Natalie Cole

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19 June 2009

To: All Members of the General Purposes Committee

Dear Member,

General Purposes Committee - Thursday, 25th June, 2009

In respect of the forthcoming General Purposes Committee on Thursday 25th June 2009 please find attached Agenda Item 5 – Statement of Accounts 2008/2009 which was marked "TO FOLLOW" on the agenda.

5. STATEMENT OF ACCOUNTS 2008/2009 (PAGES 1 - 144)

Yours sincerely

Natalie Cole
Principal Committee Co-Ordinator

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Haringey Council

Agenda Item

General Purposes Committee On 25 June 2009

Report title: **Statement of Accounts 2008/09**

Report of: **Chief Financial Officer**

Ward(s) affected: All	**Report for**: Key Decision

1. Purpose

1.1 To provide Members with the Council's financial statements for approval. These statements have been prepared with the aim of giving clear and concise information about the financial affairs of the Authority to Members of the Council, the public and other stakeholders.

2. Recommendations

2.1 That the Committee approve the Council's financial statements for 2008/09.

Report authorised by: Gerald Almeroth – Chief Financial Officer

Contact officer: Graham Oliver – Head of Finance – Accounting and Control
Telephone 020 8489 3725

3. Executive Summary

3.1 Approval of the Council's accounts is a non-executive function, fulfilled by the General Purposes Committee.

3.2 Cabinet on 16th June 2009 received a report on the Council's provisional financial outturn on a service basis. This report sets out the final outturn position within the full financial statements.

3.3 The report also explains the structure of the statement of accounts, provides some interpretations for Members, and highlights key matters regarding the statements for Members consideration.

3.4 The statutory deadline for the financial statements to be approved is 30th June 2009 in line with Government legislation.

3.5 The financial statements are appended for approval.

4. Reasons for any change in policy or for new policy development (if applicable)

4.1 None.

5. Local Government (Access to Information) Act 1985

The following background papers were used in the preparation of this report:

Report of Chief Financial Officer to Cabinet 16 June 2009 – Outturn 2008/09

Local Government Finance Act 1992

Local Government Act 2003

CIPFA Accounting Code of Practice (ACOP) for Local Authorities

6. Background

6.1 Approval of the Council's accounts is a non-executive function, fulfilled by the General Purposes Committee. The Cabinet in June received the Council's provisional outturn. This report sets out:

- the final outturn;
- the structure of the statement of accounts, provides some interpretations for Members, and highlights key matters regarding the statements.

6.2 The statutory deadline for the financial statements to be approved is 30th June 2009.

6.3 The appended financial statements are recommended for approval.

6.4 It is best practice, as outlined in the Use of Resources element of the Comprehensive Area Assessment (**CAA**) that the Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers. It is also good practice that in addition to the Council publishing its accounts in accordance with statutory requirements it also publishes summary accounts in a way that is accessible to the public and other stakeholders. The unaudited summary accounts will be included in the annual report due to go to all residents and stakeholders in September

6.5 As part of the Council's drive to continuously improve, for the first time these accounts have already been subject to a pre-audit technical review by Grant Thornton, the Council's external auditors.

6.6 The accounts are submitted to allow members to scrutinise them before finalisation for audit.

7. Final Outturn

7.1 The provisional outturn reported to Cabinet in June showed a net service underspend of £765,000, excluding schools. After approved carry forwards of £735,000, this gave a net underspend of £30,000 to be transferred to general balances.

7.2 This has only changed marginally as the final outturn, after taking into account transfers to reserves and final adjustments, is a net underspend of £71,000. This surplus will go into the general balances.

7.3 The final position on the general balances of the Council is a balance of £7.534 million, after taking into account the share of the collection fund deficit of £34,000.

7.4 The provisional dedicated schools grant (DSG) underspend of £1.112m reported to Cabinet (£470k overspend on schools, £1.582 million underspend on non-schools DSG) remains unchanged. The £470k overspend on schools will reduce the 2007/08 £7.085 million balance available to schools to £6.615 million at the close of 2008/09. The £1.582 million non-schools underspend is a ring-fenced carry forward which will be used in accordance with legislation and following consultation with the Schools Forum.

7.5 The final outturn is in line with that anticipated in the Council's overall financial strategy.

7.6 The provisional capital outturn reported to Cabinet showed an underspend of £14.220 million (10.5%), which has remained unchanged.

7.7 The provisional HRA outturn reported was a surplus of £2.524 million which increased the HRA balances to £7.248 million has also remained unchanged to that reported to cabinet.

8. Matters for attention in the 2008/09 accounts

8.1 There have been no major changes required to the 2008/09 accounts caused by amendments in regulations but detailed below are some key matters to bring to the Committee's attention.

8.2 There are some prior year adjustments required during the closing of the 2008/09 accounts. The reason for this is that during 2008/09 a new asset accounting module of SAP was implemented meaning for the first time the Council has a property database integrated with the financial accounting system. During the implementation a data cleansing exercise was carried out which resulted in a small number of duplicate entries for assets being discovered and, therefore, an overstatement of the 2007/08 closing balances for council dwellings. The overall impact is a reduction of £37.5 million of the original closing balance of £1,281 million (2.93% of original value).

8.3 Proper accounting practice requires that a local authority's property asset base is revalued every 5 years as a minimum and Haringey achieves this through a rolling 5 year programme, with approximately 20% of its properties being revalued every year. This programme allows for a smoothing out over the 5 years of any fluctuations in the property market. However for 2008/09 just under 50% of properties were valued as the commercial and schools portfolios were targeted which constitute the largest part of the estate and there has been an increased valuation on this of £53 million.

8.4 Council dwellings are revalued every year, again in line with proper practice, by way of beacon values. This year, due to the current economic situation there has been a fall in asset values of council dwellings of £186 million (16%).

8.5 Finally an adjustment for a potential loss (impairment) has been made against investments to take into account the deposits placed in three of the Icelandic Banks that are in administration, in accordance with national guidance issued by CIPFA. The amount of the Icelandic related investments that would be lost to the authority under the current predictions is £4.718 million. However, accounting regulations require the authority to account for the fact that these funds have not and will not be available for the authority's use until the future dates identified and therefore is a notional loss of future interest. The overall impairment loss recognised in the Income and Expenditure Account in 2008/09 is £9.311 million and has been calculated by discounting the assumed cash flows at the effective interest rate of the original deposits in order to recognise the anticipated loss of interest to the authority until monies are recovered. The interest rates used for this calculation are prescribed to be the 'contract' rate, i.e. the rate under the existing deposit terms, which on average is just under 5%. Further details of the impairment can be found in note 40 in the accounts.

9. Statement of Accounts

9.1 The statement of accounts set out the financial statements for the Council and the Pensions Fund and is appended to this report. These have been prepared in accordance with the Accounting Code of Practice in Great Britain (ACOP) and the Best Value Accounting Code of Practice (BVACOP).

9.2 The statements have been prepared with the aim of giving clear and concise information about the financial affairs of the Authority to both Members of the Council, the public and other stakeholders.

9.3 **Section one**

9.3.1 The **Executive Summary** shows the outturn of the general fund compared to budget and the change in general fund balances between years, HRA outturn, capital outturn compared with budget and the summary position for the Pension Fund. It also sets out the Authority's responsibilities to maintain proper administration of its financial affairs, responsibilities to ensure proper financial control, and the Chief Financial Officer's responsibilities.

9.3 **Section two**

8.4.1 This section includes the Annual Governance Statement and the Statement of Accounting Policies.

8.4.2 The **Annual Governance Statement** has been approved by the Leader of the Council and Chief Executive as required and includes comments from Audit Committee who received a draft on 2nd June 2009. The Council 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, and used economically, efficiently and effectively. The Council 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.

8.6.3 In discharging this overall responsibility, the Council is also 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.

8.6.4 The AGS contains the following action plan for the Council in 2009/10:

Issue	Action	Responsibility	Due date
External assessment - Joint Area Review (JAR)	Ensure that the recommendations in the JAR action plan are implemented in accordance with the agreed timetable.	Director of Children and Young People's Service	December 2009
Performance management – treasury management	Implementation of recommendations following independent review of treasury management arrangements and revised CIPFA guidance	Chief Financial Officer	July 2009
External assessment – Adult Services	Ensure that any recommendations arising out of the independent inspection of the Adult Services function are fully addressed.	Director of Adults Culture and Community Services	March 2010
External assessment – Housing Allocations	Ensure that all recommendations arising out of the independent inspection of the Housing Allocations Service function are fully addressed.	Director of Urban Environment	March 2010
Performance Management – data quality	Implementation of Information Governance Board project timetable and actions	ACE – PPP&C	March 2010
Performance Management – data quality	Ensure that the new performance management IT system is embedded across the council for performance, risk and projects to maximise its effectiveness	ACE – PPP&C	March 2010

9.3.1 The **Statement of Accounting Policies** shows the accounting policies that apply to the financial statements of the Council. These were approved by the Audit Committee on 23rd April 2009.

8.4 Section three

8.4.1 This section shows the Council's accounts.

8.4.2 The section includes the **Income and Expenditure Account (I&E)** which shows the annual gross expenditure, income and net expenditure analysed by service and also shows how the Council's services are funded. The service expenditure headings conform to the Best Value Accounting Code of Practice (BVACOP).

8.4.3 The I&E account has been prepared to be compliant with the UK accounting standards and only contains transactions in line with these standards. The result of this is a number of transactions that are unique to Local Government are not included in this statement and the I&E account needs to be read in conjunction with the Statement of Movement on the General Fund Balances.

8.4.4 The bottom line of the I&E account shows a deficit position of £142.758 million. This is before a number of key statutory transactions have been put through the accounts. These transactions are shown in the **Statement of Movement on the General Fund Balances**. This statement shows how the balance on the Income and Expenditure Account moves to the final balance that is taken to the Council's general reserves. The end of year closing revenue position is a net underspend of £41k and is arrived at after adjusting the I&E balance for a number of statutory adjustments for example deduction of depreciation, accounting for any revenue contributions to capital outlay (RCCO) and transfers to and from specific reserves.

8.4.5 Once the net planned transfer from reserves of £4.449 million is taken into account the year end general fund balance is £7.538 million which is in line with the Council's overall medium term financial strategy. At this level the reserves are still considered to be adequate. The Council's reserves are a key determinant of financial strength and define the Council's ability to respond robustly to the strategic and performance agendas whilst managing the financial risks inherent in the operation of a large and complex organisation. Current plans provide for the general reserve to be maintained at the minimum target level of £10 million and the medium term financial strategy allow for the reserves to be brought back to this level and therefore the reserves are still in a sound position.

8.4.6 **The Statement of Total Recognised Gains and Losses (STRGL)** shows how the Council's reserves, the bottom section of the balance sheet, have moved year on year. For 2008/09 this shows the balance sheet has decreased by £231 million, primarily caused by the overall decrease in the value of fixed assets (£85 million), a decrease in investments (£46 million), and an increase in the pensions' liability (£79 million).

8.4.7 The **Balance Sheet** shows the financial position of the Authority (excluding amounts attributable to the Pensions Fund), and summarises its assets and liabilities.

8.4.8 It is appropriate to highlight the following key issues relating to the Balance Sheet.

- **Fixed assets** are valued on a rolling basis by the Head of Property Services. Valuation bases are in accordance with the Statement of Asset Valuation practices and guidance notes of the Royal Institute of Chartered Surveyors. The accounting policies on fixed assets set out the different valuation methodologies applied to each asset type. The overall value of the assets have decreased by £85 million which was caused by:
  - The downward valuation of council dwellings of £186 million
  - The annual revaluation of other council's land and buildings has resulted in increased valuations of £54 million

- Non-operational assets have increased by £46 million primarily due to an increase in assets under construction of £38 million

- **Debtors** – debt management has been a key focus for Haringey for a number of years. The table below shows that overall the Council's net debt position has improved by £5.457 million (7.06%).

Gross debtors	2008/09	2007/08	Increase/ (decrease)	Increase/ (Decrease)
	£'000	£'000	£'000	%
Public Sector debtors	31,632	34,407	(2,775)	(8.07)
Non Public Sector debtors	40,163	42,845	(2,682)	(6.26)
TOTAL	**71,795**	**77,252**	**(5,457)**	**(7.06)**

- **Net current assets** have decreased by £42.5 million. The main reason for this is a reduction in short term investments of £46 million, the improved debtor position and a decrease in sundry creditors. The reduction of investments has occurred following strategic decisions to utilise cash balances and not borrowing to help finance the Council's capital programme. Net current assets are still in a strong position in that current assets far exceed current liabilities.

- **Provisions** are amounts set aside to meet future liabilities where they are certain to occur but the amount and timing is uncertain. These have decreased to £8.8 million due to the proper use of these provisions in 2008/09. The full details are set out in note 26 to the accounts.

- **Long term borrowing** shows a decrease of £17.8 million. This is due to some specific loans moving to short-term borrowing as they are due for repayment in 2009/10. The overall borrowing portfolio of the Council has remained static compared to 2007/08. The majority of this is borrowing supported within the government's grant formula.

- The **net pensions' liability** has worsened by £79.21 million to a deficit of £306.628 million. For the Council this is as a result of the current global economic climate and the impact of this on overall market conditions and the value of equities falling significantly. The liability has a substantial impact on the net worth of the authority, as recorded in the balance sheet, resulting in an overall balance of £698.574million. However, statutory arrangements for funding this deficit mean that the overall financial position of the authority remains healthy. The triennial actuarial review is due to start in March 2010 which will examine the position of the scheme at that point and recommend actions required by member organisations of the pension fund to ensure the fund is fully funded to meet its long term liabilities. The pension fund accounts were approved by the Pensions Committee on the 18th June 2009.

8.4.9 The **cash flow statement** summarises the inflows and outflows of cash arising from transactions with third parties.

8.4.9 The **Housing Revenue Account (HRA)** shows the major elements of housing revenue expenditure. The HRA is now managed by Homes for Haringey (HfH) but the management fee paid to HfH is split across its component parts, e.g. repairs and maintenance, supervision. As stated in paragraph 7.7 the HRA made an overall surplus of £2.5 million in 2008/09. As a result of this surplus the balance on the HRA is increased to £7.2 million. This is above the estimates within the medium term financial strategy, although there are continuing pressures in future years, which will need to be managed carefully.

8.4.9 The **Collection Fund** shows the income due from council tax and national non-domestic rates (NNDR) and the application of the proceeds. The Council is responsible for collecting council tax and NNDR; the latter on behalf of the government. The proceeds of the council tax are distributed to two precepting bodies; the Council and the Greater London Authority (GLA). In 2008/09 the Collection Fund made a deficit of £43k, which was then distributed between the Council (£34k) and the GLA (£9k).

8.8 **Section four**

8.8.1 This section contains the Authority **Group Accounts.** The group accounts incorporate together the accounts of the London Borough of Haringey and Homes for Haringey Ltd. Homes for Haringey is a wholly owned subsidiary of the Council. The statements which follow show the group Income and Expenditure account, STRGL, Balance Sheet and cash flow statement.

9. Appendix 1 – Alexandra Park and Palace (AP&P)

9.1 The AP&P draft accounts are attached for information and reference only and do not form a part of the accounts that this Committee is approving. These draft accounts are subject to approval by the AP&P Board and are subject to an audit by the Trust's own independent auditors under Charity Commission regulations, both of which are still yet to occur.

9.2 AP&P closed the financial year with a provisional deficit of £2 million which is the amount that the Council has allowed for in its accounts for 2008/09. This is in line with the projected outturn that has been reported during 2008/09.

10. Other important matters

10.1 Council officers have worked closely with Grant Thornton, the council's external auditors, to further improve the closure of accounts process in 2008/09 and have fully taken into account recommendations that arose from the 2007/08 audit of accounts.

10.2 The Council has also taken into account matters arising from the CPA Use of Resources action plan. The score on financial reporting moved from a 2 to a 3 in 2007/08 and it is anticipated that this score will, at least, be maintained for 2008/09.

10.3 Particular emphasis has been placed on continuing to achieve excellent working papers to accompany the statements, and officers have worked closely with the auditors on this.

10.4 As in recent years an annual report is being produced for 2008/09, which will include a set of summarised accounts as well as key performance information. This will be sent to all households with the September edition of Haringey People, as well as being published on the Council's website. Feedback from residents on the 2007/08 annual report is being taken into account when producing the 2008/09 report along with a consultation exercise with the Council's partners.

10.5 The external audit for 2008/09 accounts will commence on 1 July, the auditors will report any issues to this Committee on 24th September and then the accounts are due to be signed off by the auditors at the end of September 2009.

10.6 The next two years will see a period of immense change in the accounting regulations surrounding the production of the Councils accounts with the requirement to implement new **International Financial Reporting Standards (IFRS).** These changes are required to be implemented for the production of the 2010/11 accounts, but with the need to have amended comparator figures for financial year 2009/10, the work required for this has already commenced.

10.7 The IFRS implementation will cut across a number of areas of the Council, not just finance, such as property services and legal and therefore a cross Council project team to manage the implementation will be created. The Council is also working closely with Grant Thornton on the implementation project and an initial piece of work on a gap analysis has already been completed by Grant Thornton which shows the main areas for action being property valuations, leases and accounting for annual leave entitlements.

10.8 This Committee will be kept appraised of the implementation project and at an appropriate later stage training for members on the new standards and format of the accounts will be given.

11. Recommendations

11.1 That the Committee approve the Council's financial statements for 2008/09.

12. Comments of the Head of Legal Services

12.1 The Council is required by the Accounts and Audit Regulations 2003 to prepare its annual statement of accounts in the prescribed form including statements for each fund where a separate account is required. The statement of accounts complies with the Regulations and the applicable codes of practice. The other legal implications are set out in the body of the report.

LONDON BOROUGH OF HARINGEY

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2009

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SECTION 1

EXECUTIVE SUMMARY

2008/09

Executive Summary

Foreword

This document sets out the financial statements for Haringey Council, the Pension Fund and the group accounts. Set out below is a review of the financial year 2008/09 setting out the Council spending in the year on both capital and revenue across all services. Also set out are the major changes in this year's accounts and further details of my responsibilities, as the Authority's Chief Financial Officer, and finally it gives a description of the purpose of each of the main statements in the accounts.

Review of the Financial Year

The Sustainable Community Strategy was adopted by the Authority and it's partners in 2007 and covers a ten year period to 2016. The vision is to create 'A place for diverse communities that people are proud to belong to.'

The council Plan is aligned to this strategy and it's priorities are:

1. Making Haringey one of London's greenest boroughs;
2. Creating a Better Haringey: cleaner, greener and safer;
3. Encouraging lifetime well-being at home, work, play and learning;
4. Promoting independent living while supporting adults and children when needed; and
5. Delivering excellent, customer focused, cost effective services.

This review sets out the Authority's performance in its principal financial areas:

- The General Fund revenue account;
- The Housing Revenue Account;
- Capital investment; and
- The balance sheet.

This commentary is then supplemented by a review of the Pension Fund.

In addition the Council's carbon statement has been included as part of this executive summary. This shows the extent of the Council's carbon emissions and sets out what is planned to be done over the coming years to reduce these.

The General Fund – Where the council tax goes

The General Fund contains income and expenditure relating to all of the services of the Authority, other than council housing which is recorded separately in the Housing Revenue Account. In 2008/09 the Authority planned net expenditure of £398 million, as set out in the following table:

	Budget £'000	Outturn £'000	Variance £'000
Children and Young People	227,165	226,646	(519)
Adults, Culture & Community	77,282	77,872	590
Corporate Resources	6,563	6,042	(521)
Urban Environment	47,313	47,862	549
PPPC*	9,024	8,166	(858)
People, Organisation & Development	(27)	(141)	(114)
Chief Executive Services	802	901	99
Services	**368,122**	**367,348**	**(774)**
Non service revenue	30,293	29,374	(919)
Corporate transfers to earmarked reserves		506	506
Transfer overspend on DSG - schools		(470)	(470)
Transfer underspend on DSG - central		1,582	1,582
Total on General Fund	**398,415**	**398,340**	**(75)**
General balances 1 April 2008			**(11,946)**
Planned use of reserves			**4,449**
Collection Fund Deficit			**34**
General balances 31 March 2009			**(7,538)**

*PPPC is Policy, Performance, Partnerships & Communications

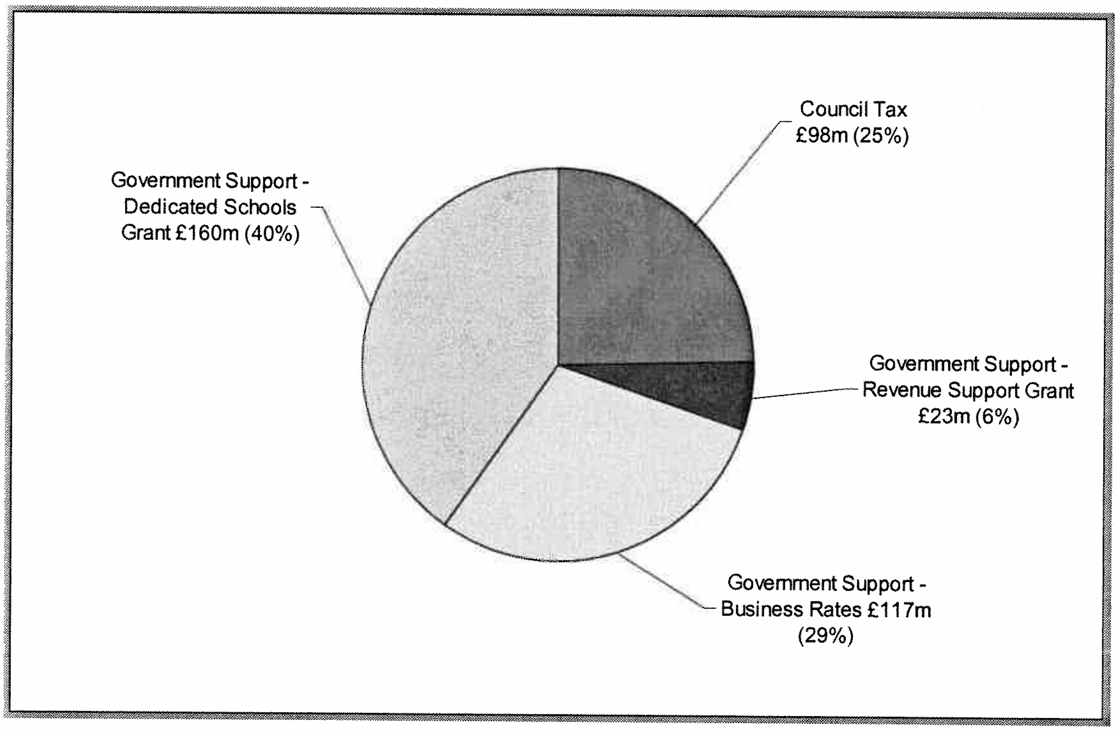
There is a net service underspend of £774k. After taking into account the non-service revenue account, transfers into earmarked reserves and the transfer of the ring-fenced Dedicated Schools Grant into reserves there was an underspend on the General Fund of £75,000 which is added to general balances.

Included in the figures above are a number of transfers to earmarked reserves, as detailed below.

	2007/08 £'000	Movement in year £'000	2008/09 £'000
Schools (Revenue)	7,085	(470)	6,615
General Fund Services (Revenue)	2,265	52	2,317
Insurance	12,498	(3,633)	8,865
PFI – Education	3,780	1,187	4,967
Property and IT Infrastructure	2,930	(427)	2,503
Risk	10,160	0	10,160
Financing	13,705	367	14,072
Debt Repayment/Capital Financing	9,570	11,280	20,850
Major Repairs Reserve (HRA)	8,098	(1,541)	6,557
Total	**70,091**	**6,815**	**76,906**

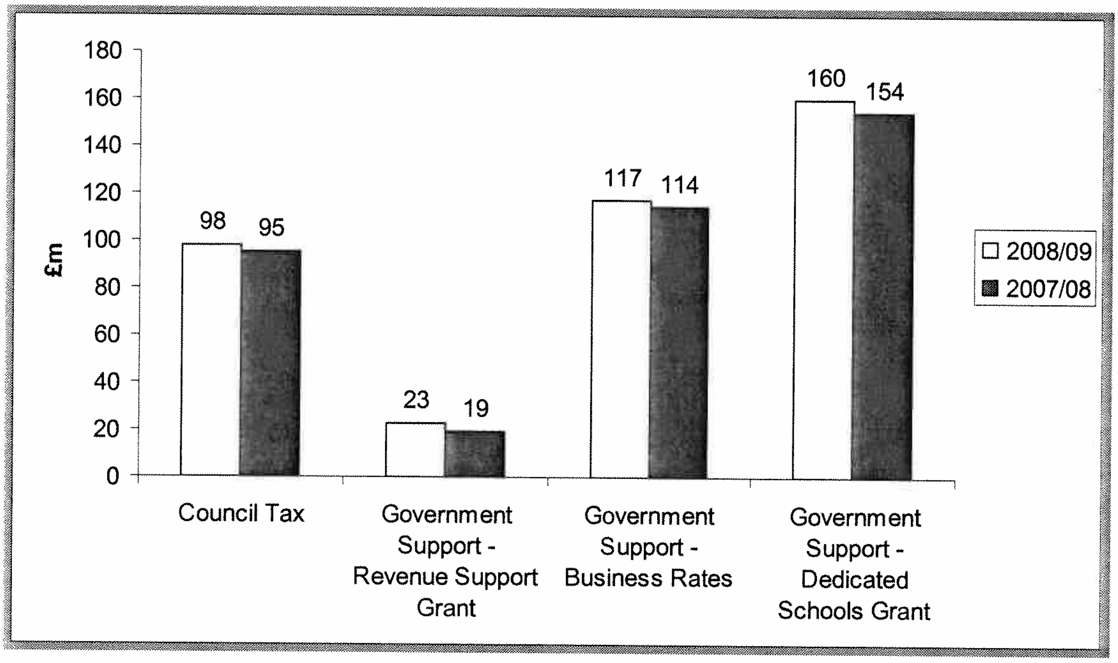
Below is a graph showing the revenue funding sources of Government Grants, NNDR and Council Tax for the net costs of the spend in 2008/09.

Sources of Revenue Funding 2008/09 – Total £398m



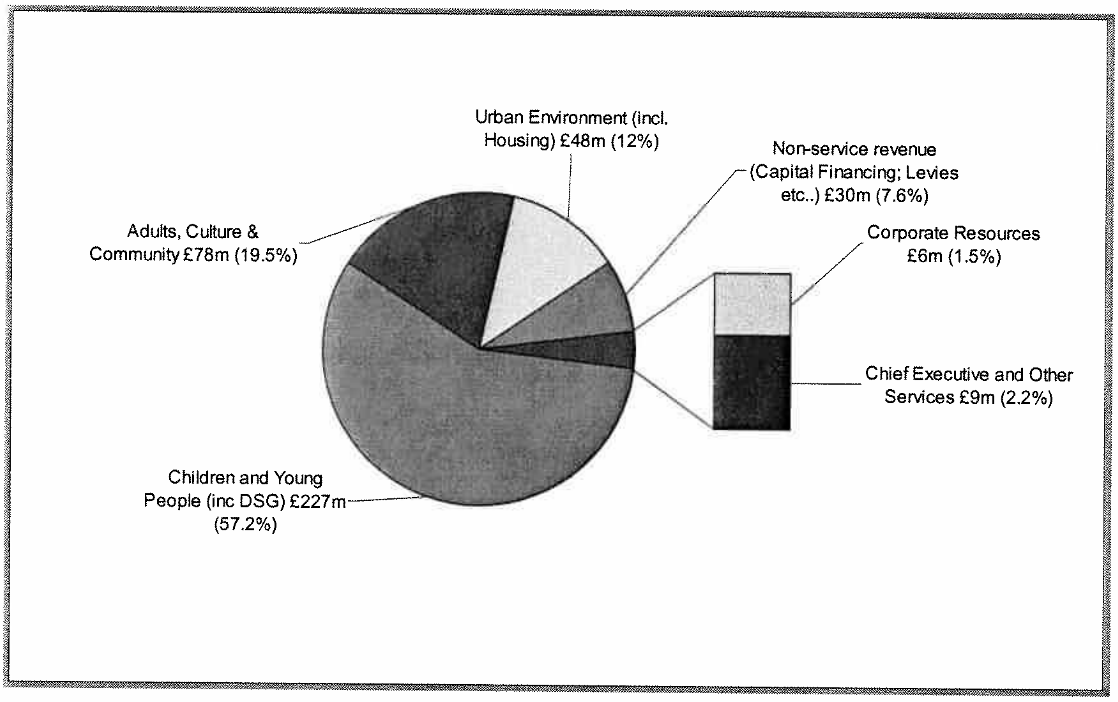
As can be seen from the above, council tax funds only 25% of the full net cost of services.

Sources of Revenue Funding 2008/09 (£398m) and 2007/08 (£382m)

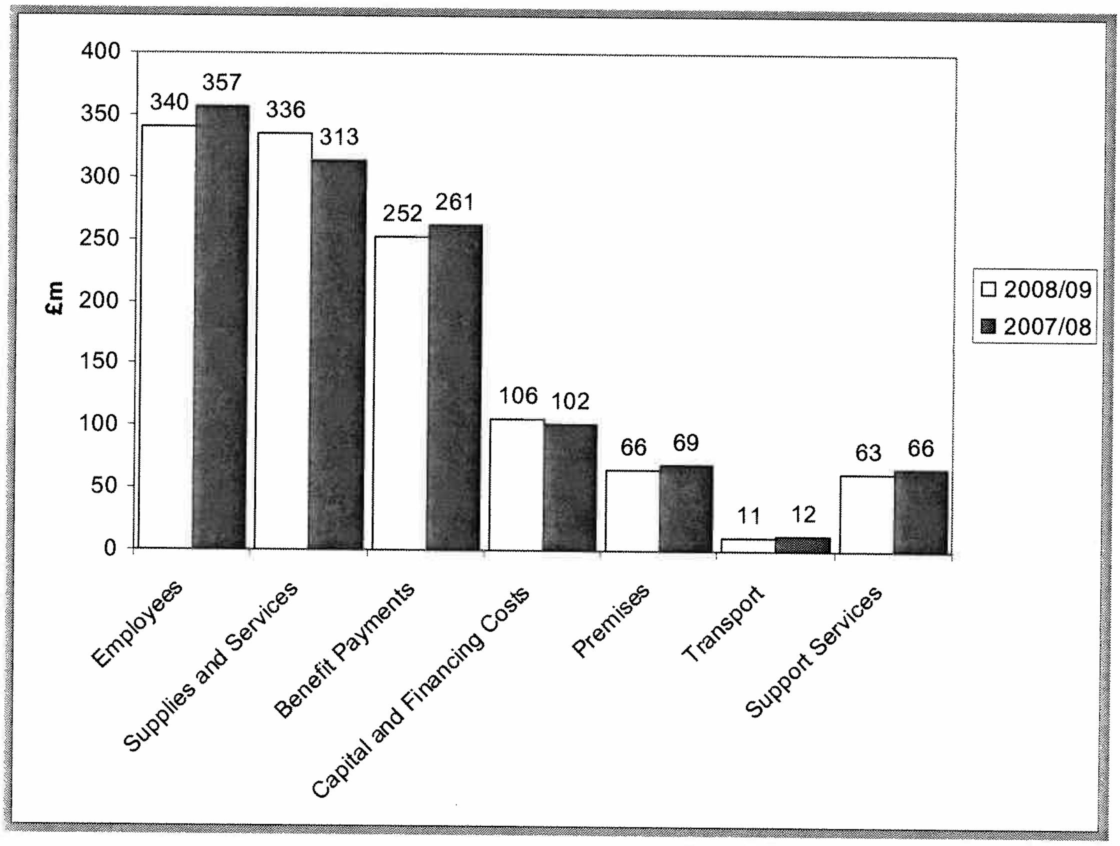


How the money was spent – Total £398m

The following two graphs show how the Council budget was used across each service and then, of the money spent, what it was spent on, e.g. staff costs.



Subjective Analysis of Gross Revenue Expenditure (£1,174m 2008/09, £1180m 2007/08)



The Housing Revenue Account – How Housing Rents are used

The Housing Revenue Account is a statement of the income and expenditure on council housing. The Authority is the landlord for 16,350 dwellings and the income and expenditure relating to these is ring-fenced, that is the Authority is prevented by legislation from subsidising the cost of Council Housing from its General Fund or visa-versa. The Housing Revenue Account services are primarily funded from rents (£69.2 million) and government grant (£19.5 million). The total funding requirement is £109 million.

In 2008/09, the Authority spent £73.1 million on its council housing, including £19.6 million on repairs and maintenance and £38.2 million on supervision and management. After financing and appropriation adjustments, there was a surplus of £2.5 million on the account.

Capital Investment

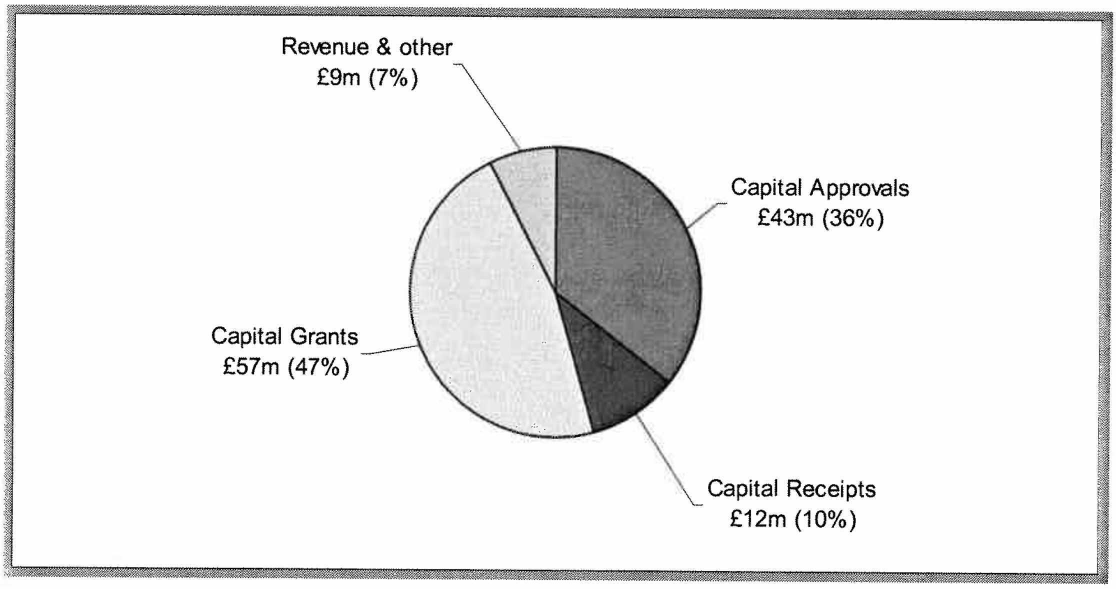
Capital investment is expenditure incurred on the physical assets of the Authority such as buildings, roads etc.

In 2008/09, the Authority planned to spend £135.9 million on its assets, as shown in the following table. The actual expenditure was £121.6 million. The total long-term debt of the Authority is £633 million and relates to capital investment which the Council has undertaken in previous and current year. 64% of this debt relates to investment in council housing.

	Budget £'000	**Outturn £'000**	**Variance £'000**
Children & Young People	40,268	36,002	(4,266)
Adult, Culture & Community	6,294	4,702	(1,592)
Corporate Resources	7,024	4,940	(2,084)
Urban Environment - GF	27,085	24,629	(2,456)
Urban Environment - HRA	55,088	51,273	(3,815)
Policy, Performance, Partnership & Communications	121	114	(7)
	135,880	**121,660**	**(14,220)**

The graph below details how this capital expenditure was financed.

Capital Financing – Total £121m



Balance Sheet

The balance sheet shows the financial position of the Authority and summarises its assets and liabilities. The net worth of the Authority is £698.5 million and is made up of the following items:

Description	£'000
Fixed and Long Term Assets	1,846,127
Net current assets	81,550
Long-term Liabilities	(677,837)
Other Liabilities	(548,070)
Total Net Worth of the Authority	**701,770**

Every year a proportion of the Council's fixed assets, e.g. land and buildings, are revalued. In 2008/09 this removed £85.078 million from the value of the council's assets. This is due to a large downward valuation on council housings of £196 million (15% of the opening balance) which is due to the current economic position in the country. This decrease was offset partly by an increase of £84 million in the value of the other council assets revalued this year. The net current assets of the Authority are £81.5 million, which when analysed shows the Council has nearly twice as many current assets as current liabilities.

The net current assets of the Authority include its short term investments (£100 million in 2008/09). The balance is arrived at after allowing for an accounting impairment of £9.311 million relating to deposits with Icelandic Banks which went into administration in the Autumn of 2008. The cost of this impairment is included on the face of the I&E account against the 'interest and similar charges line' and then is reversed out, as allowed by statute, through the STMGFB. It is currently anticipated that the council will recover 100% of investments with Glitnir Banks, 95% from Landsbanki and 80% form Heritable Bank. Full details of the impairment and assumptions made against on recovery amounts and timings can be found in note 39 (pages 55-58).

The Council has long-term borrowing outstanding of £633.2 million, however when the asset base of the Council is taken into account it has a debt ratio of 34%, i.e. the total council debt is 34% of its total fixed assets.

The Pension Fund

The Pension Fund is part of the Local Government Pension Scheme. This funds the pensions and receives contributions from members of the scheme and employer bodies. In 2008/09, the Fund made payments to pensioners of £28.9 million and received contributions of £44.2 million (£10.3 million from members and £33.9 million from the employers).

The Fund has been valued at £487.5 million, most of which is invested in the stock market. In 2008/09 the Fund decreased in value by £117.6 million primarily caused by a decrease in the market value of investments.

Environmental Statement 2008/09

The London Borough of Haringey accounts for 3% of the London Population with approximately 225,700 residents (Office for National Statistics). As pressure grows to provide a sustainable environment for future generations, Haringey Council is taking steps to provide strong leadership both within the organisation, and with external partners and residents, to tackle climate change. Along with the signing of the Nottingham Declaration in 2006, Haringey has now developed a 'Greenest Borough Strategy', providing a strong strategic framework for a coordinated approach to tackling environmental issues, including major work around reducing carbon emissions. Detailed below is information on actions undertaken in 2008/09 by the Council to reduce carbon emissions, both by itself and by influencing partners across the borough.

Council and School Operations

In 2007/8 the Council reported its emissions as estimated by the Department for Environment, Food and Rural Affairs (Defra). Since then, the introduction of National Indicator 185 – Percentage CO2 reduction from Local Authority Operations – has provided a structure to improve the accuracy of carbon reporting.

The Council has assessed its 2006/7 baseline and its CO2 emissions for 2008/9 and can report the following footprint for all council buildings (inc schools) in the borough, along with the targets for future years:

Year	Target		Actual Reduction		Actual vs Target
	Tonnes	%	Tonnes	%	
2006/7			44,790	Baseline	-
2007/8			44,616	-0.39	-
2008/9	43,670	-2.5	42,631	-4.82	↓
2009/10	42,327	-3 (5.5 Cumulative)			
2010/11	40,311	-4.5 (10 Cumulative)			
2011/12	38,072	-5.0 (15 Cumulative)			

NB: The Council reports all emissions on a weather corrected basis. Weather correction is used to standardise emissions factors by disregarding the influence of ambient temperatures. This provides greater accuracy in assessing year-on-year performance.

Council Carbon Reduction Achievements 2008/09

Sustainable Investment Fund (SIF): The ring-fenced fund of £500k to finance one-off type 'invest to save' schemes has completed its second year. Matched funding provided by Salix, in August 2007, amounted to £155k bringing the total available to £655k. In the first year £161k was committed for energy saving projects including voltage optimiser units and variable speed drives. The actual savings from these projects for the 2008/09 financial year was £82k (revenue budget) and 375 tonnes CO2. This has contributed to the CO2 reduction of 5.19%. The SIF was also heavily featured in the Council winning submission to the Government Business Awards Energy Management Category.

SMART Working: In 2008 Haringey began a programme to rationalise its estate – selling excess buildings and moving staff into a Wood Green 'Central Hub'. This would be supplemented with a flexible working programme encouraging more staff to work from home and achieving a 7:10 desk to employee ratio. The outcome of which is to reduce building emissions by 15% at completion of the project in 2011.

Cultural Change: The Council launched a Green Champions scheme, aimed to increase environmental awareness in their workplace and encourage other staff to adopt more environmental working practices. With up to 60 staff, it supports the Council's corporate environmental policy; the Greenest Borough Strategy and environmental performance targets such as National Indicator 185.

Staff Travel Plan: The staff travel plan was introduced in April 2008. The main elements include the introduction of more stringent criteria for essential services permits, essential user car allowances and the introduction of staff parking charges. The essential service permit charges are now graded according to vehicles' CO2 emissions and employees in receipt of the essential user car allowance can replace it with a travel allowance of £753.

Initiatives introduced to encourage employees to use alternative methods of transport include the use of 3 electric smart cars and 20 pool bicycles, doctor bike and cycle training sessions, three cycle to work schemes, interest free loans for cycling equipment, staff cycle allowance, staff discounts at local cycling retailers, and access to a car sharing facility.

Council Fleet Vehicles: In 2008/9 all vehicles purchased or leased long-term by the Council were obtained to the latest euro specification available. This has contributed to an overall reduction in fleet emissions of 354 tonnes CO2 equivalent compared with 2007/08.

School Engagement: In November 2008 Haringey rolled out the Global Action Plan (GAP) 'Action on Energy' Project in 10 schools. This has included training with groups of pupils on how to carry out energy audits and meter readings; monitor energy usage and communicate environmental benefits to the wider school community. Applications for grants to assist with the cost of implementation of renewable technologies (photovoltaic solar panels) were submitted by schools. At the end of the 2008/09 financial year 3 schools were successful in their application for funding.

Council Projections 2009/10

Sustainable Investment Fund: In 2008/9 the SIF/Salix funds paid the capital on a lighting upgrade and control installation on all four leisure centres. This cost £80k and it is projected the Council will save an estimated £20k in revenue and 92 tonnes CO2. This brings the total funds committed to around £243k, although loan repayments are expected in the 2009/10 financial year. Many more projects have been approved for SIF funding this year and will take place in 2009/10. This includes IT Server Upgrades, a boiler plant and building controls project, swimming pool covers and an innovative water filtration system for Tottenham Green Leisure Centre. The combined investment for these projects is estimated to be £532k with revenue savings of up to £230k and CO2 savings of 800 tonnes per year.

Staff Travel Plan: In June/July 2009, a new staff travel survey will be conducted. This travel survey data will be used to review the staff travel plan and revise targets, including travel related CO2 emission targets and visitor & fleet management targets. Internal and external funding sources are still to be identified to fund future staff travel plan initiatives.

Council Fleet: In 2009/10, new recycling vehicles will be purchased that meet the latest specification for emissions that comes out in October 2009. The Council is also looking to pilot a new fuel efficient motor that can be retro fitted on to recycling vehicles' bin lifts.

School Engagement: Training is scheduled in June 2009 for site managers on use of Haringey's Energy Billing and Consumption online database. GAP will be producing a report detailing CO2 reductions related to each school later in the year.

In addition to all of the above the Council is also committed to achieve an overall carbon footprint reduction, across the borough of 11% by 2011. This will be achieved by working with a range of partners within the borough on initiatives that can bring about this reduction, many of which will be encouraging other partners to adopt some of the approaches the council has already taken.

Statement of Responsibilities

The Authority's responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In Haringey that officer is the Chief Financial Officer;

- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and,

- approve the Statement of Accounts.

Internal Financial Control

The Authority recognises its responsibilities to ensure proper financial management and control of its affairs. The Authority approves an annual revenue and capital budget and publishes annual accounts, which are approved by the Authority and are subject to external audit.

The Chief Financial Officer has direct management responsibility for the Internal Audit section, which maintains a regular review of the Authority's financial systems, investigates any irregularities that arise and ensures the Authority maintains a sound system of risk management and internal control. Further information is contained within the Annual Governance Statement.

The Chief Financial Officer's responsibilities

The Chief Financial 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 in Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing the Statement of Accounts, the Chief Financial Officer has:

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

The Chief Financial Officer has also:

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

The Chief Financial Officer has signed and dated the Statement of Accounts for the year ended 31 March 2009.

The Statement of Accounts

Detailed below are each of the main sections of the Statement of Accounts with an explanation of what these statements show and represent.

Annual Governance Statement

This details the processes in place during 2008/09 for ensuring appropriate management and control. It then reviews the effectiveness and raises any major issues that have arisen in the year. (Page 16)

Statement of Accounting Policies

An explanation of the basis on which the accounts have been prepared and their compliance with the guidance of the relevant regulatory bodies. (Page 24)

Income and Expenditure Account

This statement summarises the income and expenditure of all the Authority's services, providing a breakdown by service, in line with the UK Generally Accepted Accounting Standards (UK GAAP). The Account also shows how the Authority's services are funded: the four main sources being specific income, council tax, redistributed national non-domestic rates and government grants. (Page 32)

Statement of Movement on the General Fund Balance (STMGFB)

The Income and Expenditure Account shows entries that are in line with UK GAAP but not necessarily in accordance with Government requirements for Local Authority accounts and Council Tax. An example is the requirement for Local Authorities to make a minimum revenue provision for debt repayment. The statutory entries are put through the STMGFB in order to move the balance on the Income and Expenditure Account to the net overall change on the General Fund balances for the year. (Page 33)

Statement of Total Recognised Gains and Losses (STRGL)

This statement records those gains and losses experienced by a local Authority that are not reflected in the Income and Expenditure Account. For example, gains on revaluations of fixed assets and pension actuarial gains and losses are not reflected in the Income and Expenditure Account. The STRGL allows a full assessment of the financial result for the period to be considered. (Page 34)

Balance Sheet

This records the Authority's year-end financial position. It shows the balances and reserves at the Authority's disposal and its long-term debt, the net current assets and liabilities, and summarised information on the fixed assets held. It excludes the Pension Fund. (Page 35)

Cashflow Statement

This summarises the inflows and outflows of the Authority's cash arising from transactions with third parties for capital and revenue transactions. (Page 36)

Notes to the Primary Statements

All the notes to the statements detailed above then follow these primary statements. (Pages 37 to 74). These aim to further explain the key figures in the primary statements and to provide the reader with additional information to allow full interpretation of the accounts.

Housing Revenue Account - Income and Expenditure Account

This shows the separate income and expenditure incurred during the year on the housing landlord functions. It shows the major elements of housing revenue expenditure – maintenance, administration and capital financing costs – and how these are met by rents, housing subsidy and other income. (Page 70)

Statement of Movement on the HRA Balance

As with the Statement of Movement on the General Fund Balance this statement brings in the statutory transactions which move the balance on the HRA Income and Expenditure Account to the net overall change on the Housing Revenue balances for the year. (Page 70).

Collection Fund

The Authority is responsible for collecting Council Tax and National Non-Domestic Rates, the latter on behalf of the government. The proceeds of the Council Tax are distributed to two preceptors: the Authority itself and the Greater London Authority. The Fund shows the income due from Council Tax and the application of the amounts raised to the preceptors and the total National Non-Domestic Rates raised and then paid over to the government. (Page 73)

The Group Accounts

Group Accounts are prepared where a local Authority has a controlling interest in another company or organisation. The only group relationship that exists for Haringey Council is that with Homes for Haringey (HfH). HfH is responsible for managing and providing all the housing related services to the Council's tenants such as repairs and maintenance of council housing and collection of rents. The Authority's financial statements do not include the financial information of Homes for Haringey. Group financial statements are therefore required in order to reflect the extended service delivery of all the activities under the control of the parent reporting Authority. (Page 77)

Pension Fund Account and Net Assets Statement

The Pension Fund Account shows the contributions to the Fund during 2008/09 and the benefits paid from it. The Net Assets Statement sets out the financial position for the Fund as at 31 March 2009. The Fund is separately managed by the Authority acting as trustee and its accounts are separate from the Authority's. (Page 92)

For Information
Appendix A – Alexandra Park and Palace Accounts (AP&P)

These accounts are presented as a supplement to, and not a part of, the Authority's accounts. The Council is the Trustee of the Alexandra Park and Palace Accounts Charitable Trust and these draft accounts are presented for information only. The Trust is not controlled by the Council and is therefore not included in the Council's accounts as a group entity. AP&P's accounts, as a separate organisation to the Council, are subject to a separate independent external audit and the draft accounts are included at Appendix A.

Approval of the Accounts

The Accounts and Audit Regulations 2003, require the accounts to be approved by the Authority.

Statement of the Chief Financial Officer

I certify that the financial statements set out in sections 3 – 5 have been prepared in accordance with the accounting policies set out in section 2 and present fairly the financial position as required.

Gerald Almeroth, CPFA
Chief Financial Officer
19th June 2009

Independent auditors report to the London Borough of Haringey

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SECTION 2

ANNUAL GOVERNANCE STATEMENT AND ACCOUNTING POLICIES

2008/09

Annual Governance Statement and Accounting Policies

Annual Governance Statement 2008/09

1. Scope of responsibility

1.1 Haringey Council 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. Haringey 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.

1.2 In discharging this, Haringey is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

1.3 The Authority has a framework of corporate governance in place which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. In 2008/09, the Council formally approved a local code of corporate governance which has been published on the Council's website.

2. The purpose of the governance framework

2.1 The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. 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, cost-effective services.

2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can provide a reasonable assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of Haringey's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

2.3 The governance framework has been in place at Haringey for the year ended 31st March 2009 and up to the date of the approval of the annual report and accounts.

3. The governance framework

3.1 The key elements of the systems and processes that comprise the Authority's governance arrangements are:

a) Identifying and communicating the Authority's vision of its purpose and intended outcomes for citizens and service users

Haringey has well established and documented aims and objectives in order to improve the quality of life for people living and working within the borough and ensure that high quality services are delivered efficiently and effectively. The Council, together with its partners, has developed the Sustainable Community Strategy 2007-2016 which sets out a joint vision and objectives. The Sustainable Community Strategy was developed after extensive consultation with residents and stakeholders through the 'Have your say Haringey – shape the future' campaign. The Community Strategy is published and is also available on the Council's website and a summary of the strategy has been translated into ten languages.

The Council Plan is linked to the Community Strategy and sets out the priorities of the Council and how these will be achieved in practice over the period 2007-10. The Council's objectives are informed by what residents and service users say and their views are captured in our annual residents' survey.

b) Reviewing the Authority's vision and its implications for the Authority's governance arrangements

The implementation of the Community Strategy is monitored through the delivery of the Local Area Agreement, which contains all the required national and local targets. In support of the Community Strategy, all the Council's business and financial planning documents reflect its vision and objectives. Delivery of these is through an integrated annual business and financial process, which are subject to full consultation and review by the Council's Overview and Scrutiny Committee, formal adoption by the Cabinet and approval by the Council.

Progress against the business plans is reviewed mid-year as part of the Council's formal pre-business plan review process. The Council's Medium Term Financial Strategy 2009-2012 sets out the three year budget for the Council. It supports the Council Plan and allocates resources over all the Council's activities, including to the Council's priorities, and is monitored on a regular basis to ensure that resources are aligned to council objectives.

c) Measuring the quality of services for users, for ensuring they are delivered in accordance with the Authority's objectives and for ensuring that they represent the best use of resources

The Council is committed to delivering value for money. This is achieved through a variety of mechanisms including a well established business planning process and a robust performance management system. Haringey has comprehensive performance management systems, which include Business Plans, Service Improvement Plans and National and Local Performance Indicators. Performance measurement is undertaken at various levels and is subject to review both internally by managers and members and externally by the Council's external auditors. In addition, during 2008/09 an independent review of data quality arrangements was undertaken by external consultants.

The Cabinet receive regular reports highlighting key financial and performance management information, which include a corporate 'balanced scorecard' and allows them to effectively monitor compliance with all key policies and Council objectives. Cabinet agendas, reports and minutes are available on the Council's website. An independent survey of a representative sample of residents and service users is completed on an annual basis and reported to senior officers and members to ensure appropriate action can be taken in specific areas.

During 2008/09, the Council implemented a Quality Outcomes Board in order to look more widely at improving services and outcomes for stakeholders across the board. The Quality Outcomes Board will provide expert external advice, support and challenge over the next year and feedback is provided to senior managers and Members. The Quality Outcomes Board will look at key areas including child protection, housing and effective partnership working through the Haringey Strategic Partnership.

Following the inspection into safeguarding arrangements by OFSTED in November 2008, that highlighted a number of issues in relation to governance and controls, an agreed action plan was put in place. Regular reports against the identified actions are being made to the Secretary of State and other government officials.

d) Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.

The Council's Constitution sets out the policy and decision making framework of the Authority and is held in hard copy and on the council's intranet and external website. The roles and responsibilities of the whole Council, the Cabinet, other committees, all councillors including

Cabinet Members, and officers is clearly documented, and it also contains protocols governing the relationships between members and officers and job descriptions of the Council's Statutory Officers (Head of Paid Service, Monitoring Officer and Section 151 Officer). The roles and functions of all councillors in relation to governance issues are clearly documented, including their responsibilities for ward duties and the governance of the Council.

The Constitution is reviewed on an ongoing basis and updated to reflect functional and organisational changes to the Council. The Council's scheme of delegation is contained within the Constitution and is reviewed and communicated on a regular basis to all appropriate officers and members.

e) Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

Haringey has well established codes of conduct for officers and members, that are regularly reviewed and subject to approval by members. The Council requires all members to formally acknowledge receipt of their code of conduct on an annual basis. Members are provided with regular briefings on the code of conduct as part of the established induction and training programme. The council's Member Learning and Development Strategy also incorporates specific sections relating to corporate governance issues.

The Council's officer code of conduct has been reviewed and updated on a regular basis. Following the last comprehensive review in July 2006, all staff employed by the Council were required to formally acknowledge receipt of the code of conduct. All new members of staff receive training, including the code of conduct, as part of their induction processes. Regular articles are included in corporate and staff newsletters outlining expected standards of behaviour in specific areas.

f) Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, that clearly define how decisions are taken and the processes and controls required to manage risks

The Constitution Working Group is an established group which meets on a regular basis to monitor, review and update the Council's Constitution and associated governance arrangements, based on a rolling work programme and taking into account any new legislative and statutory requirements. The Council's Statutory Officers meet on a quarterly basis and review key areas of governance.

Haringey has a Risk Management Strategy which is reviewed and updated on an annual basis and, through a variety of processes and procedures, ensures that risk management is embedded across the organisation and its activities, including being an integral part of the business planning process. The Council has a corporate risk register and all departments and business units have risk registers in place. The corporate risk register is reviewed on a regular basis by the Chief Executive's Management Board and the Audit Committee and updated as a result of feedback received. Regular reports are provided to both the Chief Executive's Management Board and the Audit Committee detailing progress in embedding risk management throughout the Council.

g) Undertaking the core functions of an audit committee, as identified in CIPFA's 'Audit Committees – Practical Guidance for Local Authorities'

Using CIPFA and the Institute of Public Finance guidance, the Council's Audit Committee has been assessed as meeting all good practice requirements. The Audit Committee has received reports on the outcome of the assessments and monitors compliance with best practice as part of its terms of reference.

h) Ensuring compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful

The Council's Constitution contains the Financial and Contract Procedure Rules, which specify the governance framework for all its operational functions. Officer Employment Rules and a Monitoring Officer Protocol are also contained within the Constitution. The Constitution also includes the roles of key compliance officers, including the Council's Monitoring Officer and Section 151 Officer, as well as specific functional responsibilities for the Cabinet, committees, other bodies and officers.

Regular internal and external audit reviews check compliance with Financial and Contract Procedure Rules across the Council. During 2008/09, all the Council's key financial systems received a 'substantial' assurance rating from internal audit.

Financial management is based on a framework of regular management information and review to inform managers and members of the current budget position. Key elements of the financial management system include integrated budgeting and medium term financial planning systems, regular budget monitoring reports to the Cabinet, systematic review of all key financial control processes, monitoring of key financial and other targets, and formal project management processes.

i) Whistle-blowing and for receiving and investigating complaints from the public

Haringey has a well-established and publicised anti-fraud and corruption policy and strategy, including a fraud response plan and whistle-blowing policy which complies with relevant legislation and is monitored and managed by Internal Audit. The Council also has a free-phone telephone number and email reporting facilities which are contained on the external website to receive reports of suspected frauds, that can be done anonymously. These are monitored and managed by Internal Audit and all referrals are subject to review and investigation where sufficient details are provided. Fraud and corruption policies and procedures are contained within the Employee Handbook, the Council's intranet and external website and regular staff newsletter items are published which explain how and where to report suspected fraud.

The Council also has a corporate complaints policy and agreed procedures that are subject to regular review and updates. The Council's policy and procedures are compliant with all relevant statutory requirements and are publicised on the Council's external website and at various public sites across the borough. Reports are provided to members on a regular basis, summarising the numbers and types of complaints, together with the outcome and resolution of these.

j) Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

Haringey Council has implemented a Member Learning and Development Strategy. The Council was the first in London to achieve a Member Development Charter which recognises the work carried out by the Council to provide members with the support, skills and training needed to develop and manage council services and budgets effectively.

The Working at the Political Interface Programme which was launched in late 2008 delivers a programme of learning and development and service improvement activity that will improve council officers' understanding of the role, and complexity of the modern member, including the implications of the Local Government and Public Involvement in Health Act 2007 and related legislation. The programme also focuses on the difference between executive and non executive councillors and the legal framework that Councillors operate within, together with effective communication and appreciating diversity. This programme feeds into the member learning and development programme which is overseen by a cross party member working group chaired by the Cabinet Member for Community Cohesion and Involvement.

The Council also delivers a Leadership Programme for all managers, which includes a variety of training courses, workshops and work-related projects. All staff within the Council receive an annual performance review and appraisal, which is linked to the council's competency framework, and results in individual work targets and development plan. Every year, the

Council provides a programme of learning events for managers and staff based on the council's vision and values, aims and objectives, and key service delivery requirements.

k) Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

The Council's publishes a resident's magazine, Haringey People, ten times per year containing information on council activities. Hard copies are delivered to all residential addresses and the magazine is also available via the Council's intranet and external website. Once a year this includes a summarised annual report and set of financial statements.

The Council also runs seven Area Assemblies, which are informal, and discussions take place on issues which are important to the residents of the area. The Assemblies are open to everyone; are held in local community buildings in all parts of the borough; and are attended by council officers and members. Details of meetings are published on the Council's website and Assembly Newsletters are produced after each meeting.

The Council joined with local public agencies, community groups and businesses to create the Haringey Strategic Partnership (HSP) in April 2002. The shared vision for the future of Haringey and the HSP priorities are set out in the Sustainable Community Strategy which is published and available on the Council's website. All agendas and minutes from HSP Board and Theme Board meetings are also publicly available and are accessible via the Council's website.

The Joint Area Review report into Haringey's Children Services identified the need to improve governance of children safeguarding arrangements. The Council has recognised the need to address key governance issues but in addition, the action plan in response to the Joint Area Review also includes actions to address and improve operational practices and corporate culture within the Children and Young People's Service. The meeting of the Children and Young People Strategic Partnership Board in December 2008 proposed to move towards a Children's Trust model to take ownership of Children and Young People's issues.

At a full Council meeting on December 2008, the Leader of the Council also announced the establishment of a Corporate Parenting Working Group and a Children's Safeguarding Policy and Practice Panel. Both forums are cross-party and will provide an advisory and oversight role. Periodic updates will be provided to the Cabinet and Cabinet member for Children & Young People, including any recommendations that should be considered to improve polices practice and member development activity.

l) Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the Authority's overall governance arrangements.

The Council has identified its key partnerships, based on the Audit Commission's definition, and has reviewed the governance arrangements and structures within these. The Council has collated corporate governance assurances in the form of terms of reference and/or the Constitution of the partnership. Governance arrangements within the Haringey Strategic Partnership, the Council's key partnership, are clearly identified and defined. The Council's member services division provides secretariat support to the HSP to ensure that its governance arrangements are robust and in accordance with the agreed arrangements. During 2008/09, the HSP adopted a local code of corporate governance which complements the Council's own internal control and governance arrangements.

The Council has been working with Alexandra Palace and Park to provide additional support and resources were provided to Alexandra Palace during 2008/09 to ensure that improvements in governance and controls were implemented. Independent reviews of governance and control issues were completed and reported to appropriate officers and members. Agreed action plans are in place and subject to follow up to ensure that key risks are appropriately managed.

4. Review of effectiveness

4.1 Haringey has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. Annual performance and self-assessment processes are in place for Children and Young People's Services, Adult Social Care and Housing Benefits. From 2009/10, the Audit Committee will review reports from external assessments and actions taken by management to address any recommendations made on a six-monthly basis.

4.2 Under the Comprehensive Performance Assessment (CPA) Haringey achieved a rating of one star (out of four), as a result of weaknesses identified in Safeguarding within the Children and Young People's Service. In the CPA Use of Resources assessment, Haringey achieved a rating of 3 (out of 4) overall. During 2008/09, the Audit Commission report on the council's Housing Allocations was finalised and a zero star rating was awarded. A project team has been working towards implementing the recommendations of the housing allocations inspection during 2008/09.

4.3 As part of the Council's overall improvement programme, a new electronic performance management system was implemented during 2008/09. Information on performance indicators, risk registers, business plans and governance will be held within the system and enable data quality and governance to be managed and reviewed more effectively.

4.4 Risk management is an area which is continuously under review and the Council's Risk Management Strategy has drawn together the various elements of risk management, including risk registers, health and safety, business continuity and emergency planning and project management into a process which is aligned to the Council's business planning cycle.

4.5 During 2008/09, the council implemented a new performance management system, which will be further developed to incorporate risk management and provide improved links between risk and performance issues. All managers and officers responsible for managing risk and maintaining risk registers are aware of their roles and responsibilities and this is affirmed by Directors and Assistant Chief Executives in their annual assurance statements. The new performance management system, which has been implemented in line with the Council's data quality strategy, will enable the validation of data across the council. Internal and external audit will review data quality arrangements during 2009/10 to ensure the system is robust and information is accurate.

4.6 Directors have submitted a statement of assurance covering 2008/09 which is informed by work carried out by internal audit, external assessment and risk management processes. The statements provide assurance that any significant control issues that have been brought to their attention have been dealt with appropriately. Key governance issues which have been identified and which remain outstanding have been incorporated into the action plan.

4.7 The Head of Audit and Risk Management provided an Annual Audit Report and opinion for 2008/09, which concluded that in most areas across the council there are sound internal financial control systems and corporate governance arrangements in place. All of the council's key financial systems received a 'substantial' assurance rating and the follow up programme concluded that all high priority recommendations had been appropriately addressed. The internal audit plan also includes reviews of all the key non-financial systems, which are identified from risk registers, business plans and internal audit assessment.

4.8 The Cabinet undertakes regular monthly reviews of financial and service performance, based on a range of key performance indicators and financial and budget management information. Cabinet also review the delegated decisions and significant actions undertaken by council officers, or urgent actions taken in consultation with Cabinet members, to ensure they comply with the scheme of delegation. Minutes of sub-bodies are also reviewed by Cabinet, including procurement decisions and actions.

4.9 The Council's Audit Committee has responsibility for internal and external audit, risk management and corporate governance issues included within its terms of reference. The Committee receive regular reports throughout the year detailing progress made against the internal and external audit plans, highlights of any significant control weaknesses, together with the outcome of the follow up programme of audit reviews. The Audit Committee also specified deadlines for implementation of high priority internal audit recommendations to ensure key governance and control issues were addressed in a timely manner.

4.10 Key governance issues, including treasury management, were also reported to the Audit Committee during 2008/09 including the recommendations made by the Council's independent review of treasury management arrangements and the generic recommendations made by the Audit Commission. Additional oversight on all external inspection reports will be provided by the Audit Committee during 2009/10, including reviewing progress on implementing recommendations. The Audit Committee provides an annual report on the work it has undertaken to full Council.

4.11 The Council's Standards Committee is chaired by an independent person and received reports from the Monitoring Officer on the referrals received from the Standards Board for England. An annual report on its work is presented to full Council for information.

4.12 The Overview and Scrutiny Committee undertakes a planned programme of work. Reports on the outcome of the reviews, together with any recommendations are presented. The Cabinet respond to the recommendations presented by the Overview and Scrutiny Committee. The Overview and Scrutiny Committee also provide challenge to the Cabinet's budget proposals.

4.13 The Leader of the Council and the Chief Executive have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee, and a plan to implement enhancements and ensure continuous improvement of the system is in place.

5. Significant governance issues

5.1 In 2007/08, a number of actions were reported in the AGS to deal with outstanding governance issues. Some of these have been incorporated into the body of the AGS as actions have been completed. The summary below highlights what the council has done to address those issues for which work has been ongoing during 2008/09 and where further work will be carried forward into 2009/10:

- The Housing Improvement Board has been working towards implementing the recommendations made by the Audit Commission review and this will be continued in 2009/10; and
- Further work will be done in 2009/10 to fully embed governance arrangements in respect of the Haringey Strategic Partnerships

5.2 The Council proposes over the coming year to take steps to further improve governance arrangements in key areas and these are set out in the action plan below. The action plan will be monitored during the year to ensure all issues are appropriately addressed.

Issue	Action	Responsibility	Due date
External assessment - Joint Area Review (JAR)	Ensure that the recommendations in the JAR action plan are implemented in accordance with the agreed timetable.	Director of Children and Young People's Service	December 2009
Performance management –	Implementation of recommendations following	Chief Financial Officer	July 2009

Issue	Action	Responsibility	Due date
treasury management	independent review of treasury management arrangements and revised CIPFA guidance		
External assessment – Adult Services	Ensure that any recommendations arising out of the independent inspection of the Adult Services function are fully addressed.	Director of Adults Culture and Community Services	March 2010
External assessment – Housing Allocations	Ensure that all recommendations arising out of the independent inspection of the Housing Allocations Service function are fully addressed.	Director of Urban Environment	March 2010
Performance Management – data quality	Implementation of Information Governance Board project timetable and actions	ACE – PPP&C	March 2010
Performance Management – data quality	Ensure that the new performance management IT system is embedded across the council for performance, risk and projects to maximise its effectiveness	ACE – PPP&C	March 2010

Councillor Claire Kober
Leader of the Council

Dr. Ita O'Donovan
Chief Executive

Statement of Accounting Policies

The accounting policies set out below apply to the Financial Statements of the Authority and the Pension Fund.

General Principle

These accounts have been prepared in accordance with the Accounting Code of Practice on Local Authority Accounting in Great Britain (ACOP) and the Best Value Accounting Code of Practice (BVACOP), as published by the Chartered Institute of Public Finance and Accountancy (CIPFA). These codes have been approved as a Statement of Recommended Practice (SORP). Details of the Pension Fund and accounting policies used can be found in section 5 of these accounts.

Accruals of Income and Expenditure

The Council's accounts are prepared on an accruals basis in that, income and expenditure is accounted for in the year in which it arises, by the creation of material debtors and creditors, including estimates where appropriate.

Treatment of Debtors

The Authority undertakes to recover all outstanding debts. However, where doubts exist over the recoverability of these debts a provision is made. Once a debt is deemed irrecoverable it is written off.

Government Grants and Other Contributions

Government grants and other contributions are accounted for on the accruals basis and in accordance with the matching principle. This means that income must be matched to its corresponding expenditure and will therefore remain on the balance sheet as a liability until the equivalent expenditure is incurred. They are shown in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution is to be received.

Grants and contributions relating to fixed assets are credited to the Government Grants Deferred Account and released to the revenue account in line with depreciation. Where a grant is not associated with a specific asset it is written-down to the income and expenditure account in the year of use.

Cost of Support Services

The cost of support functions have been allocated to services on a variety of bases, reflecting the level of work provided by these support functions.

Lease arrangements

Finance Leases – Under the Statement of Standard Accounting Practice (SSAP) 21, assets acquired under finance leases are treated as being in the ownership of the lessee. Therefore the outstanding liability of the Council is recorded on the balance sheet as a capital sum outstanding and written down every year, over the life of the lease, with the annual interest element being charged to the Council's revenue account.

Operating Leases - Rentals payable under operating leases are charged to revenue on an accruals basis and on a straight-line basis.

Private Finance Initiative

The Council has a PFI financing arrangement for its secondary schools. The ownership of these assets are with the Council and therefore they are contained within the balance sheet and valued in accordance with the fixed assets accounting policies.

In addition the total value of the liability that is due to the PFI partner is contained on the balance sheet and is written down each year as payment is made. This liability is split between a long-term liability and short term creditor, for the sum due within the next 12 months.

Valuation of Stock

Stocks have been valued at net current replacement value. This is not compliant with SSAP 9 which states stock should be valued at the lower of cost and net realisable value. The divergence from normal accounting standards is due to the minimal levels of stock held and the additional costs involved with full compliance.

Capital Receipts

These arise from the sale of long-term assets. The receipts arising from the sale of General Fund assets are 100% usable by the Authority on capital expenditure. For the sale of HRA assets the Local Government and Housing Act 1989 requires those generated from the sale of council housing to be split between a retained and usable element of 25% and a pooled element that is paid across to the government of 75%, any receipts generated from the sale of other housing land and buildings are split 50%/50%. The usable part is used to finance capital expenditure.

Deferred Capital Receipts

When the Authority disposes of long-term assets such as council dwellings and advances a mortgage to the purchaser, the mortgage is shown in the balance sheet as a long-term debt and an equal amount is shown as a deferred capital receipt. The long-term debt and deferred capital receipt are both written down as the principal is repaid by mortgagees.

Capital Expenditure

Expenditure is charged to capital where it meets the definition of capital as per the SORP and is greater than £10,000. This includes staffing costs where they are directly attributable to a capital project, e.g. architects costs, and non-enhancing expenditure where it is being directly used to maintain the value of the asset and ensuring it remains fit for purpose. Any non-enhancing capital expenditure is written down to the income and expenditure account in the year it is incurred and this is then reversed out through the STMGFB into the capital adjustment account (CAA).

Fixed Assets

Fixed assets are included in the Balance Sheet on the following basis:

(a) specialist operational land and properties are valued based on depreciated replacement cost (DRC), and non-specialist land and properties are valued based on DRC, existing use or market value as appropriate;
(b) council housing is valued at existing use valuation (EUV) and then has a social housing percentage applied to arrive at the valuation;
(c) non-operational assets in the form of investment properties and surplus assets are valued on the basis of their open market value with other non-operational assets valued at net current replacement value;
(d) infrastructure assets are included in the balance sheet at historical cost basis net of depreciation;
(e) community assets such as parks are recorded at a nominal value; and
(f) intangible assets are valued at cost and amortised over their lifetime, normally 5 years.

All valuations are subject to review as part of a five year rolling programme.

The Authority has a process for identifying impairments that have incurred on fixed assets, e.g. where fire damage has occurred to an asset resulting in a reduced valuation, and have applied this in accordance with Financial Reporting Standard (FRS) 11.

Deferred Charges

Deferred charges relate to expenditure on assets that do not belong to the Authority, for example improvement grants, but the expenditure still falls within the definition of capital expenditure. The treatment of these costs is:

(a) expenditure recorded in the balance sheet is written out to the income and expenditure account in the year in which the expenditure is incurred and then reversed through the Statement of Movement in General Fund Balances;
(b) financing costs for deferred charges are accounted for corporately after net expenditure has been disclosed; and
(c) no asset is shown within the Authority's balance sheet.

Depreciation

The value of assets is written out to revenue, in the form of a depreciation charge, using the straight-line method over the following periods:

Vehicles Plant & Equipment	- 5 years
Infrastructure	- 30 years
Buildings	- 20 to 60 years
Council Dwellings	- No depreciation charge is made but the Housing Major Repairs Allowance (MRA) is used as a proxy to depreciation.
Intangibles	- Amortised over 5 years

Depreciation is charged on all assets except non-operational investment assets, community assets and surplus assets, held for disposal. For community assets and awaiting disposal assets this is a departure from SORP as the amounts involved are deemed to be immaterial. Newly acquired assets are not depreciated in the year of acquisition and assets in the course of construction are not depreciated until they are brought into use. The MRA that is used as a proxy for council dwellings depreciation is a lower figure than if a straight line depreciation method were to be used. Depreciation is calculated on the opening balance of an asset and any revaluation is done as at the 31 March and will only be taken into account for depreciation purposes in the following year.

When assets are revalued the accumulated depreciation to date is written out of the balance sheet to the revaluation reserve, in accordance with proper accounting practice. In addition, adjustments are made to historical depreciation which may result in additional charges being made to the Income and Expenditure account. Where this occurs the adjustment is reversed back out through the Statement of Total Movement on General Fund Balances.

Where an asset disposal has occurred the cumulative depreciation is written down in the year of disposal.

Minimum Revenue Provision

In accordance with the requirements of the Local Government and Housing Act 1989, the Authority has set aside a minimum revenue provision for repayment of debt of 4% of the Council's capital financing requirement. In addition the Authority has set aside a voluntary revenue provision (VRP) to cover debt repayments where it is deemed more prudent to set aside over a shorter period of time.

Provisions

The Authority has made a number of provisions for liabilities that are probable to occur, but the timing and amounts are uncertain. These have been applied in accordance with Financial Reporting Standard (FRS) 12.

Reserves

A reserve contains funds that have been set aside for a future earmarked purpose that may arise. Expenditure is charged to revenue and not directly to any reserve. For each reserve established, the purpose, usage and basis of transactions are identified in the notes to the Authority's financial statements. The general fund reserve is not earmarked and is to allow for any future unknown contingencies that may arise. This reserve is set by the Chief Financial Officer at what is deemed to be a prudent level and in accordance with the reserves policy agreed at Full Council.

Pension Costs

Under Financial Reporting Standard 17 (FRS 17) the Council is required to account for retirement benefits when it is committed to pay them, even if the actual payment will be many years into the future. In line with the requirements of the SORP the Council's actuary uses the AA Corporate Bond rate (6.9% for 2008/09) to calculate future liabilities.

- **Classification of Schemes**
  The Council participates in two different pension schemes, one for teachers, an unfunded scheme administered by the Department for Children Schools and Families (DCSF) and the Local Government Pension Scheme for other staff. The schemes provide members with a defined benefit pension related to pay and service. For the purposes of FRS17 pension schemes are classified into two categories, defined benefit or defined contribution. The Haringey scheme is classified as defined benefit. The teachers' schemes of the DCSF, although a defined benefit scheme, is treated as defined contribution scheme because it does not allow the allocation of its liabilities and assets consistently and reliably to participant authorities.

- **Pension Reserve**
  The pension reserve is the financial accounting mechanism to ensure that FRS17 has no impact on council tax. The cost of providing pensions for employees is funded in accordance with the statutory requirements governing the scheme. Where the payments made for the year do not match the change in the Authority's recognised asset or liability for the same period, the recognised cost of pensions will not match the amount required to be raised in taxation. This difference is removed by an appropriation to or from the pension's reserve, which equals the net change in the pension's liability recognised in the Income and Expenditure Account.

- **Defined Benefit Schemes**
  The attributable assets of the scheme are measured at fair value and include current assets and investments. The attributable liabilities are measured on an actuarial basis using the projected unit method. Scheme liabilities are discounted at the AA Corporate Bond Rate. The surplus or deficit in the scheme is the excess or shortfall of the value of the assets in the scheme above or below the present value of the scheme liabilities. The change in the defined benefit asset or liability is shown in the STRGL and analysed into the following components, current service costs, interest cost, expected return on assets and actuarial gains and losses, past service costs and gains and losses on settlements and curtailments.

- **Defined Contribution Schemes**
  The teachers pension scheme, whilst being a defined benefit scheme is treated as a defined contribution scheme as explained above. This means that the pension costs reported for any year are equal to the contributions payable for the scheme for the same period. The costs are recognised within net cost of services.

- **Pensions**
  Further information on pension costs and the pension fund appear in the individual statements within the accounts.

Value Added Tax

VAT is included within the accounts only where it is irrecoverable. Any recoverable amounts due from HMRC are included in the balance sheet as a debtor.

Contingent Liability or Asset

Where the Authority has a potential future liability, or a potential future gain, but cannot say with any certainty whether it will come about or the value of this liability, it is disclosed by way of a note to the accounts.

Associated and Subsidiary Companies (FRS2)

The Authority has a financial relationship with a number of companies. Details are contained in the notes to the Authority's Financial Statements. The SORP requires authorities to produce group accounts where group relationships occur with associated and subsidiary companies. All the companies with which Haringey has a relationship have been assessed against the group account requirements and only Homes for Haringey is deemed to be within the Haringey group. Homes for Haringey Ltd is a wholly owned subsidiary and therefore group accounts have been prepared in accordance with the accounting standards. These have been produced using the acquisition method and all intra-group transactions have been removed.

Exceptional items, extraordinary items and prior period adjustments

Where applicable and relevant, exceptional items and extraordinary items are disclosed in the income and expenditure account with full supporting notes. The majority of prior period adjustments arise from corrections and adjustments and are accounted for in the year they are identified.

Material adjustments applicable to prior years arising from changes in accounting policy or correction of fundamental errors are accounted for by restating comparative figures for the preceding year in the statement of accounts and notes and adjusting the opening balance of reserves for the cumulative effect. More details and full explanations are given in the individual relevant financial statements where these occur.

Post balance sheet events

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements were authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the balance sheet date (adjusting events after the balance sheet date); and
- those that are indicative of conditions that arose after the balance sheet date (non-adjusting events after the balance sheet date.

Financial Instruments

These are categorised as either financial assets or financial liabilities, which the accounting policies for both are stated below.

Financial Assets

Financial assets are divided into the following categories: loans and receivables; financial assets at fair value through profit or loss; available-for-sale financial assets; and held-to-maturity investments. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available. The Council only holds loans and receivables.

All financial assets are recognised when an entity becomes a party to the contractual provisions of the instrument.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade debtors, long term borrowing and cash are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income and expenditure account.

Provision against trade debtors is made when there is objective evidence that the group/company will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the group/company becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are recorded initially at fair value, all transaction costs are recognised immediately in the income and expenditure account. All other financial liabilities are recorded initially at fair value, net of direct issue costs. Liabilities valued on an amortised costs basis are done so using the effective interest rate (EIR) method.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

SECTION 3

THE STATEMENT OF ACCOUNTS

2008/09

Income and Expenditure Account

This Statement shows the gross expenditure, income and net expenditure analysed by service and also shows how the Council's services are funded: the four main sources being specific income, council tax, redistributed national non-domestic rates and government grant.

	Notes	2008/09 Gross Expenditure £'000	2008/09 Gross Income £'000	2008/09 Net Expenditure £'000	2007/08 Net Expenditure £'000
Service					
Children's and Education Services					
Education Services		308,420	(279,808)	28,612	54,313
Children's Social Care		58,155	(9,707)	48,448	39,549
Adult Social Care		102,777	(36,622)	66,155	61,376
Housing Services - General Fund		299,691	(297,108)	2,583	609
Housing Services - HRA		187,660	(109,040)	78,620	(30,758)
Cultural, Environmental and Planning Services		83,495	(33,209)	50,286	46,876
Highways, Roads and Transport Services		28,764	(18,354)	10,410	13,211
Central Services		152,842	(113,531)	39,311	3,672
Court Services		1,073	(828)	245	146
Net cost of Services		**1,222,877**	**(898,207)**	**324,670**	**188,994**
(Gain) / Loss on disposal of fixed assets				206	3,786
Levies				7,363	6,242
Net Surplus on Trading Activities				(828)	(1,437)
Interest Payable and Similar Charges				54,069	43,567
Contribution of housing capital receipts to Government pool				1,628	9,461
Interest and Investment Income				(8,957)	(8,734)
Pensions Interest Cost and Return on Assets				14,210	5,379
Net Operating Expenditure				**392,361**	**247,258**
Demand on the Collection Fund				(98,806)	(95,265)
(Surplus) / Deficit on Collection Fund				34	67
Government grants (not attributable to specific services)				(45,250)	(19,042)
Distribution from National Non-Domestic Rates Pool				(117,184)	(113,466)
(Surplus) / Deficit for Year				**131,155**	**19,552**

Statement of Movement on the General Fund Balance

	Notes	2008/09 £'000	2007/08 £'000
Increase / Decrease in General Fund			
(Surplus) / Deficit on Income & Expenditure Account		**131,155**	**19,552**
Additional amount required by statute and non-statutory proper practice	**1**	**(131,196)**	**(19,491)**
Total Increase / Decrease in General Fund		**(41)**	**61**
Planned contribution from General Fund		**4,449**	**0**
General Fund Balance brought forward		**(11,946)**	**(12,007)**
General Fund Balance carried forward		**(7,538)**	**(11,946)**
Analysis of General Fund Balance Movement			
Amount available to authority		(7,538)	(11,946)
		(7,538)	**(11,946)**

Statement of Total Recognised Gains and Losses

	Notes	2008/09 £'000	2007/08 £'000
Increase / Decrease in General Fund			
(Surplus) / Deficit on Income & Expenditure Account		131,155	20,814
(Surplus) / Deficit arising on revaluation of fixed assets		19,235	(292,413)
Actuarial (gains) and losses on pension fund assets and liabilities		78,511	(46,651)
Other gains or losses		(772)	(786)
Total recognised (gains) or losses		**228,129**	**(319,036)**

Cumulative effect on reserves of prior period adjustments		0

Balance Sheet

	Notes	31-Mar-09		31-Mar-08	
		£'000	£'000	£'000	£'000
Fixed Assets					
Housing Revenue Account Assets		1,057,294		1,243,480	
Other Operational Assets:					
Land and Buildings		518,389		497,255	
Vehicles, Plant, Furniture and Equipment		11,259		10,239	
Infrastructure Assets		112,958		113,087	
Community Assets		86		393	
Intangible Fixed Assets		1,792		2,389	
Non-Operational Assets					
Investment Properties		51,297		53,042	
Assets under construction		54,155		15,905	
Surplus assets held for disposal		38,414		899	
Total Fixed Assets	16		1,845,644		1,936,689
Long-term Debtors	21	483		570	
Total Long-term Assets			1,846,127		1,937,259
Current Assets:					
Stocks and Work in Progress		124		124	
Debtors	22	71,798		77,252	
Payments in Advance		1,526		1,541	
Investments	36	100,146		146,000	
Cash in Hand		14,283		13,562	
Total Current Assets			187,877		238,479
Current Liabilities:					
Short Term Borrowing		(17,800)		(24)	
Bank Overdraft		(3,030)		(15,613)	
Creditors	23	(85,497)		(98,795)	
Total Current Liabilities			(106,327)		(114,432)
Net Current Assets			81,550		124,047
Long Term Liabilities:					
Long-term Borrowing	36	(633,247)		(651,043)	
Deferred Capital Receipts		(373)		(467)	
Deferred Credits		(3,864)		(4,114)	
Government Grants Deferred	25	(228,380)		(193,945)	
Provisions	27	(8,826)		(9,831)	
Liability related to defined benefit pension scheme	33	(306,628)		(227,418)	
Other Long Term Liabilities		(44,589)		(44,589)	
Total Long Term Liabilities			(1,225,907)		(1,131,407)
Total Assets Less Liabilities			**701,770**		**929,899**
Financed by:					
Revaluation Reserve		269,370		289,679	
Capital Adjustment Account		665,178		792,529	
Capital Receipts Reserve	32	6,170		8,661	
Earmarked Reserves	34	76,906		70,091	
Financial Instruments Adjustment Account	35	(24,014)		(20,321)	
General Fund		7,540		11,946	
Housing Revenue Account		7,249		4,724	
Pensions Reserve	33	(306,628)		(227,418)	
Collection Fund		(1)		8	
Total net worth			**701,770**		**929,899**

Cash Flow Statement

This summarises the inflows and outflows of cash arising from transactions with third parties for capital and revenue reserves.

	Notes	2008/09 £'000	2007/08 £'000
Revenue Activities			
Payments:			
Cash paid to and on behalf of employees		308,832	287,314
Other operating costs		421,078	371,317
Housing Benefit paid out		254,114	245,905
Subtotal		**984,025**	**904,535**
Precepts paid		26,378	25,668
Payments to the Capital Receipts Pool		1,628	9,461
Non-domestic rates paid to National Pool		46,886	45,860
Total Payments		**1,058,917**	**985,524**
Receipts:			
Rents (after rebates)		(32,198)	(31,150)
Council Tax receipts		(78,312)	(75,937)
National non-domestic rate receipts from national pool		(49,330)	(46,024)
Government grants	42	(606,706)	(582,237)
Cash received for goods and services		(31,650)	(30,491)
Other revenue cash payments/income		(299,268)	(285,574)
Total Receipts		**(1,097,464)**	**(1,051,413)**
Net Cash Inflow from Revenue Activities	43	**(38,547)**	**(65,889)**
Servicing of Finance:			
Payments- Interest paid		**32,091**	**45,765**
Receipts – Interest received		(6,009)	(7,890)
Net Cash Outflow from Servicing of Finance		**26,082**	**37,875**
Capital Activities:			
Payments:			
Purchase of fixed assets		95,335	94,433
Purchase of long-term investments			
Capital grants and advances		26,324	16,393
Total Payments		**121,659**	**110,826**
Receipts:			
Sale of fixed assets		(10,865)	(19,020)
Capital grants received		(56,742)	(53,142)
Other capital cash income		(9,060)	(6,876)
Total Receipts		**(76,667)**	**(79,038)**
Net Cash Outflow from Capital Activities		**44,992**	**31,788**
Net Cash Inflow before Financing		**32,526**	**3,774**
Financing:			
Payments:			
Repayments of amounts borrowed		24	30,412
Receipts:			
New loans raised		0	(75,300)
Net Cash Outflow before Financing		**24**	**(44,888)**
Net (Increase) / decrease in cash		**32,550**	**(41,114)**

Notes to the Primary Statements

1. Note of reconciling items for the Statement of Movement on the General Fund Balance

	2008/09 £'000	2007/08 £'000
Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year		
Amortisation of intangible fixed assets	(339)	(339)
Depreciation and impairment of fixed assets	(155,017)	(41,367)
Excess of depreciation charged to HRA services over the Major Repairs Allowance element of Housing Subsidy	(40)	(1,383)
Government Grants Deferred amortisation	21,875	7,262
Amounts treated as revenue expenditure in accordance with the SORP but which are classified as capital expenditure by statute (deferred charges)	(16,843)	(18,002)
Net gain/(loss) on sale of fixed assets	(206)	(3,786)
Amount by which finance costs calculated in accordance with the SORP are different from the amount of finance costs calculated in accordance with statutory requirements	(3,693)	6,590
Net charges made for retirement benefits in accordance with FRS17	34,595	26,318
	(119,668)	(24,707)
Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year		
Minimum revenue provision for capital financing	9,321	9,219
Capital expenditure charged in-year to the General Fund balance	6,869	3,998
Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool	(1,628)	(9,461)
Employer's contribution payable to the Pension Fund and retirement benefits payable direct to pensioners	(35,294)	0
	(20,732)	3,756
Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year		
Housing Revenue Account Balance	2,524	1,128
Voluntary revenue provision for capital financing	2,131	6,223
Net Transfer to or from earmarked reserves	8,998	(5,891)
Planned Transfers to/(from) General Fund	(4,449)	0
	9,204	1,459
Net additional amount required to be credited to the General Fund balance for the year	(131,196)	(19,491)

The Income and Expenditure Account shows entries that are in line with accounting principles but not necessarily in accordance with Government requirements for Local Authority accounts and Council Tax. An example is the requirement for Local Authorities to make a minimum revenue provision for debt repayment. The statutory entries are put through this statement which moves the balance on the Income and Expenditure Account to the net overall effect on the General Fund balances for the year.

2. Government Grants (not attributable to specific services)

The government grants (not attributable to specific services) shown on the Income and Expenditure Accounts represent the cash received by the Council and includes the following Grants.

	2008/09 £'000	2007/08 £'000
Revenue Support Grant	22,970	19,042
Area Based Grant	22,280	0
Total	**45,250**	**19,042**

The Area Based Grant (ABG) was a new grant in 2008/09, replacing a number of specific grants, primarily the Local Area Agreement Grant. ABG is a non-ringfenced general grant, no conditions on use are imposed as part of the grant determination ensuring full local control over how funding can be used. The allocation and prioritisation of the ABG is through the Haringey Strategic Partnership (HSP).

The HSP allocates the ABG grant to the agreed priorities of the partnership in line with 7 theme boards that the partnership operates as shown below:

	2008/09 £'000
Children & Young People	9,910
Well Being	5,144
Safer Communities	2,067
Better Places	1,922
Neighbourhoods & Capacity	1,793
Enterprise	1,200
Integrated Housing	244
Total ABG	**22,280**

3. Disclosure of deployment of the Dedicated Schools Grant

The Council's expenditure on schools is funded by the Dedicated Schools Grant (DSG), a specific grant provided by the Department for Children, Schools and Families. The DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget. The Schools Budget includes elements for a restricted range of services provided on a Council-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each school in accordance with the agreed schools funding formula. Over and under spends on the two elements are required to be accounted for separately and carried forward to the next financial year.

During the year, the ISB was overspent by £0.47m. This will be taken from school balances of £7.085m brought forward from previous years. The non-schools budget was underspent by £1.582m and this is being carried forward to 2009/10.

Details of the deployment of DSG receivable for 2008/09 are as follows:

	2008/09 Non Schools £'000	2008/09 Individual Schools Budget £'000	2008/09 Total £'000	2007/08 Total £'000
Original grant allocation to Schools Budget for the current year in the authority's budget	19,120	141,497	160,617	156,829
Adjustment to finalised grant allocation	(67)	(553)	(620)	(2,532)
DSG receivable for the year	19,053	140,944	159,997	154,297
Actual expenditure for the year	18,246	141,414	159,660	152,997
Over/(underspend) for the year	**(807)**	**470**	**(337)**	**(1,300)**
Use of schools balances brought forward	0	0	0	279
Over/(underspend) from prior year	(775)	0	(775)	(1,062)
Over/(underspend) carried forward to 2007/08	**(1,582)**	**470**	**(1,112)**	**(2,083)**

4. Publicity

A breakdown of expenditure on publicity is required by Section 5 of the Local Government Act 1986.

	2008/09 £'000	2007/08 £'000
Staff Recruitment	782	1,195
Communications Unit	634	658
Other Expenditure	1,887	1,552
Total Expenditure	**3,303**	**3,405**

5. Income and Expenditure under the Goods and Services Act 1970

Section 1 of the above Act authorises the Council to supply goods and services to other public bodies. The table below summarises the (surplus) or deficit for 2008/09.

	2008/09 £'000	2007/08 £'000
Other London Boroughs	(423)	246
Other Local Authorities	(19)	15
Others	(14)	14
Grand Total	**(456)**	**275**

6. Audit Fees

The table below details the actual amounts due to the Council's external auditors, Grant Thornton and the Audit Commission in respect of the Council's external auditor's fees for services relating to the financial year shown.

	2008/09 £'000	2007/08 £'000
Statutory Inspection	27	95
Audit Fee	482	482
Grant Claims Audit	115	115
Other Audit Work	1	2
Total	**625**	**694**

7. Building Control Trading Account

The Building (Local Authority Charges) Regulations 1998 require the disclosure of information on the setting of charges for building control. Certain activities within building control cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the building control function divided between chargeable and non-chargeable activities. The trading account is required to break even on its chargeable activities over a three year rolling period.

These figures are included within the Cultural, Environmental and Planning Services line of the Income and Expenditure Account.

	2008/09		
	Chargeable £'000	**Non Chargeable £'000**	**Total £'000**
Expenditure			
Employees	447	241	688
Transport	16	8	24
Supplies	25	14	39
Support Costs	126	67	193
Other	0	71	71
Total Expenditure	**614**	**401**	**1,015**
Total Income	**(629)**	**0**	**(629)**
Net (Surplus) /Deficit 2008/09	**(15)**	**401**	**386**
Net (Surplus) /Deficit 2007/08	(16)	427	411
Net (Surplus) /Deficit 2006/07	5	383	388
3 year (surplus)/deficit	**(26)**		

8. Levies

The table below details the amounts paid to levying bodies.

	2008/09 £'000	2007/08 £'000
London Pensions Fund Authority	359	252
North London Waste Authority	5,461	4,785
Lee Valley	260	256
Environment Agency	172	155
ALG Grants Committee	791	793
Total	**7,043**	**6,241**

In addition to the above a payment was made to the NLWA for the cost of the disposal of Non-Household Waste in 2008/09 of £1.055m (£1.202m in 2007/08)

9. Pension Costs

Teachers

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Teachers' Pensions Agency. It provides teachers with defined benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

In 2008/09 the Council paid £8,608,809 (2007/08 £8,113,224) to Teachers' Pensions in respect of teachers' pension costs which represent 14.10% of teachers' pensionable pay. The Council is responsible for all pension payments relating to added years it has awarded, together with the related increases, amounting to £80,556 in 2008/09 (2007/08 £81,766) equivalent to 0.13% of pensionable pay.

Other Employees

The Council's Pension Fund provides members with defined benefits related to pay and service. The Financial Statements of the Pension Fund are set out in Section 5 of this document.

The Council's contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations, the last review being at 31st March 2007. Following this valuation, the Actuary agreed that the Council's contribution would be 22.9% for the three years of the triennial period.

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

Income and Expenditure Account includes the pension fund costs in line with FRS17. The cost of retirement benefits is recognised in the Net Cost of Services when they are actually earned by employees, rather than when the benefits are eventually paid as pensions. The charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement on General Fund Balance statement (page 33) in order to ensure there is nil effect on the Council Tax and council balances for the year. The following transactions have been made in the Council's accounts during the year.

	Pension Scheme	
	Year to 31-Mar-09 £'000	**Year to 31-Mar-08 £'000**
Net Cost of Services:		
Current service cost	(15,024)	(20,715)
Past service costs/curtailments	(5,493)	25,607
Net Operating Expenditure:		
Interest cost	(50,558)	(43,855)
Expected return on assets in the scheme	36,348	38,476
Net Return on Assets	(14,210)	(5,379)
Amounts to be met from Government Grants and Local Taxation:		
Movement in pensions reserve	(34,595)	(26,317)
Actual amount charged against council tax for pensions in the year:		
Employers' contributions payable to scheme	30,670	26,805

The Council's Pension Fund is a funded scheme, meaning that the council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

As at 31 March 2009, the Council had the following overall assets and liabilities for pensions

	2008/09 £'000	**2007/08 £'000**
Present value of scheme liabilities	(668,103)	(681,516)
Present value of unfunded liabilities	(47,938)	(51,338)
Estimated assets in scheme	409,413	505,436
Net Liability	**(306,628)**	**(227,418)**

	2008/09 £'000	2007/08 £'000
Difference between expected and actual return on assets	(78,511)	(62,145)
Value of assets	409,413	505,436
Percentage of assets	(19.2%)	(12.3%)
Experience gains and losses arising on scheme liabilities	(82,950)	(21,023)
Total present value of liabilities	716,041	732,854
Percentage of total present value of liabilities	(11.6%)	(2.9%)

The primary cause of the change from an estimated net liability of £227m as at 31 March 2008 to an estimated net liability of £306m as at 31 March 2009 is the worsening position of the national economy during 2008/09.

The liabilities show the underlying commitments that the Council has in the long-run to pay retirement benefits. The net liability of £306 million has a substantial impact on the net worth of the Council as recorded in the balance sheet, resulting in an overall balance of £698m. However, statutory arrangements for funding this deficit mean that the financial position of the Council remains healthy. The deficit will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years based on estimates of mortality rates, salary levels, etc. Liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. The main assumptions used in their calculations are:

	2008/09 %	2007/08 %
Rate of inflation	3.10	3.60
Rate of increase of salaries	0.00	5.10
Rate of increase in pensions	3.10	3.60
Rate for discounting scheme liabilities	6.90	6.90
Expected return on assets	6.20	7.10

Actuarial calculations involve estimates based on assumptions about events and circumstances in the future, which may mean that the result of actuarial calculations may be affected by uncertainties within a range of possible values. These assumptions are made based on the professional judgements of the Council's advisors at the time of valuation, as well as potential changes due to market events these may also differ with other professional actuaries in the market. For schemes in which the age profile of the active membership is rising significantly, under the projected unit method for assessing liabilities, the current service cost will increase as the members of the scheme approach retirement. The average age of active members was 50 at 31/03/07 (47 at 31/03/04). This will be re-evaluated when the next triennial valuation takes place in 2010.

Assets in the fund are valued at their fair value, principally market value for investments and consist of the following categories, by proportion of the total assets held by the Fund.

	31 March 2009 %	31 March 2008 %
Equity investments	60	70
Bonds	25	21
Property	7	5
Cash	8	4
	100	100

10. Statement of employees' salaries

The number of employees whose gross pay (excluding employers pension and national insurance contributions) and benefits were more than £50,000 in 2008/09 is detailed below.

Salary range (£)	Staff numbers				Left in Year	
	2008/09			2007/08	2008/09	2007/08
	Officers	Teachers	**Total**	Total		
50 - 59,999	129	147	**276**	229	7	11
60 - 69,999	42	48	**90**	78	1	5
70 - 79,999	27	24	**51**	42	3	3
80 - 89,999	13	7	**20**	18	0	4
90 - 99,999	10	2	**12**	7	0	1
100 - 109,999	4	1	**5**	5	2	0
110 - 119,999	1	3	**4**	1	0	0
120 - 129.999	1	0	**1**	0	0	0
130 - 139,999	2	0	**2**	2	0	0
140 - 149,999	2	0	**2**	1	1	0
150 - 159,999	0	0	**0**	0	0	0
160 - 169,999	0	0	**0**	0	0	0
170 - 170,999	0	0	**0**	1	0	0
180 - 180,999	1	0	**1**	0	0	0
Total	232	232	**464**	384	14	24

Of the 464 staff, 232 are Teachers (none of whom are leavers).

11. Members allowances

The Members' allowances for 2008/09 were £1,365,263 compared to £1,351,605 in 2007/08. These figures are included in the Central Services line of the income and expenditure account.

Details of the Members' Allowances, which are included in the councils constitution, are available for viewing on Haringey Council's website, www.haringey.gov.uk/Council and Democracy/About the Council/Constitution. The allowances are approved annually by Full Council and the 2008/09 rates were approved on 30 March 2008 and increased by 2.75%, in line with the pay award given to officers.

The Minutes of the Full Council are also available on the website

12. Pooled budget: partnership arrangements under section 31 of the Health Act 1999

The Council has entered into two Partnership agreements under Section 31 of the Health Act 1999. The first being with the NHS Haringey (NHSH) and the Barnet, Enfield and Haringey Mental Health Trust (MHT), in respect of the provision of services for people with Learning Disabilities. The second, also with the NHSH is for an Integrated Community Equipment Store. Haringey acts as the host Authority for both. The following are statements of the income and expenditure for all pooled budgets for the period 1 April 2008 to 31 March 2009.The overspends within the S31 Pool have been split between the partners and the Council share of deficits have been absorbed within the overall Council finances.

These pooled budgets are included within the Adult Social Care line in the income and expenditure account.

2008/09 Statement of Income and Expenditure of the Learning Disabilities Partnership	Total 2008/09 £'000	Total 2007/08 £'000
Funding		
LBH	5,406	7,103
NHS Partners	1,856	1,660
Other Contributions	2,162	2,299
Total Funding	**9,424**	**11,062**
Services Provided		
Management and assessment	1,793	3,494
Day Opportunities	3,929	3,652
LBH Residential Homes	2,375	2,375
Supported Living	1,644	1,606
Total Expenditure	**9,741**	**11,127**
Net (Underspend)/Overspend	**317**	**65**

2008/09 Statement of Income and Expenditure of the Physical Disabilities Partnership	TOTAL 2008/09 £'000	TOTAL 2007/08 £'000
Gross Funding		
LBH	97	111
NHSH	127	124
Total Funding	**224**	**235**
Expenditure - PD OT Stores	258	265
Total Expenditure	**258**	**265**
Net (Underspend)/Overspend	**34**	**30**

13. Private Finance Initiative

The Council has a PFI arrangement for some of its secondary schools. Following changes to the contract in February 2008 the schools have been accounted for as Council assets in the balance sheet.

The Council still has a liability under the PFI contract to cover the debt incurred when the original PFI works were first undertaken. This debt has also been recognised within the Council's balance sheet. Detailed below is the impact of this on the Council's revenue account and balance sheet.

Income and Expenditure Account
The council receives £5.7 million from the government to assist in financing the PFI scheme. After payments to contractors, administration costs and funding of lifecycle capital repairs to the schools a contribution to the PFI lifecycle reserve was made of £1.2 million, bringing the reserve up to £4.9 million.

Balance sheet
The total value of the PFI schools held on the Council's balance sheet, as fixed assets, as at 31st March 2009 is £144.9 million.

In addition, the Council's liability for the outstanding debt with the PFI contractor as at 31st March 2009 is £44.589 million. This is split between long-term debt of £40.487 million and short-term debt of £4.102 million.

14. Long Term Contracts – Operating and Finance Leases

Operating Leases

Vehicles, Plant and Equipment – the Council enters into operating lease agreements to acquire the use of plant, vehicles, equipment and computers. In 2008/09 £238,898 was charged to revenue for these leases (£253,729 in 2007/08) with outstanding rental commitments on the leases of £287,150 (£474,821 in 2007/08). The ownership of the assets purchased under these agreements do not pass to the Council and they are excluded from fixed asset valuations. Included in these figures are leased vehicles used by Haringey Enterprise, in the provision of environmental services, the costs totalling £41,762 are recharged to Haringey Enterprise.

Council as Lessor - The Council owns a number of commercial properties which it leases out to third parties. In 2008/09 £4.089 million was received in rent for these properties (£3.770 million in 2007/08 adjusted for additional leases identified in 2008/09). The value of these assets on the balance sheet is £73.4 million.

Finance Leases

The council has a major finance lease for 48 Station Road, Wood Green, an administrative building. The lease was originally for 20 years and the outstanding commitment as at 31st March 2009 is £5.163 million (£5.513 million in 2007/08) and the value of the asset in the Council's balance sheet is £2.132 million. In addition there are a number of other small leases that have an outstanding commitment of £137,626 as at 31 March 2009 (£275,252 in 2007/08).

15. Trading activities

The trading activities of the Council are detailed below:

Trading Activity	Expenditure £'000	Income £'000	(Surplus) /Deficit 2008/09 £'000	(Surplus) /Deficit 2007/08 £'000
Industrial Estates	4,589	5,192	(603)	(582)
Markets	149	150	(1)	(113)
School & Welfare Catering	5,553	5,276	277	(76)
Legal Services	6,523	6,499	24	290
Total	**16,814**	**17,117**	**(303)**	**(481)**

The 2007/08 figures have been restated to exclude the FRS17 adjustments.

16. Fixed Assets

The value of fixed assets shown on the balance sheet represents the value of assets held by the Council.

2008/09	Intangible assets	council dwellings	Other land & buildings (HRA & GF)	Vehicle, Plant & Equipment	Infrastructure	Community assets	Investment properties (HRA & GF)	Assets under construciton (HRA& GF)	Assets awaiting disposal (HRA&GF)	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation										
At 1 April 2008	3,041	1,243,480	534,745	25,397	145,105	410	54,852	15,906	900	2,023,836
Additions	0	46,689	7,407	3,580	3,770	0	2	54,399	0	115,848
Donations	0	0	0	0	0	0	0	0	0	0
Disposals	0	(996)	(0)	0	0	0	(0)	0	(8,774)	(9,770)
Reclassifications	0	(13,570)	(29,736)	0	0	(307)	(3,645)	(5,119)	52,378	(0)
Revaluations	0	(110,154)	56,635	0	0	0	9,996	0	(2,241)	(45,764)
At 31 March 2009	**3,041**	**1,165,449**	**569,051**	**28,977**	**148,876**	**103**	**61,205**	**65,186**	**42,262**	**2,084,150**
Depreciation and impairments										
At 1 April 2008	(652)	0	(37,490)	(15,158)	(32,018)	(17)	(1,812)	0	0	(87,146)
Charge for 2008/09	(597)	(122,926)	(22,203)	(2,560)	(3,900)	0	(11,387)	(11,031)	0	(174,605)
Disposals	0	1,494	765	0	0	0	185	0	0	2,444
Reclassifications	0	0	742	0	0	0	3,106	0	(3,848)	0
Revaluations	0	13,277	7,525	0	0	0	0	0	0	20,802
At 31 March 2009	**(1,249)**	**(108,156)**	**(50,662)**	**(17,718)**	**(35,918)**	**(17)**	**(9,908)**	**(11,031)**	**(3,848)**	**(238,505)**
Balance Sheet amount at 31 March 2009	**1,792**	**1,057,294**	**518,389**	**11,259**	**112,958**	**86**	**51,297**	**54,155**	**38,414**	**1,845,644**
Balance Sheet amount at 1 April 2008	2,389	1,243,480	497,255	10,239	113,087	393	53,041	15,906	900	1,936,690
Nature of asset holding										
Owned	1,792	1,057,294	516,257	11,259	112,958	86	51,297	54,155	38,414	1,843,512
Finance Lease	0	0	2132	0	0	0	0	0	0	2,132
	1,792	**1,057,294**	**518,389**	**11,259**	**112,958**	**86**	**51,297**	**54,155**	**38,414**	**1,845,644**

Amounts treated as revenue expenditure in accordance with the SORP but which are classified as capital expenditure by statute	Additions	Write-offs
Improvement Grants	2,044	(2,044)
Capitalised Salaries & Other	14,799	(14,799)
Total	**16,843**	**(16,843)**

The properties that comprise the Council's portfolio are valued on a rolling basis by the Council's property valuation team who are members of the Royal Institute of Chartered Surveyors under the guidance of the Head of Corporate Property Services, Dinesh Kotecha. The valuation bases are in accordance with the Statement of Asset Valuation Practices and Guidance Notes of the Royal Institute of Chartered Surveyors. Housing Revenue Account dwellings are valued at their existing use based on 'Beacon' valuation principles and then have a social housing adjustment made thus reducing the balance sheet value to 37% of the beacon value, as directed by CLG.

The additions shown comprise all capital expenditure. Capital expenditure that is considered to not add to the value of fixed assets is written off to the income and expenditure account as an impairment in the same year and then reversed out through the Statement of Movement on General Fund Balances. The assets are assessed each year for any impairments in line with the SORP and accounting standards. In 2008/09 there were £30k of impairments.

17. Capital Expenditure

The Council's capital expenditure, on a cash basis, must be financed each year. The financing of the 2008/09 expenditure is set out in the following table. The HRA capital expenditure of £50.632 million is solely spent on improving HRA dwellings.

Directorate	Additions to Fixed Assets	Net Capital Creditors	Capital expenditure to be financed	Total Credit Approvals	Capital Receipts	Government Grants	Revenue and other contributions	Total Capital expenditure financed
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Central Support, Policy and Performance	5,054	16	5,070	0	3,058	70	1,942	5,070
Childrens & Young People Services	36,002	(426)	35,576	6,849	0	28,156	573	35,578
Adult,Cultural & Community services	4,701	(32)	4,669	100	2,139	2,061	368	4,668
Urban Environment	24,629	(388)	24,241	1,476	4,791	13,060	4,913	24,240
Subtotal General Fund	**70,386**	**(830)**	**69,556**	**8,425**	**9,988**	**43,347**	**7,796**	**69,556**
Housing Revenue Account	51,273	(641)	50,632	34,233	1,740	13,395	1,264	50,632
TOTAL 2008/09	**121,659**	**(1,471)**	**120,188**	**42,658**	**11,728**	**56,742**	**9,060**	**120,188**
TOTAL 2007/08	94,896	1,146	96,042	24,288	10,942	53,142	7,670	96,042

18. Major contractual commitments

Significant capital commitments entered into by the Council at 31 March 2009 are shown below. The expenditure will be incurred in future years.

	2008/09 £'000	2007/08 £'000
Environmental Services	202	1,634
Housing Services	12,524	2,527
Adults, Culture & Community	1,762	516
Children and Young People's Service	43,236	6,243
Total	**57,724**	**10,920**

The 2008/09 commitments for Children & Young People Services relates to the Building Schools for the Future (£43.2 million). The Housing Services relates to the Decent Homes Programme (£12.5 million). The Adults, Culture & Community relates to various projects, including Markfield Park (£0.97 million) and Osbourne Grove Nursing Home (£0.3 million).

19. Statement of Physical Assets

Asset	2008/09 No.	2007/08 No.	Asset	2008/09 No.	2007/08 No.
Council Dwellings	16,323	16,350	Roads (km)	349	349
Garages	2,325	2,271	Magistrates' Court	0	0
Administrative Buildings	26	25	Coroner's Court	1	1
Under 5's centres	4	4	Childrens' Homes & Hostels	3	3
Community Primary Schools	41	41	Homes for Older People	4	4
Secondary Schools	7	7	Homes for People with Learning Disabilities	3	3
Sixth form centre	1	1	Day Nurseries and Family Centres	1	1
HALS/Youth Buildings	5	5	Day Centres for Older People	4	4
Nursery schools	3	3	Day Centres for People with Mental Health Problems and Disability	5	5
Play centres	8	8	Cemeteries & Crematoria	3	3
Pupil referal units	3	3	Allotments (Plots)	1,647	1,647
Libraries	9	9	Depots	4	4
Community Buildings	43	43	Parks and Open Spaces	167	167
Sports and Leisure Centres	4	4	Museums	1	1

Voluntary Aided and Foundation Schools are excluded from the table above, as the Council does not own them.

20. Housing Stock

The Council was responsible for managing 16,323 properties as at 31 March 2009, excluding travellers' sites. The Council's housing stock decreased during the year as a result of the sale of properties under the provisions of Right to Buy legislation.

Type of dwelling	2008/09 Number	2007/08 Number
Low rise flats	1,707	1,733
Medium rise flats	6,459	6,455
High rise flats	2,665	2,669
Houses	5,333	5,331
Hostels (HDE)	158	161
Shared Ownership	1	1
Total	**16,323**	**16,350**

21. Long Term Debtors

Long-term debts are those falling due after a period of at least one year. An analysis of these debts as at 31 March 2009 is shown below.

	2008/09 £'000	2007/08 £'000
Housing mortgages	370	441
Housing associations	12	45
Loans to Employees	101	84
Total	**483**	**570**

22. Debtors

(a) Public Sector Debtors

The following table provides an analysis of money owed to the Council by public sector bodies as at 31 March 2009 and which at that date was yet to be received.

	2008/09 £'000	2007/08 £'000
Government Depts.	5,106	11,910
NNDR Pool	7,875	2,733
HM Revenue and Customs	9,225	8,996
NHS	3,158	2,426
Education - Recoupment	2,650	2,590
Other Local Authoritites	1,536	2,193
Other Public Bodies	2,082	3,559
Total Debtors	**31,632**	**34,407**

(b) Non-Public Sector Debtors

The following table provides analysis of money owed to the Council by non-public sector bodies and individuals as at 31 March 2009 and which at that date was yet to be received. The Council has made provision for those debts which it estimates it may not recover. These provisions are shown at the bottom of the table.

	2008/09 £'000	2007/08 £'000
Housing Rent payers	8,274	8,460
Council Tax payers	29,218	29,298
Business Rate payers	5,586	5,217
Parking Notices	10,311	10,360
Homelessness	7,141	8,298
Leasehold	5,100	2,462
Housing Benefit Overpayments	9,372	8,419
Sundry Debtors	12,246	14,360
Total Non-Public Sector Debtors	**87,248**	**86,874**
Provisions for Bad Debts:		
Housing Rents	(6,291)	(6,533)
Council Tax	(13,236)	(10,009)
Business Rate payers	(3,349)	(3,582)
Parking Notices	(7,930)	(8,379)
Homelessness	(6,070)	(6,209)
Leasehold	(1,025)	(853)
Housing Benefit Overpayments	(5,918)	(4,796)
Sundry Debtors	(3,263)	(3,668)
Total Provisions	**(47,082)**	**(44,029)**
Net debtors	**40,166**	**42,845**

The total outstanding debtors, net of bad debt provision are £71.798 million (£77.252 million in 2007/08).

(c) Risk analysis of Debtors

Public Sector Debt – as the above debt is with other public sector organisations and is deemed to have a low level of risk in regard to non-payment of this debt no bad debt provision is made against this debt.

Non-Public Sector Debt

The table in section b above shows the total value of bad debt provision that has been set aside for ach debt type of the council. This is assessed on an annual basis against each type of debt and appropriate risk evaluations against non collection are made on each debt. Detailed below are the major debt types with a breakdown, over periods, of the debt and how the bad debt provision has been arrived at.

I. **Council Tax** - Detailed below is a breakdown of the outstanding council tax over the years to which it is attributable to. A percentage bad debt provision is then applied to each year, with a 100% provision applicable for any year prior to 2003/04.

Financial Year	Debt outstanding 2008/09 (£'000)
2000/01 and earlier	2,970
2001/02	727
2002/03	906
2003/04	2,010
2004/05	2,763
2005/06	5,675
2006/07	5,417
2007/08	7,443
2008/09	6,921
Total	**34,832**

II. **Housing Rents** - Detailed below is a breakdown of the outstanding housing rents according to the level of rents outstanding. A percentage bad debt provision is then applied to each band of debt outstanding up to a maximum of 90% for debt over £1,000 and for former tenants.

Band of debt outstanding	Total Debt outstanding (£'000)
< £100	172
< £250	254
< £500	408
< £750	360
< £1,000	332
> £1,000	3,656
Former Tenants	2,569
Total	**7,751**

III. **Business Rates -** Detailed below is a breakdown of the outstanding business rates over the years it is attributable to. A percentage bad debt provision is then applied to each year, with a 100% provision applicable for any year prior to 2006/07.

Financial Year	Debt outstanding 2008/09 (£'000)
2000/01 and earlier	225
2001/02	346
2002/03	291
2003/04	-29
2004/05	-47
2005/06	437
2006/07	788
2007/08	1,120
2008/09	1,978
Total	**5,109**

IV. **Parking notices** - £2.38m of unprovided parking notices remained outstanding as at the end of the year. A settlement discount is offered if the penalty is paid within 14 days. A notice to owners is issued after 28 days.

V. **Homelessness** - £2.03m of unprovided homelessness debtors remained outstanding as at the end of the year.

VI . **Leasehold** - £4.075m of leasehold debts are unprovided. Leasehold balances are due on certain dates throughout the month and bear no credit terms. £4.075m is therefore considered to be past due.

VII. **Housing Benefit Overpayments** - £3.45m of housing benefits unprovided remain overpaid as at 31 March 2009. All are considered past due.

VII. **Sundry Debtors** - £6.19m of sundry debtors remain unprovided. Balances include school debtors, commercial rents and general sundry debt. Terms offered are 30 days and £10.568 million of the outstanding debt is past this due date.

23. Creditors

The following table provides an analysis of money owed by the Council as at 31 March 2009.

	2008/09 £'000	2007/08 £'000
Government Departments	13,005	26,197
NHS	1,265	2,311
Other Public Sector	44	142
HMRC - Tax and NI	5,876	6,383
Education - Recoupment	2,340	2,870
Pension Funds	10,751	5,696
Sundry Creditors	38,481	39,536
Receipts in advance (including Planning Gains)	13,735	15,660
Total	**85,497**	**98,795**

24. Planning Gains

In large scale planning agreements, a condition may be set calling upon the applicant to pay a sum of monies towards future capital developments. These monies are held as receipts in advance and the figures below represent amounts unspent at 31 March 2009.

Service	2008/09 £'000	2007/08 £'000
St James Group	1,164	1,800
Planning Cost Recovery	660	238
Hornsey Waterworks	242	925
Middlesex University	44	231
Education Pool	2,153	1,436
Hale Village	0	280
Lynx Express Parcel Depot	471	550
Housing	600	-
Other	563	990
Total	**5,897**	**6,450**

25. Government Grants Deferred

Where the acquisition of a fixed asset is financed either wholly or in part by government grant, the amount of the grant is credited to a government grants deferred account and written off over the useful life of the asset, to match depreciation charges on the asset. The value of government grants deferred held in the balance sheet at 31 March 2009 was £238 million (31 March 2008 £194m).

26. Deferred Credits

This relates to the receipt on monies received that is required to be charged to the revenue account over a number of years. £1.161 million relates to an adjustment made by the Government in the early 90's in relation to home improvement grants and the commuting of outstanding debt which is written back to revenue over the life time of the old loans and £2.703 million to the finance lease held on 48 Station Road.

27. Provisions

Provisions are amounts set aside to meet future material liabilities of uncertain timing or amount.

	Insurance	Asylum Seekers Grant Claim	Single Status	Redundancy	Contract Agency	Other provisions	**Total**
31 March 2008	6,358	312	1,500	444	563	654	9,831
New provision	0	0	0	204	0	471	676
Utilised provision	(16)	(312)	0	(336)	(563)	(454)	(1,681)
31 March 2009	**6,342**	**0**	**1,500**	**312**	**0**	**672**	**8,826**

The Insurance provision is required because some of the Council's insurance policies are met by deposit premiums under which insurers ask for additional sums some years after the original claim. Furthermore balances are accrued each year to meet future known claims where the Council self-insures. Depending on the claims these payments may be made over a period of a number of years.

The Asylum Seekers provision is to cover any claw back by the Home Office from previous years grant payments. Any repayment required is expected to be determined in 2009/10.

The Single Status relates to the backdated re-grading of roles following the single status agreement reached in March 2008.

The Council has a number of other provisions for known liabilities.

28. Contingent Liabilities

- In 2007 Haringey council joined London Authorities Mutual Ltd, a mutual company set up in partnership with other London boroughs for the purpose of providing insurance and risk management services. The creation and operation of this company was challenged through the courts by an insurance company, RMP, taking out an action against one of the member authorities. This action has been found in favour of RMP. The Council has a liability, in the form of a guarantee, with LAML of £700k of which half has already been paid and half is accounted for within the Council's insurance reserve. As a result of the judgement LAML are required to cease operations with immediate effect and there will be an orderly wind down of the company. The assets left after the closure of the company will be redistributed to member authorities. There is of a further case being taken by RMP against the individual members of LAML for loss of profit and associated costs. The Council is currently considering its response to this.

- In 2008/09 and 2009/10 five staff were dismissed from the Councils employment in connection with an inspection undertaken by Ofsted and Directions issued by the Secretary of State for Children & Families. All parties have lodged appeals under the Council's internal employment procedures. In one case parallel claims have been lodged in the High Court and in the Employment Tribunal by one former member of staff. No provision has been made in the Council's accounts for compensation or damages arising from any successful claim.

- In March 2009 a claim was submitted by Firoka (Alexandra Palace) Ltd and Firoka (Kings Cross) Ltd against the Council as trustee of Alexandra Park and Palace Charitable Trust for loss of income and damages as a result of the failure of the Charitable Trust to issue a licence to Firoka. The value of this claim is £6.234 million. The substance of this claim is disputed by the Council and the Trust. No provision has been made in either the Council's or the Trust's accounts for the claim.

29. Contingent Assets

In March 2009 the Council submitted a claim to HM Revenue and Customs (HMRC) for £1.1 million plus interest for repayment of VAT originally paid across by the Council. This follows the principles established in the Fleming/Conde Nast [2008] UK HL 2 decision in the House of Lords, which allow claims to be paid which would have previously been time-barred. At present it is unknown whether HMRC will agree these claims or the value of any interest that will be repaid, if the claim is accepted.

30. Analysis of Net Assets Employed

The table below details the net assets (both revenue and capital) employed by the Council:

	2008/09 £'000	2007/08 £'000
General Fund	251,487	425,691
Housing Revenue Account	447,087	541,788
Total Net Assets	**698,574**	**967,479**

31. Reserves

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice and others have been set up voluntarily to earmark resources for future spending plans. Reserves are reviewed as part of the budget process together with the council's agreed reserves policy in accordance with S.23 of the Local Government Act 2003.

	Balance 1 April 2008 £'000	Net Movement in Year £'000	Balance 31 March 2009 £'000
Revaluation Reserve	289,679	(20,309)	269,370
Capital Adjustment Account	792,529	(127,351)	665,178
Capital Receipts	8,661	(2,491)	6,170
Pensions Reserve	(227,418)	(79,210)	(306,628)
Housing Revenue Account	4,724	2,525	7,249
General Fund	11,946	(4,406)	7,540
Collection Fund	8	(9)	(1)
Financial Instruments Adjustment Account	(20,321)	(3,693)	(24,014)
Other Reserves	70,091	6,815	76,906
Total	929,899	(228,130)	701,769

The **Revaluation Reserve** represents changes in the valuation of fixed assets between the time when they are purchased and the latest valuation. Fixed assets are revalued on a rolling basis. The movement in the account represents the movement in valuations, depreciation and any additions during the course of the year.

The **Capital Receipts Reserve** shows the receipt and application of capital receipts, which the Council receives when it sells fixed assets. Note 32 details the movement in this reserve during the year.

The **Housing Revenue Account Reserve** is the accumulated surplus on the Housing Revenue Account. This is available to fund contingencies and other matters relating to the council housing. The overall surplus on the HRA has come into this reserve.

The **General Fund Reserve** is the general balances and is required to fund unexpected contingencies and events.

The **Pensions Reserve** is detailed in note 33 below.

The **Collection Fund Reserve** represents the accumulated surplus or deficit on the Collection Fund. The movement in the year represents the amount of the surplus due to the Greater London Authority (GLA).

The **Financial Instruments Adjustment Account** represents the balances that have been charged to the Income and Expenditure account due to the new financial instrument accounting standards where regulation allows for the impact of these charges to the Council Tax payer to be spread over future years.

Other Reserves represent specific earmarked reserves for future use. These are detailed in note 34 below.

32. Capital Receipts

The capital receipts are income from the sale of long-term assets and repayments of capital advances. Legislation requires that a proportion of these receipts are paid across to central government. The remaining amounts can then be used to finance capital expenditure.

	2008/09 £'000	2007/08 £'000
Balance at 1 April	**8,661**	**10,044**
Sale of Assets:		
Council Dwellings	2,131	12,625
HRA Land and Buildings	8,157	3,931
Other HRA Assets	0	0
General Fund Assets	577	2,464
Total Receipts	**10,865**	**19,020**
Use of Receipts:		
Receipts paid to Government	(1,628)	(9,461)
Financing Capital Expenditure	(11,728)	(10,942)
Balance at 31 March	**6,170**	**8,661**

33. The Pension Fund Reserve

This represents the Council's proportion of the net assets and liabilities in the pension scheme. The Pensions reserve liability has decreased by £79.210 million during 2008/09, as follows:

	2008/09 £'000	2007/08 £'000
Deficit at start of Year	(227,418)	(296,287)
Current Service Costs	(15,024)	(20,715)
Employer Contributions	30,670	26,805
Contributions re: Unfunded benefits	3,925	3,926
Past Service costs	(5,493)	(239)
Impact of Settlements and Curtailments	(567)	18,220
Net Return on Assets	(14,210)	(5,779)
Actuarial gains/(losses)	(78,511)	46,651
Deficit at end of Year	**(306,628)**	**(227,418)**

34. Earmarked Reserves

These are reserves created for a specific purpose and are detailed below:

	2008/09 £'000	2007/08 £'000
Schools (Revenue)	6,615	7,085
Services (Revenue)	2,317	2,265
Insurance	8,865	12,485
PFI – Lifecycle	4,967	3,780
Infrastructure	2,503	3,357
Risk	10,160	10,160
Financing	14,072	13,705
Debt Repayment / Capital Financing	20,850	9,571
Major Repairs Reserve (Housing)	6,557	8,098
Total	**76,906**	**70,507**

The Schools Reserve (Revenue) - the Secretary of State for Children, Schools and Families requires all Local Authorities to have within their Scheme for Financing Schools a provision whereby surplus balances that are deemed excessive can be withdrawn from the school in question and applied elsewhere within the Dedicated Schools Budget. The Secretary of State's definition of excessive is 5% of a secondary school's budget share or 8% of a primary or special school's, with a de minimus value of £10,000. In determining what is considered a surplus balance, authorities are expected to offset the following:

- Prior year commitments.
- Unspent standards fund from the previous financial year.
- Funds assigned by the governing body for specific purposes. The purposes must be permitted by the authority and can only be held for a stipulated period.

These requirements have been fully taken account of in Haringey's Scheme for Financing Schools and applied since 1 April 2008

The Services Reserve (Revenue) - Council policy is that service under and over-spends are retained by the relevant service. This reserve earmarks these funds.

The Insurance Reserve - the Council self-insures a number of risks including liability, property and theft policy. Insurance claims are erratic in their timings and so the Council maintains a reserve in order to smooth the charge to the Council's revenue account in the same way as a premium to an external insurance provider would so smooth.

The PFI Lifecycle Reserve - used to fund future years capital investment in schools.

The Infrastructure Reserve - the Council has built into base budgets limited provision for the planned maintenance and renewals of certain assets. Planned maintenance and renewals are by their nature irregular payments. This reserve spreads the charge to revenue.

The Risk Reserve - the Council faces certain liabilities which are not sufficiently certain to allow a provision to be made under current accounting practice but for which it has been considered prudent to make provision. This reserve represents that provision.

The Financing Reserve - the Council has a three-year financial strategy. Within this strategy is a focused approach towards avoiding certain effects of the annual nature of the local government funding regime. This reserve underpins the strategy.

The Major Repairs Reserve (Housing) – the balance on this account represents the amount unspent of the Council's Major Repairs Allocation (MRA) and will be used to meet capital expenditure in future years.

The Debt Repayment Reserve – represents money that the Council has set aside to repay outstanding debt in the future.

35. Financial Instruments Adjustments Account

The change in accounting regulations regarding financial instruments has brought about the creation of a new reserve, the Financial Instruments Adjustment Account. This contains the following transactions:-

	08/09 £'000	07/08 £'000
Balance of FIAA brought forward	20,321	0
Transactions related to debt held at 31/03/2007		
Discounts on previous debt restructuring	0	(1,005)
Premiums on previous debt restructuring	0	19,623
Effective interest rate (EIR) adjustment to opening balance on LOBO borrowing	0	3,036
In year transactions		
Discounts on in-year debt restructuring	0	(1,782)
Discounts on previous debt restructuring	316	0
Premiums on previous debt restructuring	(4,421)	0
Effective interest rate (EIR) adjustment on LOBO borrowing	(16)	449
Application of regulation for Icelandic Investments	7,814	0
Balance of FIAA carried forward	**24,014**	**20,321**

The values relating to debt restructuring result in a movement within the balance sheet from long-term debtors and long-term liabilities. These premiums or discounts occur when debt is prematurely repaid and represent amounts paid to the borrower to recompense them for loss of future interest or paid to the Council if the borrower benefits from this arrangement. Under the standards which govern financial instruments, the majority of new discounts and premiums are written off to the income and expenditure account. However legislation allows for this to be written-off over the lifetime of either the replaced loan, or the new loan, whichever is longer (in the case of discounts received the write-down period is over the length of the old loan or 10 years, whichever is shorter). These adjustments are made through the Statement of Movement on General Fund Balances (STMGFB) and the Financial Instrument Adjustment Account.

As with premiums the accounting standards state that where LOBO's are held the EIR on these debts is calculated and charged to the I&E account, not the actual interest incurred. This additional charge to the I&E account is then reversed out of the accounts through the STMGFB to ensure that there is no impact on council tax charged by this accounting adjustment.

36. Types of Financial Instruments

The Council holds the following types of financial instruments:

- Financial liabilities held at amortised cost: trade and other payables (see creditors note 23), long term liabilities (see Long Term Contracts note 14) and borrowings; and
- Financial assets classed as loans and receivables: trade and other receivables (see debtors note 22), bank deposits and investments.

The bank deposits, investments and borrowings disclosed in the balance sheet are made up of the following categories of financial instruments.

	Long-Term		Current	
	31st March 2009 £'000	31st March 2008 £'000	31st March 2009 £'000	31st March 2008 £'000
Borrowings				
Financial liabilities at amortised cost	633,248	651,043	25,903	15,463
Other borrowing (Finance lease)	2,703	2,743	0	0
Total borrowings	635,951	653,786	25,903	15,463
Investments				
Loans and receivables	0	0	116,387	160,813
Total investments	0	0	116,387	160,813

The investments shown in the above table all relate to short-term on-call deposits, none of which are for greater than 364 days.

37. Gains And Losses On Financial Instruments

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

	Financial Liabilities	Financial Assets		
	Liabilities measured at amortised cost £'000	Loans and receivables £'000	Total 2008/09 £'000	Total 2007/08 £'000
Interest expense	(44,758)	0	(44,758)	(45,349)
Impairment losses		(9,311)	(9,311)	
Interest payable and similar charges	**(44,758)**	**(9,311)**	**(54,069)**	**(45,349)**
			0	
Interest income	0	7,460	7,460	8,790
Gains on derecognition	0	0	0	1,782
Interest and investment income	0	7,460	7,460	**10,572**
Net gain/(loss) for the year	**(44,758)**	**(1,851)**	**(46,609)**	**(34,777)**

Adjustments via the financial instruments adjustments account of impairments of Icelandic investments and LOBOs in 2008/09	(16)	7,814	7,798	(1,782)
Net gain/(loss) for the year	**(44,774)**	**5,963**	**(38,811)**	**(36,559)**

Soft loans

A further type of financial instrument are soft loans which are loans the Council has given to individuals or organisations at zero or lower than the market rate interest. No adjustment has been made in the accounts for these as they are very small in value.

The table below shows the value of soft loans and type that Haringey Council has as at 31st March 2009:

Loan	Value 08/09 (£'000)	Value 07/08 (£'000)
Employee Loans	101	84
Bernie Grant Centre capital funding	340	432
Total	**441**	**516**

38. Fair Value Of Assets And Liabilities Carried At Amortised Cost

The fair value of each class of financial assets and liabilities which are carried in the balance sheet at amortised cost is disclosed below. The fair value represents what the total amount of repayment on our debt should be if the Council had to repay it in 2008/09.

Methods and Assumptions in valuation technique

The fair value of an instrument is determined by calculating the Net Present Value of future cash flows, which provides an estimate of the value of payments in the future in today's terms. The discount rate used in the NPV calculation is the rate applicable in the market on the date of valuation for an instrument with the same structure, terms and remaining duration. For debt, this will be the new borrowing rate since premature repayment rates include a margin which represents the lender's profit as a result of rescheduling the loan; this is not included in the fair value calculation since any motivation other than securing a fair price should be ignored.

The rates quoted in this valuation were obtained by our treasury management consultants from the market on 31st March 2009, using bid prices where applicable.

The calculations are made with the following assumptions:

- For PWLB debt, the discount rate used is the rate for new borrowing;
- For other market debt and investments the discount rate used is the rates available for an instrument with the same terms from a comparable lender;
- We have used interpolation techniques between available rates where the exact maturity period was not available;
- No early repayment or impairment is recognised;
- We have calculated fair values for all instruments in the portfolio, but only disclose those which are materially different from the carrying value; and
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

Fair Value of Liabilities Carried At Amortised Cost

	31st March 2009		31st March 2008	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB - maturity	508,595	623,988	520,659	608,172
PWLB - annuity	13	13	13	13
PWLB - EIP	17	17	27	29
LOBOs	130,470	149,789	130,363	146,356
Market loans	4	4	4	4
Finance Lease	2,703		2,743	
Bank overdraft	8,103	8,103	15,439	15,439
PFI Long Term liability	46,193	48,361	46,193	48,361
Financial liabilities	**696,098**	**830,275**	**715,441**	**818,374**

Fair value is more than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans at the Balance Sheet date. The commitment to pay interest below current market rates reduces the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.

Fair Value Of Assets Carried At Amortised Cost

	31st March 2009		31st March 2008	
	Carrying amount £'000	**Fair value £'000**	**Carrying amount £'000**	**Fair value £'000**
Cash	13,621	13,621	13,388	13,388
Deposits with banks and building societies	102,766	102,766	147,425	147,425
Financial assets	**116,387**	**116,387**	**160,813**	**160,813**

Nature And Extent Of Risks Arising From Financial Instruments

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written polices and procedures covering specific areas such as credit risk, liquidity risk and market risk.

Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the Council's customers. It is the policy of the Council to place deposits only with a limited number of high quality banks and building societies whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution. The Council also has a policy of limiting deposits with institutions to a maximum of £20 million. All council investments have been made in line with these policies.

The following statements summarise the Council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Council expects full repayment on the due date of deposits placed with its counterparties. The exception to this is deposits with Icelandic Banks which went into default during 2008/09. Specific details on these deposits are shown below in the table.

Outstanding Investments as at 31 March 2009

	Maturity of Investment (months)				
	Matured 0809	1-3	3-6	6-12	Total
Banks	£'000	£'000	£'000	£'000	£'000
UK					
Lloyds TSB Bank Plc		10,000			10,000
Abbey National PLC		8,000			8,000
Royal Bank of Scotland		10,000	5,000	5,000	20,000
Ireland					
Depfa Bank Plc		5,000			5,000
Building Societies					
UK					
Nationwide Building Society		5,000		11,500	16,500
Chelsea Building Society		5,000	5,000		10,000
West Bromwich Building Society		1,000			1,000
Skipton Building Society			2,000		2,000
Icelandic Banks (In default)					
Heritable Bank	19,800				19,800
Landsbanki Islands	15,157				15,157
Glitnir Bank hf	2,000				2,000
Total	36,957	44,000	12,000	16,500	109,457

Icelandic Banks

These disclosures regarding the Icelandic bank investments and the percentages applied are in line with guidance that has been provided by CIPFA to all local authorities. This guidance has been produced after consultation with the Audit Commission and the Local Government Association.

Early in October 2008, the Icelandic banks Landsbanki and Glitnir collapsed and the UK subsidiary of the bank; Heritable, went into administration. The authority had £36.957 million deposited across these institutions, with varying maturity dates and interest rates as follows:

Institution	Invested Amount £	Maturity Date	Interest Rate
	2,000,000	08/12/2008	6.450%
Glitnir Bank hf	**2,000,000**		
	3,000,000	16/10/2008	5.440%
	3,000,000	17/10/2008	5.910%
	2,500,000	21/10/2008	5.480%
	3,200,000	14/11/2008	6.000%
	6,000,000	30/03/2009	6.060%
	2,100,000	14/11/2008	6.100%
Heritable bank Ltd	**19,800,000**		
	2,257,000	07/10/2008	5.700%
	5,300,000	20/10/2008	5.600%
	1,100,000	13/02/2009	6.310%
	3,500,000	23/02/2009	5.700%
	3,000,000	27/02/2009	6.100%
Landsbanki Islands	**15,157,000**		
Grand total	**36,957,000**		

All monies within these institutions are currently subject to the respective administration and receivership processes. The amounts and timing of payments to depositors such as the authority will be determined by the administrators / receivers.

The current situation with regard to recovery of the sums deposited varies between each institution. Based on the latest information available, and the guidance received from CIPFA, the authority considers that it is appropriate to consider an impairment adjustment for the deposits, and has taken the action outlined below. As the available information is not definitive as to the amounts and timings of payments to be made by the administrators / receivers, it is likely that further adjustments will be made to the accounts in future years.

Heritable Bank

Heritable Bank is a UK registered bank under Scottish law. The company was placed in administration on 7 October 2008. The creditor progress report issued by the administrators Ernst and Young, dated 17 April 2009 outlined that the best case return to creditors was projected to be 80p in the £ by the end of 2012 with the first dividend payment of 15p in the £ due in the summer of 2009. The Council has followed the guidance issued by CIPFA and recognised an impairment based on it recovering 80p in the £. It is anticipated that there will be some front loading of these repayments and that a final sale of assets will take place after the books have been run down to the end of the estimated administrative period. Therefore in calculating the impairment the Council has made the following assumptions re timing of recoveries:

July 2009 – 15%
July 2010 – 30%
July 2011 – 15%
July 2012 – 10%
July 2013 – 10%

Recoveries are expressed as a percentage of the Council's claim in the administration, which includes interest accrued up to 6 October 2008 and totals £19.889 million.

Landsbanki

Landsbanki Islands hf is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Landsbanki) with the management of the affairs of Old Landsbanki being placed in the hands of a resolution committee. Old Landsbanki's affairs are being administered under Icelandic law. Old Landsbanki's latest public presentation of its affairs was made to creditors on 20 February 2009 and can be viewed on its website. This and other relevant information indicates that recovery of between 90-100 % could be achieved, and the authority has taken a mid point position and assumed recovery at 95% by 2012. The authority has again followed the guidance issued by CIPFA and recognised an impairment based on it recovering 95p in the £.

Recovery is subject to the following uncertainties and risks:

- Confirmation that deposits enjoy preferential creditor status that is likely to have to be tested through the Icelandic courts;
- The impact of exchange rate fluctuations on the value of assets recovered by the resolution committee and on the settlement of the Council's claim, that may be denominated wholly or partly in currencies other than sterling;
- Settlement of the terms of a 'bond' which will allow creditors of old Landsbanki to enjoy rights in New Landsbanki; and
- The impact (if any) of the freezing order made by the UK Government over Landsbanki's London branch assets.

Failure to secure preferential creditor status would have a significant impact upon the amount of the deposit that is recoverable. The total assets of the bank only equate to one third of its liabilities, assuming that the Bond remains at its current value. Therefore, if preferential creditor status is not achieved the recoverable amount may only be 33p in the £.

No information has been provided by the resolution committee about the timing of any payments to depositors. Because it is anticipated that all the assets of Landsbanki Islands will need to be realised to repay priority creditors, settlement in a single sum is unlikely. From the best information available it is assumed that the repayment will be split roughly evenly between March 2010, December 2010, December 2011 and December 2012.

Recoveries are expressed as a percentage of the Council's claim in the administration, which it is expected may validly include interest accrued up to 14 November, which total £15.501 million.

Glitnir Bank

Glitnir Bank is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Glitnir) with the management of the affairs of Old Glitnir being placed in the hands of a resolution committee. Old Glitnir's affairs are being administered under Icelandic law. Old Glitnir's latest public presentation of its affairs was made to creditors on 6 February 2009 and can be viewed on its website. This indicates that full recovery of the principal and interest to 14 November 2008 is likely to be achieved. Recovery is subject to the following uncertainties and risks:

- Confirmation that deposits enjoy preferential creditor status which is likely to have to be tested through the Icelandic courts;
- The impact of exchange rate fluctuations on the value of assets recovered by the resolution committee and on the settlement of the Council's claim, that may be denominated wholly or partly in currencies other than sterling; and
- Settlement of the terms of a 'bond' which will allow creditors of old Glitnir to enjoy rights in New Glitnir.

The Council has again followed the guidance issued by CIPFA and recognised an impairment based on it recovering the full amount of principal and interest up to 14 November 2008 in the future. The impairment therefore reflects the loss of interest to the Council until the funds are repaid.

Failure to secure preferential creditor status would have a significant impact upon the amount of the deposit that is recoverable. The total assets of the bank only equate to 40% of its liabilities, assuming that the Bond remains at its current estimated value. Therefore, if preferential creditor status is not achieved the recoverable amount may only be 40p in the £.

No information has been provided by the resolution committee about the timing of any payments to depositors. Since the value of deposits is small compared to the total asset value of the bank, in calculating the impairment the Council has therefore made an assumption that the repayment of priority deposits will be made by 31 March 2010.

Recoveries are expressed as a percentage of the Council's claim in the administration, which it is expected may validly include interest accrued up to 14 November 2008 which totals £2.129 million.

Summary

The amount of the Icelandic related investments that would be lost to the authority under the current predictions is £4.718 million. However, accounting regulations require the authority to account for the fact that these funds have not and will not be available for the authority's use until the future dates identified. The overall impairment loss recognised in the Income and Expenditure Account in 2008/09, £7.814 million, has been calculated, therefore, by discounting the assumed cash flows at the effective interest rate of the original deposits in order to recognise the anticipated loss of interest to the authority until monies are recovered.

Adjustments to the assumptions will be made in future accounts as more information becomes available.

The Authority has utilised the capital finance regulations (issued February 2009) to defer the impact of the impairment on the General Fund, and a sum of £9.311m has been transferred to the Financial Instruments Adjustment Account, which relates to the capital sum invested. The balance of £1.497m relates to interest which has been borne in full by the General Fund.

It should be noted that the interest impairment of £1.497 million is based on the investments remaining with the Iceland banks through to 31st March 2009, at the rate at which the original investments were made, which range between 5.440% and 6.450%. The actual loss of interest, if the deposits were returned at maturity dates, was £877k. The additional loss identified is again as required under accounting requirements which it is deemed would take account of the loss from being unable to invest the capital sums further. It should be stressed, however, that in reality this would not have happened given that interest rates have reduced significantly (down to 0.5% or lower) and it would have been impossible for the authority to have achieved the previous levels of return.

Debtors
See the debtor note (22 page 49) which gives a breakdown of bad debt provisions and appropriate commentary.

Liquidity Risk
The Council has access to a facility to borrow from the Public Works Loans Board. As a result there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Council's policy is to ensure that not more than 20% of loans are due to mature within any financial year and 40% within any rolling five-year period through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

The maturity structure of financial liabilities is as follows (at nominal value):

Loans outstanding	**31-Mar-09 £000s**	**31-Mar-08 £000s**
Public Works Loans Board	520,572	520,699
Market debt	130,470	130,363
Other	5	4
Total	**651,047**	**651,066**
Less than 1 year	18,293	24
Between 1 and 2 years	52,203	18,299
Between 2 and 5 years	132,659	139,084
Between 5 and 10 years	107,987	131,173
More than 10 years	339,905	362,486
Total	**651,047**	**651,066**

In the more than 10 years category there are no LOBOs where there is an option to change interest rates in the next 12 months (2007 £80m).

Interest rate risk

The Council is exposed to interest rate risk in two different ways; the first being the uncertainty of interest paid/received on variable rate instruments and the second being the affect of fluctuations in interest rates on the fair value of an instrument.

The majority of the borrowing incurred is fixed rate and therefore not open to market fluctuations. The total split between fixed and variable borrowing is £520.6 million (80%) fixed and £130.4 million (20%) variable, with the average variable interest rate being 4.56%.

The current interest rate risk for the Council is summarised below:

- Decreases in interest rates will affect interest earned on variable rate investments, potentially reducing income credited to the Income and Expenditure Account;

- Increases in interest rates will affect interest paid on variable rate borrowings, potentially increasing interest expense charged to the Income and Expenditure Account;
- The fair value of fixed rate financial assets will fall if interest rates rise. This will not impact on the Balance Sheet for the majority of assets held at amortised cost, but will impact on the disclosure note for fair value. It would have a negative effect for those assets held at fair value in the Balance Sheet, which would also be reflected in the Statement of Total Recognised Gains and Losses; and
- The fair value of fixed rate financial liabilities will rise if interest rates fall. This will not impact on the Balance Sheet for the majority of liabilities held at amortised cost, but will impact on the disclosure note for fair value.

The Council has a number of strategies for managing interest rate risk. During periods of falling interest rates, and where financial 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 Council'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 that informs the setting of the annual budget and is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31 March 2009, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

Interest Rate Risk

	2008/09 £'000	2007/08 £'000
Increase in interest payable on variable rate borrowings	1,250	450
Impact on Income and Expenditure Account	**1,250**	**450**
Share of overall impact debited to the HRA	**800**	**252**

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

39. Investments – Related businesses and companies

Homes for Haringey
Homes for Haringey is a Council controlled company. The company was created on 1st April 2006 and manages the Council's housing stock and carries out the day to day repairs on properties, for which fees totalling £40.3 million were paid to the company. The Council has 5 Councillors on the Board of Homes for Haringey. The company forms part of the London Borough of Haringey Group and the Group's accounts are shown in section 4 of these accounts.

	as at 31 March 2009 £'000	as at 31 March 2008 £'000
Net assets	(7,367)	4,432
Net income for the year	0	(369)

The Council is involved with the following associated companies whose assets and liabilities are not included in the Council's accounts:

Urban Futures

The company was set up on 31 December 2000 to be an arms length regeneration agency for Haringey and Enfield. The company started its activities following transfer from North London TEC and Haringey Council on 11 June 2001. Haringey Council holds 9% of the voting rights.

	as at 31 March 2009 £'000	as at 31 March 2008 £'000
Net assets	668	643
Net income for the year	25	42

The accounts for Urban Futures have not yet been audited consequently the figures stated are from the draft accounts. The values as at 31 March 2007 have been restated based on the audited 2007/08 accounts.

London Grid for Learning Trust

The Trust was incorporated on 25 April 2001 as a company limited by guarantee, comprising all 33 London councils. Haringey Council holds 3% of the voting rights.

	as at 31 March 2009 £'000	as at 31 March 2008 £'000
Net assets	n/a	2,579
Net income for the year	n/a	257

The accounts for London Grid for Learning Trust are not available.

Bernie Grant Centre Partnership

The Bernie Grant Centre Partnership (BGCP) was set up to build a performing arts centre and enterprise units in Tottenham in memory of former MP Bernie Grant. BGCP was established in September 2002 as a company limited by guarantee and began operating on 1 April 2003. The company is also a registered charity. Haringey Council has 14% of the voting rights.

	as at 31 March 2009 £'000	as at 31 March 2008 £'000
Net assets	13,875	14,016
Net income for the year	(140)	1,966

40. Trust funds

The Council acts as trustee for a number of funds, which may be used for specific limited purposes as set out in the respective trust deeds. These accounts do not form part of the Council's Income & Expenditure account or balance sheet. Details of the sums administered are shown below. All of these trust funds are for educational purposes and the figures below represent a number of smaller funds.

	2008/09 £	2007/08 £
Income from Investments	(448)	(534)
Expenditure for Authorised Purposes	0	0
(Surplus)/Deficit	**(448)**	**(534)**
Balances:		
Balance 1 April	(151,859)	(151,325)
(Surplus)/Deficit	(448)	(534)
Fund Balance Carried Forward	**(152,307)**	**(151,859)**
Represented by:		
Investments	(23,564)	(25,868)
Cash in hand	(128,743)	(125,991)
Total	**(152,307)**	**(151,859)**

Alexandra Park and Palace

Under the Alexandra Park and Palace Act 1985 the Council is the sole trustee for the Alexandra Park and Palace Charitable Trust, details of which are set out below. Seven Councillors are on the board of AP&P. The purpose of the trust is to manage the site of the Palace and Park and to run the day to day operations. These funds do not represent assets of the Council and are not included within the Council's balance sheet.

	2008/09 £'000	2007/08 £'000
Income	(5,778)	(2,666)
Expenditure	7,785	5,626
Assets	2,297	2,681
Liabilities	(38,672)	(36,389)

As a result of being the sole trustee of AP&P the Council has a close relationship with the trust, providing a number of support functions to the day to day operation. The principal support it gives is in the form of deficit funding, which the Council as is required to do under the Alexandra Park and Palace Act 1985. In 2008/09 the extent of this deficit provision was £2.031 million (£3.1million 2007/08).

The figure in the Council's accounts in respect of funding the Alexandra Palace deficit is based on the draft AP&P accounts and are still subject to formal audit in accordance with the Charity Commission regulations.

41. Related party transactions

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

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Details of transactions with government departments are set out in note 42.

Members of the Council have direct control over the Council's financial and operating procedures. By virtue of their office, through their residence in the borough and/or as active members of the community, members of the Council participate in and are members of a variety of other public bodies and community groups. The Council has well established mechanisms and procedures for preventing undue influence. Part of this mechanism is the disclosure of interests in the Register of Members' Interest which is open to public inspection at River Park House, 225 High Road, Wood Green, London. There are no material transactions to declare.

Other Public Sector Organisations The Council has a number of significant transactions with other local authorities and local health authorities. In particular the Council places pupils into schools in other Councils across London and the rest of the country. The spend for this is included in the Education line within the Income and Expenditure account. Any amounts owing to or owed from other Education Authorities are shown within the debtor and creditor notes (page 49) under the line Education – Recoupment.

The Council has two significant partnerships within the Health sector, with NHS Haringey (formerly Haringey Teaching Primary Care Trust) and the Barnet, Enfield and Haringey Mental Health Trust. The specific details of both these partnerships are shown in note 12. All other transactions between this Council and health organisations are included within the Social Services line in the Income and Expenditure account.

Officers

The Chief Executive, Dr Ita O'Donovan, is a board member of the Board of Bernie Grant Centre Partnership Ltd. She is not remunerated for this role.

The Chief Financial Officer, Gerald Almeroth, is a Director of London Authorities Mutual Ltd. He is not remunerated for this role.

The Director of Resources, Julie Parker, is a Director of Alexandra Palace Trading Ltd. She is not remunerated for this role.

The Head of Safer Communities, Jean Croot, is a Trustee of Exposure and Victim Support Haringey. She is not remunerated for this role.

The Pension Fund's accounts are set out in Section 5 of these statements. The Council owed the Pension Fund £5.622 million as at 31/3/09. The Council paid the Fund £383k in interest and also charged the Fund £630k for administering the Fund.

Companies – the Council has interests in a number of companies. These are disclosed in note 39 This includes details of the relationship with Homes for Haringey; the arms length management organisation owned by the Council with responsibility for the management of the Council's housing stock.

42. Analysis of Government Grants

The government grants shown on the Cash Flow Statement represent the cash received by the Council. They may differ from the actual amounts included within the gross income figures in the Council's Income and Expenditure account, which is prepared on an accruals basis.

	2008/09 £'000	2007/08 £'000
Revenue Support Grant	22,970	19,042
Housing Benefit Subsidy	261,747	251,495
Housing Subsidy	17,891	21,119
Home Office	4,040	2,899
Department for Education & Skills	217,959	212,907
Department of Health	1,351	11,818
Single Regeneration Budget	150	128
Neighbourhood Renewal Fund	57	9,081
Private Finance Initiative	5,669	5,673
ABG (CLG)	22,279	0
CLG - other	22,575	24,524
Other	5,890	5,917
Total Government Grant	**582,578**	**564,604**

43. Reconciliation of net surplus/deficit on the Income and Expenditure Account to the Revenue Activities net Cash Flow

	2008/09 £'000	2007/08 £'000
Revenue Activities:		
Deficit/(surplus) per Income and Expenditure Account	(41)	5
Deficit/(surplus) per HRA	(2,524)	(1,127)
Deficit/(surplus) per Collection Fund	9	19
Subtotal	**(2,556)**	**(1,103)**
Interest	(26,081)	(37,875)
Non-Cash Transactions:		
Contributions to provisions	(1,005)	(1,105)
Contributions to reserves	(6,140)	(5,891)
Contributions to capital	(4,905)	(3,998)
Items on an accruals basis:		
(Decrease)/increase in LT Debtor	(87)	(234)
(Decrease)/increase in stock and work in progress	0	16
(Decrease)/increase in debtors	(5,454)	(2,536)
Decrease/(increase) in creditors	7,431	(12,859)
Decrease/(increase) in deferred credits	250	(304)
Net Cash Inflow from Revenue Activities	**(38,547)**	**(65,889)**

44. Analysis of Balances of Cash and Cash Equivalents

The Cash Flow Statement summarises the inflows and outflows of cash arising from transactions with third parties. This movement in cash is reflected in the increase/decrease in cash and cash equivalents between the 2007/08 and 2008/09 Balance Sheets, as shown in the table below:

	2008/09 £'000	2007/08 £'000	Movement £'000
Bank (overdrawn)/in hand	(3,030)	(15,613)	7,510
Cash In Hand	14,283	13,562	59
Investments	100,146	146,000	(45,854)
Total Cash And Cash Equivalents	**111,399**	**143,949**	**(38,285)**

45. Analysis of Changes in Financing

	31 March 2009 £'000	31 March 2008 £'000	Movement £'000
Temporary Borrowing	(17,800)	(24)	(17,776)
Long Term Borrowing	(633,247)	(651,043)	17,795
Total Financing	**(651,046)**	**(634,170)**	**20**

46. Post Balance Sheet Events

Since the balance sheet date a high court decision, in the case of RMP v LB Brent, has found in favour of RMP (see note 28). As a result of this LAML (Local Authority Mutual Ltd) has ceased trading with immediate effect and will be wound up. This is a non-adjusting event and therefore has not resulted in any further changes in the accounts.

Housing Revenue Account - Income and Expenditure Account

This shows the major elements of housing revenue expenditure and income.

	Notes	2008/09 £'000	2007/08 £'000
Income:			
Rent from Dwellings		66,851	64,685
Rent from Other Properties		2,391	2,039
Rent	51	**69,242**	**66,724**
Charges for Services and Facilities		20,300	18,298
Supporting People Grant		2,128	2,420
Housing Revenue Account Subsidy receivable	49	17,370	20,601
Grant		**39,798**	**41,319**
Total income		**109,040**	**108,043**
Expenditure:		0	
Repairs and Maintenance		19,578	18,899
Supervision and Management		38,250	39,607
Rent and Other Charges		2,205	2,900
Depreciation and Impairment of Assets		126,370	15,019
Debt Management Costs		234	220
Increase in bad debt provision		1,023	633
Total expenditure		**187,660**	**77,278**
Net cost of HRA services per Authority Income and Expenditure Account		**78,620**	**(30,765)**
HRA services share of Corporate and Democratic core		994	970
HRA share of other amounts included in the whole authority Net Cost of services but not allocated to specific services		23	(45)
Net cost of HRA services		**79,637**	**(29,840)**
Financing			
Interest payable and similar charges		28,709	26,668
Interest and investment income		(343)	(500)
Pensions Interest Cost and Return on Assets		152	68
Total financing		**28,518**	**26,236**
(Surplus)/ deficit for year		**108,155**	**-3,604**

Statement of Movement on the Housing Revenue Account Balance

	Notes	2008/09 £'000	2007/08 £'000
(Surplus)/ deficit for year		108,155	(3,604)
Net Additional Items required by statute and non-statutory practices:	50	(110,679)	2,477
Increase or decrease in the Housing Revenue Account Balance		(2,524)	(1,127)
HRA balance brought forward		(4,724)	(3,597)
HRA balance carried forward		**(7,248)**	**(4,724)**

Notes to the Housing Revenue Account

Additional information concerning Housing Revenue Account assets can also be found in the notes to the primary statements including Housing Stock (note 20), capital expenditure (note 17), HRA fixed assets (note 16) and bad debt provision (note 22).

47. Note to the Statement of Movement on the HRA Balance

	2008/09 £'000	2007/08 £'000
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year		
Difference between any other item of income and expenditure determined in accordance with the SORP and determined in accordance with statutory HRA requirements (if any)	(110,675)	1,829
Net charges made for retirement benefits in accordance with FRS17	(7)	48
Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year		
Transfer to / (from) Reserves	3	600
Interest charge on HRA assets		
Net additional amount required by statute to be debited or credited to the HRA balance for the year	**(110,679)**	**2,477**

48. Gross Rent Income and Rent Arrears

This is the rent due for the year before rebates but after allowances for empty properties. The average weekly rent in 2008/09 was £79.71 compared to £75.54 in 2007/08 – a 5.5% increase.

As at 31 March 2009, the total arrears of rent for Council dwellings was £8.3 million compared to £8.4million as at 31 March 2008. Against these amounts, provision has been made for bad debts. This amounted to £6.6 million as at 31 March 2009 (£6.9 million as at 31 March 2008).

49. Housing Subsidy

Housing subsidy is grant received from central government which is used to fund expenditure on Council owned dwellings. Further analysis of this income is shown below.

	2008/09 £'000	2007/08 £'000
Management & Maintenance Allowance	35,679	35,331
Major Repairs Allowance	11,855	11,991
Charges for Capital	36,660	35,733
Admissible Allowance	0	0
Other Items of Reckonable Expenditure	229	681
Guideline Rent	(67,078)	(64,024)
Rental Constraint Allowance	0	639
Interest on Receipts	(36)	(55)
Housing Subsidy Payable	**17,309**	**20,296**
Subsidy adjustment	61	305
Housing Subsidy Receivable per Income and Expenditure Statement	**17,370**	**20,601**
Transfer from Reserve		0
Net Housing Subsidy Receivable for Year	**17,370**	**20,601**

50. Value of HRA Assets

Balance Sheet Valuation of HRA Assets	01 April 2009 £'000	01 April 2008 £'000
Operational Assets	1,060,621	1,246,966
Non Operational Assets	24,644	15,848
Total	**1,085,265**	**1,300,393**

Vacant Possession Value	**01 April 2009 £'000**	**01 April 2008 £'000**
HRA Dwellings	2,848,974	3,312,704

The vacant possession value is an estimate of the open market value of all HRA dwellings. The balance sheet value is calculated on the basis of rent receivable on existing tenancies. This is 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 shows the economic cost of providing council housing at less than open market value.

51. Major Repairs Reserve

The Major Repairs Reserve records the unspent balance of HRA subsidy paid to the Council in the form of the Major Repairs Allowance.

	2008/09 £'000	2007/08 £'000
Balance at 1 April	**(8,098)**	**(213)**
Transferred to Reserve	(11,961)	(13,277)
Transfer from Reserve to HRA	106	1,297
Applied to finance capital expenditure on Council Dwellings	13,395	4,095
Balance at 31 March	**(6,558)**	**(8,098)**

52. FRS 17

In compliance with the statutory framework for local government, the movement in the FRS17 pensions liability relating to the HRA is processed through the HRA and the net amount is appropriated to the Pensions Reserve. This means that the bottom-line charge against rents is employer's contributions payable in the year. The amount applicable to the HRA is an apportionment of all pension contributions in the year, based on the number of employees within social services who are involved with supported housing work. The full disclosure of the pension related transactions is detailed in Note 9 to the primary statements.

Collection Fund

The Council is responsible for collecting council tax and national non-domestic rates, the latter on behalf of the government. The proceeds of the council tax are distributed to two preceptors: the Council itself and the Greater London Authority. The Fund shows the income due from council tax and national non-domestic rates and the application of the proceeds.

	Notes	2008/09 £'000	2007/08 £'000
Income due:			
Council Tax			
Council Tax-payers		93,542	89,498
In respect of Council Tax Benefits		34,826	33,291
Total Council Tax – related income		**128,368**	**122,789**
Income due from Business Rate-payers:	54	47,360	46,323
Contributions:			
-Towards previous year's Collection Fund deficit/(surplus)	53	34	67
Total Income		**175,761**	**169,179**
Expenditure:			
Council Tax used to support expenditure on services:			
- Haringey Council		98,806	95,265
Greater London Authority		26,378	25,668
Total Precepts		**125,184**	**120,933**
Business Rates:			
- Payments to National Pool		46,886	45,860
- Cost of Collection		475	463
Payments to National Pool & cost of collection allowance		**47,360**	**46,323**
Provision for Bad and Doubtful Debts (Council Tax)		3,227	1,942
Total Expenditure		**175,771**	**169,198**
Surplus/(Deficit) for year	55	**(9)**	**(19)**
Balance brought forward 1 April surplus/ (deficit)		**8**	**27**
Balance carried forward 31 March surplus/(deficit)		**(1)**	**8**

Notes to Collection Fund

53. Calculation of the Council Tax Base

The Council Tax is calculated per equivalent Band D property. In order to determine the number of equivalent Band D properties, the Council Tax Base is calculated. All properties are categorised into one of eight bandings depending upon the valuation of the property. An adjustment is then made for properties that are subject to discounts such as single person or non-residency. The resulting number of properties per valuation banding is then adjusted to calculate the number of equivalent Band D properties, using a defined ratio. Finally the tax base is adjusted to reflect an anticipated collection rate of 96%.

Band	A*	A	B	C	D	E	F	G	H	Total
Number of dwellings	4	5,379	16,534	30,851	25,436	10,869	5,399	4,612	633	99,717
Discounts	1	753	2,364	3,880	2,584	1,007	387	277	58	11,311
Dwellings after discounts	3	4,626	14,170	26,971	22,852	9,862	5,012	4,335	575	88,406
Ratio to band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Band D equivalent	**2**	**3,084**	**11,021**	**23,974**	**22,852**	**12,053**	**7,239**	**7,225**	**1,150**	**88,600**
Loss on collection										3,544
Council Tax Base										**85,056**

* - entitled to disabled relief deduction

54. Income from Business Rates

The Council collects National Non-Domestic Rates (NNDR) or Business Rates for its area. These are calculated on the basis of rateable values multiplied by one of the following Business Rates set by central government: 46.2p (Standard) and 45.8p (Small businesses) (for 2007/08 - 44.4p & 44.1p respectively). After adjusting for relief and other deductions, this is paid into a central pool, which is managed by central government.

The actual rateable value of business properties in the borough as at 31 March 2009 is £129,540,942 (31 March 2008, £131,437,606).

55. Deficit / Surplus

In 2008/09 the Collection Fund made a deficit of £43k of which £34k is borne by the Council. The remaining £9k, the deficit balance on the collection fund, is due from the other preceptor, the Greater London Authority. This deficit on the Collection Fund is borne proportionately to the precepts.

SECTION 4

THE GROUP ACCOUNTS

2008/09

The following group accounts show the combined financial statements for the London Borough of Haringey group, comprising the Council itself and Homes for Haringey.

Group Income and Expenditure Account

	Notes	2008/09 Gross Expenditure £'000	2008/09 Gross Income £'000	2008/09 Net Expenditure £'000	2007/08 Net Expenditure £'000
Service					
Children's and Education Services					
Education Services		308,420	(279,808)	28,612	54,313
Children's Social Care		58,155	(9,707)	48,448	39,549
Adult Social Care		102,777	(36,622)	66,155	61,376
Housing Services - General Fund		299,691	(297,108)	2,584	609
Housing Services - HRA		187,660	(109,041)	78,619	(30,391)
Cultural, Environmental and Planning Services		83,495	(33,209)	50,285	46,876
Highways, Roads and Transport Services		28,764	(18,354)	10,409	13,211
Central Services		152,842	(113,531)	39,312	3,672
Court Services		1,073	(828)	245	146
Net cost of Services		**1,222,878**	**(898,208)**	**324,669**	**189,362**
(Gain) / Loss on disposal of fixed assets				206	3,786
Levies				7,363	6,242
Net Surplus on Trading Activities				(828)	(1,437)
Interest Payable and Similar Charges				54,069	43,567
Contribution of housing capital receipts to Government pool				1,628	9,461
Interest and Investment Income				(8,957)	(8,734)
Pensions Interest Cost and Return on Assets				14,210	5,379
Net Operating Expenditure				**392,361**	**247,626**
Demand on the Collection Fund				(98,806)	(95,265)
(Surplus) / Deficit on Collection Fund				34	67
Government grants (not attributable to specific services)				(45,250)	(19,042)
Distribution from National Non-Domestic Rates Pool				(117,184)	(113,466)
(Surplus) / Deficit for Year				**131,155**	**19,920**

Reconciliation of the Single Entity Surplus or Deficit to the Group Surplus or Deficit

	Notes	2008/09 £'000	2007/08 £'000
(Surplus) / Deficit on single entity Income & Expenditure for the year		**131,155**	**19,552**
Add (Surplus)/Deficit from other entities: Subsidiaries		**0**	**369**
Group Account Surplus/Deficit for the year		**131,155**	**19,921**

Group Statement of Total Recognised Gains and Losses

	Notes	2008/09 £'000	2007/08 £'000
Net (Surplus) / Deficit for the year		131,155	19,920
(Surplus) / Deficit arising on revaluation of fixed assets		19,235	(323,601)
Actuarial (gains) and losses on pension fund assets and liabilities		90,310	(51,452)
Other (gains) or losses		(761)	(826)
Total recognised (gains) or losses		**239,939**	**(355,959)**

Cumulative effect on reserves of prior period adjustments		(37,571)	0

Group Balance Sheet

	Notes	31-Mar-09		31-Mar-08	
		£'000	£'000	£'000	£'000
Fixed Assets					
Housing Revenue Account Assets		1,057,293		1,281,060	
Other Operational Assets:					
Land and Buildings		518,389		467,255	
Vehicles, Plant, Furniture and Equipment		11,259		10,239	
Infrastructure Assets		112,958		113,087	
Community Assets		86		393	
Intangible Fixed Assets		1,792		2,389	
Non-Operational Assets		143,866		69,846	
Total Fixed Assets			1,845,644		1,974,269
Long-term Debtors		483		570	
Total Long-term Assets			1,846,127		1,974,839
Current Assets:					
Stocks and Work in Progress		689		480	
Debtors		75,438		82,410	
Payments in Advance		1,526		1,541	
Investments		100,146		146,000	
Cash and Bank		14,283		13,562	
Total Current Assets			192,082		243,993
Current Liabilities:					
Temporary Borrowing		(17,800)		(24)	
Bank Overdraft		(3,030)		(15,613)	
Creditors		(90,069)		(104,677)	
Total Current Liabilities			(110,899)		(120,314)
Net Current Assets			81,183		123,680
Long Term Liabilities:					
Long-term Borrowing		(633,248)		(651,043)	
Deferred Capital Receipts		(373)		(467)	
Deferred Credits		(3,864)		(4,114)	
Government Grants Deferred		(228,380)		(193,945)	
Provisions		(8,826)		(9,831)	
Liability related to defined benefit pension scheme		(313,628)		(222,618)	
Other Long Term Liabilities		(44,589)		(44,589)	
Total Long Term Liabilities			(1,232,907)		(1,126,607)
Total Assets Less Liabilities			694,403		971,912
Financed by:					
Revaluation Reserve		269,370			314,374
Capital Adjustment Account		665,179			805,414
Capital Receipts Reserve		6,170			8,661
Earmarked Reserves		76,906			70,091
Financial Instruments Adjustment Account		(24,014)			(20,321)
Profit and Loss - group entities		(7,367)			4,432
General Fund		7,540			11,946
Housing Revenue Account		7,249			4,724
Pensions Reserve		(306,628)			(227,418)
Collection Fund		(1)			8
Total net worth			694,403		971,912

Group Cash Flow Statement

	Notes	2008/09 £'000	2007/08 £'000
Net Cash Inflow from Revenue Activities		**(34,312)**	**(61,478)**
Servicing of Finance:			
Payments- Interest paid		32,091	45,765
Interest element of finance lease rental payments			
Receipts – Interest received		(6,009)	(7,890)
Net Cash Outflow from Servicing of Finance		**26,082**	**37,875**
Capital Activities:			
Payments:			
Purchase of fixed assets		95,335	94,433
Purchase of long-term investments			
Capital grants and advances		26,324	16,393
Total Payments		**121,659**	**110,826**
Receipts:			
Sale of fixed assets		(10,865)	(19,020)
Capital grants received		(56,742)	(53,142)
Other capital cash income		(9,060)	(6,876)
Total Receipts		**(76,667)**	**(79,038)**
Net Cash Outflow from Capital Activities		**44,992**	**31,788**
Net Cash Inflow before Financing		**36,762**	**8,185**
Financing:			
Payments:			
Repayments of amounts borrowed		24	30,412
Receipts:			
New loans raised			(75,300)
New short term loans			0
Net Cash Outflow before Financing		**24**	**(44,888)**
Net (Increase) / decrease in cash		**36,786**	**(36,703)**

Notes to the Group Accounts

Basis of Consolidation

The group accounts of the London Borough of Haringey have been produced using the acquisition method.

Company Limited by Guarantee

Homes for Haringey (HfH) was incorporated on 1st April 2006 and is a wholly owned subsidiary of the Council and is limited by guarantee. The guarantors give an undertaking to contribute a nominal amount, towards the winding up of the company, in the event of a shortfall upon cessation of business. It cannot distribute its profits to its members, and is therefore eligible to apply for charitable status if necessary.

Accounting Policies

The accounting policies of both the London Borough of Haringey and Homes for Haringey and are in line with those stated in section 2 of these accounts with the exception of the valuation of stock whereby Homes for Haringey adhere to SSAP 9.

Accompanying Notes

No additional notes to the group accounts are included here as there are no material differences with those contained within section 3 of the Council's accounts.

Homes for Haringey Accounts

The Homes for Haringey included as part of the group are audited accounts and were audited by their own independent auditor. Their accounts can be obtained from: Director of Finance, Homes for Haringey Ltd, 6th Floor, River Park House, Wood Green, London N22 8HQ.

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SECTION 5

PENSION FUND

2008/09

Introduction

The financial statements have been prepared and audited in accordance with regulations made under the Audit Commission Act 1998.

Nature of the scheme

The Scheme is a defined benefit Scheme and was established on 1 April 1965 to provide retirement pensions and lump sum allowances, survivor dependant's and death gratuities to all eligible employees of Haringey Council. Certain other organisations also participate in the Scheme and details of these are set out below.

The Fund's income is derived from employees, contributions from employing authorities and income from investments.

Management of the Scheme

The overall responsibility for administering the Scheme is vested in the Pensions Committee, the members of which are set out below. The day-to day-running of the Scheme has been delegated to the Chief Financial Officer.

Pensions Committee consists of seven elected Councillors, Quasi-Trustees, with full voting rights and three representatives. Trustees are selected by their respective political Groups, and their appointment is confirmed at the next meeting of the Full Council. They are not appointed for a fixed term but the membership is reviewed regularly by the political Groups.

The three representatives are appointed by their peer groups and generally serve for a period of one year. The constituency of Pensions Committee for 2008/09 financial year is as follows:

Cllr Gmmh Rahman Khan -Trustee – (Chair of Pensions Committee)
Cllr Sheikh G I Thompson -Trustee (appointed 19 May 2008)
Cllr Charles Adje –Trustee
Cllr Dhiren Basu-Trustee
Cllr Toni Mallett Trustee (until 19 May 2008)
Cllr Ron Aitken -Trustee (until 19 May 2008)
Cllr David Beacham - Trustee
Cllr Ed Butcher - Trustee
Cllr Richard Wilson - Trustee

David Fishman - Pensioner representative (appointed 24 July 2008)
Roger Melling – Employee representative
Earl Ramharacksing – Admitted and Scheduled Bodies representative
(appointed 18 September 2008)

Committee Meetings

Committee meetings are generally held 6 times a year. In the year under review the Committee met on 8 occasions.

The day to day management of the Fund's investments is the responsibility of the Fund's five professional fund managers: Alliance Bernstein, Capital International, Fidelity, ING and Pantheon.

Overall investment strategy is the responsibility of the Pensions Committee, who receive advice from the Chief Financial Officer and the Independent Advisor to Trustees and external investment advisors.

The current investment management structure was largely implemented on 16 March 2007 following a full review of strategy by the then Pensions Panel that was advised by the Chief Financial Officer, the Independent Advisor to Trustees and the Pension Fund's (then) external Investment advisors, Hymans Robertson.

As part of this review, the Pensions Panel agreed to introduce a 5 per cent allocation (approximately £30 million) to Private Equity investments. Pantheon was appointed as our Private Equity manager in April 2007.

In addition it was agreed as part of the review to increase the Fund's property allocation from 6 per cent of fund investments to 10 per cent and to introduce an active currency overlay.

However, both the target allocations for Private Equity investments and property allocation have yet to be achieved due to the continuing economic uncertainty in these markets.

Three other firms of managers have been appointed but at present no cash allocations have been made. Legal & General have been appointed as a passive Fund Manager, and Record Currency Management and Investec as currency overlay managers. However, in view of the volatility in stock markets, Pensions Committee have agreed to defer the introduction of active currency mandates until stock markets are less volatile.

Pensions Committee on 30 April 2009 agreed to cease using Alliance Bernstein and to move the UK and Global equities managed to the new passive manager, Legal and General (L&G), as soon as possible pending completion of a tendering exercise to appoint a new active Fund Manager. Transfer of assets to L&G is taking place in the second half of June 2009.

Fund administration and membership

At 31 March 2009, there were 6,820 (2008: 6,954) employees contributing to the Fund and 5,771 (2008: 5,657) pensioners and dependents receiving benefits. There were also 6,122 (2008: 5,487) deferred pensioners.

Staff in the following organisations contribute to the fund and benefit accordingly.

Organisation	Participation type
Haringey Age Concern	Admitted
Alexandra Palace Trading Co	Admitted
Enterprise Ltd	Admitted
Urban Futures London Ltd	Admitted
Haringey CAB	Admitted
Mitte Ltd	Admitted
CONEL	Scheduled
Greig City Academy	Scheduled
Homes for Haringey	Scheduled
John Loughborough Ltd	Scheduled
TLC Ltd	Admitted
One Complete Solution Ltd	Admitted
Fortismere School	Scheduled
RM Education Ltd	Admitted

Actuarial position

The Fund is independently valued every three years by a firm of actuaries to assess the adequacy of the Fund's investments and contributions to meet its long term obligations.

The last triennial valuation of the Fund was as at 31 March 2007. The actuaries report was approved by trustees at the Pensions Committee meeting in January 2008.

The 2007 valuation was carried out in accordance with the Funding Strategy Statement and Guidelines GN9: Retirement Benefits Schemes – Actuarial reports published by the Institute of Actuaries. The valuation method used was the projected unit method. The resulting contribution rates reflected the cost of providing year-by-year accrual of benefits for the funded members and the level of funding for each employer's past-service liabilities.

The main economic and statistical assumptions used were:

Asset class	Rate of Return Nominal % p.a
Equities	6.5
Bonds	4.9

Rate of pensionable salary increases (excluding increments)

Compound 4.7% p.a

Rate of price inflation/
Pension increases
(Compound) 3.2% p.a

The Market value of the Fund at the time of the last triennial valuation as at 31 March 2007 was £620m. Against this sum liabilities were identified of £798m equivalent to a funding deficit of £178m. The movement in the actuarial deficit is analysed below:

Reason for change	Amount £m	Funding Level %
Interest on surplus	(37)	
Investment returns higher than expected	99	
Changes in demographic assumptions	(24)	
Experience items	37	
Change in financial assumptions	(71)	
	4	
Deficit brought forward	(182)	69
Deficit carried forward	(178)	77.7

The level of funding on an ongoing funded basis has increased from 69 per cent to 77.7 per cent between the triennial actuarial valuations as at end of March 2004 and as at end of March 2007. The main reasons for the increase in the funding level are an improvement in investment earnings and value, and planned stepped increases in employer's contributions since 2004.

The funding policy of the Scheme is to be fully funded. As this policy had not been achieved at the valuation date it has been agreed with the actuary that the past service deficit will be recovered over a period not exceeding 20 years. This maximum recovery period is considered prudent for a statutory body with tax raising powers. Concerning the identified past service deficits of the admitted and scheduled bodies (with the exception of Best Value Admission Bodies) these are to be recovered over the expected future lifetime of the remaining scheme members. Past service deficits in respect of Best Value Admission Bodies should be recovered over the period of the employer's contract.

Following the valuation as at 31 March 2007, the actuary agreed that the Council's contribution rate can remain at the 2007/08 rate of 22.9 per cent of pensionable salaries. The 2008/09 contribution rate is split 8.8 per cent between the past service adjustment to fund the deficit over 20 years and the future service rate of 14.1 per cent.

The actuary has recently undertaken an interim actuarial valuation. The funding level has reduced to 53 per cent as at 31 March 2009 and improved to 58 per cent as at 8 May 2009.

The above deterioration is largely due to the fall in the funding level mainly because investment performance was lower than expectations due to stock market volatility.

The actuary does not propose to revise the minimum level of employer contribution rates as a result of this funding update even though the financial position has worsened significantly.

The Actuary advises that there is no power in the LGPS regulations to increase employers contributions between triennial valuations due to market conditions (other than for admission bodies whose admission agreement is to end soon).

The need for any changes to the contribution rate will be fully assessed as part of the triennial valuation as at 31 March 2010. Results will be available by early 2011.

Statement of Investment Principles (SIP)

A statement of investment principles was approved by trustees at Pensions Committee in June 2008. The SIP is regularly updated to reflect any changes made to investment management arrangements and reports the extent of compliance with Myners principles. The SIP is published on the Council's internet web site.

Related party transactions

In 2008/09 the Pension Fund paid £0.630m to the Council for administration (£0.542m in 2007/08). As at 31 March 2009 £10.125m was due from the Council to the fund (£4.996m in 2007/08). During 2008/09 four trustees were also members of the Pension Fund. There were no other material related party transactions.

Currency Hedging

The Council permits its Pension Fund managers to use forward contracts as a currency hedging tool between sterling and the base currency. Cross hedging is not permitted. When the managers use these instruments it is generally because a strong view is held on the likely movement of a specific currency. The principle objective of using the instrument is to lower the risk profile of the portfolio.

Advisors

From time to time the Committee reviews its advisors. During the year a review was undertaken into the provision of actuarial services and the provision of investment advice. Following tendering Hymans Robertson were retained as the Scheme actuary but were replaced as the investment adviser. Hewitt were appointed as investment advisers with effect from 1 August 2008.

A complete list of all scheme advisors may be found at the front of this report.

Accounting Policies and Principles

Basis of preparation
The financial statements have been prepared in accordance with the LGPS Regulations 2007 (As Amended) and with guidelines set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2008, having regard to the Statement of Recommended Practice, Financial Reports of Pension Schemes (Revised May 2007) – (('The SORP) (May 2007)).

The SORP (May 2007) is being adopted for the first time this year, which has required certain changes to be made to the disclosures in the accounts summarised below. The previous years accounts only need to be restated if changes are material.

- investments that were valued using the mid-market prices are now required to be valued at bid prices;

- derivatives are required to be valued at fair value. These were previously accounted for by using an effective economic exposure basis;

- new classifications of Employer contributions have been established;

- direct transaction costs are required to be separately disclosed.

The purpose of these changes is to provide a fairer reflection of the balances and transactions in the accounts. Unless the change in presentation is material:

- changes to comparative figures have not been made but there have been some reclassifications made particularly in respect of the analysis of investments;

- opening balances to the net asset statement have not been re-stated;

- no comparative figures are provided for information being disclosed for the first time;

- where the impact on Fund Account items, has resulted in re-analysis of the comparative figures , no explanation is given.

This approach is in accordance with the SORP (May 2007).

Fund account
The following items are included on the accruals basis:

Employer normal contributions - amounts relating to wages and salaries for the Scheme year.

Employer additional contributions - amounts receivable in accordance with actuarial advice.

Member normal contributions - amounts deducted from wages and salaries during the Scheme year.

Benefits - amounts due in respect of the year.

Dividends - accrued by reference to the ex-dividend date.

Withholding tax - accrued on the same basis as the income to which it relates.

Interest on fixed interest investments, index linked securities, cash and short-term deposits is accounted for on an accruals basis.

Income from derivatives contracts is recognised as follows:

- Futures contracts - All realised and unrealised gains and losses are included within change in market value. All interest receivable is accrued on a daily basis;

- Forward foreign exchange contracts - All realised and unrealised gains and losses are included within change in market value. All interest receivable is accrued on a daily basis.

Transfers in and out - accounted for when the transfer value is paid or received.

Administrative expenses – amounts payable in respect of the year.

Investments
Investments are stated at fair value on the final working day of the accounting year as follows:

- Listed securities are stated at bid value. Previously listed securities were shown at mid value. As the change in valuation methodology is not material the 2007/08 values have not been restated (notes 9, 9a, 10 and 11 refer);

- Unquoted securities are stated at the estimate of fair value provided by the investment manager;

- Units in managed funds and pooled investment vehicles are stated at bid prices or at the single closing price where single prices are quoted.

Derivatives are valued at fair value as follows:

- Futures contracts are valued at the relevant exchange prices at the accounting date;

Foreign currency translation – the valuation of foreign equities is calculated by using the overseas bid price current at the relevant date and the exchange rate for the appropriate currency at the time to express the value as a sterling equivalent.

Investment management and administrative expenses - the fees of investment managers are paid in accordance with their investment management agreements and are linked to the current value of the portfolio on an ongoing basis. A proportion of relevant Council officers time, including related on-costs, have been charged to the Fund on the basis of actual time spent on scheme administration and investment related matters.

Valuation of Private Equity Holdings – the Private Equity valuation in the accounts is assessed by the Private Equity Fund Manager on a fair value basis as determined at 31 December 2008.

Pension Fund Account

The Pension Fund shows the contributions to the Fund and the benefits paid from it during the 2008/09 year end.

Pension Fund Account	Notes	2008/09 £'000	2007/08 £'000
Dealings with members, employers and others directly involved in the scheme			
Contributions receivable	1	(44,239)	(41,332)
Transfers In	2	(2,562)	(5,418)
Other Income		0	(5)
Benefits payable	3	28,846	26,696
Payments to and on account of leavers	4	6,612	4,484
Administrative Expenses	5	673	595
Net additions from dealings with members		**(10,670)**	**(14,980)**
Returns on Investments:			
Investment Income	6	(18,339)	(18,026)
Change in market value of investments	9	142,861	45,083
Taxation	7	197	254
Investment management expenses	8	3,541	2,605
Net returns on investments		**128,260**	**29,916**
Net decrease/(increase) in the fund during the year		**117,590**	**14,936**
Add: Opening net assets of the scheme		**(605,103)**	**(620,039)**
Closing net assets of the scheme		**(487,513)**	**(605,103)**

Net Assets Statement

The Net Assets Statement sets out the assets and liabilities for the Fund as at 31 March 2009. The Fund is separately managed by the Council acting as trustee and its accounts are separate from the Council's.

Net Assets statement	Notes	2008/09 £'000	2007/08 £'000
Investment assets	9	482,291	600,141
Net current assets and liabilities	12	5,222	4,962
Total Assets		**487,513**	**605,103**

The accounts summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year.

Notes to Pension Fund Account

1. Contributions Receivable

	2008/09 £'000	2007/08 £'000
Employers' normal contributions	33,015	31,896
Employers'deficit funding contributions	66	125
Employers' other contributions	900	523
	33,981	**32,544**
From members		
- normal	10,258	8,788
	10,258	**8,788**
Total	**44,239**	**41,332**

Deficit Funding contributions relate to payments by Haringey CAB, Mittie Limited and Alexandra Palace Trading .These are to cover the deficit positions of employers who do not admit new members and whose payroll is thought likely to decrease in the inter-valuation period. Employers' other contributions relate to capital cost payments and cover the cost to the Fund of members awarded early retirement before age 60 or otherwise after age 60 but before their normal protected retirement date.

1a. Analysis of Contributions Receivable

	2008/09 £'000	2007/08 £'000
Contributions receivable		
Administering authority	37,717	34,400
Scheduled bodies	5,375	5,478
Admitted bodies	1,147	1,454
Total	**44,239**	**41,332**

2. Transfers In

	2008/09 £'000	2007/08 £'000
Individual transfers in from other schemes	2,562	5,418
Total	**2,562**	**5,418**

3. Benefits Payable

	2008/09 £'000	2007/08 £'000
Pensions	23,603	22,143
Commutation of pensions & lump sum retirement benefits	4,195	3,974
Lump sum death benefits	1,048	579
Total	**28,846**	**26,696**

Benefits payable are further analysed in the following note.

3a. Analysis of Benefits Payable

	2008/09 £'000	2007/08 £'000
Benefits payable		
Administering authority	26,410	24,451
Scheduled bodies	1,470	1,438
Admitted bodies	966	807
Total	**28,846**	**26,696**

4. Payments to and on account of leavers

	2008/09 £'000	2007/08 £'000
Refunds of contributions	9	13
Individual transfers out to other schemes	4,164	4,471
Group transfers out to other schemes	2,439	0
Total	**6,612**	**4,484**

Group transfers in 2008/09 relate to the transfer of Magistrates Court staff to the London Pensions Fund Authority (LPFA) scheme.

5. Administrative Expenses

	2008/09 £'000	2007/08 £'000
Council Administration charges	630	542
Legal and other fees	43	53
Total	**673**	**595**

6. Investment Income

	2008/09 £'000	2007/08 £'000
Interest from fixed interest securities	535	2,004
Dividends from equities	9,141	9,743
Income from index-linked securities	143	535
Income from pooled investment vehicles	6,743	4,015
Interest on cash deposits	1,777	1,729
Total Investment Income	**18,339**	**18,026**

Overseas irrecoverable withholding tax is required to be shown separately under the SORP and therefore 2007/08 accounts have been restated.

7. Taxation

	2008/09 £'000	2007/08 £'000
Irrecoverable withholding tax on investment income	197	254
Total	**197**	**254**

Overseas irrecoverable withholding tax is required to be shown separately under the SORP and therefore 2008/09 accounts have been restated with the corresponding entry being to increase investment income (see note 6).

8. Investment management expenses

	2008/09 £'000	2007/08 £'000
Fund managers fees	3,265	2,247
Custodian fees	139	151
Trustees advisor fees	15	17
Investment consultant fees	85	122
Other	37	68
Total	**3,541**	**2,605**

9. Investment Assets

	Value as at 1 April 2008 £'000	Purchases at Cost & Derivative payments £'000	Sales Proceeds and derivative receipts £'000	Changes in market value £'000	Value as at 31 March 2009 £'000
Fixed Interest securities	42,336	44,350	(46,539)	(21,481)	18,665
Equities	259,510	114,546	(111,842)	(91,048)	171,166
Index-linked securities	27,421	9,476	(2,146)	(20,478)	14,273
Pooled Investment vehicles	240,542	123,484	(113,232)	(7,281)	243,513
Derivative Contracts	0	34	(30)	(4)	0
	569,809	291,890	(273,789)	(140,292)	447,617
Cash Deposits	25,886			(2,084)	31,852
Other Investment Balances	4,446			(485)	2,822
Net Investment Assets	**600,141**			**(142,861)**	**482,291**

The market value of the fund decreased by £142.9m during the year, this mainly comprises realised net losses of £55.7m and unrealised net losses of £87.6m. There has been much volatility in the market due to credit issues that have arisen and are linked to the sub prime mortgage market in the USA. This has impacted upon the performance of our portfolio, is still ongoing and the Council are monitoring the position carefully.

Transaction costs are included in the cost of purchases and sales. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. Transaction costs incurred during the year amounted to £469k (2007/08: £479k). In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Scheme.

The Fund's investment assets are further analysed between quoted and unquoted, UK and overseas.

9a. Analysis of Investments held

FIXED INTEREST SECURITIES	2008/09 £'000	2007/08 £'000
UK Public Sector quoted	18,612	41,876
UK Corporate quoted	53	460
	18,665	42,336

EQUITIES	2008/09 £'000	2007/08 £'000
UK quoted	87,800	141,412
UK unquoted	0	59
Overseas quoted	83,180	117,567
Overseas unquoted	186	472
	171,166	259,510

INDEX LINKED SECURITIES	2008/09 £'000	2007/08 £'000
UK Public sector-quoted	13,018	25,924
UK Other -quoted	1,123	1,336
Overseas Other- quoted	132	161
	14,273	27,421

POOLED INVESTMENT VEHICLES	2008/09 £' 000	2007/08 £' 000
Unit Trusts:		
-property -UK	24,674	39,415
-other -UK	26,422	31,867
-other -Overseas	11,083	9,116
Other managed funds		
-Property-overseas	7,779	9,375
Other-UK	99,386	55,786
Other-Overseas	74,168	94,983
	243,513	240,542

9b. Derivative contracts

DERIVATIVE CONTRACTS	2008/09 £' 000	2007/08 £' 000
Forward Foreign exchange	(4)	0
Futures	4	0
	0	0

FUTURES	Economic Exposure Value £'000	Market Value £'000
Foreign equities index traded	155	4

The £4k market value represents the value of open positions at year end.

Derivative receipts and payments represent the realised gains and losses on futures contracts. The scheme's objective is to decrease risk in the portfolio by entering into futures positions to match assets that are already held in the portfolio without disturbing the underlying assets.

The Pension Fund managers are permitted to use certain derivatives in managing their portfolios, including warrants, futures, convertible securities and swaps. As at 31 March 2009 the economic value of Futures contracts held was £155k, outstanding margin settlement was £4k and forward foreign exchange outstanding margin was a loss of £4k. The Pension Fund did not hold any options as at 31 March 2009.

Council 'Cash/Deposits' in 2007/08 includes £9.35 million, representing the un-utilised balance of cash earmarked on transition to the new structure in March 2007 to invest in property. It also includes £9.5 million of cash generated from surplus contributions in 2007/08 and earmarked in accordance with the strategic review to fund the Private Equity mandate. The cash held within the Council at end of March 2009 also includes £3.65m that is earmarked for future private equity calls.

10. Fund Management

Fund Manager	Funds Managed as at 31/03/09 £ million	% Fund Managed	Funds Managed as at 31/03/08 £ million	%Fund Managed
Alliance Bernstein	90.4	18.7	146.1	24.3
Capital International	158.6	32.9	187.7	31.2
Fidelity	162.6	33.7	192.0	32.0
ING	35.7	7.4	51.5	8.6
Pantheon	11.5	2.4	2.7	0.5
Haringey	23.5	4.9	19.6	3.3
Transition Manager		0.0	0.5	0.1
Total	482.3	100.0	600.1	100.0

11. Top Ten shares held

As at 31st March 2009					As at 31st March 2008				
Company	Rank	Market Value of shares £'000	% Equities	% Net Assets	Company	Rank	Market Value of shares £'000	% Equities	% Net Assets
Shell	1	8,733	3.1	1.8	Shell	1	12,739	3.1	2.1
BP	2	8,654	3.1	1.8	BP	2	9,546	2.3	1.6
Vodafone	3	7,206	2.7	1.5	Vodafone	3	8,244	2.0	1.4
Glaxosmithkline	4	5,680	2.0	1.2	RBS	4	6,442	1.6	1.1
HSBC	5	4,676	1.7	1.0	HBOS	5	6,389	1.6	1.1
Astrazeneca	6	3,959	1.4	0.8	Glaxosmithkline	6	5,958	1.5	1.0
BHP Billiton	7	2,625	0.9	0.5	HSBC	7	5,457	1.3	0.9
Roche Holdings	8	2,482	0.9	0.5	Barclays	8	5,402	1.3	0.9
Tesco	9	2,371	0.9	0.5	Aviva	9	4,562	1.1	0.8
Aviva	10	2,307	0.8	0.5	BAE Systems	10	4,038	0.9	0.7

In accordance with the new SORP both years now show the percentage of net assets for each company rather than the market value of equities.

The SORP also requires that investments in one or more holdings (excluding UK Government Securities) that exceed 5 per cent of the total value of the net assets of the scheme to also be stated; namely

	£'000	%
Fidelity Institutional Exempt America OEIC	28,004	5.7
Capital International UK Corporate Bond Fund	26,422	5.4

12. Net current assets and liabilities

	2008/09 £'000	2007/08 £'000
CURRENT ASSETS		
Contributions due from :		
Administering Authority in respect of the Council	91	87
Admitted Bodies in respect of employers	55	61
Scheduled Bodies in respect of employers	71	81
Contributions due from :		
Administering Authority in respect of members	25	23
Admitted Bodies in respect of members	25	18
Scheduled Bodies in respect of members	15	22
Cash balances	5489	4996
Reimbursement of Advisor Fees	8	0
Other -Reimbursement of Fund management expenses (Fidelity)	137	168
	5916	5456
CURRENT LIABILITIES		
	2008/09 £'000	**2007/08 £'000**
Unpaid benefits in respect of:		
Administering Authority	289	0
Admitted bodies		
Scheduled Bodies		
Fund manager and advisor fees	405	494
	694	494
Net current assets	**5,222**	**4,962**

13. Contingent Liabilities and Post Balance Sheet Events

There are no material contingent liabilities or Post Balance Sheet events.

14. Additional voluntary contributions (AVC's)

AVC's paid by scheme members are not included within the Pension Fund accounts in accordance with regulation 5(2)c of the Pension Scheme (Management and Investment of Funds) Regulations 1998 (SI 1998 No 1831). AVC's are managed independently by three specialist providers, Equitable Life Assurance Society, Prudential Assurance and Clerical and Medical Investment Group Ltd.

Key information regarding the AVC's administered for Haringey are as follows:

Equitable Life Assurance Society	
	£
Value of Fund as at 6 April 2008	**474,753**
Contributions in Year	9,046
Retirement Benefits & Charges	(40,550)
Change in market value	(19,119)
Value of Fund as at 5 April 2009	**424,130**
Number of Active Members	43
Number of members with preserved benefits	18

Prudential Assurance	
	£
Value of Fund as at 1 April 2008	**743,097**
Contributions in Year	177,475
Retirement Benefits & Charges	(133,330)
Change in market value	(45,671)
Value of Fund as at 31 March 2009	**741,571**
Number of Active Members	97
Number of members with preserved benefits	16

Clerical and Medical	
	£
Value of Fund as at 1 April 2008	**29,866**
Contributions in Year	5,948
Retirement Benefits & Charges	0
Change in market value	(6,154)
Value of Fund as at 31 March 2009	**29,660**
Number of Active Members	2
Number of members with preserved benefits	2

AVC Investments

Equitable Life Assurance Society	Market Value as at 3 April 2009 £	%
Fund		
Equitable with -profits	230,420	54.3
Equitable unit-linked funds	103,382	24.4
Equitable Building Society Pension Fund	90,328	21.3
Total	**424,130**	**100.0**

Prudential	Market Value as at 31 March 2009 £	%
Prudential with - profits cash accumulation	490,936	66.2
Prudential Deposit Fund	14,749	2.0
Prudential Unit Linked	235,886	31.8
Total	**741,571**	**100.0**

Clerical Medical	Market Value as at 31 March 2009 £	%
Clerical Medical with-profits	3,459	11.7
Clerical Medical unit-linked	26,201	88.3
Total	**29,660**	**100.0**

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Appendix 1 - For Information Only

ALEXANDRA PARK AND PALACE 2008/09

Consolidated Statement of Financial Activities for the year ended 31 March 2009

	Note	Unrestricted Funds	Restricted Funds	Total 2009	Total 2008
		£	£	£	£
Incoming resources:					
Incoming resources from generated funds					
Voluntary income	3	365	840	1,205	606,638
Activites for generating funds	4	5,494,857	-	5,494,857	1,713,933
Incoming resources from charitable activities	5	221,113	-	221,113	285,920
Investment income	6	59,958	-	59,958	59,065
Other incoming resources		741	-	741	80
Total incoming resources		**5,777,034**	**840**	**5,777,874**	**2,665,636**
Resources expended:					
Cost of generating funds					
Fundraising Trading cost of goods sold and other costs		4,960,933	-	4,960,933	1,328,098
Charitable activities		2,730,258	-	2,730,258	4,204,444
Governance costs		101,006	-	101,006	93,792
Total Resources expended	7	**7,792,197**	**0**	**7,792,197**	**5,626,334**
Net outgoing resources before other recognised gains		(2,015,163)	840	(2,014,323)	(2,960,698)
Actuarial gains on pension scheme		(275,000)	-	(275,000)	80,000
Net movement in funds		(2,290,163)	840	(2,289,323)	(2,880,698)
Opening deficit fund balance 1 April		(36,428,766)	39,374	(36,389,392)	(33,206,694)
Prior year adjustment	19	-	-	-	(302,000)
Opening deficit fund restated		(36,428,766)	39,374	(36,389,392)	(33,508,694)
Closing deficit fund balance	21	**(38,718,929)**	**40,214**	**(38,678,715)**	**(36,389,392)**

The notes on pages 16 to 34 form an integral part of these financial statements. All of the above amounts are derived from continuing activities. There were no other recognised gains or losses in either year except for those dealt with above.

Trust Statement of Financial Activities for the year ended 31 March 2009

	Note	Unrestricted Funds £	Restricted Funds £	Total 2009 £	Total 2008 £
Incoming resources:					
Incoming resources from generated funds					
Voluntary income	3	365	840	1,205	306,638
Activities for generating funds	4	584,700	-	584,700	713,000
Incoming resources from charitable activities	5	221,113	-	221,113	285,920
Other incoming resources		741	-	741	80
Total incoming resources		**806,919**	**840**	**807,759**	**1,305,638**
Resources expended:					
Charitable activities		2,730,258	-	2,730,258	4,204,444
Governance costs		92,406	-	92,406	65,792
Total Resources expended	7	**2,822,664**	**0**	**2,822,664**	**4,270,236**
Net (outgoing)/incoming resources		(2,015,745)	840	(2,014,905)	(2,964,598)
Opening deficit fund balance 1 April		(36,221,883)	39,374	(36,182,509)	(33,217,911)
Closing deficit fund balance as at 31 March	21	**(38,237,628)**	**40,214**	**(38,197,414)**	**(36,182,509)**

The notes on pages 16 to 34 form an integral part of these financial statements. All of the above amounts are derived from continuing activities. There were no other recognised gains or losses in either year except for those dealt with above.

Consolidated and Trust Balance Sheets as at 31 March 2009

	Note No.	**Group 2009 £**	Group 2008 £	**Trust 2009 £**	Trust 2008 £
Fixed assets					
Tangible assets	13	429,827	490,472	425,571	484,798
Investments	14	-	-	2	2
		429,827	**490,472**	**425,573**	**484,800**
Current assets					
Stocks	15	71,666	69,444	-	-
Debtors	16	1,011,217	819,090	934,114	1,143,393
Cash at bank and in hand		1,254,555	1,792,575	182,119	300
		2,337,438	**2,681,109**	**1,116,233**	**1,143,693**
Creditors					
Amount falling due within one year	17	(1,929,331)	(2,105,055)	(621,571)	(447,084)
Net current assets		**408,107**	**576,054**	**494,662**	**696,609**
Total assets less current liabilities		**837,934**	**1,066,526**	**920,235**	**1,181,409**
Provision	18	(39,117,649)	(37,363,918)	(39,117,649)	(37,363,918)
Net Liabilities excluding pension scheme liability		**(38,279,715)**	**(36,297,392)**	**(38,197,414)**	**(36,182,509)**
Defined benefit pension scheme liability	23	(399,000)	(92,000)	-	-
Net Liabilities including pension scheme liability		**(38,678,715)**	**(36,389,392)**	**(38,197,414)**	**(36,182,509)**
Accumulated Funds					
Unrestricted deficit funds	19	(38,319,929)	(36,336,766)	(38,237,628)	(36,221,883)
Pension reserve		(399,000)	(92,000)	-	-
		(38,718,929)	**(36,428,766)**	**(38,237,628)**	**(36,221,883)**
Restricted Funds	20	40,214	39,374	40,214	39,374
Total Funds		**(38,678,715)**	**(36,389,392)**	**(38,197,414)**	**(36,182,509)**

Approved by the Board of Trustees on DATE and signed on its behalf by:

Councillor Patrick Egan

The notes on pages 16 to 34 form an integral part of these financial statements.

Consolidated Cash Flow Statement for the year ended 31 March 2009

	Group 2009	Group 2008
	£	£
Net cash inflow/(outflow) from operating activities	(549,958)	704,038
Returns on investments		
Interest received	59,958	59,065
Capital expenditure		
Payments to acquire tangible fixed assets	(48,020)	(29,527)
Increase/(decrease) in cash	**(538,020)**	**733,576**
Cash at 1 April	1,792,575	1,058,999
Cash at 31 March	**1,254,555**	**1,792,575**

Note to the consolidated cash flow statement

	Group 2009	Group 2008
	£	£
Reconciliation of net outgoing resources to net cash inflow from operating activities		
Net outgoing resources before other recognised gains	(2,014,323)	(2,960,698)
Depreciation	108,665	111,463
Charges in excess of pension contributions	32,000	(130,000)
Interest receivable	(59,958)	(59,065)
(Increase)/decrease in stocks	(2,222)	53,416
Increase in debtors	(192,127)	(107,379)
(Decrease)/increase in creditors	(175,724)	1,006,616
Increase in provision	1,753,731	2,789,685
Net cash inflow/(outflow) from operating activities	**(549,958)**	**704,038**

Notes to the Financial Statements for the year ended 31 March 2009

1. Basis of accounting

The financial statements have been prepared under the historical cost convention and have been prepared in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005), and applicable accounting standards.

2. Accounting policies

(a) Basis of consolidation

The consolidated financial statements comprise those of the Trust and its wholly-owned subsidiary, Alexandra Palace Trading Limited. The results of the subsidiary are consolidated on a line by line basis.

(b) Fund accounting and permanent endowment

Under the terms of the Alexandra Park and Palace Act 1985, the freehold and fixed assets of the Trust cannot be permanently disposed of. Under the terms of the Charities Act 1993 and the SORP 2005, these are inalienable assets and may be considered a permanent endowment although capable of being leased.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Trust for a particular purpose. The aim and use of each restricted fund is set out in the notes to the financial statements.

The unrestricted fund represents the accumulated surpluses and deficits of the Group. The funds generated by the Trust are available for use at the discretion of the trustees in furtherance of the general objectives of the Trust.

(c) Incoming resources

All incoming resources are included in the Statement of Financial Activities when the trust is legally entitled to the income and the amount can be quantified with reasonable accuracy. The financial statements therefore reflect income due to the Trust but not received by the end of the year. Funds received for the purchase of fixed assets are accounted for as restricted income.

The treatment of the assets provided depends upon the restriction imposed by the grant and as the fixed assets' acquisition discharges the restriction then the assets will be held in the unrestricted funds. A corresponding transfer of the associated restricted income will be made to the unrestricted fund in the year of purchase.

Income in advance within creditors is made up of payments that have been received for events that will take place in future years. By far the bulk of this sum relates to the charity's trading company, Alexandra Palace Trading Limited.

(d) Resources expended and the allocation of expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to this category. Where costs cannot be attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources. Allocated costs have been allocated on the average of floor area basis and head count basis.

Governance costs are the costs associated with the governance arrangements of the charity which relate to the general running of the charity as opposed to those costs associated with fundraising or charitable activity. Included within this category are costs associated with the strategic as opposed to day to day management of the charity’s activities.

Support costs are those costs incurred in support of the expenditure on the objects of the Trust.

2. Accounting policies (continued)

(d) Resources expended and the allocation of expenditure (continued)

These support costs are allocated across the categories of charitable expenditure, governance costs and the cost of generating funds.

(e) Investments

Fixed asset investments are shown at cost less provision for impairment in value in the Trust's accounts.

(f) Valuation of fixed assets

The Act that established the Trust and set down the framework within which it should operate places restrictions on asset disposal. It has been accepted that the Parliamentary Scheme was necessary before any redevelopment can take place. In the past no value has been put on the Park and Palace as this is deemed to be an inalienable asset as the Act of Parliament places restrictions on its disposal. With regard to assets brought forward at the beginning of the year this policy has continued as reliable cost information is not available and conventional valuation approaches lack sufficient reliability and significant costs would be involved which may be onerous compared with the additional benefit derived by users of the accounts. For new assets the Trust has adopted a policy of capitalising improvements to the buildings and other assets purchased.

Tangible fixed assets are shown at cost, less accumulated depreciation to date. Depreciation is provided on all tangible fixed assets and is calculated at rates designed to write off the cost of fixed assets over their expected useful lives. The rates applied are as follows:

Improvements to the park:	-on a straight line basis over 10 years.
Plant & machinery:	-on a straight line basis over 10 years.
Office equipment, furniture and fittings:	-on a 25% reducing balance basis.

(g) Valuation of stock

Stock consists of purchased goods for resale. Stock is valued at the lower of cost and net realisable value.

(h) Bank account

The Alexandra Park and Palace bank account is included in the arrangements for the Council's pooled account. This amount is included in the balance sheet both as an asset and as an amount due to Haringey Council.

(i) Provision

These accounts reflect the decision of the Attorney General that Haringey Council is entitled to indemnification for the revenue deficits for 1991/92 to 2008/2009. Haringey Council may also be entitled to indemnification for the years 1988/89 to 1990/91, and this amount has also been provided for in the accounts.

Both of these amounts include interest charged for the outstanding revenue deficits at the Council's Loan Pool Rate, up to 2004/05. No interest was charged between 2005/2006 and 2008/2009 as the Council has now written off that the debt in its accounts. However, as disclosed in the London Borough of Haringey accounts, the Council has not discharged this debt on the basis that it will still collect should the trust be in a position in the future to fully or partially repay. On this basis the trustees have continued to carry the liability in the trust's accounts.

2. Accounting policies (continued)

(j) Related party transactions
Because of the close and unique relationship between Haringey Council and Alexandra Park and Palace, there are a significant number of transactions between the two parties. The extent of this relationship is detailed in Note 18 to the financial statements.

(k) Leased assets
All leases are operating leases and the annual rentals are charged to the Statement of Financial Activities over the period in which the cost is incurred.

(l) Pension contributions
The Group operates a defined benefit pension scheme on behalf of certain employees of Alexandra Palace Trading Limited. The scheme is administered by Haringey Council, although the pension funds relating to the APTL employees are held in a separately managed pool within the overall Haringey scheme. The deficit on the scheme is included within the balance sheet at 31 March 2009.

The difference between the fair value of the assets held in the defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the Group's balance sheet as a pension scheme asset or liability as appropriate.

The carrying value of any resulting pension scheme asset is restricted to the extent the Group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The pension scheme balance is recognised net of any related deferred tax balance.

Changes in the defined benefit pension scheme assets or liabilities arising from other factors than cash contributions by the Group are charged to the Statement of Financial Activities in accordance with FRS17.

The Group also operates a defined benefit pension scheme on behalf of certain employees of Alexandra Park and Palace Charitable Trust, also administered by Haringey. However, the pension funds relating to the APPCT employees are not included in a separate pool and as such, it is not practical for a full FRS 17 valuation for the Trust staff to be disaggregated from the London Borough of Haringey pension fund. Furthermore, a separate valuation would not be relevant as the Trust staff are treated as Council employees for the pension fund purposes. For this reason, the scheme has been treated as a defined contribution scheme for the purpose of the financial statements.

The Group also operates a defined contribution pension scheme on behalf of certain employees. For defined contribution schemes the amount charged to the Statement of Financial Activities in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

3. Voluntary income

Voluntary income includes small unrestricted and restricted donations to the Trust. Voluntary income in 2008 included amounts received from the Heritage Lottery Grant (£229,783) and from the London Borough of Haringey (£76,855) for major works to the park.

4. Activities for generating funds

	2009	2008
	£	£
Group		
Income from events	3,909,616	1,263,480
Income from the ice rink	1,121,342	287,455
Income from Phoenix public house	463,899	162,998
	5,494,857	**1,713,933**
Trust only		
Gift aid payment from subsidiary	435,000	713,000
Licence fee	149,700	-
	584,700	**713,000**

5. Incoming resources from charitable activities

	2008	2007
	£	£
Group and Trust		
Ice rink	-	108,426
Community events	41,895	47,139
Leases and concessions	179,218	130,355
	221,113	**285,920**

6. Investment income

	2009	2008
	£	£
Group		
Bank interest	59,958	43,065
Net return on pension scheme	-	16,000
	59,958	**59,065**

7. Analysis of total resources expended

Group

	Direct costs	Support costs	2009 Total	2008 Total
	£	£	£	£
Costs of generating fund				
Expenditure of trading subsidiary	4,960,933	-	**4,960,933**	1,328,098
Charitable expenditure				
Ice Rink	-	-	-	669,534
Community events	120,013	8,951	**128,964**	136,254
Leases and concessions	163	12,697	**12,860**	213,048
Repairs and maintenance of building/park	1,528,897	285,598	**1,814,495**	2,399,643
Security of building/park	512,654	261,286	**773,940**	785,965
	2,161,727	**568,532**	**2,730,259**	**4,204,444**
Governance costs				
Wages and salaries	-	14,624	**14,624**	17,792
Professional fees	56,881	-	**56,881**	33,250
Audit fee	29,500	-	**29,500**	42,750
	86,381	**14,624**	**101,005**	**93,792**
Total for Group	**7,209,041**	**583,156**	**7,792,197**	**5,626,334**

Trust Only

	Direct costs	Support costs	2009 Total	2008 Total
Charitable expenditure	£	£	£	£
Ice Rink	-	-	-	669,534
Community events	120,013	8,951	**128,964**	136,254
Leases and concessions	163	12,697	**12,860**	213,048
Repairs and maintenance of building/park	1,528,897	285,598	**1,814,495**	2,399,643
Security of building/park	512,654	261,286	**773,940**	785,965
	2,161,727	568,532	**2,730,259**	4,204,444
Governance Costs				
Wages and salaries	-	14,624	**14,624**	17,792
Professional fees	56,881	-	**56,881**	30,000
Audit fee	20,900	-	**20,900**	18,000
	77,781	14,624	**92,405**	65,792
Total for Trust	**2,239,508**	**583,156**	**2,822,664**	**4,270,236**

8. Support costs

	2009	2008
	£	**£**
Group and Trust		
Wages and salaries	169,288	686,184
Overheads	413,868	558,214
	583,156	**1,244,398**

9. Deficit on current year activities

	Group 2009	Group 2008
	£	**£**
Operating deficit is stated after charging:		
Auditors' remuneration: audit fee	39,400	42,750
Auditors' remuneration: other	3,250	3,250
Operating lease rentals - land and buildings	42,092	35,896
Operating lease rentals - vehicles	-	3,585
Depreciation	108,665	111,463

The trustees received no remuneration from the charity (2007: £Nil) and were not reimbursed for any of their expenses by the charity during the year (2007: £Nil).

10. Analysis of costs by activity
GROUP

Costs directly allocated to activities	Basis of allocation	Other £	Security of building and park £	Community Events £	Leases and Concessions £	Repairs and maintenance £	Governance £	Total 2009 £	Total 2008 £
Expenditure of trading subsidiary	Direct	4,960,933	-	-	-	-	8,600	4,969,533	1,356,098
Salaries	Direct	-	512,654	-	163	681,144	-	1,193,961	1,496,552
Professional fees	Direct	-	-	-	-	12,331	46,824	59,155	149,091
Parks lottery expenditure	Direct	-	-	-	-	-	-	0	307,038
Overheads	Direct	-	-	120,013	-	835,422	10,057	965,492	1,051,732
Audit fees	Direct	-	-	-	-	-	20,900	20,900	18,000
Direct costs	Direct	-	-	-	-	-	-	0	3,425
Total direct costs		4,960,933	512,654	120,013	163	1,528,897	86,381	7,209,041	4,381,936
Support costs allocated to activities									
General office and finance support staff	Staff time & area average	-	69,688	1,828	3,910	73,758	14,624	163,808	17,792
Apportioned overhead cost	Staff time & area average	-	55,676	1,460	3,124	58,927	-	119,187	850,200
Apportioned support and overhead cost	Staff time & area average	-	135,922	5,663	5,663	152,913	-	300,161	376,406
Total support costs		0	261,286	8,951	12,697	285,598	14,624	583,156	1,244,398
Total for Group		**4,960,933**	**773,940**	**128,964**	**12,860**	**1,814,495**	**101,005**	**7,792,197**	**5,626,334**

Cost allocation includes an element of judgement and the charity has had to consider the cost benefit of detailed calculations and record keeping. To ensure full cost recovery on projects the charity adopts a policy of allocating costs to the respective cost headings through the year. This allocation includes support costs where they are directly attributable. Therefore the support costs shown are a best estimate of the costs that have been so allocated.

10. Analysis of costs by activity (continued)
TRUST ONLY

Costs directly allocated to acitivities	Basis of allocation	Security of building and park £	Community Events £	Leases and Concessions £	Repairs and maintenance £	Governance £	Total 2009 £	Total 2008 £
Interest payable	Direct	-	-	-	-	-	-	-
Salaries	Direct	512,654	-	163	681,144	-	1,193,961	1,496,552
Professional fees	Direct	-	-	-	12,331	46,824	59,155	149,091
Parks lottery expenditure	Direct	-	-	-	-	-	-	307,038
Overheads	Direct	-	120,013	-	835,422	10,057	965,492	1,051,732
Audit fees	Direct	-	-	-	-	20,900	20,900	18,000
Direct costs	Direct	-	-	-	-	-	-	3,425
Total direct costs		512,654	120,013	163	1,528,897	77,781	2,239,508	3,025,838
Support costs allocated to activities								
General office and finance support staff	Staff time & area average	69,688	1,828	3,910	73,758	14,624	163,808	17,792
Apportioned overhead cost	Staff time & area average	55,676	1,460	3,124	58,927	-	119,187	850,200
Apportioned support and overhead cost	Staff time & area average	135,922	5,663	5,663	152,913	-	300,161	376,406
Total support costs		261,286	8,951	12,697	285,598	14,624	583,156	1,244,398
Total for Trust		**773,940**	**128,964**	**12,860**	**1,814,495**	**92,405**	**2,822,664**	**4,270,236**

Cost allocation includes an element of judgement and the charity has had to consider the cost benefit of detailed calculations and record keeping. To ensure full cost recovery on projects the charity adopts a policy of allocating costs to the respective cost headings through the year. This allocation includes support costs where they are directly attributable. Therefore the support costs shown are a best estimate of the costs that have been so allocated.

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

11. Staff costs

	Group 2009	Group 2008	**Trust 2009**	Trust 2008
	£	**£**	**£**	**£**
Wages and salaries	1,270,711	1,280,165	178,116	964,448
Social security costs	108,324	96,061	14,640	67,161
Pension costs	106,866	131,194	35,042	70,291
Agency staff costs	776,095	649,982	5,225	442,852
	2,261,996	**2,157,402**	**233,024**	**1,544,752**

There were no employees whose emoluments as defined for taxation purposes amounted to over £60,000 in 2008 or 2009.

The average number of employees, analysed by function, including both permanent employees and casual staff calculated on a full-time equivalent basis (number of permanent employees only illustrated by the bracketed figures) was:

	Group 2009 Number	Group 2008 Number	**Trust 2009 Number**	Trust 2008 Number
Ice rink	17 (5)	15 (2)	-	15 (2)
Repairs and maintenance including park	2 (2)	3 (3)	2 (2)	3 (3)
Community events	-	-	-	-
Cost of generating funds	23 (17)	22 (14)	-	-
Support costs	1 (1)	1 (1)	1 (1)	1 (1)
Management and administration	8 (8)	4 (4)	2 (2)	1 (1)
	38 (33)	**45 (24)**	**5 (5)**	**20 (7)**

The ice rink transferred to the trading company in January 2008. The Trust figures for 2008 include ice rink staff employed by the Trust but seconded to the trading company. Of the 17 staff working in the ice rink in 2009, 2 permanent employees and 6 casual staff were employed by the Trust but seconded to the trading company.

12. Taxation

Alexandra Park and Palace Charitable Trust is a registered charity. As such its sources of income and gains, received under Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992, are exempt from taxation to the extent that they are applied exclusively to its charitable objectives. The trading subsidiary donates the bulk of its taxable profits to the Trust under Gift Aid. No tax charge has arisen in the year.

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

13. Tangible fixed assets

	Improvements to park	Plant & Machinery	Office Equipment, furniture and fittings	Total
Trust only:	£	£	£	£
Cost: At 1 April 2008	197,346	483,107	361,340	1,041,793
Additions		2,196	45,824	48,020
At 31 March 2009	**197,346**	**485,303**	**407,164**	**1,089,813**
Depreciation: At 1 April 2008	78,938	242,872	235,185	556,995
Charge for the year	19,735	48,494	39,018	107,247
At 31 March 2009	98,673	291,366	274,203	664,242
Net Book Value				
At 31 March 2009	**98,673**	**193,937**	**132,961**	**425,571**
At 31 March 2008	**118,408**	**240,235**	**126,155**	**484,798**

	Improvements to park	Plant & Machinery	Office Equipment, furniture and fittings	Total
Group	£	£	£	£
Cost: At 1 April 2008	197,346	483,107	395,424	1,075,877
Additions	-	2,196	45,824	48,020
At 31 March 2009	197,346	485,303	441,248	1,123,897
Depreciation: At 1 April 2008	78,938	242,872	263,595	585,405
Charge for the year	19,735	48,494	40,436	108,665
At 31 March 2009	98,673	291,366	304,031	694,070
Net book value				
At 31 March 2009	**98,673**	**193,937**	**137,217**	**429,827**
At 31 March 2008	**118,408**	**240,235**	**131,829**	**490,472**

14. Fixed asset investments

Trust only:	**2009**	**2008**
Shares in trading subsidiary	£	£
at 1 April and 31 March	2	2

14. Fixed asset investments (continued)

The Trust owns the entire share capital of its trading subsidiary Alexandra Palace Trading Limited, a company registered in England. Alexandra Palace Trading Limited raises funds for Alexandra Park & Palace Charitable Trust through the hiring of halls and catering for exhibitions, banquets, conferences, weddings and other events and the running of the Phoenix Public House and the ice rink.

Alexandra Palace Trading Limited retained £582 of its profit this year with the remainder being gift aided to Alexandra Park & Palace Charitable Trust. The net income attributable to the group is consolidated on a line by line basis in the consolidated statement of financial activities. A summary of the results is shown below:

	2009	2008
	£	**£**
Turnover	5,494,857	2,013,933
Interest income	59,958	43,065
	5,554,815	**2,056,998**
Cost of sales	(4,447,363)	(1,221,951)
Cost of operating expenses	(671,870)	(118,147)
	(5,119,233)	**(1,340,098)**
Net income to the group	435,582	716,900
Less: Licence fee to the Trust	-	-
Deed of Covenent/Gift Aid to the Trust	(435,000)	(713,000)
Retained profit	**582**	**3,900**
Retained profit brought forward as previously reported	(206,882)	11,218
Prior year adjustment	-	(302,000)
Retained deficit brought forward restated	(206,882)	(290,782)
Actuarial (loss)/gain on pension fund	(275,000)	80,000
Retained deficit carried forward	(481,882)	(206,882)

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

15. Stock

	Group 2009	Group 2008	Trust 2009	Trust 2008
	£	£	£	£
China and cutlery	-	-	-	-
Food and beverages	71,666	69,444	-	-
Publications and stationery	-	-	-	-
	71,666	**69,444**	**0**	**0**

16. Debtors

	Group 2009	Group 2008	Trust 2009	Trust 2008
	£	£	£	£
Trade debtors	799,964	697,125	17,085	55,288
Other amounts due from subdiary undertaking	-	-	362,756	299,448
Deed of covenent/gift aid due from subsidiary undertaking	-	-	435,000	713,000
Other debtors	5,816	11,571	4,198	10,867
Prepayments and accrued income	205,437	110,394	115,075	64,790
	1,011,217	819,090	934,114	1,143,393

17. Creditors: amount falling due within one year

	Group 2009	Group 2008	Trust 2009	Trust 2008
	£	£	£	£
Trade creditors	663,056	422,266	452,483	60,585
Other taxes and social security cost	292,049	74,670	-	2,254
Other creditors	5,686	150	2,750	150
Accruals	332,648	367,721	138,041	134,599
Income in advance	635,892	1,013,339	28,297	22,587
Haringey Council: Bank Account	-	226,909	-	226,909
	1,929,331	2,105,055	621,571	447,084

Income in Advance is payments received for events that will take place in future years. The Trust's bank account is part of Haringey Council's pooled account, and the amount is shown both as an asset and a liability to the Trust as the bank account is owed in its entirety to the Council.

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

18. Provision

	Group 2009	Group 2008	**Trust 2009**	Trust 2008
	£	**£**	**£**	**£**
Haringey Council: Indemnification	39,117,649	37,363,918	39,117,649	37,363,918
Reconciliation of movement:				
Balance brought forward	37,363,918	34,574,233	37,363,918	34,574,233
Amount charged to SOFA	385,911	444,292	385,911	444,292
Transfer to bank less VAT debtor	1,367,820	2,345,393	1,367,820	2,345,393
Balance carried forward	39,117,649	37,363,918	39,117,649	37,363,918

The relationship between the Trust and the London Borough of Haringey:
The Council of the London Borough of Haringey is Trustee of the Trust. The Council delegates the entire function of trustee to the Alexandra Park and Palace Board. The Council elects individual members to sit on the Alexandra Park and Palace Board to act as the charity trustees. The charity trustees are those persons having the general control and management of the administration of the Trust. All employees of the Trust are employees of Haringey Council as trustee and are included in the Council's pension arrangements.

Due to the nature of the relationship between the Trust and Haringey Council there are a number of significant related party transactions. These amounts are consolidated into the Trust's financial statements. However, due to the unique nature and structure of the relationship it is thought appropriate to disclose these items: general rates of £46,200 (2008: £44,400); entertainment licences of £47,850 (2008: £43,419); public liability insurance £37,210 (2008: £36,303); APTL directors' liability insurance of £18,605 (2008: £18,152) provision of park patrol service £35,322 (2008: £34,460); legal expense £5,018 (2008: £977); printing and other sundry items of £7,989 (2008: £2,250).

Alexandra Park and Palace Charitable Trust is a going concern due to the ongoing support of the corporate Trustee, London Borough of Haringey. It is the Council's current policy to continue providing this support until such time as it is no longer required. The deficits incurred each year form part of the provision due to Haringey Council and are shown as a creditor on the balance sheet.

The analysis of the current year's figure is as follows:

	Accumulated Balances	**Interest**	**Total**
	£'000	£'000	£'000
Indemnification 1991/92 to 1994/95 (1)	5,005	9,881	14,886
Indemnification 1995/96 to 2008/09 (2)	15,982	4,854	20,836
Provision: 1988/99 to 1990/91 (3)	755	2,641	3,396
	21,742	17,376	39,118

18. Provision (continued)

1. This is the amount which the Attorney General has agreed that Haringey Council is entitled to, in respect of expenditure incurred from operational deficits in the financial years 1991/92 to 1994/95.

2. This is the amount relating to the operational deficits for 1995/96 to 2008/09 which the Attorney General has agreed in principle that Haringey Council is entitled to. The final value has yet to be formally agreed. (The operational deficit is calculated as the deficit for the year before interest and the increase in working capital in the year).

3. Haringey Council may also be entitled to indemnification for the operational deficits from 1988/89 to 1990/91, so this amount has also been provided for.

19. Accumulated unrestricted funds

	Group 2009	Group 2008	**Trust 2009**	Trust 2008
Trust deficit funds:	**£**	**£**	**£**	**£**
Balance brought forward as previously reported	36,428,766	33,548,468	36,221,883	33,257,685
Deficit in year	2,015,163	2,960,298	2,015,745	2,964,198
Actuarial loss/(gain)	275,000	(80,000)	-	-
Balance carried forward	38,718,929	36,428,766	38,237,628	36,221,883

The above amounts represent the deficit equity of the Trust. The Group figure includes (£481,301) (2008:£15,118) of the trading subsidiary retained profit/losses carried forward.

20. Restricted funds

	Balance 1 April 2008	Incoming Resources	Expenditure & transfers	Balance 31 Mar 2009
	£	£	£	£
Environment Agency Grant	1,168	-	-	1,168
Organ Appeal Fund	5,776	840	-	6,616
Theatre Fund	232	-	-	232
English Heritage	32,198	-	-	32,198
	39,374	840	0	40,214

The restricted fund balance at 31 March 2009 are represented by cash at bank and in hand of £40,214
The Environment Agency Fund is a grant for works to the lake to improve fishing and other uses
The Organ Appeal Fund relates to monies raised for restoration of the organ
The Theatre Fund and English Heritage Fund are monies raised to restore the stage machinery

21. Total funds	**Group 2009**	Group 2008	**Trust 2009**	Trust 2008
	£	£	£	£
Balance brought forward as previously reported	36,389,392	33,508,694	36,182,509	33,217,911
Deficit in year	2,289,323	2,880,698	2,014,905	2,964,598
Balance carried forward	38,678,715	36,389,392	38,197,414	36,182,509

22. Audit fees

The Charity Commission requires the Board to appoint an independent Registered Auditor to carry out a full statutory audit of the financial statements. The audit fee for the year was £36,500 (2008: £42,750).

The Local Authority external auditor, as part of the external audit of the Council's accounts, reviews the financial statements for Alexandra Park and Palace Charitable Trust. The Council meets the fee of this external auditor.

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

23. Pension scheme
Trust:

(a) Defined benefit scheme

The Trust operates a defined benefit pension scheme for the benefit of its employees. The assets of the Scheme are in a fund independent from the Trust and are administered by Haringey Council under the provisions of the Local Government Superannuation Act of 12 June 2000. The pension fund assets and liabilities relating to the employees of the Trust are included within the overall Haringey fund and as such, it is not practical or relevant to produce a full FRS17 valuation at the balance sheet date. For this reason, the scheme is treated as a defined contribution scheme for the purposes of the Trust financial statements. This treatment is consistent with previous years.

The Fund is independently valued every three years by a firm of actuaries to assess the adequacy of the Fund's investments and contributions to meet its liability. The last triennial valuation took place as at 31 March 2007. The last triennial actuarial valuation was carried out in accordance with Guidelines GN9: Retirement Benefit Schemes - Actuarial reports published by the Institute of Actuaries and the Faculty of Actuaries. The valuation was carried out using the Projected Unit Method.

Economic and statistical assumptions were used. The assumptions which have the most significant effect on the results of the valuation are:

	Nominal % per annum	
Rate of investment – equities	7.70%	per annum compound
Rate of investment – bonds	5.70%	per annum compound
Rate of investment – property	5.70%	per annum compound
Rate of investment – cash	4.80%	per annum compound
Rate of pensionable salary increases (excl. increments)	5.10%	per annum compound
Rate of price inflation/pensions increases	3.60%	per annum compound
Discount rate	6.90%	per annum compound

The level of funding as a whole at 31 March 2004 was 69.0%, and the market value of the Fund at the time of the last valuation was £405 million. Following the valuation the actuary certified a phased increase of the contribution rate: 2005/6 19.6%, 2006/7 21.2% and 2007/8 22.9%.The contribution rate is split 10.1% between the past service adjustment to fund the deficit over 20 years and the future service rate of 12.8%. The pension contribution for the year was £45,973 (2008: £70,291).The latest interim valuation as at March 2006 and February 2007 show an improvement in funding to 76% which reflects strong returns from fund investments although these were not prepared in accordance with GN9.

Trading company:

(b) Defined benefit scheme

The trading company operates a defined benefit pension scheme for the benefit of 22 scheme members who transferred to the trading company, from the trust on 1 November 1999. There are 7 (2008: 7) scheme members still in the employment of the trading company as at 31 March 2009.The assets of the scheme are held in a separate pool within the Haringey Council pension fund described above. The company has therefore accounted for contributions in accordance with FRS17.

23. Pension scheme (continued)

The market value of the Fund at the time of the last valuation was £619 million for the whole of the scheme of which £1.7 million is the share for Alexandra Palace Trading Limited. Alexandra Palace Trading Limited employer's contribution is 16.2% of salary. Alexandra Palace Trading Limited also paid additional monetary amounts of £119,000 for the year ended 31 March 2007, £125,000 for the year ended 31 March 2008 and £107,000 for the year ended 31 March 2009. The pension contribution for the year was £34,991 (2008: £32,000).

The actuarial valuation described above has been updated at 31 March 2009 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued, for this purpose, at fair value.

The major assumptions used for the actuarial valuation were:

	Nominal % per annum compound		
	2009	2008	
Price increases	3.10	3.60	
Rate of pensionable salary increases			
(excluding increments)	4.60	5.10	
Rate of price inflation/pensions increases	3.10	3.60	
Discount rate	6.90	6.90	
Expected rate of return on assets	6.20	7.10	

Assumptions relating to the average future life expectancy of members at age 65 were as follows;

	Males	**Females**
Current pensioners	21.5 years	24.4 years
Future pensioners	22.6 years	25.5 years

For the year ended 31 March 2009, the expected return on the above assets was £114,000 (2008: £127,000) less the interest on pension scheme liabilities of £118,000 (2008: £111,000) gives a net return of (£4,000) (2008: £16,000) as the amount debited to other finance income. Therefore overall the net cost to the profit and loss account for the year ended 31 March 2009 is £49,000 (2008: £27,000) after deduction of the past and current service cost.

Recognition in the profit and loss account	**2009**	2008
	£'000	£'000
Current Service Cost	31	43
Interest Cost	118	111
Expected Return on employer assets	(114)	(127)
Past service costs	14	-
	49	27

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

23. Pension scheme (continued)

Reconciliation of defined benefit obligation	**2009**	2008
	£'000	£'000
Opening Defined Benefit Obligation	1,694	2,039
Current service cost	31	43
Interest cost	118	111
Contributions by members	15	14
Actuarial losses	(175)	(475)
Past service costs	14	-
Estimated benefits paid	(39)	(38)
	1,658	1,694

Reconciliation of fair value of employer assets	**2009**	2008
	£'000	£'000
Opening fair value of employer assets	1,602	1,737
Expected return on assets	114	127
Contributions by members	15	14
Contributions by the employer	17	157
Actuarial losses	(450)	(395)
Benefits paid	(39)	(38)
	1,259	1,602

Amounts for the current and four previous accounting periods are as follows;

	2009	2008	2007	2006	2005
	£'000	£'000	£'000	£'000	£'000
Fair value of employer assets	1,259	1,602	1,737	1,484	1,058
Present value of defined benefit obligation	(1,658)	(1,694)	(2,039)	(2,028)	(1,643)
Deficit	(399)	(92)	(302)	(544)	(585)
Experience gains/(losses) on assets	(450)	(395)	(5)	194	38
Experience gains/(losses) on liabilities	0	122	(1)	(1)	(16)

None of the above liabilities derive from schemes that are wholly unfunded.

Analysis of amount recognised in statement of total recognised gains and losses (STRGL):

23. Pension scheme (continued)

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

	2009	2008
	£	£
Actuarial (loss)/gain recognised in STRGL	(275,000)	80,000

Analysis of projected amount to be charged to operating profit for the year to 31st March 2010:

	31 March 2010	
	£'000	% of pay
Projected current service cost	26	14.1%
Interest on obligation	113	60.8%
Expected return on plan assets	(81)	(43.5%)
	58	31.3%

(c) Stakeholder personal pension scheme

For new employees to the trading company since 1 September 1999, the trading company has established a stakeholder pension and contributes personal pension contributions into this scheme. The employer's contribution is 10% of salary and the pension contribution for the year was £32,793 (2008: £17,903). There are no accrued employer contributions included within the creditors.

24. Contingent Liability

On 25 March 2009, a pre action protocol letter of claim was submitted by solicitors acting for Firoka (Alexandra Palace) Ltd and Firoka (Kings Cross) Ltd (Firoka) against the Council as trustee of Alexandra Park and Palace Charitable Trust. The letter asserted that the trustee was in breach of contract and intimated Firoka's intention to claim damages for breach of contract, specified as the failure of the trustee to complete the grant of a long lease of the Palace to Firoka and to enter into other related commercial agreements with Firoka. The value of this claim is £6.234 million.

On 26 May 2009, a detailed response was sent by solicitors acting for the Council as trustee denying any liability. The letter also detailed a claim by the Council as trustee for £414,844 due under an agreement with Firoka dated 4 May 2007.

No reply has been received and no legal proceedings have yet been commenced by either party. No provision has been made in the Trust's accounts for either claim.