions	2022/23 £000
1,111	Annual Support Service Cost	980
30,923	Employer Contributions into the Fund	33,090

Entities Controlled or Significantly Influenced by the Authority

Greenwich Service Solutions Limited (GSS) – subsidiary

Established in 2008 with a share capital of one hundred £1 shares, GSS main activity is operating a Recruitment Agency securing sustainable employment for local people.

Greenwich Service Plus Limited (GSP) – subsidiary

Established in 2009, limited by guarantee, GSP is a Teckal company undertaking activities including:

- Catering
- Fleet Management and Maintenance
- Passenger Services
- Building Cleaning
- Facilities Management.

D G Cities Limited. – subsidiary

Formed in 2015 with a share capital of one hundred £1 shares, DG Cities Ltd is a wholly owned Council company. The company was established to advance the Council's work on the digital economy, smart city innovation, and secure innovation funding for the Borough.

Transactions during the year included payments to DG Cities Ltd from RBG for reimbursement of costs in delivery of the Gateway Driverless Car Project. The cost to RBG will be negated with funding provided by Innovate UK.

DG Cities has entered into a Joint Venture with full-fibre provider ITS Technology Group. The new company, Digital Greenwich Connect Ltd, has been incorporated to design, build, maintain and commercialise a 21 km full-fibre, gigabit-capable network infrastructure with each partner investing £1m.

Royal Borough of Greenwich Destination Management Company (RBGDMC) – associate

Established in 2013, RBGDMC is a community interest company, which was formed between six parties:

- Royal Borough of Greenwich
- Greenwich Hospital

- Ansco Arena Limited
- Enderby Wharf Limited
- Greenwich Trading Company Limited
- National Maritime Museum.

The Board has capacity for thirteen directors, with the authority appointing two, each other member appointing one and six to be appointed by those seven directors.

Its main objectives are to promote tourism and investment into the Royal Borough, and contribute to enhancing perceptions of the Royal Borough of Greenwich as a place to visit, live, work and study.

Royal Greenwich Heritage Trust (RGHT) - associate

Established in 2014, RGHT is a Charitable Incorporated Organisation. The Board has capacity for thirteen trustees, with the authority appointing two.
A formal Transfer Agreement between the authority and RGHT included Charlton House, the Greenwich Heritage Centre & the Tudor Barn in Eltham.

RGHT will act in the role of custodian for certain borough memorials and includes as its key charitable objectives:

- Care and conservation of assets
- Education concerning the history of the Royal Borough.

Related Party Transactions of Entities Controlled or Significantly Influenced by the Authority

2021/22				Transactions	2022/23			
Payable £000	Creditor £000	Receivable £000	Debtor £000		Payable £000	Creditor £000	Receivable £000	Debtor £000
(2)	0	0	0	GSS	0	0	0	0
(20,970)	(3,465)	630	4,201	GSP	(20,560)	(2,049)	745	4,275
(193)	0	25	0	D G CITIES	(596)	0	3	0
(292)	0	3	0	Visit Greenwich	(327)	0	2	0
(916)	0	39	11	RGHT	(77)	0	39	0

Note 29 - Members' Allowances

The Authority paid the following amounts to members of the Authority during the year.

Members Allowances	2021/22 £	2022/23 £
Allowances	970,767	1,021,319

Note 30 - Officers' Remuneration

Senior Employees

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

Post Title	Name	Year	Salary, Fees and Allowances £	Compensation for loss of office £	Pension Contributions £	Totals £
Chief Executive	D Warren	2022/23	208,907		38,648	247,555
		2021/22	206,982		38,292	245,274
Director of Communities and Environment (Deputy Chief Exec)	K Delaney*	2021/22	105,381	93,800	7,336	206,517
Director of Health and Adult's Services	S McClinton	2022/23	196,870		36,421	233,291
		2021/22	184,016		34,043	218,059
Director of Children's Services	F Kroll	2022/23	162,420		30,048	192,468
		2021/22	160,495		29,692	190,187
Director of Regeneration, Enterprise and Skills	P Hack	2022/23	162,420		30,048	192,468
		2021/22	160,495		29,692	190,187
Director of Finance (Section 151 Officer)	D Cook	2022/23	162,420		30,048	192,468
		2021/22	150,718		27,883	178,601
Director of Communities, Environment and Central	M Bakalovic	2022/23	162,420		30,048	192,468
		2021/22	150,718		27,883	178,601
Director of Housing and Safer Communities	J Carswell	2022/23	151,352		28,000	179,352
		2021/22	149,427		27,644	177,071
Director of Legal and HR (Monitoring Officer)		2022/23	145,817		26,976	172,793
		2021/22	143,892		26,620	170,512

* Postholder last day of service 17/06/21

Officer Bandings

The Authority's employees receiving more than £50,000 remuneration for the year, excluding the senior officers listed above (but excluding employer's pension contributions) were paid the following amounts:

Remuneration Band	2021/22 No of employees	2022/23 No of employees
£50,000 - £54,999	313*	359*
£55,000 - £59,999	229*	223
£60,000 - £64,999	122*	217
£65,000 - £69,999	75*	111*
£70,000 - £74,999	31	47*
£75,000 - £79,999	34	31
£80,000 - £84,999	32	39*
£85,000 - £89,999	20*	30*
£90,000 - £94,999	9	10
£95,000 - £99,999	8	17*
£100,000 - £104,999	4	9*
£105,000 - £109,999	6	7
£110,000 - £114,999	7	5
£115,000 - £119,999	4	6
£120,000 - £124,999	1	2
£125,000 - £129,999	1	3*
£130,000 - £134,999	1	3
£135,000 - £139,999	1	3
£140,000 - £144,999	0	0
£145,000 -£149,999	0	0
£150,000 - £154,999	1	0
£155,000 – £159,999	0	0
£160,000 - £164,999	0	1

* includes amounts payable in respect of compensation for loss of office.

Termination Benefits

A number of employee contracts have been terminated. Amounts contained within the Accounts relating to their remuneration by way of redundancy / other payments made are shown below. An element relating to pension fund strain is also recorded within the figures. The strain is calculated under IAS19, but the amounts actually payable by the Authority to the relevant pension fund are calculated separately and are on a different basis. The vast majority of the strain is taken into account at each triennial valuation - totals within the bandings below for the year include £1.246m relating to pension strain (£0.951m in 2021/22). The numbers of exit packages with total value per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit Package Cost Band	Compulsory Redundancies		Other Departures Agreed		Total Exit Packages by Cost Band		Total Cost of Exit Packages in each Band	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
	No	No	No	No	No	No	£	£
£0 - £20,000	2	22	42	11	44	33	£329,204	£169,205
£20,001 - £40,000	2	3	13	9	15	12	£425,740	£351,188
£40,001 - £60,000	0	0	4	2	4	2	£171,396	£107,090
£60,001 - £80,000	0	2	0	2	0	4	£0	£279,487
£80,001 - £100,000	0	0	1	1	1	1	£87,016	£85,400
£100,001 - £150,000	0	0	1	4	1	4	£118,120	£475,230
Above £150,000	0	0	2	4	2	4	£805,117	£917,232
Total	**4**	**27**	**63**	**33**	**67**	**60**	**£1,936,593**	**£2,384,832**

Note 31 - Contingent Liabilities

As at 31 March 2023, the Authority had no material contingent liabilities.

Note 32 - Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The accounts contain estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's balance sheet at 31 March 2023 for which there is a risk of material adjustment in the forthcoming financial year are as follows:

<table>
<tr><th>Item</th><th>Uncertainty</th><th>Effect if actual results differ from assumptions</th></tr>
<tr><td>Current Value Estimations</td><td>Assets included in the Balance Sheet at current value are re-valued regularly, and at intervals of not less than 5 years, to ensure that their carrying amount is not materially different from their current value.

Where assets are not revalued in-year there is a risk that the carrying value may be materially misstated. A desktop review is undertaken to apply percentage uplifts to these asset values to assess the likely movement in values and whether these are material.</td><td>At the balance sheet date the carrying value of assets held at Current Value was £2,891.760m (£2,859.086m 2021/22).

<table>
<tr><th>Category</th><th>Carrying Value £000</th><th>1% Change £000</th></tr>
<tr><td>Dwellings</td><td>1,599.897</td><td>1.600</td></tr>
<tr><td>Other Land and Buildings</td><td>1,293,852</td><td>1.294</td></tr>
<tr><td>Total</td><td>2,893,748</td><td>2,894</td></tr>
</table></td></tr>
<tr><td>Fair Value Estimations</td><td>When the fair values of surplus assets, investment properties and assets held for sale cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Authority's assets.
Where Level 1 inputs are not available, the Authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value.</td><td>The Authority primarily uses evidence of property transactions and market interest in properties not yet transacted to measure the fair value of its surplus assets, investment properties and assets held for sale. The significant unobservable inputs used in the fair value measurement include judgements made by valuers on how to apply such evidence.

Significant changes in any of the unobservable inputs would result in a lower or higher fair value measurement The impact of a 1% change in valuations is set out below:

<table>
<tr><th>Category</th><th>Carrying Value £000</th><th>1% Change £000</th></tr>
<tr><td>Assets Held for Sale</td><td>3,127</td><td>31</td></tr>
<tr><td>Investment Properties</td><td>4,810</td><td>48</td></tr>
<tr><td>Surplus Assets</td><td>23,431</td><td>234</td></tr>
</table></td></tr>
<tr><td>HRA Dwelling Valuations</td><td>Council dwellings held within the HRA are valued using the beacon methodology every 5 years. These valuations are adjusted annually using a local, market-based indexation factor.

The beacon methodology relies on similar movements in individual asset values between beacon years and comparable maintenance and management.</td><td>At the balance sheet date the carrying value of dwellings was £1,599.897m (£1,587.451m 2021/22).

The impact of a 1% change on the valuation of dwellings would be £15.999m.</td></tr>
</table>

	Assets are valued as Existing Use Value – Social Housing using an adjustment factor of 25%.	
Pension Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements, including those relating to: • the discount rate used • the rate at which salaries are projected to increase • the rate at which pensions are projected to increase • longevity rates.	The effect upon the net pensions liability of changes in individual assumptions can be measured and these are disclosed within note 19. If their longevity was actually more representative of someone that was one year older, liabilities would increase by £73m (decrease by £70m if one year younger). If discount rates decrease by 0.1%, then the net pensions liability would have increase by £25m compared to that calculated herein. However, the assumptions interact in complex ways and during 2022/23, the actuaries advised that, overall, the net pensions liability had decreased by £567m as a result of updating estimates to reflect current market conditions.
Pension Fund Renewable Infrasture, Private Debt,diversified alternative & Property- Unit trust	The Council own 88.52% of the assets in the RBG Pension Fund, Below provides a breakdown of the different level 3 investment **Diversified alternative** Diversified Alternative investment are valued using a variety of methods and makes assumptions that are not always supported by observable market prices or rates. These investments are not publicly listed and as such, there is a degree of estimate involved in the valuation. **Renewable Infrastructure** Infrastructure investments are valued using best practices prevailing within the investment management industry to determine each underlying investment's fair market value. These valuations are validated by third party independent appraisal firms. **Private Debt** Private debt investments are valued at fair value in accordance with industry guidelines, based on the fund manager valuations as at the end of the reporting period. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation. **Property- Unit trust**	The total value of the Councils Level 3 investment in Diversified Alternatives is £95m. There is a risk that the investment may be under or overstated in the accounts. The Funds' performance management advisors report a tolerance of 13.9% in respect of the net asset values the fund valuation is based upon. This equates to a tolerance of +/- £13.2m The total value of Level 3 investment in LCIV renewable infrastructure is £16.7m. There is a risk that the investment may be under or overstated in the accounts. The Funds' performance management advisors report a tolerance of 5.1% in respect of the net asset values the fund valuation is based upon. This equates to a tolerance of +/- £0.9m The total value of Level 3 investment in LCIV Private Debt is £51.8m. There is a risk that the investment may be under or overstated in the accounts. The Funds' performance management advisors report a tolerance of 5.4% in respect of the net asset values the fund valuation is based upon. This equates to a tolerance of +/- £2.8m.

	The Funds are valued at the fair values provided by the administrators of the underlying funds. These investments are not publicly listed and as such, there is a degree of estimation involved in the valuation.	The total value of Level 3 investment in CBRE property unit trusts is £27.4m. There is a risk that the investment may be under or overstated in the accounts. The Funds' performance management advisors report a tolerance of 6.8% in respect of the net asset values the fund valuation is based upon. This equates to a tolerance of +/- £1.9m
PFI / Finance Leases	These arrangements have an implied finance lease within the agreement which (on a constant basis) has been used to calculate future payments disclosed within the accounts. Financial modelling for the Councils two PFI contracts assumes a base inflation rate of 2.5% for the indexed elements of the Unitary Charge.	The PFI arrangements are inherently long term in nature. Fluctuations in the inflation indexation could result in future payments being higher than presented. A 1% increase in RPIx would increase the service operational cost by £0.144m in 2023/24 and £15,797m over the remaining life of the contracts.
Property Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic environment makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to the assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £3.619m for every year that useful lives had to be reduced.

Note 33 - Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the new or amended standards within the 2022/23 Code. New or amended standards contained in the 2022/23 code that will apply from 1st April 2023 are:

Amendments to

IFRS 16 Leases - Supersedes IFRS 17 and no longer distinguishes between financing and operating leases, requiring that a right-of-use asset be recognised for all leases (there are exemptions for short-term and low value leases). In light of the outbreak of Covid-19 and delays to public sector audits CIPFA/LASAAC announced a further deferral to the adoption of IFRS 16 to accounting periods commencing on or after 1 April 2024. The Royal Borough of Greenwich has not taken up the option for the early adoption of the standard for the accounting period commencing 1 April 2023.

- Recognition of future cash flows for contingent rental elements on existing finance leases continues to be under review.
- Rental Income derived from sub-leased properties will be recognised as a capital receipt and not revenue. The impact of this change arising from the new leasing standard on leases in place at 31 March 2024 will be reviewed in due course.
- An initial review of the Councils Contract Register has been undertaken to identify any embedded lease liabilities and risk areas for further investigation.

IAS 8 Definition of Accounting Estimates – Issued in February 2021 to help entities to distinguish between accounting policies and accounting estimates. The impact is presentational and does not have a financial impact upon the accounts.

IAS 1 and (IFRS Practice Statement 2) Definition of Accounting Estimates – Issued in February 2021, the amendments to IAS 1 requires the disclose their material accounting policy information rather than significant accounting policies. The amendments to IFRS Practice Statement 2 provides guidance on the application of concept of materiality to accounting policy disclosures.

IAS 12 Deferred Tax related to Assets ad Liabilities arising from a Single Transaction – Issued in May 2021 and anticipated to have limited application to local authorities.

Note 34 - Critical Judgements in Applying Accounting Policies

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

<u>Group Boundaries</u>

The group boundaries have been estimated using the criteria associated with the Code. In line with this, the Authority has identified three subsidiaries and two associates. The authority has deemed that the activities of these entities are not sufficient to produce full group accounts.

<u>PFI and Similar Contracts</u>

The authority is deemed to control the services provided under the outsourcing agreement for the social care provision at three residential homes and also to controls the residual value of the assets at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the assets (valued at £31.1m) are recognised as property, plant and equipment on the authority's Balance Sheet.

The authority is also deemed to control the services provided under the outsourcing agreement for the facilities management of two schools. Since entering into the PFI contract one school, Stationers' Crown Woods Academy, converted to academy status, the Council therefore controls the residual value of one school, Thomas Tallis, at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the asset (valued at £135.3m) is recognised as property, plant and equipment on the authority's Balance Sheet.

Note 35 - Material Items of Income and Expense

The Council received various COVID-19 and Cost of Living related income streams from Central Government to 'passport' to local taxpayers, in an agent capacity. This income is not reflected in the Council's CIES as it does not belong to the Council. This is reflected in note 24 (Agency Services).

Note 36 - Events after the Reporting Period

The Statement of Accounts was authorised for issue by the S151 Officer on 05 July 2023. 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 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There were no adjusting events taking place between the reporting period end and the authorised for issue date.

The financial statements and notes have not been adjusted for the following events which took place after 31 March 2023 as they provide information that is relevant to an understanding of the Authority's financial position but do not relate to conditions at that date:

Schools Transferring to Academy Status

Further to section 4 of the Academies Act 2010, the Council received Academy Orders for the following three schools, each of which converted to Academy status after the reporting date. All schools are recognised as 'Other Land and Buildings' within Property Plant and Equipment and are held at the values set out in the following table as at 31 March 2023.

School	Academy Order Date	Academy Conversion Date	Asset(s) Value
Boxgrove Primary School	15 December 2022	1 October 2023	£9,025,774
Kidbrooke Park Primary School	15 December 2022	1 October 2023	£15,513,119
Bannockburn Primary School	26 May 2022	1 November 2023	£14,689,587

Collection Fund Statement

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statements show the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and business rates.

Income and Expenditure Account	**Note**	**Council Tax £000**	**Business Rates £000**	**Total 31/03/22 £000**	**Council Tax £000**	**Business Rates £000**	**Total 31/03/23 £000**
Income							
Council Tax Income	4	(144,392)	0	**(144,392)**	(152,114)	0	(152,114)
Business Rates Receivable	5	0	(76,777)	**(76,777)**	0	(86,711)	(86,711)
Business Rates Supplement	6	0	(2,227)	**(2,227)**	0	(2,576)	(2,576)
Business Rates Transitional Payments		0	(652)	**(652)**	0	(409)	(409)
Total Income		**(144,392)**	**(79,656)**	**(224,048)**	(152,114)	**(89,696)**	**(241,810)**
Expenditure							
Precepts and Demands							
Council Tax							
Royal Borough of Greenwich		105,768	0	**105,768**	110,031	0	110,031
Greater London Authority		30,132	0	**30,132**	33,109	0	33,109
Business Rates							
Royal Borough of Greenwich		0	28,555	**28,555**	0	21,287	21,287
Greater London Authority		0	35,217	**35,217**	0	26,253	26,253
Central Government		0	31,410	**31,410**	0	23,415	23,415
Business Rates Supplement	6	0	2,221	**2,221**	0	2,570	2,570
Previous Year's Surplus/(Deficit)							
Council Tax	7	4,141	0	**4,141**	0	0	**0**
Business Rates	7	0	(60,468)	**(60,468)**	0	(21,364)	(21,364)
Collection Fund Charges							
Council Tax bad debts	8	1,807	0	**1,807**	2,478	0	2,478
Business Rates bad debts	9	0	853	**853**	0	(289)	(289)
Business Rates appeals	10	0	(7,944)	**(7,944)**	0	476	476
Business Rates cost of collection		0	303	**303**	0	304	304
Business Rates Supplement cost of collection	6	0	6	**6**	0	6	**6**
Business Rates transitional payments		0	652	**652**	0	409	409
Total Expenditure		**141,848**	**30,805**	**172,653**	**145,618**	**53,067**	**198,685**

(Surplus) / Deficit for Year	**(2,544)**	**(48,851)**	**(51,395)**	**(6,496)**	**(36,628)**	**(43,125)**

Fund Statement (£000)	Note	Council Tax £	Business Rates £	Total 31/03/21 £	Council Tax £	Business Rates £	Total 31/03/22 £
Fund Balance B/F		**(4,259)**	**59,765**	**55,507**	**(6,803)**	**10,914**	**4,111**
(Surplus) / Deficit for Year		(2,544)	(48,851)	(51,395)	(6,496)	(36,628)	(43,125)
Fund Balance C/F	11	**(6,803)**	**10,914**	**4,111**	**(13,299)**	**(25,714)**	**(39,013)**

Note 1 - The Council Tax System

The council tax is the means of raising income from local residents to pay for services within the Royal Borough. The council tax is levied on domestic properties and the charge is based on the valuation band assessed for each dwelling. The Valuation Office has appointed a Listing Officer for the Royal Borough who is responsible for property valuations, valuation registers and appeals. Council tax collected in the Borough is split between relevant preceptors, the Borough (77%) and the GLA (23%).

Note 2 - The Business Rates System

The business rate is the means of raising income from local businesses to pay for services within the Royal Borough. The business rate is levied on non-domestic properties and the charge is based on the valuation band assessed for each premises. The Valuation Office has appointed a Listing Officer for the Royal Borough who is responsible for property valuations, valuation registers and appeals. Between 2018/19 and 2020/21 the Royal Borough participated in the London Business Rates Pool with all the other London Boroughs. Business rates collected across the Borough are therefore split between the relevant parties within the pool, who are the London Boroughs, the GLA and Central Government. The London wide pooling arrangement ceased in 2021/22.

Note 3 - Accounting Policies

The Collection Fund Income and Expenditure Account is prepared on an accruals basis and complies with appropriate regulations and the Code of Practice on Local Authority Accounting. The transactions of the Collection Fund are wholly prescribed by legislation. The year-end surplus or deficit on the Collection Fund is apportioned between the relevant interested parties.

Note 4 - Council Tax Income

In 2022/23 the Royal Borough set a band D tax of £1,710.09 (£1,640.00 in 2021/22). These charges are before any appropriate discounts. The charge for each band is a ratio of band D. The 2022/23 charges were:

Band	Ratio to Band D	Council Tax 2021/22 £	Council Tax 2022/23 £
A	6/9	1,093.33	1,140.06
B	7/9	1,275.56	1,330.07
C	8/9	1,457.77	1,520.08
D	1	1,640.00	1,710.09
E	11/9	2,004.44	2,090.11
F	13/9	2,368.89	2,470.13
G	15/9	2,733.33	2,850.15
H	18/9	3,280.00	3,420.18

The Royal Borough's taxbase, which is used in the tax calculation, is based on the number of dwellings in each band on the listing produced by the Listing Officer. This is adjusted for exemptions, discounts, disabled banding changes and appeals. The taxbase estimate for 2022/23 was 83,696 (82,859 in 2021/22) as calculated below.

2021/22	2022/23					
Band D Equivalent	Band	Dwellings Per Valuation List	Adjustment For Disabled Banding Appeals, Discounts and Exemptions	Revised Dwellings	Ratio to Band D	Band D Equivalent
2	A (Disabled)	0	(2)	(2)	5/9	(1)
4,045	A	10,909	(4,706)	6,203	6/9	4,135
10,814	B	22,045	(7,759)	14,286	7/9	11,111
29,810	C	44,252	(10,552)	33,700	8/9	29,956
20,821	D	25,792	(4,790)	21,002	1	21,002
12,964	E	12,368	(1,659)	10,709	11/9	13,089
5,081	F	3,832	(311)	3,521	13/9	5,085

3,481	G	2,243	(137)	2,106	15/9	3,510
630	H	348	(25)	323	18/9	647
87,648	**Total**	**121,789**	**(29,941)**	**91,848**		**88,534**
(5,040)	less Allowance for Non Collection					(5,090)
251	plus Adjustment for Armed Forces Dwellings					252
82,859	**Royal Borough Tax Base**					**83,696**

Based on the estimated tax base of 83,696 an income yield for 2022/23 of £143.1m (£135.9m in 2021/22) was anticipated. The actual taxbase was equivalent to 88,951 (88,043 in 2021/22) including backdated transactions and the equivalent yield was £152.1m (£144.4m in 2021/22).

Note 5 - Business Rate Income

Business Rate Income	2021/22 £000	2022/23 £000
Debits Raised	126,755	124,328
Relief and Exemption granted	(47,099)	(34,633)
Total Collectable	**79,656**	**89,696**

The Business Rate Multiplier is set nationally and for 2022/23 was 51.2p (51.2p in 2021/22). The total rateable value for non-domestic rated property in the Royal Borough for 2022/23 was £247.1m (£247.0m in 2021/22). The 2022/23 relief includes £10.5m granted to the retail and hospitality industry as continued support to businesses in response to the COVID-19 pandemic. This relief is fully funded by Central Government.

Note 6 - Business Rates Supplement

In April 2010, a levy of 2p on non-domestic properties with a rateable value of over £55,000 in London was introduced. From April 2017, the threshold applicable to the levy was increased to properties with a rateable value of over £70,000. This is paid to the GLA and helps to finance Crossrail.

Note 7 - Collection Fund apportionment of surplus

There was no council tax surplus distributed in 2022/23. There was a business rate deficit of £21.364m recovered in 2022/23 (Central Government £7.050m / RBG £6.409m / GLA £7.905m). The RBG deficit is funded by Government grant received in 2021/22 to compensate for the enhanced relief scheme offered to businesses in the retail and hospitality industry in response to the COVID-19 pandemic.

Note 8 - Provision for Irrecoverable Council Tax Debts

Contributions are made from the Collection Fund Income and Expenditure Account to a provision for bad debts. During 2022/23, £2.478m (£1.807m in 2021/22) was contributed to the council tax bad debt provision and £0.208m of irrecoverable debts were written off in year (£0.147m in 2021/22).

Note 9 - Provision for Irrecoverable Business Rates Debts

Adjustments are made from the Collection Fund Income and Expenditure Account to a provision for bad debts. During 2022/23 £0.289m was released from the business rates bad debt provision (a contribution of £0.853m was made in 2021/22). There were no irrecoverable debts written off in 2021/22 and 2022/23.

Note 10 - Provision for Business Rates Appeals

Contributions are made from the Collection Fund Income and Expenditure Account to a provision for business rate appeals. The provision was calculated on the basis of outstanding appeals at 31 March 2023 as supplied by the Valuation Office. The percentage of appeals that are likely to be successful and the percentage reduction in rateable value on successful appeals were estimated based on historical trends. During 2022/23 a net contribution of £0.476m (reduction of £7.944m in 2021/22) was made to the provision

Note 11 - Collection Fund Position

Council Tax Surplus

The balance on the Fund for council tax at 31 March 2023 is £13.299m. Of this sum, £3.128m is the GLA's share of the Collection Fund and is shown as a creditor in the Authority's Balance Sheet. The balance of £10.171m is the Royal Borough's share of the Collection Fund. The council tax balance will be taken into account in future budget setting processes.

Business Rates Deficit

The balance on the Fund for Business Rates at 31 March 2023 is a surplus of £25.714m. Of this sum £9.514m is the GLA's share and £8.485m is the Government share. The remaining £7.714m is the balance in the Collection Fund. This surplus primarily relates to an accounting timing difference and resources which have been earmarked for use in the Authority's Medium Term Financial Strategy published in February 2023.

Housing Revenue Account

The 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 the legislative framework; 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.

2021/22 £000	HRA Income and Expenditure Statement	2022/23 £000
	Expenditure	
23,226	Repairs and Maintenance	25,746
56,473	Supervision and Management	57,263
1,973	Rent, Rates, Taxes and Other Charges	1,917
(19,019)	Depreciation, Impairments and Revaluation Losses in relation to Non-current Assets	40,765
114	Debt Management Costs	103
67	Movement in the allowance for bad debts (not specified by code)	957
62,835	**Total Expenditure**	**126,751**
	Income	
(96,846)	Dwelling Rents	(100,782)
(2,978)	Non Dwelling Rents	(3,141)
(19,769)	Charges for services and facilities	(20,071)
(280)	Contribution towards expenditure	(682)
(119,873)	**Total Income**	**(124,676)**
(57,037)	**Net (Income)/Expenditure of HRA Services**	**2,075**
	HRA share of the operating income and expenditure included in the whole Authority Comprehensive I&E Statement	
(18,056)	(Gain) or Loss on sale of HRA non-current Assets	12,328
14,601	Interest Payable and Similar Charges	13,730
(12,807)	Capital Grants and contributions receivable	(23,428)
0	Net interest on the net defined benefit liability / (asset)	914
(73,299)	**(Surplus) / Deficit for the Year on HRA Services**	**5,619**

2021/22 £000	Movement on the HRA Statement	2022/23 £000
(15,541)	**Balance on the HRA as at the end of the previous reporting period**	**(16,670)**
(73,299)	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	5,619
72,170	Adjustment between accounting basis and funding basis under statute	(4,412)
(1,130)	**(Increase) or decrease in year on the HRA**	**1,207**
(16,670)	**Balance on the HRA at the end of the current reporting period**	**(15,463)**

Note 1 - Depreciation and Impairment

HRA Depreciation and Impairment	2021/22 £000	2022/23 £000
Dwellings	24,185	25,796
Other Land & Buildings	708	722
Surplus	6	6
Total Depreciation	**24,899**	**26,524**
Impairment and Revaluation Losses	**16,474**	**16,498**

HRA valuations were reviewed at 31st March 2023. The valuations are based on Stock Valuation for Resource Accounting, a guide issued by CLG. This guide incorporates a factor to recognise the specific nature of valuing social housing. This factor, which reduces the assessed value, has remained at 25%.

Note 2 - Housing Stock

The Council was responsible for managing 20,251 owned dwellings as at 31 March 2023. The property is analysed below:

Analysis of HRA Dwellings at 31 March 2023	1 Bed	2 Beds	3 & more	Total
Low rise flats in blocks up to 2 storeys	1,226	511	885	2,622
Medium rise flats in blocks of 3-5 storeys	3,308	2,602	2,073	7,983
High rise flats in blocks of 6 or more storeys	1,444	1,497	191	3,132
Houses and bungalows	243	885	5373	6501
Multi occupied dwellings				13
Total				**20,251**

The movement in the stock numbers includes the loss of 161 properties through Right to Buy disposals (186 in 2021/22) in accordance with the Housing Act 1985.

HRA valuations were undertaken as at 31 March 2023.

31 March 2022 £000	Balance Sheet Valuation of HRA Assets	31 March 2023 £000
1,587,451	Dwellings	1,599,897
47,326	Property Plant and Equipment – Other	107,159
1,634,777	**Total**	**1,707,056**

The Vacant Possession Value is the Authority's estimate of the total sum that it would receive if all the assets were sold on the open market. The balance sheet value is calculated on the basis of rents receivable on existing tenancies. These are less than the rent that would be obtainable on the open market, and the balance sheet value is therefore lower than the Vacant Possession Valuation. The difference between the two values therefore shows the economic cost of providing housing at less than market value.

1 April 2021 £000	Vacant Possession Value	1 April 2022 £000
5,498,682	Total	6,349,804

Note 3 - Major Repairs Reserve

2021/22 £000	Major Repairs Reserve	2022/23 £000
(6,748)	**Balance as at 1 April**	(6,748)
(24,899)	Depreciation for the year	(26,524)
0	Other contributions from revenue	0
24,899	Financing of Capital Expenditure for year	26,524
(6,748)	**Balance as at 31 March**	**(6,748)**

Note 4 – Capital Financing

2021/22 £000	HRA Capital Expenditure	2022/23 £000
46,779	Houses	107,080
0	Other Property	0
46,779	**Total**	107,080
	Financed By:	
11,731	Capital Receipts	58,388
24,899	Major Repairs Reserve	26,524
4,132	Other Grants	18,656
6,017	Revenue	3,512
46,779	**Total**	**107,080**

Note 5 - Rent and Service Charge Arrears

HRA rent and service charge arrears at 31 March 2023 totaled £11.339m. These arrears are charges due from tenants i.e. rent, service charges, heating and other charges. The HRA has been setting aside funds to meet irrecoverable debts in respect of such arrears. At 31st March 2023 the provision totaled £8.780m.

2021/22 £000	Arrears	2022/23 £000
6,718	Due from Current Tenants	4,770
5,077	Due from Former Tenants	6,569
11,795	**Total**	**11,339**

Note 6 – Tenants Service Charges

From February 2017 the Authority agreed to introduce service charges for tenant’s services and facilities that were previously pooled in the HRA.

Independent Auditor's Report to the Members of Royal Borough of Greenwich on the Pension Fund Financial Statements of Royal Borough of Greenwich Pension Fund

Opinion on financial statements

We have audited the financial statements of Royal Borough of Greenwich Pension Fund (the 'Pension Fund') administered by Royal Borough of Greenwich Council (the 'Authority') for the year ended 31 March 2023, which comprise the Fund Account, the Net Assets Statement and notes to the pension fund financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2023 and of the amount and disposition at that date of the fund's assets and liabilities;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the Pension Fund's financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Section 151 officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Pension Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Pension Fund to cease to continue as a going concern.

In our evaluation of the Section 151 officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that the Pension Fund's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Pension Fund. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority in the Pension Fund financial statements and the disclosures in the Pension Fund financial statements over the going concern period.

In auditing the financial statements, we have concluded that the Section 151 officer's use of the going concern basis of accounting in the preparation of the Pension Fund financial statements is appropriate.

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

Our responsibilities and the responsibilities of the Section 151 Officer's with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the Pension Fund's financial statements and our auditor's report thereon, and our auditor's report on the Authority's [and group's] financial statements. The Section 151 officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice (2020) published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice)

In our opinion, based on the work undertaken in the course of the audit of the Pension Fund's financial statements, the other information published together with the Pension Fund's financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the Pension Fund financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters in relation to the Pension Fund.

Responsibilities of the Authority, the Section 151 Officer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Corporate Director Finance. The Section 151 officer is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Section 151 officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Pension Fund's financial statements, the Section 151 officer is responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Pension Fund without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Pension Fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Pension Fund and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003).

We enquired of management and the Audit and Risk Management Panel, concerning the Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management and the Audit and Risk Management Panel, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Pension Fund's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and any other fraud risks identified for the audit. We determined that the principal risks were in relation to the valuation of Level 2 and 3 Investments. Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on year-end journals,
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of the valuation of Level 2 and 3 Investments,
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government pensions sector
- understanding of the legal and regulatory requirements specific to the Pension Fund including:
  - the provisions of the applicable legislation
  - guidance issued by CIPFA/LASAAC and SOLACE
  - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Pension Fund's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

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

Use of our report

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

Joanne Brown, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor,
London
1 February 2024

Royal Borough of Greenwich Pension Fund

2021/22 £000	Fund Account	Notes	2022/23 £000
	Dealings with Members, Employers and Others directly involved in the Scheme		
	Contributions Receivable:		
(39,669)	Employer Contributions	6	(42,462)
(14,435)	Member Contributions	6	(15,867)
(10,647)	Transfers in from Other Pension Funds	7	(6,371)
	Benefits:		
49,018	Pensions	8	51,806
13,238	Lump Sum & Death Benefits	8	14,003
8,745	Payments to and on account of Leavers	9	5,401
6,250	**Subtotal: Net (additions) / withdrawals from Dealings with Members**		**6,510**
8,491	Management Expenses	10a	5,715
14,741	**Subtotal: Net (additions)/withdrawals including fund management expenses**		**12,225**
	Returns on Investment		
(65,353)	Investment Income	11	(20,834)
(51,769)	(Profit) and Losses on disposal of Investments and Changes in Value of Investments		59,659
44	Taxes on Income	11a	0
(117,078)	**Net Returns on Investment**		**38,825**
(102,337)	**Net (increase) / decrease in the Net Assets available for Benefits during the year**		**51,050**

31 March 2022 £000	Net Asset Statement	Notes	31 March 2023 £000
	Investment assets		
	Pooled Investment Vehicles:		
822,196	Equities	14	731,971
247,940	Fixed Income	14	301,924
162,065	Property Unit Trusts	14	133,768
200,532	Multi Asset	14	197,888
12,425	Infrastructure	14&22	18,813
36,324	Private Debt	14&22	58,508
107,137	Diversified Alternative	14	107,468
1,938	Private Equity	14&22	1,180
4,100	Property - Freehold	3&14	5,700
73	Cash Deposits	19	22
12,165	Cash Equivalents	19	16,367
2,915	Other Investment Balances	18	3,131
	Investment Liabilities		
(1,781)	Other Investment Balances	18	(919)
1,608,029	**Net Investment Assets / (Liabilities)**		**1,575,821**
	Current Assets		
677	Contributions Due	18	626
670	Other Current Assets	18	605
27,251	Cash Balances	19	8,753
	Current Liabilities		
(504)	Unpaid Benefits	18	(717)
(808)	Other Current Liabilities	18	(823)
27,286	**Net Current Assets / (Liabilities)**		**8,444**
1,635,315	**Net Assets of the Scheme available to fund Benefits at the Period End**		**1,584,265**

The financial statements of the Fund do not take account of liabilities to pay pensions and other benefits after 31 March 2023. The actuarial present value of promised retirement benefits is disclosed in note 17.

Note 1 – Description of The Fund

The following description of the Fund is a summary only. For more detail, reference should be made to the Royal Borough of Greenwich Pension Fund Annual Report 2022/23 and the underlying statutory powers underpinning the scheme, namely the Public Service Pensions Act 2013 and the Local Government Pension Scheme Regulations.

General

The Royal Borough of Greenwich Pension Fund (the "Fund") is part of the Local Government Pension Scheme (LGPS) and is administered by the Royal Borough of Greenwich. It is a defined benefit pension scheme providing pensions and other benefits for employees of the Royal Borough of Greenwich and those organisations with admitted or scheduled body status within the Fund. The Fund is overseen by the Royal Borough of Greenwich Pension Investment and Administration Panel. The Fund is governed and administered in accordance with the Public Service Pensions Act 2013 and the following Local Government Pension Scheme Regulations:

- The LGPS Regulations 2013 (as amended)
- The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The LGPS (Management and Investment of Funds and Amendment) Regulations 2016

Membership

All employees are able to join the pension scheme (except teachers). Those with a contract of employment of at least 3 months are contractually enrolled into the pension scheme on commencement of employment. Membership of the Fund 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 Fund include:

- Administering Authority: This is the Royal Borough of Greenwich (the "Authority")
- Scheduled Bodies: Local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admitted Bodies: Other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. These include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

There were 66 active employer organisations within the Fund as at 31 March 2023 (63 as at 31 March 2022). The following table summarises the composition of the registered membership of the Fund as at 31 March 2023.

Membership	Administering Authority		Admitted Bodies		Scheduled Bodies	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
Employees contributing into Fund	6,297	6,349	326	487	1,981	1,972
Pensioners / Dependents	7,122	7,341	273	332	461	521
Former Members entitled to Deferred Benefits	7,587	7,563	316	474	1,530	1,523
Totals	**21,006**	21,253	**915**	1,293	**3,972**	4,016

Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year end 31 March 2023. Employee contributions are matched by employers' contributions which are set based on triennial actuarial funding valuations.

Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with the Consumer Prices Index. There are a range of other benefits provided under the scheme including early retirement, ill-health pensions and death benefits.

Governance

The Royal Borough of Greenwich has delegated management of the Fund to the Pension Investment and Administration Panel. The Panel is made up of four committee members, each with voting rights. The Panel is responsible for agreeing an appropriate investment strategy, review and scrutiny of investment manager performance, quarterly account review and policy statement review. The Panel receives guidance, where appropriate, from the Fund's investment advisors, actuary and Fund managers. The Panel receives regular training in line with CIPFA's Knowledge and Skills Framework.

It is a requirement under the Public Service Pensions Act 2013 for LGPS funds to set up a Local Pension Board. The Royal Greenwich Pension Board is made up of two member representatives and two employer representatives who act in an overview and scrutiny role to ensure strong governance of the Fund. The Board also receives regular training under the CIPFA Knowledge and Skills Framework. The role and responsibilities of Board Members is set out in the 'Pension Board of the Royal Borough of Greenwich Terms of Reference', which is available on the Royal Borough of Greenwich website via the annual report.

Investment Principles

Regulation 7(1) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 requires administering authorities to prepare an Investment Strategy Statement (ISS). The latest ISS was agreed by the Pension Fund Investment and Administration Panel on 07 December 2020 and is available on the Royal Borough of Greenwich website.

The Panel has delegated the day-to-day management of investments to external Investment Managers in line with their relevant mandates. The performance of the Investment Managers is reported on a quarterly basis by the Fund's Investment Advisors.

Note 2 – Basis of Preparation

The Statement of Accounts (the “Accounts”) summarise the Fund’s transactions for the 2022/23 financial year and its position at year-end as at 31 March 2023. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the “Code”) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The Accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The Accounts do not take account of obligations to pay pensions and benefits, which fall due after the end of the financial year. The Code gives administering authorities the option to disclose this information in the net asset 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 of these accounts. The most recent actuarial valuation was carried out as at 31 March 2022 and determines the contribution rates for the next three years from 1 April 2023 with an aim to maintain the solvency of the Fund. Therefore, these accounts have been produced on a going concern basis.

Many values throughout these accounts are presented rounded to whole numbers. Totals in supporting tables and notes may not appear to cast, cross-cast, or exactly match to the core statements or other tables due to rounding differences.

Note 3 – Summary of Significant Accounting Policies

Fund Account – Revenue Recognition

Contributions

Both employer and member normal contributions are accounted for on an accruals basis. Member contributions rates are set in accordance with LGPS regulations using common percentage rate bandings, which rise in line with pensionable pay. Employer contributions are set at a percentage rate advised by the Fund's actuary as necessary to maintain the Funds solvency.

Additional employers' contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in the year but unpaid will be classed as a current financial asset.

Transfers to and from other schemes

Individual transfers to and from other schemes are accounted for on a cash basis at which point the related member liability transfers to the fund. Bulk transfers to/from the scheme are accounted for in accordance with the terms of the transfer agreement.

Investment Income

a) Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is reflected within the net assets statement as "Other Investment Balances" and disclosed within the note on Debtors and Creditors.
b) Some pooled investment vehicles within the portfolio are accumulation funds and as such, the change in market value also includes income, which is re-invested in the Fund. The market price for those units reflects this re-invested income. Non-accumulating units give rise to dividends.
c) Freehold property gives rise to rental income. These amounts are recognised on a straight-line basis over the life of the operating lease.
d) Private Equity distributions are split between their constituent elements i.e. dividend, interest, gain/loss or return of capital, as advised by the Fund manager.
e) The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments.
f) Diversified Alternative Fund has returned income, which have been recognised as dividend income in line with the structure of the mandate.
g) Equalisation interest was received in 22/23, which has been recognised as interest within investment income.
h) Interest is recognised as it accrues. Any interest due but not received at at the end of the reporting period is accrued for and disclosed within the note on Debtors and Creditors.

Fund Account – Expense Items

Benefits payable

Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net asset statement as current liabilities.

Taxation

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. Any recoverable amounts outstanding at the reporting period end will be classified as a debtor.

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

Lifetime Allowance

The Fund may be asked by members to pay tax liabilities in relation to annual allowance and lifetime allowance direct to HMRC in exchange for a reduction in pension. These payments are treated as an in-year expense.

Management Expenses

The Fund discloses its management expenses in accordance with the CIPFA guidance 'Accounting for Local Government Pension Scheme Management Expenses (2016).' These expenses are charged to the Fund on an accruals basis under the headings below:

Administrative Expenses – Staff costs pertaining to the pensions administration team are charged direct to the Fund. Associated management, IT, rents and rates and other overheads are apportioned to financial administration and charged as expenses to the Fund on an annual basis.

Oversight and Governance – These costs include the selection, appointment, performance management and monitoring of external fund managers, investment advisory service costs, operation and support of the Pensions Panel and Board and other governance related costs.

Investment Management Expenses – Expenses incurred in relation to the management of pension fund assets and includes transaction costs, management fees, performance fees and custody fees. Investment management fees, including those paid to the pool operator (London CIV) are calculated by reference to the market value of portfolio assets under management at the end of each month/quarter. The exceptions to this are Fidelity, where market value based fees are charged on a daily basis and Private Equity, Infrastructure and Private Debt fees, which are based upon amounts committed to each manager.

Where an investment manager's fee invoice has not been received by the balance sheet date, an estimate based upon the market value of the mandate as at the end of the year is used for inclusion in the fund account.

Net Asset Statement

Financial Assets

All investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. 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 14. Any gains or losses on investment sales arising from changes in the fair value of the asset are recognised in the fund account. The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 14). 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).

Property

The Fund owns the freehold of one investment property – New Lydenburg Industrial Estate. The property was revalued as at 31 March 2023 at a value of £5.7m Further details regarding the basis of valuation can be found in Note 14. Any surplus / deficit on valuation is reflected in the Fund Account and is shown as a change in market value of investments. The Fund receives £0.115m rental income per year in respect of this property.

Foreign Currency

Where appropriate, investments held in foreign currencies have been valued on the relevant basis and translated into Sterling at the rate ruling on 31 March 2023.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than a three-month period from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial Liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of International Accounting Standard (IAS) 19 and relevant actuarial standards. As permitted under the Code, the Fund has opted to disclose the actuarial value of promised retirement benefits by way of a note to the net asset statement (note 17).

Additional Voluntary Contributions

There are currently two additional voluntary contribution (AVC) schemes for the members of the Royal Borough of Greenwich Pension Fund, with only one open to new members. These schemes are separate to the fund with assets, which are invested separately. 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. Note 20 provides details of the Funds AVC schemes.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Fund a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Net Asset Statement but are disclosed in a note to the Accounts. The limit for contingent liabilities is reflective of the Funds perception of materiality and is currently set at £250,000.

Other Accounting Policies

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Fund's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Events after the Reporting Period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Accounts are authorised for issue. Events taking place after the date of authorisation for issue are not reflected in the Accounts. Two types of events can be identified:

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

Note 4 - Critical Judgements in Applying Accounting Policies

The Accounts contain critical judgements in applying accounting policies and estimated figures based on assumptions made by the Authority about the future or that are otherwise uncertain. The following items have a significant risk of material adjustment in the forthcoming financial year:

Pension Fund Liability

It is a statutory requirement that the funding level is calculated every three years by the appointed actuary in order to determine employer contribution rates for the forthcoming three years. However, the methodology used within the accounts is in line with accepted guidelines and in accordance with IAS19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 16. These estimates are subject to significant variances based upon changes to the underlying assumptions.

There are a number of uncertainties regarding the scheme benefits and hence liabilities. Information is provided below on the 2 most prominent; the guaranteed minimum pension (GMP) equalisation and the impact of the McCloud & Sargeant judgements.

GMP Equalisation

On 23 March 2021, the Government published the outcome to its Guaranteed Minimum Pension Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5 April 2021. This is a permanent extension of the existing 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016.

Our actuaries' valuation assumption for GMP is that the Fund will pay limited increases for members that have reached state pension age by 06 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, they have assumed that the Fund will be required to pay the entire inflationary increase.

McCloud & Sargeant Judgements

There are currently uncertainties in relation to LGPS benefits due to the McCloud and Sargeant judgements. In December 2018, the Court of Appeal ruled that the transitional protection offered to some members in both the Judges Pension Scheme (McCloud) and the Firefighters Pension Scheme (Sargeant) amounted to unlawful discrimination. As a result, the Government announced that the judgements would apply to all public-sector pension schemes, including the LGPS. The Government Actuaries Department (GAD) was then asked to carry out an analysis on the possible impact of the judgement on LGPS labilities.

Remedial regulations are expected in 2023 and uncertainty over the benefit changes proposed for the LGPS will remain until these have been finalised. An allowance was already made for McCloud at a previous accounting period, so no explicit adjustment will be made in our results this year.

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made, taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

Item	Uncertainties	Effect if actual results differ from assumptions
Actual present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, salary and pension increase estimates and life expectancy. The Fund's actuaries are engaged to provide the Fund with expert advice about the assumptions used.	A 0.1% increase in the discount rate would result in a decrease in the pension liability of £26.6m. A 0.1% decrease in assumed earnings would decrease the pension liability by £1.9m and a 1-year increase in assumed life expectancy would increase the Fund liability by £74.4m.
Diversified alternative	Diversified Alternative investment are valued using variety of methods and	The total value of Level 3 investment in Diversified Alternative is £107m. There is a risk that the investment may be under or

	makes assumptions that are not always supported by observable market prices or rates.These investments are not publicly listed and as such, there is a degree of estimate involved in the valuation.	overstated in the accounts. The Funds's performance management advisors report a tolerance of 13.9% in respect of the net asset values the fund valuations is based upon. This equates to a tolerance of +/- £14.94m
Pooled Property (CBRE)	The Fund valued at the fair values provided by the administrators of the underlying funds. These investments are not publicly listed and as such, there is a degree of estimation involved in the valuation.	The total value of Level 3 investment in CBRE is £30.9m. There is a risk that the investment may be under or overstated in the accounts. The Funds's performance management advisors report a tolerance of 6.8% in respect of the net asset values the fund valuations is based upon. This equates to a tolerance of +/- £2.10m
LCIV Renewable Infrastructure	Infrastructure investments are valued using best practices prevailing within the investment management industry to determine each underlying investment's fair market value. These valuations are validated by third party independent appraisal firms.	The total value of Level 3 investment in LCIV renewable infrastructure is £18.8m. There is a risk that the investment may be under or overstated in the accounts. The Funds's performance management advisors report a tolerance of 5.1% in respect of the net asset values the fund valuations is based upon. This equates to a tolerance of +/- £0.95m
LCIV Private Debt	Private debt investments are valued at fair valued in accordance with industry guidelines, based on the fund manager valuations as at the end of the reporting period. These investments are not publicly listed and as such there a degree of estimation involved in the valuation.	The total value of Level 3 investment in LCIV Private Debt is £58.5m. There is a risk that the investment may be under or overstated in the accounts. The Funds's performance management advisors report a tolerance of 5.4% in respect of the net asset values the fund valuations is based upon. This equates to a tolerance of +/- £3.16m

Note 6 – Contributions Receivable

Contributions represent the total amounts receivable from employers within the scheme in respect of their own contributions and any of their employees who are members of the scheme. The employer's contributions are made at a rate determined by the Fund's Actuary as necessary to maintain the Fund in a state of solvency, having regard to existing and future liabilities. The average employer contribution rate used during 2022/23 was 18.5%. Member contribution rates are determined by a banding mechanism linked to pensionable pay. Contributions shown in the revenue statement can be broken down as follows:

2021/22 £000	By Category	2022/23 £000
(14,435)	Employee's Contributions	(15,867)
(14,435)	**Total Employees' Contributions**	**(15,867)**
	Employer's Contributions:	
(35,275)	Normal Contributions	(38,002)
(3,826)	Deficit Recovery Contributions	(4,082)
(568)	Augmentation Contributions	(378)
(39,669)	**Total Employers' Contributions**	**(42,462)**
(54,104)		**(58,329)**

2021/22 £000	By Authority	2022/23 £000
(42,372)	Administering Authority	(45,645)
(8,899)	Scheduled Bodies	(9,230)
(2,833)	Admitted Bodies	(3,454)
(54,104)		**(58,329)**

Note 7 - Transfers in from Other Pension Funds

2021/22 £000	Transfers in from other Pension Funds	2022/23 £000
(2,667)	Group Transfers	**0**
(7,980)	Individual Transfers	**(6,371)**
(10,647)		**(6,371)**

Note 8 - Benefits

Benefits payable are made up of pension payments and lump sums payable upon retirement and death. These have been brought into the accounts on the basis of all valid claims approved during the year.

2021/22 £000	Benefits	2022/23 £000
	Pensions	
46,262	Administering Authority	48,654
1,346	Admitted Bodies	1,526
1,410	Scheduled Bodies	1,626
49,018	**Total Pensions Payable**	**51,806**
	Lump Sums	
8,928	Administering Authority	10,182
638	Admitted Bodies	652
1,142	Scheduled Bodies	1,286
10,708	**Total Lump Sums and Commutation**	**12,120**

	Death Benefits:	
1,789	Administering Authority	1,633
314	Admitted Bodies	(3)
427	Scheduled Bodies	253
2,530	**Total Death Benefits**	**1,883**
62,256	**Total Benefits Payable**	**65,809**

Note 9 - Payments to and on Account of Leavers

2021/22 £000	Payments to and on Account Of Leavers	2022/23 £000
257	Refunds to Members leaving Service	238
(1)	Payments for Members joining State Scheme	(1)
8,489	Individual Transfers	5,164
8,745	**Total Payments to and on Account of Leavers**	**5,401**

Note 10a – Management Expenses

2021/22 £000	Management Expenses	2022/23 £000
1,121	Administration Expenses	990
145	Oversight and Governance	171
7,225	Investment Management Expenses	4,554
8,491	**Total Management Expenses**	**5,715**

Note 10b Investment Management Expenses

2021/22 £000	Management Expenses	2022/23 £000
5,038	Management Expenses	4,091
2,141	Performance Fees	420
46	Custody Fees	43
0	Transaction Costs	0
7,225	**Total Management Expenses**	**4,554**

Note 11 - Investment Income

2021/22 £000	Investment Income	2022/23 £000
(7,715)	Income from Equities	(7,989)
(10)	Income from Private Equity	(61)
(49,500)	Income from Diversified Alternative	(2,500)
(115)	Rental Income from Freehold Property	(115)
(2,653)	Income from Pooled Investment Vehicles	(4,400)
(5,335)	Income from Property Unit Trusts	(5,073)
(7)	Interest	(695)
(18)	Other Investment Income	(1)
(65,353)	**Total Investment Income**	**(20,834)**

Investment income has fallen in 2022/23, mainly attributable to Diversified Alternatives. This change is a result of market conditions during 2022/23 restricting distributions.

Note 11a – Taxes on Income

UK Income Tax

The Fund is exempt and approved under the Finance Act 1970. It is therefore not liable to UK income tax on interest, dividends and property income, or to capital gains tax.

Value Added Tax

By virtue of the Royal Borough of Greenwich being the Administrating Authority, VAT input tax is recoverable on Fund activities.

Overseas Tax

Taxation agreements exist between the UK and certain EU and other countries whereby a proportion of the tax deducted locally from investment earnings may be reclaimed. The proportion reclaimable and the timescale involved vary from country to country.

2021/22 £000	Withholding Tax	2022/23 £000
44	Withholding Tax Non Reclaimable – Private Equities	0
44	**Total taxes on income**	**0**

Note 12 - External Audit Costs

2021/22 £000		2022/23 £000
38	Payable in respect of external audit*	36
(3)	PSAA Refund	0
0	Redmond Review Grant	(18)
35	**Total External Audit Costs**	**18**

*£36k was paid/payable to the external auditors of the Pension Fund, Grant Thornton UK LLP (38k in 2021/22).

Note 13 - Investments

The investment managers and their mandates are as follows:

Manager	Mandate(s)
Blackrock	Passive Global Equity
CBRE Global Investors	Property

Fidelity International	Bond/Global Multi Asset Credit (GMAC)/Global Emerging Market Equities (GEME)
Wilshire	Private Equity
Partners Group	Diversified Alternative
London CIV (LCIV)	Absolute Return, Real Return, Renewable Infrastructure, Private Debt
Invesco	Multi Asset Strategy

The market value and proportion of investments managed by each fund manager at 31 March 2023 was as follows:

	2021/22 Market Value £000	**2021/22 Market Value %**	**2022/23 Market Value £000**	**2022/23 Market Value %**
Blackrock	682,193	42	607,369	38
CBRE Global Investors	172,880	11	149,680	9
Fidelity BOND	132,766	8	146,596	9
Fidelity GMAC	115,049	7	155,183	10
Royal Borough of Greenwich	31,761	2	14,765	1
Wilshire	1,938	0	1,180	0
London CIV	150	0	150	0
Partners Group	106,455	6	107,023	7
Fidelity GEME	142,858	9	127,126	8
LCIV Real Return Fund	97,481	6	93,535	6
LCIV Absolute Return Fund	103,051	6	104,353	7
LCIV Renewable Infrastructure	12,414	1	18,802	1
LCIV Private Debt	36,319	2	58,503	4
Total	**1,635,315**	**100**	**1,584,265**	**100**

The change in market value of the Fund during the year is represented as follows:

Manager	Market Value 31-Mar 2022	Purchases	Sales	Change in Market Value Of Investments	Change in Working Capital	Market Value 31-Mar 2023
	£000	£000	£000	£000	£000	£000
Blackrock	682,193	0	(75,000)	527	(351)	607,369
CBRE Global Investors	172,880	2,855	(2,937)	(28,214)	5,096	149,680
Fidelity BOND	132,766	29,815	0	(15,984)	(1)	146,596
Royal Borough of Greenwich	31,761	0	0	1,600	(18,596)	14,765
Wilshire[b]	1,938	(45)	(274)	(439)	0	1,180
Fidelity GMAC	115,049	44,665	0	(4,512)	(19)	155,183
London CIV	150	0	0	0	0	150
Partners Group	106,455	0	(2,422)	2,753	237	107,023
Fidelity GEME[a]	142,858	(755)	0	(14,996)	19	127,126
LCIV Real Return Fund	97,481	1,617	0	(5,562)	0	93,536
LCIV Absolute Return Fund	103,051	2,783	0	(1,481)	0	104,353
LCIV Renewable Infrastructure	12,414	5,078	(2,356)	3,665	1	18,802
LCIV Private Debt	36,319	24,579	(5,379)	2,984	(1)	58,502
Total	**1,635,315**	**110,592**	**(88,368)**	**(59,659)**	**(13,615)**	**1,584,265**

a. The negative Fidelity purchase relates to management fees which are charged by reducing the market value of the holdings by the amount of the fee.
b. Distributions have been split into income (dividends, interest and gains) and distributions of capital reducing the book cost.

The prior year comparator is as follows:

Manager	Market Value 31-Mar 2021	Purchases	Sales	Change in Market Value Of Investments	Change in Working Capital	Market Value 31-Mar 2022
	£000	£000	£000	£000	£000	£000
Blackrock	688,628	0	(90,463)	80,813	3,215	682,193
CBRE Global Investors	142,449	9,335	(6,943)	25,663	2,376	172,880
Fidelity BOND[a]	139,356	(191)	0	(6,400)	1	132,766
Royal Borough of Greenwich	13,950	0	0	1,000	16,811	31,761
Wilshire[b]	2,975	(427)	(1,160)	550	0	1,938
Fidelity GMAC[a]	116,997	(323)	0	(1,625)	0	115,049
London CIV	150	0	0	0	0	150
Partners Group	137,389	0	(5,170)	(26,615)	851	106,455
Fidelity GEME[a]	168,621	(946)	0	(24,849)	32	142,858
LCIV Real Return Fund	0	99,145	0	(1,664)	0	97,481
LCIV Absolute Return Fund	0	100,000	0	3,051	0	103,051
LCIV Renewable Infrastructure	0	11,758	0	668	(12)	12,414
LCIV Private Debt	0	34,586	0	1,738	(5)	36,319
Invesco	122,463	0	(122,046)	(562)	145	0
Total	**1,532,978**	**252,937**	**(225,782)**	**51,768**	**23,414**	**1,635,315**

a. The negative Fidelity purchase relates to management fees which are charged by reducing the market value of the holdings by the amount of the fee.
b. Distributions have been split into income (dividends, interest and gains) and distributions of capital reducing the book cost.

The change in market value of investments during the year is comprised of new money invested and the realised and unrealised profits or losses for the year:

2021/22 £000	Change Market Value	2022/23 £000
1,532,978	Opening Market Value	1,635,315
50,568	Net Revenue Cash in / (out) flow	8,609
44,165	Realised profit / (loss)	36,092
7,604	Unrealised profit / (loss)	(95,751)
1,635,315	**Closing Market Value**	**1,584,265**

Individual investment assets with a market value of greater than 5% of the total fund value are as follows:

Investment Assets	Manager	2022/23 £000	2022/23 %
Aquila Life World Ex UK	Blackrock	231,414	15
ISHARES UK Equity	Blackrock	219,819	14
Fidelity Global Multi Asset Credit	Fidelity	155,280	10
Aquila Life GLB 3000	Blackrock	153,395	10
Fidelity UK Aggregate Bond	Fidelity	146,643	9
Fidelity Institutional Funds Emerging Markets	Fidelity	127,307	8
Partners IC RBG LTD	Partners Group	107,469	7
LCIV Absolute Return Fund	London CIV	104,353	7
LCIV Real Return Fund	London CIV	93,535	6

The prior year comparator is as follows:

Investment Assets	Manager	2021/22 £000	2021/22 %
Aquila Life World Ex UK	Blackrock	261,274	16%
ISHARES UK Equity	Blackrock	232,388	14%
Aquila Life GLB 3000	Blackrock	185,460	11%
Fidelity Institutional Funds Emerging Markets	Fidelity	143,059	9%
Fidelity UK Aggregate Bond	Fidelity	132,813	8%
Fidelity Global Multi Asset Credit	Fidelity	115,127	7%
Partners IC RBG LTD	Partners Group	107,137	7%
LCIV Absolute Return Fund	London CIV	103,051	6%
LCIV Real Return Fund	London CIV	97,481	6%

Stock Lending / Derivatives

The Fund has a policy of not entering into stock lending arrangements - there were no stock lending arrangements in place during 2022/23 or 2021/22. The following investment products are classed as derivatives and may be used by the Fund managers (none held directly by the Fund on 31 March 2023):

- Stock index futures – used for the purposes of efficient portfolio management.
- Short currency forwards – used for defensively hedging non-UK exposure back to sterling.
- Local access products – used to gain exposure to stocks where the manager is unable to purchase them directly.

Property Holdings

The Fund has a directly owned property, which is leased commercially to various tenants. Details of this are as follows:

2021/22 £000		2022/23 £000
3,100	Opening balance	4,100
1,000	Net increase in market value	1,600
4,100	**Closing balance**	**5,700**

2021/22 £000		2022/23 £000
115	Within one year	115
460	Between one and five years	460
575	**Total future lease payments due under existing contracts**	**575**

Note 14 – Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

31 March 2022				31 March 2023		
Fair Value through Profit and Loss £000	**Assets at Amortised Cost £000**	**Financial Liabilities at Amortised Cost £000**		**Fair Value through Profit and Loss £000**	**Assets at Amortised Cost £000**	**Financial Liabilities at Amortised Cost £000**
			Financial Assets			
			Pooled Investment Vehicles:			
822,196			Equities	731,971		
247,940			Fixed Income	301,924		
162,065			Property Unit Trusts	133,768		

200,532			Multi Asset	197,888		
12,425			Infrastructure	18,813		
36,324			Private Debt	58,508		
1,938			Private Equity	1,180		
107,137			Diversified Alternative	107,468		
	73		Cash Deposits		22	
	12,165		Cash Equivalents		16,367	
	2,915		Other investment balances		3,131	
	677		Contributions Due		626	
	670		Other Current Assets		604	
	27,251		Cash Balances		8,753	
1,590,557	**43,751**	**0**	**Total Financial Assets**	**1,551,520**	**29,503**	**0**
			<u>Financial Liabilities</u>			
		(1,781)	Other Investment Balances			(919)
		(504)	Unpaid Benefits			(717)
		(254)	Other Current Liabilities			(211)
		(2,539)	**Total Financial Liabilities**			**(1,847)**
1,590,557	**43,751**	**(2,539)**	**Net Financial Assets**	**1,551,520**	**29,503**	**(1,847)**

The net gains and losses on financial instruments are as follows:

2021/22 £000	Gains and Losses	2022/23 £000
	<u>Financial Assets</u>	
50,769	Fair Value Through Profit and Loss	(61,259)
	<u>Financial Liabilities</u>	
0	Fair Value Through Profit and Loss	0
50,769	**Total**	**(61,259)**

The interest revenue and expense for financial assets measured at amortised cost is as follows:

2021/22 £000	Interest Revenue and Expense	2022/23 £000
	Assets at amortised cost	
(7)	Interest Revenue	(358)
0	Interest Expense	1
(7)	**Total**	**(357)**

Valuation of Financial Instruments carried at Fair Value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values:

Level 1 – Where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as Level 1 comprise quoted equities, quoted fixed securities and unit trusts.

Level 2 – Where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market 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.

Reconciliation of Fair Value Measurement within Level 3

Asset	Market Value at 31/03/2022	Transfer into Level 3	Transfer out of Level 3	Purchases at cost	Sales	Unrealised Gain/(Loss)	Realised Gains/(Loss)	Market Value At 31/03/2023
	£000	£000	£000	£000	£000	£000	£000	£000
UT - Property UK*	63,938	0	(23,453)	373	(2,937)	(7,003)	0	30,918
Freehold Property	4,100	0	0	0	0	1,600	0	5,700
Diversified Alternative	107,137	0	0	0	(2,422)	2,753	0	107,468
Private Equity	1,938	0	0	(45)	(274)	(713)	274	1,180
Infrastructure	12,425	0	0	5,078	(2,355)	3,665	0	18,813
Private Debt	36,324	0	0	24,579	(5,379)	2,984	0	58,508
Total	225,862	**0**	**(23,453)**	**29,985**	**(13,367)**	**3,286**	**274**	**222,587**

* The transfer out of level 3 is due to liquidity constraints within an underlying fund being lifted, causing a reclassification to level 2

The prior year comparator is as follows:

Asset	Market Value at 31/03/2021	Transfer into Level 3	Transfer out of Level 3	Purchases at cost	Sales	Unrealised Gain/(Loss)	Realised Gains/(Loss)	Market Value At 31/03/2022
	£000	£000	£000	£000	£000	£000	£000	£000
UT - Property UK	53,358	0	0	3,911	(6,938)	14,110	(503)	63,938
Freehold Property	3,100	0	0	0	0	1,000	0	4,100
Diversified Alternative	138,922	0	0	0	(5,170)	(26,615)	0	107,137
Private Equity	2,975	0	0	(427)	(1,160)	(610)	1,160	1,938
Infrastructure	0	0	0	11,758	0	667	0	12,425
Private Debt	0	0	0	34,586	0	1,738	0	36,324
Total	**198,355**	**0**	**0**	**49,828**	**(13,268)**	**(9,710)**	**657**	**225,862**

Sensitivity of assets value at level 3

Having analysed historical data and current market trends, and consulted with the Funds' performance management advisors, the Fund has determined that valuation methods described above are likely to be accurate to within the following ranges and set out below the consequent potential impact on the closing value of investment as at 31 March 2023.

Asset	Value as at 31 March 2023 £000	Percentage Change %	Value on Increase £000	Value on Decrease £000
UT - Property UK	30,918	6.8	33,017	28,819
Freehold Property	5,700	6.8	6,087	5,313
Private Equity	1,180	18.6	1,399	961
Diversified Alternative	107,468	13.9	122,393	92,544
Infrastructure	18,813	5.1	19,776	17,850
Private Debt	58,508	5.4	61,660	55,356
Total Level 3 Assets available to Pay Benefits	**222,587**		**244,332**	**200,843**

The prior year comparator is as follows:

Asset	Value as at 31 March 2022 £000	Percentage Change %	Value on Increase £000	Value on Decrease £000
UT - Property UK	63,938	4.4	66,739	61,138
Freehold Property	4,100	4.4	4,280	3,920
Private Equity	1,938	14.3	2,215	1,662
Diversified Alternative	107,137	13.8	121,933	92,341
Infrastructure	12,425	3.8	12,897	11,953
Private Debt	36,324	4.9	38,104	34,544
Total Level 3 Assets available to Pay Benefits	**225,862**		**246,168**	**205,558**

The following table provides an analysis of the Financial Assets and Liabilities of the Fund and are grouped based upon the level at which the fair value is observable.

Values as at 31 March 2023	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial Assets				
Financial Assets at Fair Value through profit and loss	0	1,334,633	216,888	1,551,521
Non-Financial assets at Fair Value through profit and loss	0	0	5,700	5,700
	0	**1,334,633**	**222,588**	**1,557,221**

The prior year comparator is as follows:

Values as at 31 March 2022	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial Assets				
Financial Assets at Fair Value through profit and loss	0	1,368,794	221,763	1,590,557
Non-Financial assets at Fair Value through profit and loss	0	0	4,100	4,100
	0	**1,368,794**	**225,863**	**1,594,657**

Fair Value – Basis of Valuation

Description of asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable Input	Key Sensitivities affecting the valuations provided
Pooled Investments – Fixed Income	Level 2	NAV basis. Where the markets of financial instruments are actively traded exchange markets, valuations are based on quoted market prices, which is the price within the bid-ask spread. For non-traded financial instruments, the programme uses a variety of market and income methods.	Evaluated price feeds	Not Required
Pooled Investments - Equities	Level 2	Bid price	Evaluated price feeds	Not Required
Pooled Investments – Emerging Market Equities	Level 2	Mid price	Evaluated price feeds	Not Required
Pooled Investments - Multi Asset	Level 2	Swung price/mid price	Evaluated price feeds	Not Required
Property Unit Trusts	Level 2	Based upon the underlying investments within each portfolio, which are based upon the latest available valuations (March 2023)	Latest available trading NAV (Bid Price)	Not Required
Property Unit Trusts	Level 3	Based upon the underlying investments within each portfolio, which are	INREV NAV	Return of capital, investment contributions,

		based upon the latest available valuations (ranging from February 2023 to March 2023)		capital calls and accruals of liquidation expenses.
Private Equity	Level 3	Based upon the underlying investments within each portfolio.	Valuations of underlying limited partnerships	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Diversified Alternative	Level 3	**Private Equity** - A market approach is applied (mainly EV/EBITDA multiples) where appropriate. In some cases, an alternative method can be applied (e.g. DCF approach). **Private Debt** - Where market quotations are readily available, the valuation is based on these. Where no market quotations are available, valuations are based on a discounted cash flow approach or recovery method. **Private Real Estate** - Valued considering third party appraisals which are updated at least on an annual basis. Intra-year valuations from these third party appraisals are adjusted for recent developments **Private Infrastructure** - Early stage investments are valued using the replacement cost method. Once construction reaches a certain stage, where cash flows are more visible, the valuation	-EV/EBITDA multiples -Discounted cash flows -Third party appraisals	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, and by any differences between audited and unaudited accounts.

		method is normally switched to a discounted cash flow analysis. For stable and operating infrastructure assets, a market approach (i.e. multiple method) is used.		
Freehold Property	Level 3	Valued by a valuer and RICS member, employed by the Royal Borough of Greenwich. The property was valued utilising the Royal Institute of Chartered Surveyors-current edition of the RICS Valuation - Global standards and the RICS UK national supplement . The valuation was based on the open market value of the freehold interest, having regard to the actual lease terms and evidence of current levels of rent and yields for the class of property, adjusted to reflect age, condition and characteristics of the particular locality	Income from tenants	Significant changes in rental growth, vacancy levels or the discount rates could affect valuations as could more general changes to market prices
Shares in London CIV Asset Pool	Level 3	Based on the capital invested within the London CIV	N/A	N/A
Pooled Investments - Infrastructure	Level 3	Based upon the underlying investments in each portfolio. Valued at fair value on a quarterly basis.	NAV based pricing	Foreign exchange fluctuations
Pooled Investments - Private Debt	Level 3	Based upon the underlying investments in each portfolio. Valued at fair value on a quarterly basis.	NAV based pricing	Foreign exchange fluctuations

Note 15 - 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 risk management programme. Responsibility for the Fund's risk management strategy rests with the Pension Fund Investment and Administration Panel. Risk management policies are established to identify and analyse the risks faced by the Fund. Policies are reviewed regularly to reflect changes in activity and 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 risk. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk. In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis. The Fund manages these risks in two ways:

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

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

Other Price Risk

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

Other Price Risk – Sensitivity Analysis

Having analysed historical data and expected investment return movement during the financial year, and consultation with the Fund's performance management advisors, the Fund has determined that the following movements in market price risk are reasonably possible for the reporting period.

Asset	**Potential Market Movements (+/-)**
UK Equities	12.03%
Overseas Equities	12.03%
Bonds	7.69%
Property	6.79%
Cash Equivalents	1.76%
Private Equity	18.56%
Multi Asset	4.94%
Diversified Alternative	13.89%
Private Debt	5.39%
Infrastructure	5.12%

This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same. Had the market price of the Fund investments moved in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows:

Asset	**Value as at 31 March 2023 £000**	**Percentage Change %**	**Value on Increase £000**	**Value on Decrease £000**
Cash Equivalents	16,367	1.76	16,655	16,079
UK Equities	219,827	12.03	246,267	193,387
Overseas Equities	511,995	12.03	573,576	450,413
Bonds	301,924	7.69	325,130	278,717
Diversified Alternative	107,469	13.89	122,393	92,544
Property	139,468	6.79	148,936	130,001
Private Equity	1,180	18.56	1,399	961
Multi Asset	197,888	4.94	207,658	188,118
Infrastructure	18,813	5.12	19,776	17,850
Private Debt	58,508	5.39	61,660	55,356

Other Investment Balances	11,135	0	11,135	11,135
Total Assets available to Pay Benefits	**1,584,574**		**1,734,585**	**1,434,561**

The prior year comparator is as follows:

Asset	Value as at 31 March 2022 £000	Percentage Change %	Value on Increase £000	Value on Decrease £000
Cash Equivalents	12,165	1.80	12,384	11,946
UK Equities	232,396	14.61	266,349	198,443
Overseas Equities	589,649	14.61	675,797	503,502
Bonds	247,940	6.22	263,362	232,518
Diversified Alternative	107,137	13.81	121,933	92,341
Property	166,165	4.38	173,443	158,887
Private Equity	1,938	14.27	2,215	1,662
Multi Asset	200,532	5.09	210,739	190,325
Infrastructure	12,425	3.80	12,897	11,953
Private Debt	36,324	4.90	38,104	34,544
Other Investment Balances	28,608	0	28,608	28,608
Total Assets available to Pay Benefits	**1,635,279**		**1,805,831**	**1,464,729**

Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's direct exposure to interest rate movements is through its cash and fixed income holdings.

Interest Rate Risk - Sensitivity Analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. It is currently felt that interest rates are unlikely to move up or down by more than 25 basis points (bps) over the course of the next year. The analysis that follows assumes that all other variables, in particular exchange rates, remain constant and shows the effect in the year on the net assets available to pay benefits of a +/- 25 bps change in interest rates.

Asset	Carrying Amount as at 31 March 2023	Change in Year in the Net Assets available to Pay Benefits	
		+ 25 bps	-25 bps
	£000	£000	£000
Cash Balances	8,753	8,775	8,731
Cash on Deposit	22	22	22
Cash Equivalents	16,367	16,408	16,326
Blackrock Institutional Series	8	8	8
Total Interest Rate Risk Assets	**25,150**	**25,213**	**25,087**

Asset	Carrying Amount as at 31 March 2023	Change in Year in the Net Assets available to Pay Benefits	
		+ 25 bps	-25 bps
	£000	£000	£000
Fidelity GMAC	155,281	153,634	156,926
Fidelity UK Aggregate Bond Fund	146,643	143,784	149,503
Total Interest Rate Risk Assets	**301,924**	**297,418**	**306,429**

The prior year comparator is as follows:

Asset	Carrying Amount as at 31 March 2022	Change in Year in the Net Assets available to Pay Benefits	
		+ 100 bps	-100 bps
	£000	£000	£000
Cash Balances	27,251	27,523	26,978
Cash on Deposit	74	74	73
Cash Equivalents	12,165	12,287	12,043
Blackrock Institutional Series	8	8	8
Total Interest Rate Risk Assets	**39,498**	**39,892**	**39,102**

Asset	Carrying Amount as at 31 March 2022	Change in Year in the Net Assets available to Pay Benefits	
		+ 100 bps	-100 bps
	£000	£000	£000
Fidelity GMAC	115,127	111,558	118,696
Fidelity UK Aggregate Bond Fund	132,813	119,531	146,094
Total Interest Rate Risk Assets	**247,940**	**231,089**	**264,790**

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

Currency Risk – Sensitivity Analysis

Following consultation with the Fund's performance management advisors, the following table shows the potential impact of foreign exchange rate movements on the overseas holdings within the Fund (the analysis assumes that all other variables, in particular interest rates, remain constant):

Asset	Asset Value as at 31 March 2023	Potential Change in Foreign Exchange Rate	Value on Increase	Value on Decrease
	£000	%	£000	£000
Private Equity	1,180	9.12	1,287	1,072
Equity	511,995	6.72	546,378	477,611
Multi Asset	40,773	5.62	43,065	38,481
Total Currency Risk Assets	**553,948**		**590,730**	**517,164**

The prior year comparator is as follows:

Asset	Asset Value as at 31 March 2022 £000	Potential Change in Foreign Exchange Rate %	Value on Increase £000	Value on Decrease £000
Private Equity	1,938	7.47	2,083	1,794
Equity	589,649	5.81	623,896	555,403
Multi Asset	55,845	5.54	58,938	52,753
Cash held in Foreign Currencies	2	6.21	2	2
Total Currency Risk Assets	**647,434**		**684,919**	**609,952**

Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. In essence the Fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions held in year where the risk equates to the net market value of a positive derivative position. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner. Contractual credit risk is represented by the net payment or receipt that remains outstanding and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties. Credit risk on over-the-counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency. The Fund has a private equity portfolio where there is a higher credit risk. At the reporting date 0.07% of the Fund was in private equity thereby capping exposure to this asset class. Deposits are not made with banks and financial institutions unless they are rated independently and have a high credit rating. The Fund's cash holding under its treasury management arrangements as at 31 March 2023 was £8.8m (£27.3m at 31 March 2022). This was held as follows:

Counterparty Type	31 March 2022 £000	31 March 2023 £000
UK Banks	27,251	8,753

Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The cash position of the Fund is monitored to ensure that the Fund has adequate cash resources to meet its commitments. The Fund has immediate access to monies held in its current account. Monies on deposit are also highly liquid and are available to the Fund if needed. If the Fund found itself in a position where it did not have the monies to meet its immediate commitments, then liquid assets could be sold to provide additional cash. The fund defines liquid assets as assets that can be converted to cash within three months. As at 31 March 2023, the value of liquid assets represented 79% of the Fund (80% at 31 March 2022). Financial liabilities of £2.459m are all due to be settled within 12 months of the net asset statement date.

Refinancing risk

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

Note 16 – Funding Arrangements

In accordance with The Local Government Pension Scheme Regulations 2013, the adequacy of the Fund's investments and contributions in relation to its overall and future obligations is reviewed every three years by an Actuary appointed by the Fund. This actuarial valuation also assesses the contribution rate required to meet the future liabilities of the Fund by considering the benefits that accrue over the course of the three years to the next full valuation.

In line with the regulations that funds should be re-valued every three years, the latest triennial valuation was carried out as at 31 March 2022 (effective from 1 April 2023) by the funds actuary, Barnett Waddingham. The results were published in the 31 March 2022 actuarial valuation which is available on the Royal Borough of Greenwich website.

The method of calculating the employer's contribution rate is derived from the cost of the benefits building up over the year following the valuation date. This method is known as the 'Projected Unit Method'. It is a method considered appropriate by the Actuary for a fund open to new members. As the Fund remains open to new members, its age profile is not currently rising significantly. If the age profile began to rise significantly, the projected unit method would calculate an increase in current service cost as scheme members approached retirement.

The market value of the Fund at the 2022 review date was £1,640m (£1,332m in 2019) and results showed that assets represented 103% of the liabilities (97% in 2019). The Fund surplus arising from the valuation was £44m as at 31 March 2022 (£45m deficit as at 31 March 2019). Deficits are spread and recovered over a maximum 20-year period from 01 April 2023. The reconciliation of the contribution rate is as shown below:

Contribution Rate Analysis	Mar-22
	%
Future Service Total	18.2
Deficit Contribution	0.3
Total Employer Contribution Rate	**18.5**

The triennial valuation determines the contribution rate for each employer in the Fund using statistical information specific to each employer. The agreed contribution rates in accordance with the results of the actuarial valuation are as follows:

Year	Royal Borough of Greenwich	Other Bodies
2023/24	18.50%	12% - 19.1%
2024/25	18.50%	12% - 19.1%
2025/26	18.50%	12% - 19.1%

Details of each employer's individual rates are detailed in the Rates and Adjustment Certificate, which can be found in the triennial valuation report. New employers admitted after 31 March 2022 are actuarially assessed to determine their individual employer contribution rates.

The actuarial valuation using the 'Projected Unit Method' is based on economic assumptions. Assets have been valued at a 6 month smoothed market value straddling the valuation date. The assumptions used in the calculation and applied during the inter-valuation period are summarised as follows:

Future Assumed Returns as at March 2022	Assumed Returns
	% p.a.
Investment Return	
Gilts	2.0
Cash	0.7
Corporate Bonds	2.8
Equities	6.9
Private Equity	6.9

Property	6.4
Infrastructure	6.4
Private Debt	6
Cash Plus	4.6
Multi Asset Credit	5

Financial Assumptions	**2022** **% p.a.**	**2019** **% p.a.**
Discount Rate	4.8	5.0
Salary Increases	3.9	3.6
Consumer Price Inflation (CPI)	2.9	2.6
Pension Increases	2.9	2.6

The assumed life expectations from age 65 are as follows:

Demographic assumptions – Life expectancy from age 65	**31-Mar 2022**	**31-Mar 2023**
Retiring Today		
Males	19.5	19.6
Females	22.9	23.0
Retiring in 20 years		
Males	20.9	21.0
Females	24.4	24.5

The actuary has also assumed that:

- Members will exchange half of their commutable pension for cash at retirement
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

Note 17 - Actuarial Present Value of Promised Retirement Benefits (IAS 19 basis)

To assess the value of the Fund's liabilities at 31 March 2023, the values calculated for the funding valuation as at 31 March 2022 have been rolled forward, using financial assumptions that comply with IAS19. The net liability of the Fund in relation to the actuarial present value of promised retirement benefits and the net assets available to fund these benefits is:

Net Present Value	**31-Mar 2022 £000**	**31-Mar 2023 £000**
Present Value of Funded Obligation		
Vested Obligation	(2,416,262)	(1,708,398)
Non-Vested Obligation	(31,836)	(17,991)
Total Present Value of Funded Obligation	(2,448,098)	(1,726,389)
Fair Value of Scheme Assets	1,635,315	1,584,266
Net Liability	**(812,783)**	**(142,123)**

The financial assumptions used to assess the total net liability as at 31 March 2023 are:

Financial Assumptions	**Mar-22**	**Mar-23**
	% p.a.	**% p.a.**
Discount Rate	2.6	4.8
Pay Increases	4.2	3.9

Pension Increases	3.2	2.9

Note 18 – Debtors and Creditors

The following material amounts were due to, or payable from, the Fund as at 31 March 2023:

2021/22 £000	Debtors	2022/23 £000
	Investment Debtors	
23	Tax Refunds Due	24
2,892	Dividends Due	2,873
0	Interest	55
0	Sale of Investments	179
2,915	**Total Investment Debtors**	**3,131**
	Member Debtors	
677	Contributions	626
670	Other	605
1,347	**Total Member Debtors**	**1,231**
4,262	**Total Debtors**	**4,362**
	Analysed By	
4,262	Other Entities and Individuals	4,264
0	Local Authorities	97
0	Central Government Bodies	1
4,262	**Total Debtors**	**4,362**

2021/22 £000	Creditors	2022/23 £000
	Investment Creditors	
(1,186)	Management Fees	(895)
(504)	Purchase of Investments	0

(52)	Custody Fees	(7)
(39)	Other	(17)
(1,781)	**Total Investment Creditors**	**(919)**
	Member Creditors	
(504)	Benefits Unpaid	(717)
(808)	Other	(823)
(1,312)	**Total Member Creditors**	**(1,540)**
(3,093)	**Total Creditors**	**(2,459)**
	Analysed By	
(554)	Central Government Bodies	(612)
0	Local Authorities	0
(2,539)	Other entities and individuals	(1,847)
(3,093)	**Total Creditors**	**(2,459)**

Note 19 – Cash and Cash Equivalents

The cash balance can be further analysed as follows:

Cash	**2021/22 £000**	**2022/23 £000**
Royal Borough of Greenwich Pension Fund (UK Banks)	27,251	8,753
Royal Borough of Greenwich Pension Fund (Held at Custodian)	2	0
CBRE Cash at Hand	70	21
Blackrock	1	1
Total Cash	**27,324**	**8,775**

Cash Equivalents	**2021/22 £000**	**2022/23 £000**
Royal Borough of Greenwich Pension Fund	440	470

Blackrock	340	9
CBRE	11,385	15,888
Total Cash Equivalents	**12,165**	**16,367**

Note 20 - Additional Voluntary Contributions

Contributing members have the right to make Additional Voluntary Contributions (AVCs) to enhance their pension. The Authority made such a scheme available to staff through Equitable Life. During 2000/01, Equitable Life announced itself closed to new business. On 23 December 2010, the Government passed an Equitable Life Bill to enable it to compensate Equitable Life policyholders who lost money due to the near collapse of the insurer in 2000. Since then, employees have had the option to pay current contributions into a Clerical Medical Fund. In accordance with section 4 (1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, AVCs are prohibited from being credited to the Local Government Pension Scheme and are thus not consolidated within the Fund accounts. However, a summary of the contributions made by members during the year and the total value of the AVC funds, as at 31 March 2023, are shown below:

2021/22 £000	AVC Contributions	2022/23 £000
112	AVC Contributions to Clerical Medical	165
112	**Total Contributions**	**165**

31 March 2022 £000	AVC Market Values	31 March 2023 £000
1,049	Clerical Medical Market Value	1,076
354	Utmost Life and Pensions Market Value	328
1,403	**Total Market Value**	**1,404**

Note 21A - Related Party Transactions

The UK Government exerts a significant influence over the Fund through enacting the various Regulations (mentioned herein). It is a major source of funding for the Royal Borough of Greenwich (the Administering Authority and largest employer within the Fund). During the year, no trustees or Key Management Personnel of the Authority with direct responsibility for Pension Fund issues have undertaken any material transactions with the Pension Fund, other than the following:

a) Administrative services were undertaken by the Authority on behalf of the Fund, under the SLA, valued at £0.980m (2021/22: £1.111m).

b) The Royal Borough of Greenwich is the single largest employer of members of the Pension Fund and contributed £33.090m to the Fund in 2022/23 (2021/22: £30.923m).

c) With respect to other Scheduled Bodies, an amount of £0.282m was owed to the Fund by Academies at year-end for contributions due.

d) The Royal Borough of Greenwich Pension Fund is a Member of the London Collective Investment Vehicle (LCIV). As at the reporting date, Councillor Olu Babatola was the Fund's representative on the Board and the deputy was Councillor Nick Williams. In 2022/23, administration and management fees of £0.204m were paid to this organisation.

Note 21b – Key Management Personnel

<u>Key Management Personnel Remuneration</u>

The Key Management personnel of the Fund are the Director of Finance (Section 151 Officer), the Chair of the Pension Fund Investment and Administration Panel and the Pension Investment Manager. The total remuneration payable to key management personnel is set out below:

2021/22 £000		2022/23 £000
72	Short-term benefits	75
39	Post-employment benefits	46
111		**121**

Note 22 – Commitments

The Fund has commitments in relation to its private market funds. These commitments are drawn down in tranches over time, as and when the managers request them. As at 31 March 2023, the Fund had £59.519m of commitments outstanding (31 March 2022: £81.668m). These are not required to be included in the Accounts.

Note 23 – Events after reporting period

For a pension scheme, a non-adjusting event could be a change in asset allocation or investment manager. On 27 February 2023, the Pension Fund Investment and Administration Panel approved switching £237.5m from the BlackRock Passive Equity mandate to the Legal & General Investment Management Low Carbon Passive equity mandate. This transition was completed in July 2023..

The Council's Accounting Policies

General

The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which states that the Accounts are 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 2022/23 (the "Code") based upon International Financial Reporting Standards (IFRS). The Statement of Accounts has been prepared on a going concern basis. 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. Many values throughout the accounts are rounded to the nearest £000, as such tables and notes may not appear to cross-cast or exactly match the sum of the individual items.

Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of contracts and services is recognised in-line with the consumption of performance obligations.
- 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 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 for the provision of contracts and services is recognised in line with IFRS15.

Acquired Operations

Acquired operations are those that the Authority has acquired during the reporting period as a result of the reorganisation of local government, or the transfer of services acquired as a consequence of legislation. The Authority will account for these in accordance with IAS 1 if material, and disclose any comparative amounts, if applicable.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than a three month period from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

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

Change in Accounting Policy
Policies are the principles used to prepare the financial statements. A change in policy generally originates from the accounting standards although it could come from being able to provide more relevant and reliable information. These are normally processed retrospectively, although in some cases can be prospective, where stated.

Change in Accounting Estimate
This is an adjustment of the carrying amount of an asset or liability resulting from new information. These are processed prospectively in the current and future reporting periods.

Prior Period Adjustment
This is a material omission or misstatement that could reasonably have been accounted for in the preparation of the accounts for the previous reporting period. This is processed through retrospective restatement of the accounts by amending the opening balances and comparative amounts for the prior period. A note to the accounts will be included for prior period adjustments where necessary.

Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

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

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue (the Minimum Revenue Provision) towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are, therefore, replaced by the contribution from the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Employee Benefits

Benefits Payable during Employment

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service in the Statements at the earlier of the following dates:

- when the Authority can no longer withdraw the offer of those benefits
- when the Authority recognises costs of a restructuring and involves the payment of termination benefits.

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

Post-Employment Benefits

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

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

These schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority. However, the arrangements for the NHS and Teachers Schemes' means that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The relevant cost of services line in the Statements is charged with the employer's contributions payable to the NHS and Teachers' Pensions schemes in the year.

The Local Government Pension Scheme

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

- The liabilities of the Royal Borough of Greenwich and LPFA pension funds attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices based on the Single equivalent discount rate (SEDR). Under this approach, rather than discount future cashflows with a single discount rate equal to the spot rate on the yield curve, this approach estimates the single equivalent rate that would produce the same liability as discounting each individual projected cashflow using a yield curve for AA rated bonds.
- The assets of the Royal Borough of Greenwich and LPFA pension funds attributable to the Authority are included in the Balance Sheet at their fair value:
  - for quoted securities – current bid price
  - for unquoted securities – professional estimate
  - for unitised securities – current bid price, except where only a single price is available in which case, net asset value
  - for property – market value.
- The Authority have opted to restrict the LPFA funded surplus to its total future service cost and take account of the asset ceiling, over the remaining lifetime of the active membership of the LPFA fund (on the accounting basis at the accounting date).

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

Discretionary Benefits

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

Events after the Reporting Period

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

Adjusting
Those events that provide evidence of conditions that existed at the end of the reporting period. Where material, the financial statements and notes are amended to reflect the impact of the events.

Non-Adjusting
Those events that are indicative of conditions that arose after the reporting period. The financial statements are not amended to reflect the events, but additional explanatory notes are provided.

Income from Taxation and Social Housing Rents

Revenue relating to social Housing Rents, Council Tax and Business Rates is measured at the full amount receivable (net of any impairment losses). Council Tax and Business Rates are accounted for in accordance with IPSAS 23 (i.e. non-contractual, non-exchange transactions). Housing rental income is shown within the Statements but local taxes collected as part of an agency arrangement (Council Tax and Business Rates) are not.

Material Items of Income and Expenditure

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Statements or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

Fair Value Measurement

The Authority measures some of its non-financial assets such as surplus assets, investment properties and assets held for sale and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or

b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 – unobservable inputs for the asset or liability

Financial Instruments

Financial instruments are recognised in the Balance Sheet when the Authority 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 expected cashflow characteristics.

Financial Liabilities

Financial liabilities are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Statements for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged within the Statements is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Statements in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down in the Statements are spread over the life of the loan by an adjustment to the effective interest rate. Where premiums and discounts have been charged to the Statements, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Statements to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

In accordance with IFRS 9, financial assets are classified into three categories:

- Financial assets held at amortised cost. These are loans and loan arrangements where repayments of interest and principal occur on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest and the interest credited to the Comprehensive Income and Expenditure Statement (CIES) is the amount receivable as per the loan agreement.
- Fair value through profit or loss (FVPL). These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.
- Fair value through other comprehensive income (FVOCI). These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the CIES on asset disposal.

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Expected Credit Loss Model

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

Changes in the value of assets carried at fair value are debited/credited to the Financing and Investment Income and Expenditure line in the CIES as they occur.

The Council will recognise expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis, where material. The expected credit loss model also applies to lease receivables and contract assets.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Foreign Currency Translation

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Realised gains or losses are recognised in the Financing and Investment Income and Expenditure line.

Government Grants and Contributions

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

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

Amounts recognised as due to the Authority are not credited until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor. Monies advanced as grants and contributions are shown as liabilities on the Balance Sheet until outstanding conditions are satisfied. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants). Where capital grants are credited, 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.

<u>Community Infrastructure Levy</u>

The authority has elected to charge a Community Infrastructure Levy (CIL), which is applied to chargeable developments with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy is used to fund infrastructure projects in accordance with the amended Community Infrastructure Levy Regulations.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement and subsequently transferred to a useable reserve until required to fund the capital projects in accordance with the accounting policy for government grants and contributions set out above.

Heritage Assets

Where an asset is primarily retained for its contribution to knowledge and culture, it is designated as a heritage asset. However, where an asset is in operational use then it is classified accordingly, rather than as a heritage asset. Heritage Assets are recognised and measured in accordance with the Authority's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The collection, as a whole, is relatively static and acquisitions and donations are infrequent. Where they do occur, acquisitions are initially recognised at cost and donations are recognised at valuation, ascertained by the museum's staff, utilising professional valuation organisations where appropriate. Where material, these items are reported in the Balance Sheet, with items in excess of £10,000 being individually disclosed. In relation to the Authority's overall asset base, values are relatively low and, as such, revaluations are not undertaken frequently due to the high cost of the process involved in valuing a diverse set of assets and the lack of comparative values. The items themselves are enduring in nature and, therefore, are not depreciated. The carrying amounts of heritage assets are reviewed when there is evidence of impairment. Any impairment is recognised and measured in accordance with the Authority's general policy on impairment. The proceeds of any disposals are disclosed separately in the notes to the financial statements and are accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment.

Highways Infrastructure Assets

Infrastructure assets include carriageways, footway and cycle lanes, tracks and structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals and bollards), traffic management system and land which together form a single integrated network. The Authority has elected to adopt the 'Accounting for Infrastructure Assets – Temporary Solution', in accordance with CIPFA Bulletin 12 issued in January 2023

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority. Intangible assets are measured initially at cost and are carried thereafter at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s). An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s). Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line. Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Interests in Companies & Collaborative / Joint Arrangements

In accordance with IFRS 10, 11 and 12 the Authority has assessed the level of control it exerts with those organisations deemed to be within the group boundaries and categorised them accordingly and where appropriate, interests shown at book cost. This process has led to the conclusion that entries in relation to the preparation of Group Accounts are not material and therefore not required. Details of the categorisation of entities, with further description relating to their composition and activities, are provided in note 28. Those activities in relation to joint committee activities are deemed to be outside of joint arrangement accounting.

Inventories

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

Investment Properties

Investment Properties are held solely for rental income and capital appreciation and are initially measured at cost. Investment Properties are not depreciated but subsequently revalued at the reporting date and held at the highest fair value achievable via an arm's length transaction. Gains and losses arising from revaluations or disposals are posted to the Financing and Investment Income and Expenditure Line in the Comprehensive Income and Expenditure Statement along with rental incomes.

Gains and losses arising from the revaluations and disposals are not permitted by statutory arrangements to have an impact on the General Fund Balance, and are therefore reversed out in the Movement in Reserves Statement and posted to the Capital Adjustment Account and Capital Receipts Reserve (where proceeds are greater than £10,000).

Property classifications are reviewed annually to ensure the definition of an Investment Property is met.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment will be accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Contingent rents are charged as expenses in the periods in which they are incurred. Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability
- a finance charge (debited to the Financing and Investment Income and Expenditure line).

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

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, unless another systematic basis is more representative of the benefits received by the Authority.

The Authority as Lessor

Finance Leases

Where the Authority 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 as part of the gain or loss on disposal. The sale proceeds, representing the Authority's net investment in the lease, are credited to the same line in the 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).

The gain or loss presented on disposal is not permitted by statute to increase or decrease the General Fund Balance. The net investment in the lease is required to be treated as a capital receipt and the carrying value of the asset is posted to the Capital Adjustment Account. 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 or the General Fund where the lease was entered into on or before 31 March 2010. The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Authority 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 Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished.

Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority 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. A general de minimis level of £10,000 has been adopted for the inclusion of Property, Plant and Equipment, however specific items of expenditure may be capitalised below this level.

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

The Authority does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority. Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement. Valuations are undertaken by a Chartered Valuation Surveyor and are made in accordance with the guidance from the Department for Levelling Up, Housing and Communities and the RICS Valuation-Professional Standards published by the Royal Institution of Chartered Surveyors. Valuations for use within the Accounts are sought by the Director of Finance from the Director of Regeneration, Enterprise and Skills. The relevant staff work in separate directorates, are professionally qualified and abide by their respective institute's ethical and other requirements. Dwelling and Non-dwelling assets are revalued at 31 March 2023. Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure and community assets and assets under construction – depreciated historical cost
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH).
- The council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), except for a few offices that are situated close to the council's housing properties, where there is no market for office accommodation, and that are measured at depreciated replacement cost (instant build) as an estimate of current value
- school buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value
- surplus assets and assets held for sale – fair value, determined by the measurement of the highest and best use value of the asset.
- all other operational assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value. Assets included in the Balance Sheet at current value are revalued to ensure that their carrying amount is not materially different from their current value at the year-end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains (exceptionally, gains might be credited where they arise from the reversal of a loss previously charged to a service). Where decreases in value are identified, they are accounted for by:

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

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.

<u>Depreciation</u>

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction). Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – straight line allocation over the useful life as estimated by a suitably qualified officer
- Depreciation is charged in the year of disposal, but not in the year of acquisition

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.

<u>Impairment</u>

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

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

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

Disposals and Non-current Assets Held for Sale

Assets held for sale are assets:

- immediately available for sale;
- where the sale is highly probable;
- actively marketed;
- expected to be sold within 12 months.

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. Schools held on the balance sheet are disposed for nil consideration when they transfer to Academy status. If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line 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). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Receipts related to disposal of dwellings are subject to the pooling requirements and the RTB Retention Agreement. Receipts from non dwelling HRA disposals are retained by the Council for the purposes of affordable housing. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement. The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Asset Classifications

The Authority has made judgements on the classification of Property, Plant and Equipment, Heritage, Investment, Held for Sale and Surplus assets. These judgements are based on the main reason that the Authority is holding the asset. If the asset is used in the delivery of services or is occupied by third parties that are subsidised by the Authority it is deemed to be a Property, Plant and Equipment asset. If there were no subsidy and/or a full market rent being charged this would indicate that the asset is an Investment Property. The classification determines the valuation method used.

Schools

There are several types of school within the borough. The Code in relation to their recognition on the balance sheet is an area that has been supplemented by Technical Guidance and the authority has undertaken a review of schools on a case by case basis. The Authority recognises schools' assets on the balance sheet where future economic benefits or service potential associated with the school will flow to the authority. Control over service potential is based on control over use of assets over their useful life. The table outlines the types of school within the borough and whether they appear on the authority's balance sheet. Furthermore, schools held on the balance sheet are disposed for nil consideration when they transfer to Academy status.

School Type	**On Balance Sheet**
Community	✓
Voluntary Controlled (VC)	✓
Voluntary Aided (VA)	×
Trust	×
Foundation	×
Academies	×
Independent	×
Free schools	×

Private Finance Initiative and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under its PFI schemes and as ownership of the property, plant and equipment will pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment. The Authority has two PFI schemes (the provision of three Neighbourhood Resource Centres and two schools) where the assets are carried in its Balance Sheet (excluding one school which converted to academy status 2014/15). 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 Authority. The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service
- finance cost – an interest charge on the outstanding Balance Sheet liability, and debited to the Financing and Investment Income and Expenditure line
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line
- 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)
- lifecycle replacement costs – 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.

Provisions, Contingent Assets and Liabilities

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the year that the Authority becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

Contingent Assets

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

Contingent Liabilities

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

Reserves

The Authority's reserves are reflected in the Movement in Reserves Statement. They include reserves the Authority sets aside for earmarked purposes. An analysis of earmarked reserves is contained within Note 7.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

Revenue Expenditure Funded from Capital under Statute

Legislation allows for some expenditure incurred during the year, which does not result in the creation or enhancement of a non-current asset, to be funded from capital resources that under normal accounting practice would be charged to Surplus or Deficit on the Provision of Services. Where it has been determined to meet the cost of this expenditure, usually grants and expenditure on property not owned by the Authority, from capital resources or by borrowing this is accounted for by debiting the Capital Adjustment Account and crediting the General Fund Balance and showing as a reconciling item in the Movement in Reserves Statement; such that there is no impact on the level of council tax. During 2022/23 the Council utilised the temporary Flexible Use of Capital Receipts directive, which permits the funding of one-off service transformation costs, that will result in on-going savings, from capital receipts.

VAT

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

Royal Borough of Greenwich
Annual Governance Statement 2022/23

Scope of Responsibility

The Royal Borough of Greenwich ("RBG") is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. RBG also has a duty under the Local Government Act 1999 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.

In discharging its overall responsibility, RBG is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk. RBG has in place a governance framework, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

This statement explains how RBG has complied with its governance framework and is also in line with The Accounts and Audit Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risks to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and therefore can only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of RBG's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place in RBG for the year ended 31 March 2023 and up to the date of approval of the annual report and statement of accounts.

The Principles of Good Governance

The International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the 'International Framework'), states that *to deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.* *

Figure 1 illustrates the various principles of good governance in the public sector and how they relate to each other.**

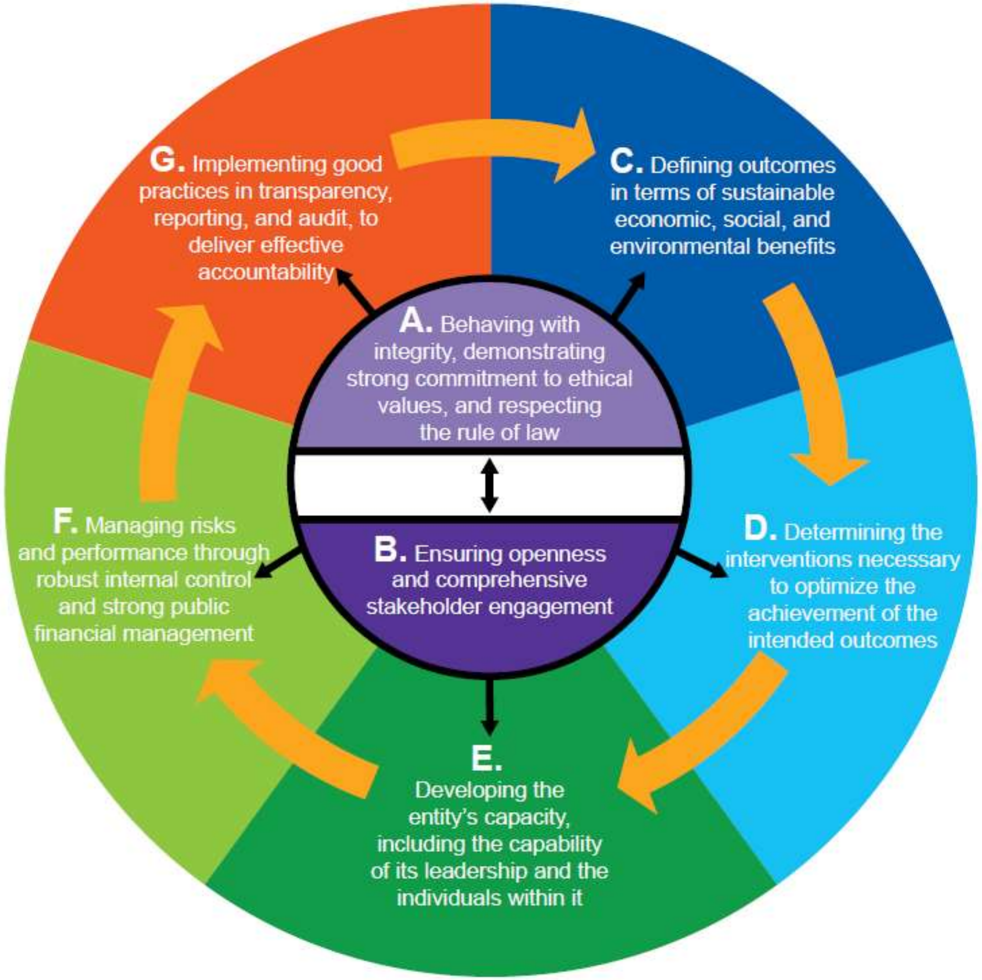


Figure 1

*The International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014)

**Delivering Good Governance In Local Government: Framework \ 2016 Edition – CIPFA/SoLACE publication

The Governance Framework

A brief description of the key elements of the governance framework RBG has in place is provided below.

A. *Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law*

The Constitution

RBG's Constitution sets out the basic rules governing its business, including the rights of citizens and how the key parts of the Council operate. It also includes how decisions are made; roles and responsibilities of functions, members and management; and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.

The constitution contains Codes of Conduct for Officers and Members; rules of procedure including Financial Regulations, Contracts Procedures, Access to Information Procedures; Scheme of Delegation; Purpose and Powers of the Overview and Scrutiny Committee as well as roles and functions of the Full Council, Cabinet and Officers; and Members Allowances Scheme.

In addition to monitoring and reviewing the operation of the Constitution to ensure its aims and principles are given full effect, the Monitoring Officer maintains and ensures an up-to-date version of the Constitution is widely available for consultation by members, staff and the public.

Full details of RBG's Constitution including all updates made to date can be viewed on the Council's website via the link https://www.royalgreenwich.gov.uk/

RBG also has a corporate Whistleblowing Policy and Anti-Fraud and Anti-Corruption Policy.

B. *Ensuring openness and comprehensive stakeholder engagement*

Stakeholder Engagement – *(Have Your Say)*

RBG believes in transparency and actively engages with stakeholders as part of its decision making process.

A corporate report template is used for all decisions and the format of the template is designed to ensure that all appropriate issues have been considered and stakeholders consulted.

RBG takes a strategic approach to consultation and public engagement. Public consultations to gain the views of local residents and businesses on policy are carried out and an overview of the Council's consultation and engagement activities for the year can be viewed on the website via the link https://www.royalgreenwich.gov.uk/

In addition to this, RBG operates a petition scheme and stakeholders are actively encouraged to participate in the Council's scrutiny process and meetings and to comment on projects.

RBG also uses social media such as Twitter, Facebook and YouTube to communicate with all sections of the community and stakeholders. In addition, Council meetings are open to the public.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

Vision and Priorities

RBG has a clear Vision and missions for where it wants the borough to be by 2030. This will enable it to be purpose-led not task-led; accountable to its communities; and collaborative, empowered and innovative.

"Our Greenwich", which is a corporate plan for the next four years, was developed with residents, partners and staff and is structured around five themes which are communities, people, place, economy, and organisation.

Full details of RBG's Vision, missions and plan can be viewed on the Council's website via https://www.royalgreenwich.gov.uk/

From time to time, the Council may also commission external review of particular risk areas to develop efficient and effective service delivery.

D. Determining the interventions necessary to optimize the achievement of the intended outcomes

Scrutiny & Interventions

RBG operates various Committees and Panels such as the Overview and Scrutiny Committee, and six scrutiny panels, which support the work of the Cabinet and the Council.

The Panels scrutinise issues relating to performance management, value for money, holding the Executive to account, external bodies and tackling inequality. They also monitor the budget management and general performance of RBG Services.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

Training & Development

RBG's Standards Committee ensures that all Members of the Council have access to training in the member Code of Conduct, that this training is actively promoted, and that Members are aware of the standards expected from local councillors under the Code.

Agreeing overall pay banding and salary levels of various senior posts is a matter reserved for Full Council and the General Purposes Committee respectively.

RBG operates a Performance Review and Development Scheme (PRaD), which aims to provide every employee with clear accountabilities and objectives that are directly linked to the Council's objectives, plans and budgets. It allows employees to receive constructive feedback about their performance so that they can maximise their potential and is also used to develop and agree a Personal Development Plan to meet any learning and development needs related to their current job as well as broader career development.

A series of training courses and workshops are also in place to continue to support staff development.

F. *Managing risks and performance through robust internal control and strong public financial management*

Managing Risks
RBG's Risk Management Toolkit governs the corporate approach to risk management. This is supported by an annual Internal Audit Plan seeking to address areas of key risks across the Council.

RBG's corporate reporting template includes sections to capture key risks, which ensures the impact on areas such as the Council's Vision and missions, legal and financial implications are considered by decision makers.

Financially, RBG operates planning through its Medium-Term Financial Strategy and Capital Strategy, and Treasury Management Strategy. The operational expenditure is governed by the Contracts Procedures within the Constitution, and the Scheme of Delegation determines the appropriate authority required for different levels of expenditure, ensuring that appropriate oversight of spend is delivered in alignment with the Council's risk appetite.

The Audit and Risk Management Panel provides an independent assurance of the adequacy of the risk management framework and the associated control environment of the Council, including the effectiveness of the Internal Audit and Corporate Anti-Fraud functions. The Panel maintains an audit overview of RBG's Constitution in respect of financial regulations and codes of conduct and behaviour. The Panel considers the Council's audit arrangements for corporate governance and compliance with best practice.

The full Council is responsible for agreeing the authority's policy framework and budget which will be proposed by the Cabinet. Key elements in terms of financial planning include the corporate performance and development plan, the budget, and capital programme.

G. *Implementing good practices in transparency, reporting, and audit to deliver effective accountability*

Transparency & Accountability
RBG's transparency requirements for decision-making is set out within the Constitution, and these processes are enacted and monitored by the Council's Governance and Legal teams.

A standard reporting template is used across the Council to ensure all decisions are afforded the same level of consideration and comparable information is available for all decisions.

RBG's Financial Procedures sets out the role and responsibilities of Internal Audit & Anti-Fraud with regard to the provision of an internal audit service and the prevention, detection and investigation of fraud and corruption perpetrated against the Council both internally and externally.

RBG operates an annual Internal Audit Plan, which is approved by the Audit & Risk Management Panel.

The Internal Audit Plan focuses on key areas of risk across the Council. In line with the Public Sector Internal Audit Standards (PSIAS), progress against the Internal Audit Plan and audit outcomes are reported regularly through the year to the Audit & Risk Management Panel.

RBG has resources and processes in place to deliver its statutory transparency and accountability roles within the Freedom of Information and Data Protection Acts, and to ensure full co-operation with all investigations such as by the Information Commissioner and Housing Ombudsman.

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure and can therefore only provide reasonable and not absolute assurance of effectiveness.

The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit & Risk Management's annual report, and also by comments made by the external auditors and other review agencies and inspectorates (e.g., Ofsted and the Care Quality Commission) where applicable.

The annual report of the Audit & Risk Committee, covering the programme of work completed for 2022/23 shows that the Committee has undertaken its role effectively covering a wide range of topics and ensuring that appropriate governance and control arrangements are in place to protect the interests of the Council and the community in general.

Internal Audit provides independent assurance that systems operated within the Royal Borough are sound and effective and alerts senior management to areas of system weakness and makes recommendations for improvement. In 2022, an external assessment of the Royal Borough's Internal Audit function undertaken by a qualified independent assessor as required under the Public Sector Internal Audit Standards (PSIAS) concluded that Internal Audit function is 'fit for purpose' and compliant with the national mandatory standards.

The Internal Audit & Anti-Fraud Annual Performance Report provides the opinion of the Head of Internal Audit, based on the work undertaken by the Internal Audit team during 2022/23, which can be viewed on the website via the link https://www.royalgreenwich.gov.uk/. This states that throughout the Royal Borough as a whole there continues to be a sound control environment.

Significant Governance Issues
The areas identified for improvement during 2022/23 are detailed in the table below.

Areas for Improvement	Department's Reported Progress (as at March 2023)	Status
GDPR and the risk of Data Breaches Under the UK General Data Protection Regulations (UKGDPR) the fine associated with a major data breach is £17.5 million. While the Royal Borough has experienced data breaches in recent years, they have been minor, and have not resulted in enforcement action by the Information Commissioner's Office (ICO). There is a risk that a breach, if significant, could result in a material fine.	We increased awareness of the need to report data breaches. This has resulted in an increase in the number of low-level breaches reported, which may have not been reported in previous years. Work is also taking place to refresh data breach guidance, ensuring that it is more accessible to all staff and that the breach process is streamlined to improve reporting. We are also working to introduce new online Data Protection training, improving Data Protection awareness amongst staff generally.	This specific risk is considered to be adequately managed.
IT - Disaster Recovery and Business Continuity The Royal Borough's IT Disaster Recovery / Business Continuity system remains a strategic risk to the Royal Borough, due to the pivotal nature of the service to the Royal Borough's operations. Having completed the move to our new Data Centre in Slough, the geographical risks have been replaced with contractor failure, network linkage and a new physical location. The Royal Borough's user estate is now operated in a hybrid mode, with some users on the core environment, while other work with cloud services. Loss of access to the cloud services is now a new strategic risk, along with the hacking of our cloud tenancy.	Actions taken to address the risk include: • New network links with different contractor, giving improved resilience and streamlined supply chain. • New cyber security 24/7 monitoring and alerting service. • New data backup platform procured and being commissioned. • New remote access service being built; cloud hosted for improved performance and resilience. RBG is 'multi-cloud' which means a loss of service in one area has limited impact on another (there is some mutual dependence). A cloud service	This specific risk is considered to be adequately managed.

Areas for Improvement	Department's Reported Progress (as at March 2023)	Status
	provider would be able to resolve an equivalent on-premise event in a faster time due to respective resources. Staff spread across RBG and remote locations also mitigate risk of local internet access fault, although major network outages will still impact large numbers of staff.	
No Recourse to Public Funds (NRPF) No Recourse to Public Funds (NRPF) is an immigration condition restricting access to public funds, including many mainstream benefits such as Income Support and Housing Benefit. Families and individuals may have a right to financial support (accommodation and subsistence) from social services to avoid destitution or because of complex health needs. In these cases, the Royal Borough has a duty to support the accommodation and subsistence costs of residents with NRPF. These cases are often complex to assess and unpredictable as to how much they cost or how long they last. The Royal Borough receives no funding to support this work represents a significant budget pressure. There are also increasing legal costs and legal challenges. As Case Law expands there is a significant risk that the Royal Borough's duties and responsibilities also expand. The issue remains as a significant governance control issue going forward and the position is under regular review. Additionally, there have been recent changes to the responsibilities required of LAs relating to single rough sleepers and asylum seekers as a result of Covid 19 legislation, which have added to the costs and workload for the NRPFT.	Actions taken to address the risk include: • Regular budget monitoring meetings with the finance team which has been instrumental in keeping a close eye on the budget • Continued use of pre-paid cards which is an efficient system and easily monitored electronically • Rigorous financial assessments/credit checks to ensure that only those that are destitute access support • The process for requesting pre-paid funds being improved and made more rigorous following audit recommendations; calculation of funds required is scrutinized by NRPF management and balance taken into account prior to senior management authorisation request • Better working relationship with other departments such as welfare rights and housing which has enabled us to end services/Transfer costs to other departments (where appropriate) in a more timely manner • The part-time onsite immigration official has been instrumental in expediting long supported cases (over 1000 days) many of whom have been granted and are gradually being moved on	Although this specific risk is considered to be adequately managed, NRPF remains an area of focus for 2023/24 (*details set out in table below*)

Areas for Improvement	Department's Reported Progress (as at March 2023)	Status
	• Attempting to put systems in place to monitor significant changes in client's/families circumstances which would impact on subsistence payments such as ages of children and this is ongoing. However, this remains a challenge as it can only be done manually and still figuring out how the system can support with triggers. • Working closely with the legal team to ensure that judicial reviews/legal costs are minimized and so far, there has not been any legal challenge over the past 24 months • Endeavouring to undertake reviews to capture any changes in support that may be required. However, this is often intercepted by the influx of new referrals • Following staff consultation and DMT sign off, the staffing establishment of the Nil Recourse team has undergone re-organisation so that posts are now permanent RBG employees, rather than through agency staffing, this will reduce costs • Additional part-time business support officer resource has been built into the permanent staffing establishment to support further with essential tasks including better monitoring of spreadsheets, managing of accommodation requests and inspections by liaising with housing as per audit recommendations and also monitoring the changes in ages of over 150 children currently being supported.	
Medium Term Financial Strategy (MTFS) The medium-term financial planning process is an essential part of the Royal Borough's strategic		

Areas for Improvement	Department's Reported Progress (as at March 2023)	Status
planning framework. The Medium-Term Financial Strategy integrates strategic and financial planning over the current and subsequent four-year period. It translates the Royal Borough's priorities into a financial framework which enables the Cabinet and officers to ensure policy initiatives can be delivered within available resources and can be aligned to priority outcomes. The Royal Borough presented a refreshed Medium-Term Financial Strategy which was approved by Royal Borough on 24 February 2022. This highlighted a pressure over the medium term (up to and including 2025/26) of £21.5m. There continues to be significant uncertainty in the medium term for the future funding for local government. The local government finance settlement for 2022/23 is again a one year only settlement, with the deferral again of significant reform of the local government funding. *<u>Fair Funding and Business rates reform</u>* Local Government has been awaiting funding reform since the original planned 2019/20 implementation and this was once again deferred for the 2022/23 financial year. Areas of possible reform that have been deferred are: • Fair Funding Review (including the Area cost adjustment - ACA) • Business Rate Baseline Reset • A move from 50% to 75% Business Rate Retention • The potential introduction of the Alternative Business Rate Retention System No exact timeline was discussed when the settlement was released in December 2021, for when these reforms are now likely to take place. The only Government announcement in respect of reforms was as follows, "Government is committed to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs	The Council reported it's medium term financial strategy and budget in February 2023 – setting a balanced budget for the 2023/24 financial year.	Although this specific risk is considered to be adequately managed, the MTFS remains an area of focus for 2023/24 (*details set out in table below*)

Areas for Improvement	Department's Reported Progress (as at March 2023)	Status
and resources. The data used to assess this has not been updated in a number of years, dating from 2013-14 to a large degree, and even as far back as 2000. Over the coming months, we will work closely with the sector and other stakeholders to update this and to look at the challenges and opportunities facing the sector before consulting on any potential changes". The demographics today are considerable difference from those 20 years ago which is likely to cause significant changes to the way local government resources are distributed around the country. The lack of a set timetable for implementing the delayed Fair Funding Review and Business Rates Reset raises uncertainty as to whether any potential reforms would be in place for 2023/24. There is a risk that these reforms will be significant, affecting the way local government resources are allocated at both the national and local level. There is a strong possibility that that these reforms mean local government resources are likely to be relocated from London to the districts and in particular to those areas in the north as part of the Government's 'Levelling Up' agenda.		

Whilst generally satisfied with the effectiveness of corporate governance arrangements and the internal control environment, as part of continuing efforts to improve, the following additional matters have been identified for focus in 2023/24.

Governance Principle and Sub Principle	Area of Focus
F. Managing risks and performance through robust internal control and strong public financial management **F1.** Managing risk	**No Recourse to Public Funds (NRPF)** There is an: • Anticipated further influx of EU Nationals who do not meet the threshold for receiving benefits and are unable to work for various reasons such as being elderly or having young children and unable to work or afford childcare (following Brexit) • Anticipated Refugees from recent war torn areas such as Sudan, and other unforeseen conflict zones or areas subject to increased refugees following natural disasters • RBG application for award for Borough of Sanctuary status, recently ratified by Cabinet, and subsequent launch of Greenwich Borough of Sanctuary Policy In addition to this: • NRPF work would benefit from increased funding of an immigration advisor at the Lewisham Refugee and Migrant Centre to support long supported clients who are unable to regularise their status due to inability to access legal aid. • Discussions are taking place with Housing in relation to procurement and management of appropriate housing for NRPF cases, as identified in the recent Internal Audit of NRPFT • Procurement of a generic Resettlement Support provider will enable faster response of new migrant groups identified for Resettlement – currently there are separate contractual arrangements for Syrian, Afghan and Ukrainian resettlement, funded through Resettlement grants
F. Managing risks and performance through robust internal control and strong public financial management **F1.** Managing risk **F4.** Strong public financial management	**Medium Term Financial Strategy (MTFS)** The revised Medium Term Financial Strategy approved by Council in February 2023 identified the need to reduce the Council's overall resourcing gap of £32.5m by 2026/27. The Council continues to have uncertainty about its future funding position and therefore the resources available to deliver services.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements identified in our review of effectiveness (Significant Governance Issues) and will monitor their implementation and operation as part of our next annual review.

Signed:

Leader of the Council
Dated: **xx XX** 2023

Signed:

Chief Executive
Dated: **xx XX** 2023

Glossary

Accounting Policies
Rules and Practices are adopted by the Authority that dictate how transactions and events are shown.

Accruals
Income and expenditure are recognised as they are earned or incurred, rather than when money is received or paid.

Actuary
An independent professional who advises on the position of the Pension Fund.

Actuarial Valuation
The Actuary reviews the assets & liabilities of the Pension Fund every three years.

Amortisation
A measure of the cost of economic benefits derived from intangible fixed assets that are consumed during the period.

Appropriation
The assignment of revenue for a specific purpose.

Balance Sheet
A statement of recorded assets, liabilities and other balances at the end of an accounting period.

Better Care Fund
A pooled budget between the Authority and the Clinical Commissioning Group.

Business Rates
A tax on non-domestic properties.

BSF
Building Schools for the Future.

Capital Expenditure
Expenditure on new assets such as land and buildings or on the enhancement of existing assets so as to significantly prolong their useful life or increase their market value.

Capital Receipts
Income received from the disposal of land, buildings and other capital assets.

Carrying Amount
The amount at which an asset is recognised after deducting any accumulated depreciation and impairment losses.

CIPFA
Chartered Institute of Public Finance and Accounting

Collection Fund Account
A fund operated by the billing authority into which all receipts of council tax and national non-domestic rates are paid.

Community Assets

Assets that the Authority intends to hold in perpetuity, which have no determinable useful life and which may have restrictions on their disposal e.g. parks and historic buildings.

Comprehensive Income and Expenditure Statement (CSIE)
Statement of net cost for the year of all the Authority's services, and how this cost is financed from government grant and local taxpayers.

Council Tax
A tax on domestic properties introduced 1st April 1993 to replace the Community Charge.

CPI
Consumer Prices Index – a measure of inflation.

Creditors
Amounts owed by the Authority for goods and services received where payment has not been made at the date of the Balance Sheet.

Debtors
Amounts owed to the Authority for goods and services provided but not received at the Balance Sheet date.

Defined Benefit Scheme
A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.

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

Depreciation
The loss in value of an asset due to age, wear and tear, deterioration or obsolescence.

Earmarked Reserves
Amounts set aside for a specific purpose or a particular service or type of expenditure.

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 other motive in their negotiations other than to secure a fair price.

Finance Lease
A lease that transfers substantially all the risks and rewards of ownership to the lessee. Assets under such leases are recognised as the lessee's property.

Financial Instruments Adjustment Account (FIAA)
Provides a balancing mechanism between the different rates at which gains and losses are recognised under the Code and are required by statute to be met from the General Fund.

General Fund

The account that summarises the revenue costs of providing services that are met by the Authority's demand on the collection fund, specific government grants and other income.

Gross Expenditure
Total expenditure before deducting income.

Heritage Asset
An asset with, historical, artistic, scientific, technological, geophysical, environmental or cultural significance.

Highways Network Asset
A grouping of interconnected components, expenditure on which is only recoverable by continued use of the asset created, i.e. there is no prospect of sale or alternative use. Components include carriageways, footways and cycle tracks, structures, street lighting, street furniture, traffic management systems and land.

Highways infrastructure asset

Highways infrastructure assets are the elements that make up the highway such as roads, pavements, drains, bridges and street lights and road signs.

HRA
This is the Housing Revenue Account, which includes the expenditure and income for the provision of rented dwelling. Items to be included are prescribed by the Local Government and Housing Act 1989.

IAS19
IAS19 is a complex accounting standard, but is based upon a simple principle – that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future. Following the adoption of IAS19, the net pensions asset/liability to be recognised is made up of two main elements:
- Liabilities – the retirement benefits that have been promised
- Assets – the attributable share of investments held to cover the liabilities.

IFRS
International Financial Reporting Standards.

Impairment
A reduction in the value of a fixed asset, as shown in the balance sheet, to reflect its true value.

Infrastructure Assets
Non-current assets that cannot be easily disposed of, expenditure on which is only recovered by continued use of the asset e.g. highways and footpaths.

Investment Property
A property which is held solely to earn rentals or for capital appreciation.

Liability Driven Investment (LDI)
A form of investing in which the main goal is to gain sufficient assets to meet all liabilities, both current and future. This form of investing is most prominent with defined-benefit pension plans.

MTFS
Medium Term Financial Strategy.

Minimum Revenue Provision

Amount that the Authority has determined to set aside each year as a provision for the repayment of debt.

Net Book Value
The amount at which Property Plant and Equipment are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Expenditure
Gross expenditure less income.

Non-Current Assets
(In)tangible assets that result in benefits to the Authority and the services it provides for more than one year.

Non-Operational Assets
Non-current assets held by the Authority but not used or consumed in the delivery of services e.g. investment properties and assets that are surplus to requirements.

NRC
Neighbourhood Resource Centre.

Operating Lease
A lease other than a finance lease. Allows the Council use of the leased asset, but not ownership.

Outturn
Actual income and expenditure for a financial year.

Precept
The charge made by one authority on another to finance its net expenditure.

Private Finance Initiative (PFI)
Government initiative under which the Authority buys the services of a private sector supplier to design, build, finance and operate a public facility.

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

PWLB
Public Works Loans Board (advances loans to local authorities).

Rateable Value
The value of a property for rating purposes set by the Valuation Office Agency, an executive agency of HM Revenue and Customs. Business rates payable are calculated by multiplying the rateable value of the property by the rate in the pound set by the government.

Reserves
The net worth of the authority (the sum of its net assets).

Revenue Expenditure
Regular day-to-day running costs incurred in providing services e.g. employee costs and purchase of materials.

Revenue Expenditure Funded from Capital under Statute
Expenditure incurred during the year that may be capitalised under statutory provisions, but does not result in the creation or enhancement of Authority owned assets.

Revenue Support Grant
The main grant paid by central government to the Authority towards the costs of all its services.

RPI
Retail Prices Index – a measure of inflation.

Section 151 Officer
The Chief Finance Officer as set out under Section 151 of the Local Government Act 1972.

SoDoPS
Surplus or Deficit on the Provision of Services.

Soft Loans
Funds advanced or taken on at less than market rates.

Support Services
Activities of a professional, technical and administrative nature, which support front line services.

The Code
The Accounting Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

Teckal
A company that carries out the essential part of its activities and in any case, more than 80% of its work, for the Authority, whereby the local authority exercises control over it similar to that which it exercises over its own departments.

Unusable Reserves
Element of the net worth of the authority that is not generally cash backed i.e. they are not available to be used (e.g. Revaluation Reserve).

Usable Reserves
Element of the net worth of the authority that is generally cash backed and set aside for specific purposes.