NOTICE OF MEETING

AUDIT COMMITTEE

Thursday, 21st September, 2023, 7.00 pm - George Meehan House, 294 High Road, N22 8JZ (watch the live meeting here and watch the recording here)

Members: Councillors Ibrahim Ali, Kaushika Amin, Cathy Brennan, Eldridge Culverwell (Vice-Chair), Mary Mason (Chair), Ajda Ovat and Alessandra Rossetti

Quorum: 3

1. FILMING AT MEETINGS

Please note this meeting may be filmed or recorded by the Council for live or subsequent broadcast via the Council's internet site or by anyone attending the meeting using any communication method. Members of the public participating in the meeting (e.g. making deputations, asking questions, making oral protests) should be aware that they are likely to be filmed, recorded or reported on. By entering the 'meeting room', you are consenting to being filmed and to the possible use of those images and sound recordings.

The Chair of the meeting has the discretion to terminate or suspend filming or recording, if in his or her opinion continuation of the filming, recording or reporting would disrupt or prejudice the proceedings, infringe the rights of any individual, or may lead to the breach of a legal obligation by the Council.

2. APOLOGIES FOR ABSENCE

3. URGENT BUSINESS

The Chair will consider the admission of any late items of Urgent Business. (Late items will be considered under the agenda item where they appear. New items will be dealt with under item 10 below).

4. DECLARATIONS OF INTEREST

A member with a disclosable pecuniary interest or a prejudicial interest in a matter who attends a meeting of the authority at which the matter is considered:

(i) must disclose the interest at the start of the meeting or when the interest becomes apparent, and

(ii) may not participate in any discussion or vote on the matter and must withdraw from the meeting room.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Register of Members' Interests or the subject of a pending notification must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal interests and prejudicial interests are defined at Paragraphs 5-7 and Appendix A of the Members' Code of Conduct.

5. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

To consider any requests received in accordance with Part 4, section B, Paragraph 29 of the Council's Constitution.

6. MINUTES (PAGES 1 - 10)

To confirm and sign the minutes of the Audit Committee meeting held on 20 July 2023 as a correct record.

To review the Action Tracker.

7. TREASURY MANAGEMENT UPDATE REPORT - Q1 2023/34 (PAGES 11 - 24)

This report provides an update to the Audit Committee on the Council's treasury management activities and performance during the quarter ending 30 June 2023, in accordance with the CIPFA Code

8. INTERNAL AUDIT PROGRESS REPORT 2023/24 (PAGES 25 - 34)

This report details the work undertaken by Internal Audit in the period 1 April to 14 August 2023 and focuses on progress on internal audit coverage relative to the approved internal audit plan, including the number of audit reports issued and finalised – work undertaken by the external provider (Mazars).

9. ANTI - FRAUD & CORRUPTION PROGRESS REPORT 2023/24 - QUARTER 1 (PAGES 35 - 44)

This report details the work undertaken by the in-house resources in the Audit and Risk team and communicates a first update on completion of the work plan for 2023/24.

10. DRAFT STATEMENT OF ACCOUNTS 2022/23 (PAGES 45 - 210)

This report updates the Committee on the Council's Draft Statement of Accounts 2022/23.

11. NEW ITEMS OF URGENT BUSINESS

12. DATES OF FUTURE MEETINGS

14 November
1 February 2024
7 March 2024

Tel – 0208 489 3321
Fax – 020 8881 5218
Email: nchoudhury@haringey.gov.uk

Fiona Alderman
Head of Legal & Governance (Monitoring Officer)
George Meehan House, 294 High Road, Wood Green, N22 8JZ

Wednesday, 13 September 2023

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MINUTES OF THE AUDIT COMMITTEE HELD ON THURSDAY 20 JULY, 2023, 7:00PM – 8:15PM

PRESENT: Councillors Ibrahim Ali, Kaushika Amin, Cathy Brennan, Mary Mason (Chair), Ajda Ovat and Alessandra Rossetti

1. FILMING AT MEETINGS

The Chair referred to the notice of filming at meetings and this information was noted.

2. APOLOGIES FOR ABSENCE

There were none.

3. URGENT BUSINESS

There was no urgent business.

4. DECLARATIONS OF INTEREST

There were no declarations of interest.

5. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

The meeting noted that Corporate Committee held an action tracker. This would be updated and brought forward to the next meeting of the Audit Committee.

The appointments process for independent members to the Audit Committee was still in progress and one member will be appointed by the next meeting and the other will be interviewed in August 2023.

6. TREASURY MANAGEMENT UPDATE REPORT - OUTTURN 2022/23

Mr Tim Mpofu, Head of Finance (Pensions & Treasury), presented the item.

The meeting heard that:

- The local authorities that were benchmarked were those that were clients of Arlingclose, the Council's treasury advisor. Those boroughs not associated with Arlingclose were not included as part of the quarterly benchmarking exercise.
- Section 2 of the appendix marked dates starting from June 2023 and should read from June 2022.
- During course of the year, the gilt yields (which is a proxy for the cost of UK government debt) tended to fluctuate either through interest rate movements or the

fiscal position of the UK government. During the time Liz Truss was Prime Minister, there was economic uncertainty around the UK government's fiscal position when the budget was announced. This caused a sudden increase in gilt yields during September 2022 but the yields stabilised after a change in government. At the time of the meeting, the 10 year gilt yield was at 4.2% and ranged between 4% to 5% throughout the period. This was a direct result of the change in monetary policy over the past 18 month.

- Officers were monitoring the economic situation on an ongoing basis and if gilt yields dropped, then it would be possible to capitalise on this and undertake further long term borrowing. At this point, the changes were so significant, that it was unlikely that interest rates would return to their pre-April 2022 levels.

- Section on 6.4 of the appendix displayed the guiding principles which were based on the CIPFA code. In deciding on how to make treasury investments, the Council has a requirement to prioritise security (ensuring that the money was deposited with secure counterparties) then liquidity (meaning that the money could be accessed as required) so that there did not need to be any unnecessary borrowing. Once the security and liquidity requirements were met, investments would be placed taking into account the attractiveness of the prevailing yields (to make the best return on capital). The Council's treasury investment policy was generally conservative. The deposits were in place with the Debt Management Office (DMO) which was a government agency that enabled the Council to place deposits overnight up to six months. The Council had increased the duration term of the deposits made to increase the Council's interest receivable potential.. Other local authorities may place their deposit with banks and banks were considered to be riskier than the DMO and may not pass on the interest rate increases immediately.. Therefore, it appeared that the Council was taking less risk but receiving a higher return.

- The bail-in exposure was introduced when some banks were bailed out during the financial crises of 2008 and related to the probability of the assets being subject to that bail-in if the assets were they to go under. If the Council had a deposit with the bank, then it would be considered to be subject to a higher bail-in or rescue programme from the Government.

- From a Treasury management perspective, the Council aimed to ensure that there is as much cash available as possible. On a short-term basis, it was possible to borrow from other Councils. This would generally be for a period of less than 12 months. The alternative was to borrow long-term, but the interest rates for these loans were higher than they had been in the past. When the budget was set that last year, there was an there was an assumption that all long term borrowing would average 4.50% but rates currently were higher than this assumption. It was a question of whether or not interest rates continued to increase, if the borrowing was greater than initially assumed and if the Council wished to borrow for longer term or shorter term basis. Shorter term rates were considered more expensive at around 6% at the time of the meeting and longer-term rates were at 5.5% without PWLB certainty rate. Borrowing for over a 50 year would also be at a high rate.

- The Treasury team's role in the Council's finance team was to advise on capital markets movements. HRA colleagues would be advised on the cost of borrowing based on the prevailing economic factors. Arlingclose produced an economic update examining interest rate forecast for the next 24 months. The relevant teams in the

Council would be informed on what the future cost of borrowing assumptions would be which would feed directly into the business cases for capital schemes.

RESOLVED:

1. To note the treasury management activity undertaken during the financial year to 31 March 2023 and the performance achieved which is attached as Appendix 1 to this report.
2. To note that all treasury activities were undertaken in line with the approved Treasury Management Strategy.

7. ANTI-FRAUD AND CORRUPTION PROGRESS REPORT 2022/23 - QUARTER 4

Ms Vanessa Bateman, Deputy Head of Audit and Risk Management, introduced the report.

The meeting heard that:

- In relation to tenancy fraud, the teams involved were legal and tenancy management officers. Referrals could be received from anywhere, but they were mostly received from tenancy management officers. There was a case management system and it was imbedded. Prosecutions may take time – up to a few years. An analysis could be done for this in future reports.
- Fraud relating to blue badges was a new area of work. There have been a lot of investments in blue badges and Technology in relation to the area of blue badges. It was important to focus on deterrents and this came with sanctions and prosecutions. There had been an employee related case in relation to blue badges and this case was prosecuted.
- An income-flow would be generated from the work.
- It was ideal that this income was streamed into Parking and Fraud teams as the teams were small.
- A significant amount of time had been spent in the year to get officers to follow through on actions, although chasing actions from a practical perspective was not particularly taxing.
- The case management system allowed the cases to be monitored and accessed easily. Legal and the Housing Management Tenancy teams have their own systems. There was good working relationship between the three teams.
- The no recourse to public funds team performed a lot of checks and balances. The Audit and Risk team would usually get complex cases perhaps where financial fingerprints needed to be established.
- Temporary Accommodation was one area where savings could be made. It was clear that there was a lack of preventative checks in the housing system. More data intelligence needed to be used to be able to foresee issues. However, improvements in systems were always being sought.
- Audit and Risk tended to understand risk, quantify and identify it and collate the work to help everybody else involved to understand the issue before the relevant management was approached.

The Chair felt it would be useful to have an update on Temporary Accommodation. It would also be useful to highlight areas of greatest risks to the Council via regular reporting.

RESOLVED:

To note the activities of the team during quarter four of 2022/23

8. DRAFT ANNUAL GOVERNANCE STATEMENT 2022/23

Mr Minesh Jani, Head of Audit & Risk Management, introduced the report.

The meeting heard that:

- The table outlined on page 27 of the agenda papers, attempted to show new values and behaviours in how the Council wanted to carry out its operations.
- The two columns sought to define what the Council would do differently in all operations of the Council.
- An update would be provided on proposed action plans outlined on page 45 of the agenda papers within six months' time and may take longer to address fully. For example, the need for financial savings was something that had been ongoing for the past few years and was likely to go on for some years due to the nature of what the issues were and the financial positions of all local authorities.
- The second issue listed on page 47 of the agenda papers referred to a governance issue being raised last year. At the time, the Council were expecting the transition of Homes for Haringey into the Council. The Council was not confident that it had all the appropriate governments arrangements to fully return Homes for Haringey to the Council to a satisfactory level. At the presentation of the last annual report, a number of failings within key operations had been identified. There was concern that when Homes for Haringey was transferred into the Council, there would be a number of services which were not performing as well as they could.
- Under the Audit Committee's terms of reference, the Audit Committee could invite directors to attend the Audit Committee and answer questions or to present to the Committee regarding concerns in the three areas of the Committee's terms. These were internal controls (how to ensure that business operates in a way that provided the right outcome. For example, the reports indicating limited assurance for controls were not effective), risk management (this allowed the Committee to request that the services explain how the risks were managed) and governance (the level in which the Council was carrying out its operations).
- Members asked if it may be useful to have any significant issues identified in the report from last year be carried forward and were asked to note the update at para 4.2 of the report relating to significant governance issues raised in last year's AGS.
- The Chair could refer matters onto Chairs of other committees and to the Leader of the Council.
- It would be useful to receive a report on risk management strategy which included an update (or a risk management strategy) on leisure services by the next meeting.

Councillors felt it would be useful to receive an update on Housing from the Lead Member or Director of Housing in addition to a report.

RESOLVED

1. The Audit Committee approve the draft 2022/23 AGS, attached at Appendix A.

2. To note the approval timescale and processes for the draft 2022/23 Audit Governance Statement.

9. ANNUAL INTERNAL AUDIT REPORT 2022/23

Mr Minesh Jani, Head of Audit & Risk Management, introduced the report.

The meeting heard that:

- The table outlined on page 27 of the agenda papers, attempted to show new values and behaviours in how the Council wanted to carry out its operations.
- The two columns sought to define what the Council would do differently in all operations of the Council.
- An update would be provided on proposed action plans outlined on page 45 of the agenda papers within six months' time and may take longer to address fully. For example, the need for financial savings was something that had been ongoing for the past few years and was likely to go on for some years due to the nature of what the issues were and the financial positions of all local authorities.
- The second issue listed on page 47 of the agenda papers referred to a governance issue being raised last year. At the time, the Council were expecting the transition of Homes for Haringey into the Council. The Council was not confident that it had all the appropriate governments arrangements to fully return Homes for Haringey to the Council to a satisfactory level. At the presentation of the last annual report, a number of failings within key operations had been identified. There was concern that when Homes for Haringey was transferred into the Council, there would be a number of services which were not performing as well as they could.
- Under the Audit Committee's terms of reference, the Audit Committee could invite directors to attend the Audit Committee and answer questions or to present to the Committee regarding concerns in the three areas of the Committee's terms. These were internal controls (how to ensure that business operates in a way that provided the right outcome. For example, the reports indicating limited assurance for controls were not effective), risk management (this allowed the Committee to request that the services explain how the risks were managed) and governance (the level in which the Council was carrying out its operations).
- Members asked if it may be useful to have any significant issues identified in the report from last year be carried forward and were asked to note the update at para 4.2 of the report relating to significant governance issues raised in last year's AGS.
- The Chair could refer matters onto Chairs of other committees and to the Leader of the Council.
- It would be useful to receive a report on risk management strategy which included an update (or a risk management strategy) on leisure services by the next meeting.

Councillors felt it would be useful to receive an update on Housing from the Lead Member or Director of Housing in addition to a report.

RESOLVED

1. The Audit Committee approve the draft 2022/23 AGS, attached at Appendix A.

2. To note the approval timescale and processes for the draft 2022/23 Audit Governance Statement.

10. NEW ITEMS OF URGENT BUSINESS

There were no new items of urgent business.

11. DATES OF FUTURE MEETINGS

The next meeting would be held on 21 September 2023.

CHAIR: Councillor Mary Mason

Signed by Chair ………………………………..

Date …………………………………

Corporate Committee – Action Tracker				
Meeting date	**Action**	**Response**	**Who by**	**Status**
2 February 2023	Clarity on the data migration issues and the date that would be resolved including the changing of IT software. Clarity on the mitigating risk form.	Mark Stevens: It is being jointly addressed by the Directors of Finance and Environment & Resident Experience with Taranto (the parking IT system provider) and Civica (who used to provide the financial data). Colleagues from IT are also involved in that process with a view to achieving clarification by the end of March 2023. The appropriate closure of the 2022/23 account will follow thereafter but there does now appear to be a mechanism for closing the preceding two years of accounts. Officers in Finance and Parking Services have worked together with Taranto Systems Limited to establish the creation of end-of-year finance reports for parking that have been tested and have already gone live. The expectation is that those reports will provide the appropriate level of detail needed to satisfy the auditors when run on 31st March 2023. Officers in Finance and Parking Services worked together with Taranto Systems Limited and created end-of-year finance reports for parking that were tested, went live, functioned correctly for 2022/23 and will be functional for the end of 2023/24 and future financial years. Taranto Systems Limited produced end-of-year finance reports that met the requirements of Finance officers to allow the closure of the 2020/21 and 2021/22 accounts.	Mark Stevens	Now closed

15 September 2022	To send the chair information regarding the number of contracts that had three quotations and the amount of contracts that had more than a single bidder.	Barry Phelps: A special report needs to be written by the systems provider to ascertain this information. We have requested what if any cost is associated with this along with timescales. Barry Phelps: Not possible to report on this level of information from the current systems. 3 quotes and single bidder – as per previous update not possible to report on this, systems do not have capability to report at this level	Barry Phelps	Now Closed
15 September 2022	At appendix 1 in the table titled ‘Arrangements for letting contracts’, a committee member noted that the wording should be affirmative not passive. For example, to use ‘ensure’ rather than ‘consider’.	Barry Phelps: Currently liaising with Audit & Risk colleagues to understand what scope there is in amending the report to be more affirmative. Barry Phelps: Audit report updated as requested and passed back to Audit.	Barry Phelps	Now Closed
15 September 2022	Assess the feasibility of setting up internal contracts register by the end of 2022. Additionally, to look into bringing any other actions forward, where possible, before the planned implementation date of the procurement software at the end of 2023.	Barry Phelps: It may be possible to manually create a simplified contract register with basic information (i.e. reference, supplier, short description start and end date, value) on a quarterly basis from the four primary corporate procurement systems. This will be attempted at the end of Q3. Jack Booth: it was reiterated at the 15 November 2022 that the committee would want to see this simplified contract register for the next meeting in February 2023. Barry Phelps: A consolidated contract register has been completed. There is one small set of data to be added when this comes through from the provider. The report will be updated upon receipt.	Barry Phelps	Now Closed

		Consolidate contract register – completed [Contracts and Frameworks | Intranet]()		
15 September 2022	To send committee members the right to buy process to pass on to residents where necessary.	Jack Booth: The Assistant Director of Strategy, Communication, and Collaboration is speaking to housing colleagues to liaise with the Leaders office to arrange. Claire McCarthy: A suggestion has been made to the Leaders Office about providing a briefing for Members on the right to buy process. There were a lot of requests for all member briefings on topics which have to be balanced on the basis of urgency. A further follow up would be completed but the action should possibly have been a request for an all Members briefing – which has been made and therefore the action is complete. Ultimately it is for the relevant Cabinet Member to prioritise, schedule etc All Member Briefings.	Claire McCarthy	Ongoing
15 September 2022	To look into organising a members training around the right to buy.	Jack Booth: The Assistant Director of Strategy, Communication, and Collaboration is speaking to housing colleagues to liaise with the Leaders office to arrange. Claire McCarthy It needed to be established as to who would provide the training. A request has been made for for an All member briefing/training session on RTB. Cllr Williams is the new Cabinet Member for this area	Claire McCarthy	Ongoing
15 November 2022	Following on from this completed action from the 15 September 2022 meeting: '… [set] up an informal group with the Head of Procurement, the Head of Audit & Risk Management, and the CEO	The issues arising from the procurement audits have been raised with the Head of Procurement, the Director of Finance (DOF) and the CEO. The DOF has advised the Head of Procurement, the	Minesh Jani	Completed

	to ensure that issues around procurement were resolved in a timely manner.' The committee asked that reports from these meetings be submitted to the committee so they could see the progress of procurement issues.	Head of Audit and Risk Management and the DOF will meet regularly and report to the CEO. The Head of procurement will provide updates on actions to the Committee on a regular basis.		
15 November 2022	To send to committee members the date when officers had carried out assessment of suitability of CCTV operations.	Assessments for all permanent sited cameras were completed by the end of Nov 2022. For cameras that are portable, a fresh assessment is completed based on the new location.	Minesh Jani	Completed
15 November 2022	To organise external audit training with the external auditors before July 2023.	Completed – Training for Financial Reporting has been arranged for 28 March 2023 and will be delivered by the Head of Finance (Housing & Chief Accountant)..	Minesh Jani	Completed
15 November 2022	To circulate CIPFA training advice to committee members.	Completed – the advice from CIPFA was circulated to Committee members on 18 Nov 2022.	Minesh Jani	Completed
20 July 2023	The Chair felt it would be useful to have an update on Temporary Accommodation. It would also be useful to highlight areas of greatest risks to the Council via regular reporting.		Minesh Jani	
20 July 2023	The meeting felt It would be useful to receive a report on risk management strategy which included an update (or a risk management strategy) on leisure services by the next meeting.		Minesh Jani	

Report for: Audit Committee – 21 September 2023

Item number: **7**

Title: Treasury Management Update Report – Q1 2023/34

Report authorised by: Josephine Lyseight, Assistant Director of Finance (Deputy S151 Officer)

Lead Officer: Tim Mpofu, Head of Finance – Pensions and Treasury tim.mpofu@haringey.gov.uk

Ward(s) affected: N/A

Report for Key/ Non Key Decision: Non Key decision

1. Describe the issue under consideration

1.1. The Council has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code). This code requires the Council to approve, at a minimum, treasury management semi-annual and annual reports.

1.2. This quarterly report provides an additional update and incorporates the new requirement in the 2021 Code that mandates quarterly reporting of treasury management prudential indicators, effective from 1st April 2023.

1.3. The Council's treasury management strategy for 2023/24 was approved at a full Council meeting on 2 March 2023. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.

1.4. This report provides an update to the Audit Committee on the Council's treasury management activities and performance during the quarter ending 30 June 2023, in accordance with the CIPFA Code.

2. Cabinet Member Introduction

2.1. Not applicable.

3. Recommendations

The Audit Committee is requested:

3.1. To note the treasury management activity undertaken during the quarter to 30 June 2023 and the performance achieved which is attached as Appendix 1 to this report.

3.2. To note that all treasury activities were undertaken in line with the approved Treasury Management Strategy.

4. Reason for Decision

4.1. Not applicable.

5. Other options considered

5.1. Not applicable.

6. Background information

6.1. The Council's treasury management activity is underpinned by CIPFA's Treasury Management in Public Services: Code of Practice (the CIPFA Code), which requires local authorities to produce annually, Prudential Indicators and a Treasury Management Strategy Statement. CIPFA has defined Treasury management as: "The management of the authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

6.2. The CIPFA Code recommends that members are informed of treasury management activities at least twice a year. Following an amendment to the Council's constitution in 2023, it was determined that the reviewing and monitoring of treasury policy, strategy and activity is delegated to the Audit Committee. This Committee will continue to receive treasury update reports quarterly.

6.3. However, overall responsibility for treasury management remains with full Council, and the Council approved the Treasury Management Strategy Statement and set the Prudential Indicators for 2023/24 on 2 March 2023. The Audit Committee is responsible for monitoring treasury management activity, and this can be achieved through the receipt of the quarterly, mid-year and annual reports.

6.4. Government guidance on local authority treasury management states that local authorities should consider the following factors in the order they are stated:

Security - Liquidity - Yield

6.5. The Treasury Management Strategy reflects these factors and is explicit that the priority for the Council is the security of its funds. However, no treasury activity is without risk and the effective identification and management of risk are integral to the Council's treasury management activities.

Economic Background

6.6. In the earlier part of the quarter, there were signs that global money policy rates may have peaked. However, during the quarter, inflation data, particularly in the UK, proved to be more persistent than initially thought.

6.7. As a result, the Bank of England continued to raise the Bank Rate, raising it by 0.75% between March 2023 and June 2023, from 4.25% to 5.00%. At the time of writing the Bank Rate was 5.25%.

6.8. Further details on the implications of this can be found in section 2 of Appendix 1 to this report.

Borrowing Activity

6.9. The Council's primary objective when borrowing is to strike an appropriate balance between securing low interest costs and achieving cost certainty over the period for which funds are required.

6.10. The cost of borrowing has increased significantly for both short-term and long-term debt. The table below demonstrates this increase as there has been an increase in the benchmark gilt yields during the period.

Benchmark Gilt Yield	Sep-22	Dec-22	Mar-23	Jun-23
5 year	4.70%	3.62%	3.36%	4.67%
10 year	4.51%	3.67%	4.49%	4.39%
20 year	4.86%	4.03%	3.82%	4.51%

6.11. No new long-term borrowing was undertaken during the quarter. However, £35.5m of loans were allowed to mature without immediate replacement.

6.12. The Council's borrowing decisions are not based on any single outcome for interest rates, and it maintains a balanced portfolio of short and long-term borrowing.

6.13. The Council has a significant capital program that extends into the foreseeable future. A large proportion of this program will need to be financed by borrowing. This borrowing will be undertaken by the Council during the current and upcoming years.

6.14. Further details on the borrowing activity of the Council over the period can be found in section 4 of Appendix 1 to this report.

Treasury Investment Activity

6.15. In accordance with the CIPFA Code and government guidance, the Council aims to strike an appropriate balance between risk and return, when making treasury investments. The aim is to prioritise the security and liquidity of its investments before seeking the optimum rate of return or yield.

6.16. During the period, the overnight deposit rates from both, the Debt Management Account Deposit Facility (DMADF) and Money Market Funds (MMFs), increased from approximately 4.00% in April 2023 to 4.90% by the end of March 2023.

6.17. Short-dated cash rates increased accordingly, with 3-month rates reaching approximately 5.25% and 12-month rates coming close to 6%.

6.18. The table on the following page shows how the Council's current Treasury investments compare with other local authorities.

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Ave. Maturity (Days)	Rate of Return
31.03.2023	3.67	AA-	38%	10	3.96%
30.06.2023	4.01	AA-	27%	12	4.76%
Similar Local Authorities	4.65	A+	56%	45	4.47%
All Local Authorities	4.65	A+	63%	11	4.32%

6.19. Further details on the Council's treasury investment activity over the period can be found in section 5 of Appendix 1 to this report.

Treasury Management Prudential Indicators

6.20. The Council measures and manages its exposures to treasury management risks using several indicators that are set when the Treasury Management Strategy is approved in advance of the new financial year.

6.21. The Chief Finance Officer reports that all treasury management activities carried out during the year were fully compliant with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy.

6.22. A more detailed assessment of the Council's compliance with the agreed upon Treasury Management Indicators can be found in section 8 of Appendix 1 to this report.

7. Contribution to Strategic Outcomes

7.1. None

8. Carbon and Climate Change

8.1. Not applicable

9. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

9.1. Finance Comments are included throughout the attached report.

Head of Legal and Governance

9.2. The Head of Legal Services has been consulted on the content of this report which is consistent with legislation governing the financial affairs of the Council. In particular, the Council must comply with the requirements of the Local Government Act 2003, the Local Authorities (Capital Financing & Accounting – England) Regulations 2003 and the CIPFA Treasury Management code.

9.3. In considering the report Members must take into account the expert financial advice available to it and any further oral advice given at the meeting of the Committee.

Equalities

1.1. There are no equalities issues arising from this report.

10. Use of Appendices

10.1. Appendix 1 – Treasury Management Quarter 1 2023/24

11. Local Government (Access to Information) Act 1985

11.1. Not applicable

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Appendix 1 - Treasury Management Q1 2023/24

1. Introduction

1.1. The Council has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code). This code requires the Council to approve, at a minimum, treasury management semi-annual and annual reports.

1.2. This quarterly report provides an additional update and incorporates the new requirement in the 2021 Code that mandates quarterly reporting of treasury management prudential indicators, effective from 1st April 2023.

1.3. The Council's treasury management strategy for 2023/24 was approved at a full Council meeting on 2 March 2023. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.

2. External Context (provided by the Council's treasury management advisor, Arlingclose)

Economic background

2.1. From the beginning of the quarter until May, it appears as though global monetary policy rates has peaked, as inflation continued to ease, and central banks adopted a more dovish tone. However, only a few weeks later, stronger, and more persistent inflation data, particularly in the UK, changed the economic outlook.

2.2. The developing economic outlook for the UK was unwelcome news for the Bank of England (BoE). GDP growth was weak, confirmed at 0.2% in the quarterly period to June 2023. However, more recent monthly GDP data has shown some improvement. The housing market has stalled, consumer demand remains weak, although appearing to be showing signs of recovery despite the higher interest rates.

2.3. Labour demand remained strong, which has been a primary driver in the accelerating wage growth. The table below shows an extract of the reported annual unemployment rate over the past four quarters.

	Sep-23	Dec-23	Mar-23	Jun-23
Unemployment rate	3.6%	3.7%	3.9%	4.2%

2.4. Pay growth was 6.5% for total pay (including bonuses) and 7.2% for regular pay. The latter saw its largest growth rate outside of the COVID-19 pandemic. However, once adjusted for inflation, growth in total pay and regular pay remained negative.

2.5. The annual Consumer Prince Index (CPI) inflation measure for the UK fell from its October 2022 peak of 11.1% to 7.9% in June 2023. This was lower than the consensus forecast of 8.2%, which could be an indication that UK inflation was steadily returning to the BoE's target level of 2.0%. The table below shows an extract of the reported CPI inflation over the past four quarters.

	Sep-22	Dec-22	Mar-23	Jun-23
CPI Inflation	10.1%	10.5%	10.1%	7.9%

2.6. Following a significant increase in interest rate expectations, which had clear implications for mortgage markets due to higher inflation and wage data, the Bank of England's Monetary Policy Committee (MPC) continued with its monetary policy tightening. In May, the MPC raised the Bank Rate by 0.25%. This was followed by another increase of 0.50% in June, bringing the Bank Rate to 5.00%. The table below shows an extract of the Bank of England's Bank Rates throughout the financial year.

	Sep-22	Dec-22	Mar-23	Jun-23	Current Rate
BoE Bank Rate	1.75%	3.5%	4.25%	5.00%	5.25%

2.7. Financial markets are pricing in further hikes in policy rates, reflecting expectations of higher interest rates. Arlingclose, the treasury advisor for the Council, has revised its forecast to project an additional 0.5% of monetary tightening, which would take the Bank Rate to 5.5% by the end of the year. However, there is a risk that rates could be even higher, as financial markets are forecasting policy interest rates above 6.0%.

2.8. Many mortgages are currently at low fixed rates, but they will be systematically re-set over the next 12-24 months at higher rates at the end of their fixed rate period. As a result, there will be lagged effect of the feed through of monetary policy on households' disposable income. The economic slowdown is expected to develop over time and therefore, it is likely confidence will be negatively affected at some point.

2.9. Despite the US Federal Reserve increasing its key interest rate to 5.00-5.25% over the period, activity in the region continued to resist monetary tightening. Labour markets, in particular, have remained strong, which supported Fed's assertion of two more rate hikes following a pause in June.

2.10. Annual US inflation eased, falling from 4.9% in April to 4.0% in May, the lowest level since March 2021. Additionally, US GDP growth was significantly stronger than expected, with annualized growth of 2% in the first calendar quarter of 2023, compared to the initial estimate of 1.3%.

2.11. In the euro zone, the European Central Bank maintained its hawkish tone and increased its key deposit, main refinancing, and marginal lending interest rates to 3.50%, 4.00%, and 4.25%, respectively. Despite signs of weakening activity, inflation remained persistently high. In June, annual headline CPI fell to 5.5%, while annual core inflation rose to 5.4% from 5.3%. This suggests that the ECB is unlikely to halt its monetary tightening efforts for the foreseeable future.

Financial markets

2.12. Financial market sentiment and bond yields remained volatile. The latter continued their general upward trend as uncertainty and concern over higher inflation and higher interest rates continued to dominate.

2.13. During the period, benchmark gilt yields in the UK continued to increase. The table below shows the movement of the major benchmark gilt yields throughout the period.

Benchmark Gilt Yield	Sep-22	Dec-22	Mar-23	Jun-23
5 year	4.70%	3.62%	3.36%	4.67%
10 year	4.51%	3.67%	3.49%	4.39%
20 year	4.86%	4.03%	3.82%	4.51%

2.14. The Sterling Overnight Index Average Rate (SONIA) averaged 4.37% over the quarter.

Credit review

2.15. Having completed a review of its credit advice on unsecured deposits at UK and non-UK banks, Arlingclose lowered the advised maximum duration limit for all banks on its recommended counterparty list to 35 days in March. This decision was made due to concerns about a wider financial crisis following the collapse of Silicon Valley Bank's purchase and Credit Suisse's acquisition by UBS, as well as other well-publicised issues in the banking sector.

2.16. During the period, S&P upgraded NatWest Group and related entities to A+ (except for NatWest Markets, which was upgraded to A), revised the UK sovereign outlook to stable from negative, and upgraded both Barclays Bank PLC and Barclays Bank UK PLC to A+.

2.17. Additionally, Fitch placed the US sovereign rating on Rating Watch Negative due to increased political partisanship, which was hindering the latest resolution to raise the debt ceiling.

2.18. Arlingclose continually monitored and assessed credit default swap levels for signs of ongoing credit stress throughout the quarter. However, there were no changes made to the counterparty list or recommended durations during this time. Despite this, heightened market volatility is expected to remain a feature, at least in the near term. As always, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

3. Local Context

3.1. On 31 March 2023, the Council had net borrowing of £783.3m arising from its revenue and capital income and expenditure. The Capital Financing Requirement (CFR) measures the underlying need to borrow for capital purposes. A breakdown of the CFR is summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.03.23 Actual £m
General Fund CFR	720.4
HRA CFR	471.1
Total CFR[1]	**1,191.5**
Less: Other debt liabilities[2]	(22.0)
Borrowing CFR - comprised of:	**1,169.5**
External borrowing	783.3
Internal borrowing	386.2

[1]subject to audit
[2]finance leases, PFI liabilities and transferred debt that form part of the Council's total debt

3.2. The Council continued to pursue its long-standing strategy of keeping borrowing and investments below their underlying levels, also known as internal borrowing. This approach aims to manage both interest rate risk and refinancing risk. The goal is to minimise interest costs and provide flexibility when deciding whether the Council should take on additional borrowing from external sources.

3.3. The treasury management position on 30 June 2023 and the change over the year is shown in Table 2 on the next page.

Table 2: Treasury Management Summary

Type of Borrowing/Investment	31.03.23 Balance £m	Movement £m	30.06.23 Balance £m	30.06.23 Weighted Av. Rate %
Long-term borrowing	718.3	(15.5)	702.8	3.01%
Short-term borrowing	65.0	(20.0)	45.0	3.41%
Total borrowing	**783.5**	**(35.5)**	**747.8**	**3.03%**
Short-term investment	15.0	0.0	15.0	4.50%
Cash and cash equivalents	78.9	(20.4)	58.5	4.83%
Total investments	**93.9**	**(20.4)**	**73.5**	**4.76%**
Net borrowing	**689.4**	**(15.1)**	**674.3**	

4. Borrowing Activity

4.1. CIPFA's 2021 Prudential Code emphasises that local authorities should not borrow to invest primarily for financial returns. Local authorities should not make investment or spending decisions that increase the capital financing requirement, resulting in new borrowing, unless such decisions are directly and primarily related to the functions of the local authority. Local authorities are no longer permitted to secure PWLB loans for purchasing investment assets primarily for yield unless the loans are for refinancing purposes.

4.2. The Council has not invested in assets primarily for financial return or that are not primarily related to the functions of the Council. It has no plans to do so in the future.

Borrowing strategy during the period

4.3. As outlined in the treasury strategy, the Council's primary objective when borrowing is to strike an appropriately low-risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The Council's borrowing strategy continues to address the key issue of affordability without compromising longer-term stability of the debt portfolio.

4.4. There has been a significant increase in the cost of both short-term and long-term borrowing over the past 18 months. In this quarter, the Bank Rate rose from 4.25% at the beginning of April to 5.0% at the end of the quarter. This rate was also significantly higher than its level of 1.25% at the end of June 2022.

4.5. Gilt yields faced upward pressure since early April following signs that UK growth has been more resilient and inflation stickier than expected. Consequently, PWLB borrowing rates continued to rise over the quarter. The table below shows the rates offered across the various PWLB maturities on 30 June 2023. The rates shown include the 0.20% certainty discount rate offered by the PWLB to qualifying authorities.

PWLB Maturity	Mar-23	Jun-23
10 year	4.33%	5.25%
20 year	4.70%	5.36%
50 year	4.41%	4.95%

4.6. On 15 June 2023, a new HRA PWLB rate was made available to qualifying authorities. This rate will offer a further 0.40% discount to the currently available certainty rate. This discounted rate is intended to support local authorities borrowing for the Housing Revenue Account and for refinancing existing HRA loans. The discounted rate is available for a minimum of one year.

4.7. As part of its strategy for funding previous and current years' capital programmes, the Council held £747.8m in loans on 30 June 2023, a decrease of £35.5m compared to 31 March 2023. The outstanding loans on 30 June are summarised in Table 3 below.

Table 3: Borrowing Position

Type of Borrowing	31.03.23 Balance £m	Net Movement £m	30.06.23 Balance £m	30.06.23 Weighted Ave. Rate %	30.06.23 Weighted Ave. Maturity years
Public Works Loan Board	593.3	(15.5)	577.8	2.64%	26.3
Banks (LOBO)	125.0	0.0	125.0	4.72%	36.9
Local authorities	65.0	(20.0)	45.0	3.41%	0.2
Total borrowing	**783.3**	**(35.5)**	**747.8**	**3.03%**	**26.5**

4.8. No new long-term borrowing was undertaken during the quarter. However, £35.5m of loans were allowed to mature without immediate replacement. The Council's borrowing decisions are not based on any single outcome for interest rates, and it maintains a balanced portfolio of short and long-term borrowing.

4.9. The Council has a significant capital program that extends into the foreseeable future. A large proportion of this program will need to be financed by borrowing. This borrowing will be undertaken by the Council during the current and upcoming years.

LOBO Loans

4.10. The Council continues to hold £125m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost.

4.11. With market interest rates having risen, the probability of LOBOs being called has been higher than in the recent past. £100m of LOBO loans had call option dates during the April – June quarter, however no lender exercised their option.

4.12. The Council currently holds £75m in LOBO loans, with call dates within the next 12 months. The Council has been working with treasury management advisors Arlingclose to assess the likelihood of the loan options being exercised. If the option is exercised, the Council plans to repay the loan at no additional cost. If required, the Council will use available cash or borrow from other local authorities or the PWLB to repay the LOBO loans.

5. Treasury Investment Activity

5.1. On 20 December 2021, CIPFA published a revised Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes. These documents define treasury management as investments that arise from the organisation's cash flows or treasury risk management activity, ultimately representing balances that need to be invested until the cash is required for use in the course of business.

5.2. The Council holds significant invested funds, which represent income received in advance of expenditure, as well as balances and reserves held. Throughout the period, the Council's investment balances ranged between £164.9m and £73.5m due to timing differences between income and expenditure. The investment position on 30 June 2023 is shown in Table 4 on the following page.

Table 4: Treasury Investment Position

Type of Investment	31.03.23 Balance £m	Net Movement £m	30.06.23 Balance £m	30.06.23 Weighted Ave. Rate %	30.06.23 Weighted Ave. Maturity
Debt Management Office	93.9	(40.4)	53.5	4.77%	16 days
Money market funds	-	20.0	20.0	4.72%	3 days
Total borrowing	**93.9**	**(20.4)**	**73.5**	**4.76%**	12 days

5.3. Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return or yield. The Council aims to strike an appropriate balance between risk and return when making treasury investments, while minimising the risk of incurring losses from defaults and receiving unsuitably low investment income.

5.4. The Bank Rate increased by 0.75%, rising from 4.25% at the beginning of April to 5% by the end of June. There remains a high probability of further increases before the end of the year. Short-dated cash rates increased accordingly, with 3-month rates reaching approximately 5.25% and 12-month rates coming close to 6%.

5.5. At the end of June 2023, the Debt Management Account Deposit Facility's (DMADF) deposit rates ranged between 4.05% and 4.15%. The Money Market rates also ranged between 4.60% and 4.90%.

5.6. The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Ave. Maturity (Days)	Rate of Return
31.03.2023	3.67	AA-	38%	10	3.96%
30.06.2023	4.01	AA-	27%	12	4.76%
Similar Local Authorities	4.65	A+	56%	45	4.47%
All Local Authorities	4.65	A+	63%	11	4.32%

Scoring:
AAA = highest credit quality = 1; D = lowest credit quality = 26
Aim = A- or higher credit rating, with a score of 7 or lower, to reflect current investment approach with main focus on security

6. Treasury Performance

6.1. The budget for treasury investment income for 2023/24 was set at £2.3m. This was based on a treasury investment portfolio of £65m with an average rate of return of 3.50%. The most recent forecast for the year indicates an average rate of return of 4.50%. Therefore, the Council expects to exceed it's expected treasury investment income.

6.2. The borrowing costs for 2023/24 are forecast to be in line with the budget at Q1 at £35.5m (£18.6m HRA, £16.9m General Fund).

7. Compliance

7.1. The Director of Finance reports that all treasury management activities carried out during the quarter complied fully with the principles in the Treasury Management Code and the Council's approved Treasury Management Strategy.

7.2. Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 6 below.

Table 6: Debt Limits

	31.06.23 Actual £m	2023/24 Operational Boundary £m	2023/24 Authorised Limit £m	Complied?
Borrowing	783.3	1,402.3	1,452.3	Yes
PFI and Finance Leases	21.1	21.1	23.2	Yes
Total debt	**806.5**	**1,423.4**	**1,475.5**	**Yes**

7.3. The operational boundary is a management tool for in-year monitoring. Therefore, it is not significant if the operational boundary is breached on occasion due to variations in cash flow, and this is not considered a compliance failure. However, the council's debt remained well below this limit throughout the entire financial year.

8. Treasury Management Indicators

8.1. The Council measures and manages its exposures to treasury management risks using the following indicators.

Security

8.2. The Council has adopted a voluntary measure to assess its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. To calculate this score, a value is assigned to each investment based on its credit rating (AAA=1, AA+=2, etc.), and the arithmetic average is taken, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	30.06.23 Actual	2023/24 Target	Complied?
Portfolio average credit score	4.01 (AA-)	7.0 (A-)	Yes

Liquidity

8.3. The Council has adopted a voluntary measure to monitor its exposure to liquidity risk. This is done by tracking the amount of cash available to meet unexpected payments over a rolling three-month period, without borrowing additional funds.

	30.06.23 Actual	2023/24 Target	Complied?
Total cash available within 3 months	73.5	20.0	Yes

Interest Rate Exposures

8.4. This indicator is set to control the Council's exposure to interest rate risk. During the quarter, the Bank Rate increased by 0.75%, rising from 4.25% in April to 5% by the end of June.

	30.06.23 Actual	2023/24 Target	Complied?
Upper limit on one-year revenue impact of a 1% rise in interest rates	£0.3m	£2m	Yes
Upper limit on one-year revenue impact of a 1% fall in interest rates	£0.3m	£2m	Yes

8.5. The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates.

Maturity Structure of Borrowing

8.6. This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	30.06.23 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	13.8%	50%	0%	Yes
12 months and within 24 months	3.8%	40%	0%	Yes
24 months and within 5 years	4.6%	40%	0%	Yes
5 years and within 10 years	7.1%	40%	0%	Yes
10 years and within 20 years	14.4%	40%	0%	Yes
20 years and within 30 years	10.1%	40%	0%	Yes
30 years and with 40 years	14.8%	50%	0%	Yes
40 years and within 50 years	31.4%	50%	0%	Yes
50 years and above	0.0%	40%	0%	Yes

8.7. Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

8.8. In the past, the Council has extensively used short-term borrowing (less than 1 year in duration) from other local authorities as an alternative to longer-term borrowing from the PWLB. This was due to lower interest rates at the time, resulting in revenue savings.

8.9. However, short-term borrowing exposes the Council to refinancing risk. This is the risk that rates will rise quickly over a short period of time, and will be at significantly higher rates when loans mature and new borrowing is required. With this in mind, the Council has set a limit on the total amount of short-term local authority borrowing as a proportion of all borrowing.

	30.06.23 Actual	2023/24 Target	Complied?
Upper limit on short-term borrowing from other local authorities as a percentage of total borrowing	6.0%	30%	Yes

Principal Sums Invested for Periods Longer than a year

8.10. The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

	2023/24	2024/25	2025/26
Actual principal invested beyond year end	nil	nil	nil
Limit on principal invested beyond year end	£10m	£10m	£10m
Complied?	**Yes**	**Yes**	**Yes**

Report for: Audit Committee – 21 September 2023

Item number: 8

Title: Internal Audit Progress Report 2023/24

Report authorised by : Director of Finance

Lead Officer: Minesh Jani, Head of Audit and Risk Management
Tel: 020 8489 5973
Email: minesh.jani@haringey.gov.uk

Ward(s) affected: N/A

**Report for Key/
Non Key Decision: Information**

1. Describe the issue under consideration

1.1 This report details the work undertaken by Internal Audit in the period 1 April to 14 August 2023 and focuses on progress on internal audit coverage relative to the approved internal audit plan, including the number of audit reports issued and finalised – work undertaken by the external provider (Mazars).

2. Cabinet Member Introduction

2.1 Not applicable.

3. Recommendations

3.1 The Audit Committee is recommended to note the audit coverage and follow up work completed.

4. Reasons for decision

4.1 The Audit Committee is responsible for monitoring the completion of the annual internal audit plan and the implementation of agreed recommendations as part of its Terms of Reference.

4.2 In order to facilitate this, progress reports are provided on a regular basis for review and consideration by the Audit Committee on the work undertaken by the Internal Audit Service in completing the annual audit plan. Where further action is required or recommended, this is highlighted with appropriate recommendations for the Audit Committee.

5. Alternative options considered

5.1 Not applicable.

6. Background information

6.1 The information in this report has been compiled from information held within Audit & Risk Management and from records held by Mazars.

7. Contribution to strategic outcomes

7.1 The internal audit work makes a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all key Priority areas.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

8.1 Finance and Procurement

There are no direct financial implications arising from this report. The work completed by Mazars is part of the framework contract which was awarded to the London Borough of Croydon to 31 March 2024, in accordance with EU regulations. The costs of this contract are contained and managed within the Audit and Risk Management revenue budget. The maintenance of a strong internal audit function and a proactive and reaction fraud investigation team is a key element of the Council's system of Governance.

8.2 Legal

The Head of Legal and Governance has been consulted in the preparation of this report and advises that there are no direct legal implications arising from the report.

8.3 Equality

The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- advance equality of opportunity between people who share those protected characteristics and people who do not;
- foster good relations between people who share those characteristics and people who do not.

As contracted providers of Haringey Council, the internal audit contractor is required to demonstrate a strong commitment to equality and fairness in their actions and work practices, and adherence to the Equality Act 2010. Ensuring that the Council has effective internal audit and assurance arrangements in place will also assist the Council to use its available resources more effectively.

9. Use of Appendices

Appendix A – Mazars Progress Report – Internal Audit

10. Local Government (Access to Information) Act 1985

10.1 Not applicable.

11. Performance Management Information

11.1 Although there are no national or Best Value Performance Indicators, local performance targets have been agreed for Audit and Risk Management. Table 1 below shows the targets for each key area monitored and gives a breakdown between the quarterly and cumulative performance.

Table 1 – Performance Indicators

Ref.	Performance Indicator	To 14 August	Year to date	Year end Target
1	Internal Audit work (Mazars) – Days Completed vs. Planned programme	28%	28%	95%
2	Priority 1 recommendations implemented at follow up	91%	91%	95%

12. Internal Audit work – Mazars

12.1 The activity of Mazars for the first period of 2023/24 is detailed at Appendix A. Mazars planned to deliver 200 days of the annual audit plan (838 days) during the period (to 14 August 2023) and delivered 235 days audit work during this period. This is a significant increase over the number of days delivered in this period last year. Planning for this year's work began in February last year and auditees were advised well in advance of the last of the financial year of the planned work. We have agreed a target of 40% with Mazars to be delivered by the end of quarter 2.

12.2 Members of the Audit Committee receive detailed summaries of all projects for which a final report has been issued to allow for any concerns which members may have to be considered in a timely manner. Appendix A provides a list of all final reports which have been issued during the quarter.

12.3 **Significant issues arising in Quarter 1**

There was one report finalised during this period assigned "Limited" assurance; key findings arising from review are noted below.

<u>**Community Alarms (Connected Care Service)**</u> -

The Connected Care Service (CCS) is a self-funded service which provides support to people of all ages who feel vulnerable or unsafe in their own home. This can include people who are older, physically disabled or residents that have recently left the hospital. The service has a wide range of equipment available to best suit the needs of each service user. Examples include bed sensors, pendants and watches which can be used to detect falls or track a user's location in some cases.
An in-house monitoring and response service operates 24 hours a day, 365 days a year to ensure that support is always available to service users. The

service offers two service levels; monitoring itself is for £4.15 per week and monitoring and responding is for £6.95 per week. For monitoring only, the service will contact family/friends or call an emergency service depending on the situation whereas for monitoring and responding, a Monitoring and Responding Officer visits the service user to provide assistance.

Under the fairer charging scheme, service users may be able to use the service without paying or paying a reduced fee depending on their financial circumstances. The process for each service user starts with a referral form being completed and processed, the assessment team request further details to decide which type of equipment would provide the best solution and then a date is set for installation. The service user is then set up and the monitoring team will respond to any instances of alarms being triggered.

Six recommendations were raised (two priority 1, three priority 2 and one priority 3) and this area assigned “Limited” assurance. The key issues raised where the internal controls were weak and exposed the authority to risks were: -

- A lack of an established process for recharging exempt users hinders the ability to cover the costs associated with providing the service and an estimated income amount of £95k per year was not recovered;
- Absence of performance report to monitor the target for repairing/replacing critical and non-critical faults of the alarm system;
- Lack of predefined targets for the timeliness of the alarm installation;
- The data on the monthly total number of urgent referrals and the statistics of the correspondence percentage of urgent referrals being contacted within the targeted one day have not been updated since June 2021; and
- The monthly KPI dashboard, which contained a comprehensive set of performance metrics for Connected Care Services (CCS) was no longer being produced.

The service was aware of some of the weaknesses identified from the audit and has accepted all recommendations. The recommendations are due for implementation from August 2023 to March 2024.

APPENDIX 1

Introduction

This report includes audit progress between 1 April 2023 and 14 August 2023 covering the 2023/24 Internal Audit Plan. The report provides information on assurance opinions on areas we have reviewed and gives an indication of the direction of travel which provides information on how risks are being managed over time. Full copies of our audit reports will be provided upon request.

Date: August 2023

mazars

Key Highlights/Summary:

2023/24 Final Internal Audit Reports issued

- Community Alarms
- St John Vianney School

2023/24 Draft Internal Audit Reports issued

- Post Opening Procedures
- Residential Placements
- Liquid Logic pre-implementation Programme
- Weston Park School
- St Michaels School
- Gladesmore School
- Youth Services
- Pendarren House
- Community Engagement

2023/24 Audits at Fieldwork stage

- Commercial Property
- Flood Management
- Accounting and General Ledger
- Management of Sheltered Accommodation within Housing
- Management and Control of Parking Permits
- Contract Management

2023/24 Audits at Terms of Reference issued or Planning stage

- Management and Use of Purchase Cards
- Management of Budgets
- Housing Rents Income
- Corporate Property Model
- Payroll
- Management and Control of Adults Services Waiting Lists
- Commissioning in Children's Services
- Programme and Project Management
- Seven Sisters School
- St Mary's RC School
- Blanche Neville Special School
- Muswell Hill School
- Lea Valley School
- Stroud Green School

Final Internal Audit Reports issued

The following table sets out the 2023/24 audits finalised and the direction of travel of assurance at the time of the audit. It must be noted that the recommendations may already have been implemented by Council officers by the time the final report is issued and reported.

2023/24 Internal Audit Plan

Audit Title	Date of Audit	Date of Final Report	Assurance Level	Direction of Travel	Number of Recommendations (Priority)		
					1	2	3
Community Alarms	May 2023	July 2023	Limited	N/A	2	3	1
St John Vianney Catholic School	June 2023	July 2023	Adequate	N/A	-	5	7

Definitions of assurance levels, recommendations priorities and direction of travel are included below.

As a reminder, our recommendations are prioritised according to the following categories:

Definitions of Assurance Levels	
Level	**Description**
Substantial Assurance:	Our audit finds no significant weaknesses and we feel that overall risks are being effectively managed. The issues raised tend to be minor issues or areas for improvement within an adequate control framework.
Adequate Assurance:	There is generally a sound control framework in place, but there are significant issues of compliance or efficiency or some specific gaps in the control framework which need to be addressed. Adequate assurance indicates that despite this, there is no indication that risks are crystallising at present.
Limited Assurance:	Weaknesses in the system and/or application of controls are such that the system objectives are put at risk. Significant improvements are required to the control environment.
Nil Assurance:	There is no framework of key controls in place to manage risks. This substantially increases the likelihood that the service will not achieve its objectives. Where key controls do exist, they are not applied.

Definitions of Recommendations	
Priority	**Description**
Priority 1 (Fundamental)	Recommendations represent fundamental control weaknesses, which expose the organisation to a high degree of unnecessary risk.
Priority 2 (Significant)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.
Priority 3 (Housekeeping)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

Direction	
Direction	**Description**
→	Improved since the last audit visit.
←	Deteriorated since the last audit visit.
↔	Unchanged since the last audit report.
No arrow	Not previously visited by Internal Audit.

Statement of Responsibility

We take responsibility to the London Borough of Haringey for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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Report for: Audit Committee – 21 September 2023

Item number: 9

Title: Anti – Fraud & Corruption Progress Report 2023/24 – Quarter 1

Report authorised by: Director of Finance

Lead Officer: Minesh Jani, Head of Audit and Risk Management and Vanessa Bateman, Deputy Head of Audit and Risk Management

Ward(s) affected: N/A

Report for Key/ Non-Key Decision:

1. Describe the issue under consideration

1.1 This report details the work undertaken by the in-house resources in the Audit and Risk team and communicates a first update on completion of the work plan for 2023/24.

2. Cabinet Member Introduction

2.1 Not applicable.

3. Recommendations

3.1 The Audit Committee is recommended to note the activities of the team during quarter one of 2023/24.

4. Reasons for decision

4.1 The Audit Committee is responsible for monitoring the effectiveness of the policies on Anti-Fraud and Corruption and receiving assurance with regard the Council's internal control environment and mechanisms for managing fraud risk. To facilitate this, progress reports are provided on a quarterly basis for review and consideration by the Audit Committee with regards Anti-Fraud & Corruption.

5. Alternative options considered

5.1 Not applicable.

6. Background information

6.1 The information in this report has been compiled from information held by Audit & Risk Management.

7. Contribution to strategic outcomes

7.1 The Audit & Risk team makes a significant contribution through its pro-active work in ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all key priority areas.

8. Statutory Officers comments - Chief Finance Officer and Head of Legal & Governance (Monitoring Officer)

8.1 Finance and Procurement
There are no direct financial implications arising from this report.

8.2 Legal
The Council's Head of Legal and Governance has been consulted in the preparation of this report, and in noting the progress made with delivering the Audit Plan, and the activities undertaken in relation to risk management and anti-fraud, advises that there are no direct legal implications arising out of the report.

8.3 Equality
The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation.
- advance equality of opportunity between people who share those protected characteristics and people who do not.
- foster good relations between people who share those characteristics and people who do not.

The Audit & Risk team is required to demonstrate a strong commitment to equality and fairness in their actions and work practices, and adherence to the Equality Act 2010 and this is built into the team's operational procedures. Ensuring that the Council has effective counter-fraud arrangements in place will assist the Council to use its available resources more effectively.

9. Local Government (Access to Information) Act 1985
Not applicable.

10. Performance Management Information
10.1 Local performance targets have been agreed for Audit and Risk Management, these are reported against in the sections below.

11. INTRODUCTION

11.1 This report covers the period from 1 April 2023 to 30th June 2023 and summarises the work of the Audit & Risk Service in relation to anti-fraud and corruption.

11.2 The work of the team is driven by the Council's Anti-Fraud & Corruption Strategy which was approved in September 2022. The Strategy is supported by a risk assessment and operational work plan, which is annually reviewed. More information is provided in section 12 of the report.

11.3 The Fraud resources within the Audit & Risk Service consists of a Head and Deputy Head of Audit & Risk, six Fraud Investigators, and the Assistant Investigator post, which is being held vacant while the structure of the service is considered.

11.4 Fraud risk is considered when scoping all audit assignments, undertaken by Mazars, and where there is a high inherent risk of fraud in the system and process additional focus is included in the scope. The in-house resource investigates issues that arise, or other risk areas identified in the strategic audit planning. The results of all this work feeds into our assessment of fraud risk in the council.

11.5 Annually the governance of the organisation is reviewed, and this informs the Annual Governance Statement, which was presented to Members in July. This review considers the system of internal control which helps to inform our overall risk assessment. The Annual Report and Head of Internal Audit Opinion outlines weaknesses in internal control. There are a number of areas of the council where our second line of defence control are not robust enough to prevent and detect fraud.

12. Risk Assessment 2023/24

12.1 Fraud risks, both internal and external threats, are well known in public sector organisations and efforts to quantify them show that whether the economy is in recession or boom the fraud threat remains high. However, we have to acknowledge that in times of economic downturn individuals will find it easier to justify that act of fraud. In the 2020s the threat of organised crime and cybercrime are more prominent than ever; these are areas that all Council's struggle to mitigate with their available resources so preventive action through risk management is ongoing and audit assurances are obtained circa every two years with follow up in the interim years. In Haringey the highest risk fraud areas, with regards specific business areas, after assurances with regards effective controls are considered are:

12.2 **Housing**

Tenancy – The fraud team undertake some proactive fraud checks to try to help housing mitigate fraud risk. Housing officers also use checks to verify individuals circumstances. Despite these efforts the risk remains high and weaknesses in housing processes have left us more vulnerable to fraud risk.

Haringey LONDON

Data Matching and the National Fraud Initiative are used to help detect fraud. Many referrals are received from the residents of the Borough each year and from the Tenancy Officers responsible for the patches. We meet with the Senior Leaders in Housing regularly to feed back insights re process and control from the referrals and investigations we undertake to support the Housing Improvement Programme.

Temporary Accommodation – Our risk rating has increased for this area as we had some referrals re frauds detected by management controls.

Right to Buy - Every Right to Buy application is checked to ensure there is no housing fraud occurring and that Money Laundering Regulations are being adhered to. Every year this work identifies referrals for housing fraud not only for Haringey but also for other Boroughs.

12.3 **Enforcement**

Blue Badge/Parking Permit – To assess the fraud risk in this area following significant technological advancements, Audit work was planned for 2022/23, as a result we adjusted our work plan to undertake a project focused on deterring Blue Badge fraud. In quarter's three and four we received a number of referrals from the Parking Service including a case that was prosecuted. Our plan for 2023/24 has dedicated a resource to Blue Badge fraud and the sanctions on fraudsters will cover the costs to the team as well as expected legal costs of prosecution.

12.4 **Social Care**

Direct Payments – due the expenditure this is a high inherent risk area, however proactive fraud and audit work indicates that we are more successful in mitigating the risks in Haringey than some other Boroughs.

Care Providers – we have had some referrals with regards care providers in the Borough and work with commissioning/social care colleagues to investigate all aspects of concerns raised. These reactive cases enable us to support management to embed greater fraud prevention controls in their processes.

No Recourse to Public Funds – the fraud team undertake proactive checks where the No Recourse team have concerns or where there are fraud flags in an application. This intelligence helps to ensure that the application process is robust.

12.5 **Corporate**

Internal Fraud – is high when the cumulated impacts are considered. Controls like pre-employment screening; segregation of duties in processes; governance around conflicts of interest and delegated authority etc help to mitigate. We had an increase in cases in 2022/23 and these investigations can be challenging where controls and records are not robust. All internal cases will be accepted by the team, as long as they fit the relevant criteria. For all cases we report not only re the specific allegations raised but also root cause control issues for corporate stakeholders/control owners.

Procurement – Limited Assurance Audit Reports has led this to be a high-risk area for three years our work indicates that there are significant control weaknesses with regards contracts and procurement. Some of our employee related corruption work related to contracts and procurement in 2022/23 so this continues to be an area of concern however the team does not have capacity to deploy any proactive fraud resources in 2023/24 as the control environment and systems do not support the activity. Reactive investigations into corruption will be investigated as a priority. There will be audit and compliance work completed in 2023/24 and assurance will be re-provided on all procurement risks when the new operating model and technologies are deployed in this area.

Business Rate and Council Tax – The Covid Business Grant projects has helped to bring business rate data up to date for the Borough, which flagged issues with tax avoidance. The base data now is much more robust and will enable more robust fraud prevention activity to occur. Data matching tells us we have a high level of SPD fraud or error in the Borough and a project is underway to ensure that there is more challenge to entitlement for discounts in the control environment as well as withdraw discounts that are no longer applicable. Due to the values of individual frauds in this area we have raised recommendations to management to ensure the controls are there to prevent these frauds as this is the most efficient was to manage this risk area.

Grants – the Covid Business Grants Project was very high risk of fraud and due to proactive risk management and fraud expertise on the project the successful frauds was very low. Since 2021 the team has completed a number of annual projects to support some teams who are allocating grants to organisations or individuals in the community to ensure risk is managed.

13. Anti-Fraud & Corruption Work Plan for 2023/24

13.1 Due to capacity in the team deliver of our proactive fraud plan often is hindered by reactive referrals and/or other advice or guidance required.

13.2 The projects planned for 2023/24 include:

- National Fraud Initiative – Quarter 1 see 14.12.

- Unidentified Void properties – planned for Quarters 2 and 3
  There are a number of reasons a property that should be in the void/relet process is not. We are keen to support Housing colleagues by using data mining to identify these, and due to our access to data we are uniquely placed to do so, based on past experience 5% of those identified via this project are anticipated to require fraud investigation.

- Temporary Accommodation – planned for Quarters 3 and 4
  The checks on individuals applying to move from temporary accommodation to secure tenancies identified in 2022/23 a case where the individual had purchased a property whilst living in temporary accommodation and sublet the temporary accommodation. Audit work has been included on the audit plan however additional assurances via a proactive fraud exercise are also required to compliment this audit work and inform our risk assessment.

14. ANTI-FRAUD ACTIVITY

14.1 The team undertakes a wide range of anti-fraud activity and has two performance indicators to monitor its work relating to tenancy fraud and the right to buy fraud. These targets have in the past been consistently achieved, although since 2020 and the impact of COVID-19 the indicators have been more difficult to achieve, though delivery against target has substantially recovered to pre covid levels. There is a recognition that over the last year, there has been a significant increase in the number, type, and scale of frauds the team is responding to, and this has put pressure on the deliverables of the team. The housing fraud outcomes in particular are affected. The increase in internal cases and our inclusion of blue badge cases has reduced the resources available for housing fraud. A proposal for a future structure of the team is being discussed with Senior Management.

14.2 Financial values are assigned to these outcomes based on the discounts not given and the estimated value of providing temporary accommodation to a family. The Audit Commission, when in existence, valued the recovery of a tenancy, which has previously been fraudulently occupied, at an annual value of £18,000, as noted above this related to average Temporary Accommodation (TA) costs. This figure has been revised to £42,000 by a network of housing and fraud bodies and is supported by the Cabinet Office. The latter figure is more representative of the actual cost to local authorities.

14.3 **Table 2 - Local Performance measures – anti fraud activity**

Performance Indicator	Q1	YTD	Annual Measure
Properties Recovered	**7**	**7**	**50**
Right to Buys prevented	**18**	**18**	**80**

14.4 Tenancy Fraud – Council properties

14.5 The Corporate Anti-Fraud Team works with Housing colleagues to target and investigate housing and tenancy fraud. Housing continues to fund 0.6FTE of Tenancy Fraud Officer co-located part time within the Corporate Anti-Fraud Team. There are plans to do cross team proactive tenancy fraud campaigns and use data matching however this work will not be completed until the Housing Improvement Programme has improved systems, process, and technology across Housing. It is hoped that this and the planned proactive work will ensure our annual targets are achieved and try to shift the Council's work on tenancy fraud to a more proactive and preventive approach.

14.6 The Corporate Anti-Fraud Team works with the Housing team to identify the most effective use of fraud prevention and detection resources across teams to enable a joined-up approach to be taken, especially where cases of multiple fraud are identified e.g., both tenancy fraud and right to buy fraud. There are still a large number of cases that need action the liaison meetings continue with legal and tenancy management. Of the 259 ongoing investigations 144 currently sit with other teams for action.

The team have no live housing fraud prosecutions currently. Two long running cases concluded earlier in 2023, one has been previously reported the other resulted in a 13-month custodial sentence, suspended for 18 months and our £10k or our requested £96k compensation order was granted by the court.

14.7 Table 3 - Tenancy Fraud Activity and Outcomes

Opening Caseload	**241**	
New Referrals received	70	
Total	311	
Properties Recovered		**7**
Case Closed – no fraud		**45**
Total		**(-) 52**
Ongoing Investigations		**259**

14.8 Right-to-buy (RTB) applications

14.9 As at 30 June, there were 232 ongoing applications with 97 under investigation as part of the statutory money laundering stage of the process. During quarter four, 18 RTB applications were withdrawn, timed out or refused either: following review by the Corporate Anti-Fraud Team or due to failing to fully engage with the money laundering stage of the processes. The applicants are served reminders, by legal, regarding timescales and the Corporate Anti-Fraud Team work flexibly with applicants and their solicitors to gather the required evidence to satisfy the money laundering regulations. 49 new applications were received in this period for review, 21 ongoing applications remain in process awaiting re-valuation of the property value. 20 applications ceased for reasons other than the Corporate Anti-Fraud Team's direct intervention and 15 properties were sold.

14.10 **Gas safety – execution of warrant visits**

The Corporate Anti-Fraud Team have attended several gas safety visits in quarter one, where risk of fraud is identified. 75 of the team's on-going investigations were generated by this activity.

14.11 **Blue Badge Fraud**

At the start of quarter one the team had twelve on-going Blue Badge cases a further twelve potential cases have been accepted by the team in the quarter. 17 are being investigated; 2 are awaiting interviews; 1 us with legal; 4 have been closed one with no case to answer the other 3 with financial sanctions imposed.

14.12 **Pro-active counter-fraud projects**

In quarter one the teams main focus has been to investigate data matches from the National Fraud Initiative and ensure the relevant council services are also looking at potential fraud and data error generated from this activity. Outcomes of this work will be reported later in the year.

14.13 **No Recourse to Public Funds (NRPF)**

In quarter one, 10 referrals have been received and responded to by the Corporate Anti-Fraud Team. The role of the Corporate Anti-Fraud Team is to provide a financial status position for the NRPF team to include in their overall Children and Family Assessment.
The average cost of NRPF support per family (accommodation and subsistence for a two-child household) is around £20,000 pa.

14.14 **Ad hoc requests**

The team deal day to day with many ad hoc requests from management for advice and guidance. They also respond to data protection requests from other teams and organisations. In quarter 1 there were some interesting requests for assistance. We undertook some intelligence checks with regards decisions over pension death grant. We provided assurance to management but also identified a housing fraud and reported this to the registered provider who have recovered their property from the fraudster. Our peers in another council contacted us with regards some malicious emails being sent to a council officer, from a library computer in Haringey, was investigated with the help of Digital Services. We also investigated a malicious email sent to an officer in our council and were able to pass our evidence to the police for further action.

14.15 **Internal employee investigations**

In accordance with the Council's Constitution, the in-house Corporate Anti-Fraud Team investigates all allegations of fraud, corruption, and financial irregularity against employees.

At the start of quarter four the team had three employee related investigations ongoing. Two being conducted under audit responsibilities and one under the disciplinary policy. At the end of quarter 1 the disciplinary case is on-going, but the interview has been conducted; the other two cases were closed, and reports issued to management with recommendations for further action.

We had seven new referrals in the quarter to be investigated under audit responsibilities. One has been passed to the relevant agency and we await the outcome of their work before considering action on behalf of the council. Five cases have been completed and closed for three we have raised recommendations to management and two we found no evidence of a case to answer. One case remains open at the end of the quarter.

The Audit and Risk service work closely with officers from HR and the service area involved to ensure that the appropriate investigation, following a referral, is completed as quickly as possible. The cases are prioritised according to risk to the council and severity of the allegations.

For all cases there is consideration of root causes and where weaknesses in our control environment have contributed or enabled fraud, corruption, or other breaches of code of conduct and other rules and procedures to occur.

14.16 **Whistleblowing Referrals**

The Head of Audit and Risk Management maintains a record of referrals made using the Council's Whistleblowing Policy. There were two cases on-going at the end of the quarter four. Both were closed in the quarter and reports with recommendations issued to management. We had one new whistleblower in quarter one that related to an external organisation providing services on behalf of the council. This case is on-going working in partnership with other council teams and other agencies.

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Report for: Audit Committee 20th September 2023

Item number: 10

Title: Draft Statement of Accounts 2022/23

Report authorised by: Jon Warlow, Director of Finance (S151 Officer)

Lead Officers: Kaycee Ikegwu, Chief Accountant - kaycee.ikegwu@haringey.gov.uk
Sahr Kamanda, Deputy Chief Accountant - sahr.kamanda@haringey.gov.uk

Ward(s) affected: N/A

Report for Key/ Non Key Decision: Non Key decision

1. Describe the issue under consideration

1.1. This report updates the Committee on the Council's Draft Statement of Accounts 2022/23.

2. Cabinet Member Introduction

2.1. Not applicable.

3. Recommendations

3.1. That the Committee notes the contents of this report, and the appended Draft Statement of Accounts.

4. Reason for Decision

4.1. None.

5. Other options considered.

5.1. None.

6. Background information

6.1. The preparation and audit of the annual statement of accounts is a statutory requirement of the Accounts and Audit Regulations 2015. Usual timescales are:

- Usual practice is that the draft accounts must be prepared and certified by 31 May by the Section 151 Officer that they represent a true and fair view of the financial position of the Council.
- Normally, audits should then be concluded by 31 July and audited accounts published by this date, or, if audits have not concluded audited accounts should be published as soon as possible after this date.

6.2. The 2022 amendment to the Accounts and Audit Regulations 2015, changed the deadline for publishing audited accounts for the financial year 2022/23 from 31 July to 30 September 2023.

6.3. The Council did not meet the draft account publication date of 31st May due to knock on effect of delays in the 2020/21 statement of accounts audit. The notification of delay and reasons for the delay were published as required under the regulation.

6.4. The Council's 2022/23 Draft Statement of Accounts were subsequently certified and published on the 31st of July 2023 in accordance with the regulations.

6.5. The content of the Statement of Accounts is largely determined by statutory requirements and mandatory professional standards as set out within the "Code of Practice on Financial Reporting" published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The CIPFA Code of Practice is based on International Financial Reporting Standards (IFRS), and in some cases its application is tailored to Local Government Finance.

6.6. The 2022/23 draft statement of accounts highlights the Council performances and achievements during the year. General fund balances (including schools) were £97.2m at 31 March 2023 (£119.1m as at 31 March 2022). The Housing Revenue Account (HRA) balance was increased to circa £21.6m from £20.8m in 2021/22.

6.7. It should be noted that the Council currently has three years of unaudited accounts (2020/21 – 2022/23) and therefore there is likelihood that the above closing figures may change when each year's accounts is finally signed off by the Council's external auditor.

6.8. The decrease in the GF balances is mainly attributed to the drawdown of the Collection fund smoothing reserve to offset the expected drop in income from the Council's collection funds during the year and reduction in schools reserves due to schools in-year deficits.

6.9. The Council's balance sheet increased by £722m in 2022/23. This is largely driven by capital expenditure investment and property plant and equipment valuation increases. In addition is favourable movement in the actuarial assumptions used in the valuation of the council's pension liabilities.

6.10. There was no material transaction in the year that required separate disclosure in the accounts/group accounts.

6.11. The financial performance highlights are contained in the narratives to the statement of accounts, pages 9-10.

6.12. The Public Inspection period commenced from Tuesday 1 August 2023 to Tuesday 12 September 2023 between 10am and 4pm. During this period, any person(s) may request explanations/raise objections /inspect the accounts of the London Borough of Haringey for the year ended 31 March 2023.

Next Steps

6.13. The 2020/21 audit is yet to complete and the 2021/22 audit is still outstanding. This leaves us with 3 years of unaudited set of accounts. This is a national issue which the Government is exploring ways of resolving. Further updates will be brought to the committee once a decision is made.

6.14. In the meantime, BDO LLP has been asked to produce an audit plan for the 2021/22 statement of accounts. This is yet to be received. On completion of each audit, a report will be brought to audit committee on their findings and opinion on the accounts.

7. Contribution to Strategic Outcomes

7.1. None.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

8.1. As this report details a financial subject matter, finance comments are made throughout the content of this report.

Legal

8.2. The Statement of Accounts has been produced in accordance with the Accounts and Audit (England) Regulations 2015 (as amended). It is noted that the accounts are yet to be audited. Accordingly, at this stage, there are no legal implications arising from this report.

Equalities

8.3. There are no equalities issues arising from this report.

9. Use of Appendices

Appendix 1 – Draft Statement of Accounts 2022/23

10. Local Government (Access to Information) Act 1985

10.1. Not applicable

London Borough of Haringey

Draft Statement of Accounts 2022/23

31 July 2023

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Statement from Jon Warlow, Director of Finance (Section 151 Officer)

INTRODUCTION

This Narrative Report provides the context upon which to understand the financial performance of the council. The report covers both a summary of the financial performance for the financial year 2022/23 coupled with a narrative of the non-financial performance over the past 12 months.
The report provides the reader with key contextual information about the authority including its main objectives and strategies, the principal risks that it faces and plans in place to manage and mitigate these. It also provides a commentary on how the Council (including the Group Accounts) has used its resources to achieve its desired outcomes in line with its objectives and strategies.

ABOUT HARINGEY

Haringey continues to be a great place to live for families. It has great opportunities, with enormous potential for growth. Our facilities are good, with a range of cultural events and good transport links. The borough has a growing economy, more and better housing and flourishing communities. We are part of one of the world's greatest cities and benefit hugely from that – but more than this, we believe that, with our potential for growth, we are the future of London. We are already home to institutions of national and international significance, including Tottenham Hotspur and Alexandra Palace.

Haringey now has 25 Green Flag Parks; and variety of housing available which meant that people who cannot afford other parts of the city have been able to make Haringey their home. A high percentage (78%) of residents say they have good friendships and/or associations in their local area, while 83% say relations between different ethnic and religious communities are good.

Haringey is a highly diverse borough, with young, ethnically diverse population. The total resident population in Haringey is 264,300 and BME or Other White ethnic groups account for 67% of the resident population. Children between the ages of 0-17 years accounts for 21% of the population. Residents aged 65+ accounts for 10% of the population.

Over 180 languages are spoken by Haringey residents, and 30% of Haringey residents do not speak English as their main language.
Haringey's population is expected to increase by 6.3% in the next 10 years, to 280,100, with the largest percentage growth in older age groups (65+), Other ethnic groups and Other White ethnic groups. The over 65+ population will see increased concentration in the West

of the Borough, while the proportion of residents aged under 18 is not expected to change substantially.

Haringey is ranked 49 out of the 317 local authorities in England with respect to deprivation and is the 4th most deprived in London. Relative deprivation has reduced since 2015, though Haringey's London ranking has not shifted significantly. The most deprived areas are more in the east of the borough. By comparison, in the west a very small proportion fall into the deprived category.

Despite this, we embrace change and transformation, and we are keen to engage in best practice and actively seek out opportunities to make Haringey a better place to live for our residents. There are several examples where we are working innovatively with partners to improve service delivery and to create better pathways of support for our residents and businesses.

CORPORATE PLAN

Haringey is the world in one borough. A place of creativity, personality, radicalism, diversity, and community.
Haringey's people are a huge asset, with knowledge, expertise, and passion. With all the challenges we face locally and globally, we know that we need to tap into those strengths.

Haringey, like all Councils, have some big challenges ahead. We are faced with the challenges of tackling the climate emergency, supporting residents through the cost-of-living crisis, dealing with the long-term impacts of the pandemic on resident's health and well-being; and striving to reduce the unacceptable inequalities in our borough, ensuring every resident can live a secure, healthy, and fulfilling life.
To achieve our aspirations for a fairer, greener borough that works for everyone, we have lunched "The Haringey Deal". This sets out what we think that new way of working will be. If we get this right, we will truly be able to build a better future for Haringey, together.
This has informed a new way of working with residents - listening better, sharing power, drawing on residents and staff passion and expertise.
We have replaced the existing borough plan with corporate delivery plan. This Corporate Delivery Plan sets out our organisational delivery plans for the first two years of this new administration (up until April 2024). The Delivery Plan includes the outcomes we are working towards as an organisation; the activity planned to deliver these outcomes; how we will work to deliver it; and the key delivery dates. The plan is organised around the following themes: 1. Resident experience, participation, and collaboration 2. Responding to the climate emergency 3. Children and young people 4. Adults, health, and welfare 5. Homes for the future 6. Safer borough 7. Culturally Rich Borough 8. Place and economy.

HOW HARINGEY HAS HELPED RESIDENTS IN 2022/23

Haringey has been developing its expertise with innovative use of data to target help to the residents who might benefit from it most. We are proud of the progress we are making in this area and are seeing some fantastic results.

We have established a framework for monitoring progress against commitments and intermediate outcomes as set out in our Corporate Delivery Plan. We use "Monday.com" as a tool for tracking progress and will be publishing regular updates with the first one expected to be published in October 2023.

We have been able to support residents in several ways translating insight into action; not limited to some of these listed below:

Council Tax Reduction Scheme (CTRS):
27,264 residents got help with their council tax. 41% of residents eligible paid zero tax, while 59% paid reduced rate. This benefited those households receiving CTRS.

Discretionary Housing Payments:
650 Households received discretionary housing payments. Over £1.16m was paid out at end of March and committed to pay another £31.7k, bringing the total value of support to residents to £1.19m.

Financial Support:
Haringey financial support team received over 24,000 calls/ emails; and identified over 3,800 financial solutions. It helped over 1,400 residents improve their finances; helping residents claim over £435,000 worth of benefits. Furthermore, our online benefit calculator was used 2,790 times. We helped residents identify over £6.7m worth of benefit they could claim.

Haringey Support Fund:
The fund received applications from all 21 wards in the borough. There was 40% rise in application with 50% awarded for support with basic living needs. 25% awarded for essential appliances and 25% awarded for items of furniture. 1,860 applications awarded and over £372,000 awarded to vulnerable households.

Pension Credits:
Through our benefit maximisation campaigns we supported older residents to claim their entitlement worth over £1.3m – equivalent of £13.5m over the lifetime of those residents and ensuring that they received the Government's cost of living payments. 176 households claimed pension credit and 20% of residents claiming pension credit no longer had cash shortfall each month.

HIGHLIGHTS AND ACHIEVEMENTS

Ofsted Inspection:
Ofsted published the judgements and findings from the inspection that took place in Feb 2023 Ofsted | London Borough of Haringey.

Haringey was judged as **'Overall 'Good'** for the first time since the formation of Children's Service following the 2004 Children Act.

Ofsted said that since the last full inspection in 2018, when Haringey were judged as Requires Improvement, **"that much of the service is now transformed"** and that **"the transformation seen is making a positive difference to most children's lives".**

Improvement in Free for 2's nursery placement uptake:
Through effective use of data, Haringey has managed to increase the number of 'new' potentially eligible families and improve free for two nursery places take up. Take up has increased 18 percentage points from 49% in Autumn term 20/21 (below national average and statistical neighbours' performance) to 67% in 2022/23, a massive improvement. The latest figures for the spring term at 65% show sustained improvement, we are now targeting ward level data and communities with the lowest take-up including the issuing of free passes to the most vulnerable families.

Rising Green Youth Hub:
In August 2022 we opened a second youth hub in the borough – called Rising Green. It is located in the Noel Park ward of Haringey (in Wood Green town centre). Rising Green was co-designed and co-produced by a group collectively known as the Wood Green Young Voices, who – through working in partnership with architects Freehaus, JA Projects and Haringey Council – had a major say on many aspects of this project from technical design, branding to

delivery of service provision.

With their lived experiences of growing up in Wood Green, the Young Voices influenced the colour palette, logo and name of the hub, as well as the building designs and the programme of activities and events that will be on offer there throughout.

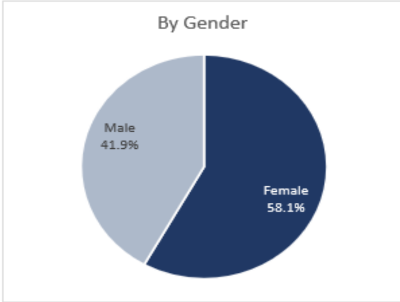
We are particularly proud that we are building our youth offer at a time when many local authorities have had to retrench.

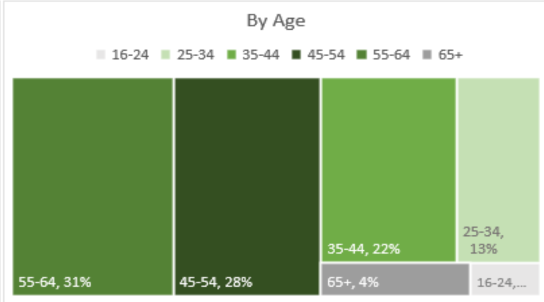
HARINGEY WORKFORCE

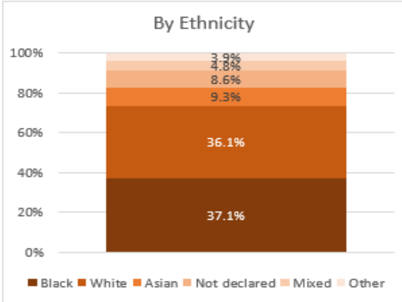
On the 1st June 2022, Haringey Council brought in the Housing management function provided by Homes for Haringey (HfH). This meant that HfH staff were transferred into the main council workforce.

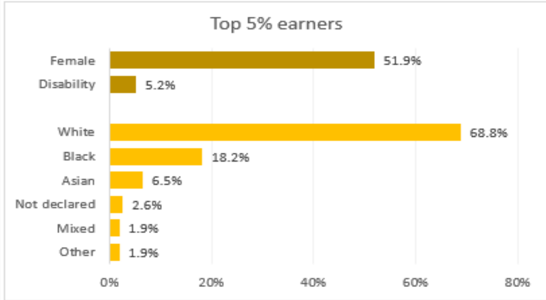
The Council now employs 3,295 people on full and part time contracts, equating to a full-time equivalent of 3,050 as at the end of 2022/23. This represents a 29% increase in the workforce compared with the staff headcount at the end of 2021/22. Filling of vacant positions and insourcing of Housing management function (HfH) are the main driving factors behind this increase.

The Haringey Council Employment Profile gives an overview of the organisation's workforce covering the various diversity strands such as disability, gender, ethnicity, and age. The profile helps us to understand the impact of people management practices on employees; to review and implement policy; and to enable the council to fulfil its obligations under the Equality Act 2010.









THE COUNCIL'S STATEMENT OF ACCOUNTS

The Statement of Accounts for the London Borough of Haringey summarises the Council's financial transactions for 2022/23 and its position as at 31st March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 (revised) in accordance with proper accounting practices. Proper practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), supported by International Financial Reporting Standards (IFRS). The format and content of the accounts is largely prescribed and is, in some parts, complex, although we try to balance the statutory reporting requirements with the desire to make them clear and understandable to all interested parties. The Statement of Accounts has been prepared on the basis that the council is a going concern.

FINANCIAL PERFORMANCE

Overview

Haringey Council is responsible for managing cash flows and assets totalling over £5bn. Key figures for 2022/23 include:

- Gross revenue expenditure (spending on day-to-day services) of around £1.1bn;
- Income from fees, charges and grants of £799m;
- Billing of around £214m in council tax and business rates;
- Maintenance of fixed assets with a value over £3bn, including capital investment of £274m in housing, schools, highways and regeneration projects;
- Management of the £1.7bn Haringey Pension Fund.

The Council aims to minimise financing costs and maximise returns from surplus cash balances, within a low-risk treasury management strategy. The Strategy was reviewed and approved during the financial year. External borrowing at 31 March 2023 was £793m.

In common with the rest of local government, the Council continues to operate within an environment of ongoing reductions in core funding and increasing demand for its services.

Against this backdrop, the Council has maintained sound financial stewardship whilst at the same time developed innovative and collaborative approaches to service delivery, transformation and regeneration to help ensure future financial sustainability.

Revenue spending in 2022/23

The Council's final general fund revenue outturn for 2022/23 showed a stable position in the Council unearmarked general fund balance of £15.1m (£15.1m as at 31 March 2022).

General fund balances (including schools) were £97.2m at 31 March 2023 (£119.1m as at 31 March 2022). This decrease is mainly attributed to the drawdown of the Collection fund smoothing reserve to offset the expected drop in income from the Council's collection funds during the year, and reduction in schools reserves due to schools in-year deficits.

Housing Revenue Account

- The Council owns approximately 15,500 homes formerly managed by Homes for Haringey (wholly owned by Haringey Council) and now by the council.
- £107m was collected in rents and service charges in 2022/23 (£103m in 2021/22)
- Revenue spending on repairs, maintenance and management was £67m (£57m in 2021/22)
- Capital investment in the housing stock was £142m (£121m in 2021/22)

HRA usable reserves were £21.6m as at 31 March 2023 (usable reserves as at 31 March 2022 were £20.8m).

Capital Investment

Each year the Council approves its Medium-Term Financial Strategy (MTFS) which includes the Council's capital investment programme which spans the forward-looking five-year period. The Council has an ambitious capital programme of over £1bn to deliver on its priorities within the borough plan.

In 2022/23, £274m was invested in the council's capital programme including schools and HRA. Capital planning is, by its nature complex and often dependent on negotiation and external approvals. This means that the precise timing of spend is often uncertain.

Haringey Council Balance Sheet Position for Single Entity 31 March 2023

The Council's balance sheet increased by **£722m** in 2022/23, the high-level movements being:

Increases

- Capital expenditure investment and property plant and equipment valuation increases, increasing the Council's long-term assets by £389m.
- favourable movements in the actuarial assumptions used in the valuation of the council's pension liabilities, decreasing net liabilities overall by £448m.
- Decrease in long- and short-term creditors by £34m.
- Increases in cash and cash equivalents, increasing short term assets by £21m.
- Increase in short-term debtors by £11m.
- Increase in other net assets by £2m.

Decreases

- Increases in Council borrowing, increasing long and short-term liabilities by £85m.
- Increase in capital and revenue grants received in advance by £98m.

The following summarises the Council's single entity balance sheet as at 31 March 2023

Assets
£3,720m
(£3,303m)

Liabilities
£1,222m
(£1,528m)

Net Assets
£2,498m
(£1,775m)

Usable Reserves	*£ 227m*	*(£219m)*
Unusable Reserves	*£ 2,271m*	*(£1,556m)*
Total	*£ 2,498m*	*(£1,775m)*

(Figures in brackets relate to position at 31 March 2022)

Pension Liabilities

- The net pension liability (£34m resulting from a net reduction of £448m from last year) in these accounts represents the difference between the estimated cost of pensions payable in the future (£1,638m), and the value of assets in the pension fund (£1,604m). This is calculated based on rules set by accounting standards and not on an actuarial basis which gives a more accurate estimate of the pension fund's financial position.
- The Pension Fund is revalued every three years to set future contribution rates. The last valuation was at 31st March 2022. The next valuation will be carried out as at 31st March 2025.
- On an actuarial basis, the funding level at 31 March 2023 for Haringey Council was assessed as 98% (overall the Haringey Pension Fund was 100% funded);
- The revenue cost of pensions was £19.98m for the year (£33.7m in 21/22)

KEY STRATEGIC RISKS FOR 2023/24

A risk management strategy is in place to identify and evaluate risks. The Annual Governance Statement (AGS) that is incorporated into the Statement of Accounts includes the key Corporate Risks and governance issues that have been identified during 2022/23 along with key actions to mitigate these down and a defined senior officer to take responsibility for delivering these and report back to Corporate Board as required.

Of course, in the context of this statement of accounts, the main risk we would highlight is the financial duress under which the Council found itself.

Progress against agreed actions will be regularly reviewed by the Council Leadership Team during 2023/24, as will the identification of any new emerging risks or issues.

Addressing future challenges in 2024/25 and beyond

The coming years will still be challenging especially with the effects of COVID-19 pandemic, and BREXIT still lingering, and impacting on Council's operations.

Worsening economic conditions in particular rising inflation is presently one of the biggest challenges facing us and the entire nation. With the growing levels of inflation, and wider economic pressures unlikely to abate to any extent this financial year, we are ensuring that we maximise the delivery of our challenging savings programme whilst focusing on mitigating actions that will bring down the current spend estimates.

Our outturn report to Cabinet of July11, 2023 makes clear the extent of financial stress on the Council at the start of 2023/24 which at this time must be assumed to continue into future years. The Council needs to take urgent steps to respond to the situation.

The statutory deadlines to produce the draft accounts and audited accounts have been changed from 1 August to 31 May for the draft, and from 30 September to 31 July for the audited accounts. This puts further pressure on Local authorities and audit firms to ensure that these deadlines are met, even as they are still struggling to finalise the audit of prior years' accounts by the required deadline.

There is also continued uncertainty over government funding as the demand for services looks to continue to increase over the short to medium term.

We also know that more of our residents are living longer and/or often have more complex needs which continues to put pressure on our Adult Social Care budgets that Central Government funding has not adequately addressed. A similar position exists for Children's services.

Over the coming year the Council will undertake a review of its priorities and the design and delivery of its services.

The delivery of agreed savings set out in the March 2023 MTFS budget report will be critical to the Council meeting its corporate objectives. The Council annually reviews the adequacy of its reserves and continues to make strategic use of the reserves as it works to develop long-term solutions and invest in the transformative activity required to improve efficiency to make our money go further.

The Council has a few earmarked reserves, which are set aside to provide contingency against unplanned events, fund one-off planned expenditure and help smooth uneven spend patterns.
Our reserves also provide capacity to manage a level of risk associated with the delivery of our savings programme.

Our strategic application of the flexible use of capital receipts also will help us to fund one-off investment to deliver the sustained revenue savings built into our MTFS. Our capital strategy, a mix of regeneration growth and asset availability, will also underpin delivery of savings.

Whilst we recognise that we will continue to face challenging times, we will continue to focus on our key role in building strong communities, using the resources at our disposal to support economic growth and tackle inequality.

EXPLANATION OF THE KEY ACCOUNTING STATEMENTS

The Statement of Accounts sets out the Council's income and expenditure for the year and its financial position as at 31 March 2022. It comprises core and supplementary statements together with disclosure notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, which in turn is underpinned by International Financial Reporting Standards.

The Core Statements comprise:

- The ***Comprehensive Income and Expenditure Statement*** – this statement records all the Council's income and expenditure for the year. The top half of the statement shows the cost of providing services, analysed across the Council's priorities. The bottom half of the statement deals with corporate transactions and funding.

- The ***Movement in Reserves Statement*** is a summary of the changes in the Council's reserves over the course of the year. Reserves are divided into 'usable', which can be invested in capital projects or service improvements, and 'unusable', which must be set aside for specific purposes.

- The ***Balance Sheet*** is a snapshot of the Council's assets, liabilities, cash balances and reserves at the year-end date. The council's net assets are matched by its reserves. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e those reserves that the authority may use to provide services. The second category of reserves is those that the authority is not able to use to provide services. This includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold) and reserves that hold timing differences shown in the 'adjustments between accounting basis and funding basis' Note.

- The ***Cash Flow Statement*** shows the reason for changes in the Council's cash balances during the year and whether the change is due to operating activities, new investment or financing activities (such as borrowing and other long-term liabilities)

The ***Group Accounts*** combine the financial activities for the Council for the year with those of Homes for Haringey and Alexandra Park and Palace Charitable Trust and Alex House Wood Green Limited, all of which are treated as subsidiaries of the Council.

The **Supplementary Financial Statements** comprise:

- The ***Housing Revenue Account*** – this separately identifies the Council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989

- The ***Collection Fund*** summarises the collection of council tax and business rates, and the distribution of that money between the Council, the Greater London Authority (GLA) and central government.

- The ***Pension Fund Account*** reports the contributions received, the payments made to pensioners and the value of net assets invested in the Local Government Pension Scheme on behalf of Council employees, past and present.

Also published with the Statement of Accounts is the ***Annual Governance Statement*** (AGS). The AGS sets out the governance structure of the Council and its key internal controls.

INDEPENDENT EXTERNAL AUDITOR'S REPORT

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

INDEPENDENT EXTERNAL AUDITOR'S REPORT

INDEPENDENT EXTERNAL AUDITOR'S REPORT

STATEMENT OF RESPONSIBILITIES

The Council's responsibilities

The Council is required to:

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

The Chief Financial Officer's responsibilities

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

In preparing this 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.

Certification by Chief Financial Officer

I certify that the accounts give a true and fair view of the financial position of the Council at 31 March 2023 and its income and expenditure for the year then ended.

Jon Warlow
Director of Finance (S151 Officer)

31 July 2023

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Single Entity	2022/23 Gross Expenditure	2022/23 Gross Income	2022/23 Net Expenditure	2021/22 Restated Gross Expenditure	2021/22 Restated Gross Income	2021/22 Restated Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Children's Services	154,837	(53,689)	101,148	150,234	(48,224)	102,010
Adults, Health & Communities	235,820	(127,297)	108,523	232,356	(127,126)	105,230
Environment & Resident Experience	96,654	(57,257)	39,397	96,246	(49,539)	46,707
Placemaking & Housing	44,061	(9,523)	34,539	50,502	(9,184)	41,318
Culture, Strategy & Engagement	223,554	(199,919)	23,635	214,947	(199,541)	15,406
Corporate Budgets - Non Service	20,498	(15,138)	5,360	37,219	(37,869)	(650)
Corporate Budgets - Service	9,765	(5,001)	4,764	10,334	(4,142)	6,192
Dedicated Schools Grant	211,558	(220,513)	(8,955)	205,874	(202,385)	3,488
Housing - HRA	94,392	(110,681)	(16,290)	123,269	(102,548)	20,721
Cost of Services	**1,091,139**	**(799,018)**	**292,121**	**1,120,981**	**(780,558)**	**340,423**
Other operating expenditure (Note 7)	8,798	(17,431)	(8,633)	12,592	(6,299)	6,293
Financing and investment income and expenditure (Note 8)	46,976	(18,207)	28,769	39,172	(12,438)	26,735
Taxation and Non-Specific Grant Income (Note 9)		(336,873)	(336,873)		(288,808)	(288,808)
(Surplus) or Deficit on Provision of Services	**1,146,913**	**(1,171,529)**	**(24,616)**	**1,172,746**	**(1,088,103)**	**84,642**
(Surplus) or deficit on revaluation of property, plant and equipment (Note 20)			(184,602)			(165,770)
Remeasurement of net defined benefit liability (Note 20,36)			(513,242)			(244,196)
Other Comprehensive Income and Expenditure			**(697,844)**			**(409,966)**
Total Comprehensive Income and Expenditure			**(722,460)**			**(325,324)**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Group Accounts	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Children's Services	154,837	(53,689)	101,148	150,234	(48,224)	102,010
Adults, Health & Communities	235,820	(127,297)	108,523	232,356	(127,126)	105,230
Environment & Resident Experience	96,654	(57,257)	39,397	96,246	(49,539)	46,707
Placemaking & Housing	60,958	(28,116)	32,841	62,583	(23,599)	38,984
Culture, Strategy & Engagement	223,554	(199,919)	23,635	216,702	(197,631)	19,070
Corporate Budgets - Non Service	20,498	(15,138)	5,360	34,149	(39,778)	(5,630)
Corporate Budgets - Service	9,765	(5,001)	4,764	10,334	(4,142)	6,192
Housing - HRA	211,558	(220,513)	(8,955)	126,722	(96,062)	30,660
DSG	93,252	(109,541)	(16,289)	205,874	(202,385)	3,488
Cost of Services	**1,106,895**	**(816,471)**	**290,424**	**1,135,199**	**(788,487)**	**346,711**
Other operating expenditure	8,798	(17,431)	(8,633)	12,592	(6,886)	5,706
Financing and investment income and expenditure	46,976	(18,107)	28,869	40,213	(11,905)	28,309
Taxation and Non-Specific Grant Income	0	(362,912)	(362,912)	0	0	(288,811)
(Surplus) or Deficit on Provision of Services	**1,162,669**	**(1,214,922)**	**(52,253)**	**1,188,005**	**(807,278)**	**91,915**
(Surplus) or deficit on revaluation of property, plant and equipment			(195,848)			(174,047)
Remeasurement of net defined benefit liability (Note 36)			(509,576)			(281,090)
Other Comprehensive Income and Expenditure			**(705,424)**			**(455,137)**
Total Comprehensive Income and Expenditure			**(757,677)**			**(363,222)**

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Major Repairs Reserve £'000	**Total Usable Reserves** £'000	Unusable Reserves £'000	**Total Single Entity Reserves** £'000	Group Reserve Restaed £'000	**Total Group Reserves Restated** £'000
2022/23										
	(119,098)	(20,809)	(41,454)	(37,120)	(615)	(219,096)	(1,556,149)	(1,775,245)	(102,162)	(1,877,407)
Movement in reserves during 2022/23										
Total Comprehensive Income and Expenditure	28,178	(52,794)	0	0	0	(24,616)	(697,844)	(722,460)	(35,217)	(757,677)
Adjustments between accounting basis & funding basis under regulations (note 10)	(6,312)	52,035	(10,964)	(18,782)	600	16,578	(16,578)	0	0	0
(Increase) / Decrease in 2022/23	21,866	(759)	(10,964)	(18,782)	600	(8,038)	(714,422)	(722,460)	(35,217)	(757,677)
Balance as at 31/03/2023 carried forward	**(97,232)**	**(21,567)**	**(52,419)**	**(55,902)**	**(15)**	**(227,134)**	**(2,270,569)**	**(2,497,705)**	**(137,379)**	**(2,635,084)**
2021/22										
Balance as at 31/03/2021	(132,277)	(14,870)	(41,913)	(40,135)	(615)	(229,810)	(1,220,111)	(1,449,921)	(59,757)	(1,509,679)
Movement in reserves during 2021/22										
Total Comprehensive Income and Expenditure	80,760	3,882	0	0	0	84,642	(409,967)	(325,325)	(42,405)	(367,730)
Adjustments between accounting basis & funding basis under regulations (note 10)	(67,581)	(9,820)	459	3,015	0	(73,928)	73,928	0		0
(Increase) / Decrease in 2021/22	13,179	(5,938)	459	3,015	0	10,714	(336,039)	(325,325)	(42,405)	(367,730)
Balance as at 31/03/2022 carried forward	**(119,098)**	**(20,809)**	**(41,454)**	**(37,120)**	**(615)**	**(219,096)**	**(1,556,149)**	**(1,775,245)**	**(102,162)**	**(1,877,407)**

BALANCE SHEET

	Notes	Single Entity 31 March 2023	Single Entity 31 March 2022 Restated	Group Accounts 31 March 2023	Group Accounts 31 March 2022 Restated
		£'000	£'000	£'000	£'000
Property, Plant and Equipment	12	3,319,602	2,947,103	3,457,246	3,072,928
Heritage Assets		6,206	6,192	6,206	6,192
Investment Property	13	112,641	99,386	112,641	99,386
Intangible Assets		9,561	7,365	9,561	7,365
Long-term Debtors	14,16	8,863	7,380	2,811	1,461
Long Term Assets		**3,456,873**	**3,067,426**	**3,588,466**	**3,187,332**
Assets Held for Sale		0	1,000	0	1,000
Short-term Investments	14	154	5,004	154	5,004
Inventories		617	8	761	2,024
Short-term Debtors	16	157,094	145,895	158,656	144,913
Cash and Cash Equivalents	17	104,876	84,086	111,880	90,266
Current Assets		**262,741**	**235,993**	**271,451**	**243,207**
Short-term borrowing	14	(129,738)	(114,689)	(129,738)	(114,689)
Short-term Creditors	18	(192,339)	(226,558)	(196,449)	(230,403)
Grants Receipts in Advance	30	(133,992)	(37,112)	(133,992)	(37,112)
Provisions	19	(4,746)	(3,494)	(4,746)	(3,494)
Current Liabilities		**(460,815)**	**(381,853)**	**(464,925)**	**(385,698)**
Long-term Creditors	18	(17,179)	(17,515)	(17,599)	(17,515)
Provisions	19	(11,514)	(15,142)	(11,514)	(15,571)
Long-term Borrowing	14	(663,301)	(593,548)	(663,301)	(593,548)
Pension Liabilities	36	(34,292)	(482,038)	(17,878)	(502,724)
Other Long Term Liabilities - PFI and Finance Leases	14	(17,878)	(21,968)	(32,685)	(21,968)
Grants Receipts in Advance - Capital	30	(16,931)	(16,110)	(16,931)	(16,110)
Long-term Liabilities		**(761,095)**	**(1,146,320)**	**(759,908)**	**(1,167,435)**
Net Assets		**2,497,705**	**1,775,245**	**2,635,084**	**1,877,407**
Usable Reserves		(227,134)	(219,096)	(257,066)	(226,438)
Unusable Reserves	20	(2,270,571)	(1,556,149)	(2,378,018)	(1,650,969)
Total Reserves		**(2,497,705)**	**(1,775,245)**	**(2,635,084)**	**(1,877,407)**

CASH FLOW STATEMENT

	Note	Single Entity 2022/23 £'000	Single Entity 2021/22 £'000	Group Accounts 2022/23 £'000	Group Accounts 2021/22 £'000
Net surplus or (deficit) on the provision of services		24,616	(84,642)	52,253	(93,231)
Adjustments to net surplus or (deficit) on the provision of services for non-cash movements	21	44,018	187,716	18,199	180,547
Adjustments for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	21	(112,939)	(53,306)	(112,939)	(53,306)
Net cash flows from Operating Activities		**(44,305)**	**49,766**	**(42,487)**	**34,010**
Investing Activities	22	(22,965)	(134,100)	(23,959)	(119,047)
Financing Activities	23	88,060	152,274	88,060	152,274
Net increase or (decrease) in cash and cash equivalents		**20,790**	**67,940**	**21,614**	**67,237**
Cash and cash equivalents at the beginning of the reporting period		84,086	16,146	90,266	23,029
Cash and cash equivalents at the end of the reporting period		**104,876**	**84,086**	**111,880**	**90,266**

NOTES TO THE STATEMENTS

1. Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS).

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

1.2 Accruals of Income and Expenditure

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

Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

Accrual de minimis are generally £20,000 (revenue) and £50,000 (capital). However, where it is clear that the total owed or due from a single supplier/customer exceeds these amounts, an accrual will be raised. Exceptions to these levels are made where expenditure is funded by a time-limited grant.

1.3 Cash and Cash Equivalents

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

1.4 Charges to Revenue for Non-Current Assets

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

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

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

1.5 Collection Fund

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

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

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

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

1.6 Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages, salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements (or any form of leave e.g., time off in lieu) earned by employees, but not taken before the year-end which employees can carry forward into the next financial year. The accrual is calculated at the wage and salary rates applicable in the following accounting year being the period in which the employee takes the benefit, with interim values on an estimated basis. To prevent fluctuations from impacting on council tax, the year-on-year change in cost generated by this accrual is charged to Surplus or Deficit on the Provision of Services but then reversed out through the MiRS so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

The Council has concluded that there is no material benefit in undertaking an annual determination of the accrual and has established a policy to undertake a review of the accrual every three years unless, in the intervening period, there is evidence of a change in circumstances which would materially affect the amount to be disclosed. A review was done in 2020/21. The next review will be in 2023/24.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service line in the CIES at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

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

Post-Employment Benefits

Employees of the Council are predominantly members of two separate pension schemes:

- the Local Government Pensions Scheme (LGPS), administered by Haringey Council and
- the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE)

Both schemes provide defined benefits to members (which include annual pensions and other benefits) earned as employees worked for the Council. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

i. The Local Government Pension Scheme

All employees (other than teachers) subject to certain qualifying criteria are able to join the Local Government Pension scheme (LGPS). The Scheme is accounted for as a defined benefit scheme. The Scheme is known as the London Borough of Haringey Pension Fund and is administered by Haringey Council in accordance with the Local Government Pension Scheme Regulations 2013 (and other LGPS Regulations) on behalf of all participating employers.

The liabilities of the Haringey pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees. Liabilities are discounted to their value at current prices.

The assets of Haringey pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities - current bid price
- unquoted securities - professional estimate
- unitised securities - current bid price
- property - market value

The change in the net pension's liability is analysed into the following components:
Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the CIES to the services for which the employees worked.

- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the CIES
- Net interest on the net defined benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the Haringey Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year not the amount calculated according to the relevant accounting standards.

In the MiRS, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

ii. Teachers' Pension Scheme

This scheme is administered by Capita Teachers' Pensions, on behalf of the Department for Education (DfE). Although the scheme is unfunded, the Government operates a notional fund as the basis for calculating employers' contributions. This scheme is accounted for on a defined contribution basis – no liability for future payments is recognised in the Balance Sheet and the Children's Services line in the CIES is charged with the employer's contributions payable in the year. In addition, the Council is responsible for any payments relating to early retirements outside of the standard scheme. This scheme holds no assets.

Discretionary Benefits

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

1.7 Events after the Balance Sheet Date

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

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

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

The Council will only usually disclose items where they are considered material i.e., those which carry a value in excess of £10 million.

1.8 Fair Value Measurement

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

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

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

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

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

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

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

1.9 Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

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

Financial Assets

Financial assets are initially measured at fair value and carried at their amortised cost. Annual credits to the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and accrued interest, and the interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

1.10 Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the CIES until conditions attached to the grant or contributions have been satisfied.

Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the MiRS.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

1.11 Interests in companies and other entities

The Council has reviewed its key financial relationships and assessed them against the Code of Practice and deemed the following to be within the Haringey group; Homes for Haringey Limited (HfH), Alexandra Park and Palace Charitable Trust (APPCT) and Alex House Wood Green Limited. Therefore, consolidated Group accounts have been created in which all intra-group transactions have been removed. Investments in subsidiaries are held at cost less impairment.

1.12 Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the MiRS and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

1.13 Leases

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

The Council as lessee

i. Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

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

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period). The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the MiRS for the difference between the two.

ii. Operating Leases

Rentals paid under operating leases are charged to the CIES as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as lessor

Operating Leases

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

1.14 Property, Plant and Equipment

Assets that have a physical substance and are held for operational reasons i.e., in the production or supply of goods and services or for administrative purposes are classified as property, plant and equipment. This category excludes certain assets such as properties which are held solely for the purpose of generating financial return (Investment Properties and Assets for Sale).

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accrual basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred. The Council has a capitalisation threshold of £10,000 and allows the capitalisation of staffing costs that are directly associated with delivering of the capital schemes.

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings at current value, determined using the basis of existing use value for social housing (EUV-SH)
- school buildings, libraries, children centres, leisure centres, care homes – current value but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value
- surplus assets at fair value, estimated at highest and best use from a market participant's perspective
- all other assets at current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Where non-property assets have short useful lives or low values (or both), depreciated historical cost is used as a proxy for fair value.

Prior to 1 April 1994, the carrying value of Infrastructure assets was deemed to be balance sheets at amounts of capital undischarged for sums borrowed as at the end of the 1993/94 financial year. This was deemed at that time to be historical cost. Subsequently, expenditure of acquisition and enhancement incurred after this date were added to form the carrying values. Local authorities are therefore unable to accurately identify the gross cost and accumulated depreciation of Infrastructure assets.

Subsequent changes in value

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

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

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

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

Impairment

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

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

Depreciation

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

Depreciation is calculated, after the year of acquisition or enhancement, on the following basis:

- Council Dwellings and operational buildings – straight-line allocation over the useful life of the property as estimated by the Valuer, within the range of 20 to 60 years.
- Vehicles, plant and equipment – straight-line allocation over the useful economic life of the asset, within the range of 3 to 7 years.
- Infrastructure – based on the useful economic life of the asset, within the range of 5 to 88 years.

The residual value, useful life and depreciation method are reviewed on a regular basis. If expectations differ from previous estimates, the changes will be accounted for as a change in accounting estimates.

Depreciation is calculated on the current value of an asset. Where this valuation is above the historic cost, the difference between depreciation as calculated on current value and that calculated on historic cost is transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Componentisation of valuations

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components should be depreciated separately.

There are a number of circumstances where componentisation will not apply, including:

- Vehicles and Equipment (immaterial)
- Infrastructure assets
- Investment properties are not depreciated but will be considered for componentisation where enhancement expenditure is incurred.

In accordance with the Local Authorities (Capital Finance and

Accounting) (England) (Amendment) Regulations 2022, when expenditure is incurred on an Infrastructure asset being replaced, the carrying amount to be derecognised is nil since these assets are rarely replaced before the part has been fully consumed.

Disposals and non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals are payable to the Government. The balance of receipts remains within the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council’s underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the MiRS.

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

Schools Assets

The council has schools in the following categories: community schools, foundation schools, voluntary aided schools, voluntary controlled schools and academies. Community and foundation schools are treated on Balance Sheet based on the risks and rewards the council is deemed to have, and voluntary aided schools and academies are excluded from the council's Balance Sheet. This means that the council recognises the Property, Plant and Equipment of the following categories of locally maintained schools in the financial statements:

- Community and community special schools
- Foundation and Foundation Trust schools (other than those owned by religious bodies)
- Voluntary controlled schools (where land & building are owned by the council)

The Property, Plant and Equipment of voluntary aided schools are not recognised in the council's financial statements. In most cases, the council has ownership of the playing fields for these categories of schools, which are recognised on the council's balance sheet.

This issue is under constant review and is updated in line with guidance from CIPFA.

Schools Income and Expenditure

All locally maintained schools (i.e. community, foundation, voluntary controlled, voluntary aided, community special and foundation special schools) are deemed to be under the Council's control. For this reason, schools' transactions and balances attributable to the governing bodies are consolidated into the Council's financial statements, applying accounting policies for recognition and measurement consistent with those applied by the Council to its own income, expenditure, cash flows, assets and liabilities. Transactions and balances between the Council and the schools have been eliminated. Assets provided to a school without the right to continuing use, such that they can be taken back by the owners at some point, are not recognised in the Council's financial statements.

Academy and free schools are independently managed. None of these schools' income and expenditure, assets, liabilities, or reserves are included within the Council's financial statements.

1.15 Provisions and Contingent Liabilities

Provisions are made where a past event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation considering relevant risks and uncertainties.

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

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

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

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

1.16 Reserves

The Council maintains a range of reserves, reflecting both the extent to which its overall assets exceed its liabilities and any restrictions either statutory or voluntary which are placed upon the usage of these balances. The Council has discretion to set aside specific amounts as reserves to earmark available funds for future policy purposes, to cover contingencies or manage cash flow.
Reserves are created by appropriating amounts out of the General Fund Balance in the MiRS. When expenditure to be financed from a reserve is incurred it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the General Fund Balance in the MiRS so that there is no net charge against Council Tax for the expenditure.

A number of reserves exist to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Council. These reserves are explained in the relevant policies and notes.

1.17 Revenue expenditure funded from capital under statute (REFCUS)

REFCUS expenditure represents expenditure incurred during the year that may be capitalised under statutory provisions, but that does not result in a Council asset being created. The expenditure may support a third party's asset (e.g. home improvement grants) or may be capitalised based on a capitalisation order from the Government. This expenditure is charged to the relevant service within the CIES in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or borrowing, a transfer is undertaken by charging to the Capital Adjustment Account and crediting the General Fund Balance in the MiRS. The purpose of this is to enable the expenditure to be funded from capital resources rather than charged to the General Fund and impact on the level of Council Tax.

1.18 Revenue recognition

Income received by the Council is recognised in accordance with the relevant financial regulations and accounting standards. The major income streams include Council tax, business rates, housing rents and parking income.

Council tax and business rate income included in the CIES is the total of the precept on the collection fund and the Council's share of the surplus/deficit on the collection fund at the end of the current year, adjusted for the Council's share of the surplus/deficit on the fund at the preceding year end that has not been distributed or recovered in the current year.

Housing Rent income included in the CIES is the total of all rent charged to tenants for Council Housing. The rents have been based on a formula prescribed by Government. The formula creates a "formula rent'' for each property, which is calculated based on the relative value of the property, relative local income levels and the size of the property. Landlords are expected to move the actual rent of a property to this formula rent, when the property is re-let following a vacancy.

1.19 Service Concession Arrangements

Private Finance Initiative (PFI) and similar contracts are agreements to receive services where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. The Council has several schools subject to PFI contracts, albeit the current PFI scheme is suspended. The PFI buildings for maintained schools are shown on the Council's balance sheet. The buildings for the voluntary aided, voluntary controlled, foundation and academy schools are derecognised as the control of the right to use the buildings has passed to the school trustees and foundation bodies. The PFI liabilities are in respect of all PFI schools, regardless of the school's status, and remain on the Council's balance sheet as the Council is the party to the contract with the PFI Operator. The Council continues to receive government support in the form of a grant which is used to meet current and future liabilities in respect of the PFI scheme.

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

The amounts payable to the PFI operator consist of

a) Fair value of the services received during the year-debited to the relevant service in the CIES.

b) Finance cost - an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the CIES.

c) Payment towards liability - applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).

1.20 VAT

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

1.21 Rounding

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

2. Accounting Standards Issued, but not yet Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not adopted.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom and will be adopted in 23/24:

- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors will be amended to define accounting estimates as 'monetary amounts in financial statements that are subject to measurement uncertainty'. This change is not anticipated to significantly impact on the amounts held in the Council's financial statements.
- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 will be amended to give more guidance on the disclosure of accounting policies in financial statements. This change is not anticipated to significantly impact on the amounts held in the Council's financial statements.

- IAS 12 Income Taxes will be amended in relation to deferred tax but no relevant transactions in group accounts have been identified.

- IFRS 3 Business Combinations will be amended in terms of references to conceptual framework. As no acquisitions have happened or are planned in the relevant time period, this has no impact on the Council's financial statements.

3. Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The Council incorporates its subsidiaries, Homes for Haringey, and Alexandra Palace Charitable Trust within these accounts to present group financial statements. They are consolidated on the basis of control over relevant activities. Please refer to Note 38 for further details.

4. Assumptions made about the future and other major sources of estimation uncertainty

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

The items in the Council's Balance Sheet as at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are:

<u>Non-Current Assets</u>
The council's Property Plant and Equipment (PPE) are held on a long term basis and require regular valuation to ensure the council's financial statements accurately reflect the true worth of its assets. Valuations are undertaken by qualified professionals (note 12) to provide up to date assessments using accepted valuation bases and methods.

Investment property, surplus assets and assets held for sale were valued at fair value. The objective of this measurement approach is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under the current market conditions.

In respect of operational non-specialised properties, the current value for the assets has been interpreted as the amount that would be paid for the asset in its existing use. The valuers have met this requirement by providing a valuation based on existing use value (the value agreed between a willing buyer and a willing seller for an owner-occupied property/premises).

In respect of specialised properties, the valuers have adopted the depreciated replacement cost (DRC) method of valuation to assess current value in existing use. This method provides the cost of replacing an asset with its modern equivalent asset using the 'instant build' (or overnight) approach at the valuation date.
Broadly, it has been assumed for each valuation, that there are no encumbrances to title, buildings are in a 'fair' condition, building services are in working order, there are no planning or statutory constraints, there is no contamination or hazardous substances, and there are no environmental or sustainability factors that may affect the property's value.

The net book value of non-current assets subject to potential revaluation is £3 billion.

A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's land and buildings were to reduce by 10%, this would result in a charge to the Comprehensive Income and Expenditure Statement of approximately £119m.

An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.

A reduction in the estimated value of HRA dwellings would be a reduction in the revaluation reserve or a loss in the CIES. If the value of dwellings were to reduce by 10%, this would lead to a reduction in value of about £178m.

An increase in estimated valuations would result in increases to the Revaluation Reserve or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.

Pension Fund Liability

The net pensions liability is estimated by professional actuaries based on complex assumptions relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Any variation in these assumptions would lead to a significant change in the value of the net pension liability.

During 2022/23, the Council's actuaries advised that the net pension liability had decreased by £448m as a result of estimates being revised and the updating of assumptions. The liability held on the balance sheet is subject to actuarial estimation; some of the detail behind the estimates used by the actuary is shown in note 36.

Impairment allowance for doubtful debt

As at 31 March 2023, the Council had an outstanding balance of short-term debtors totalling £285m. Against this debtors' balance, there is an impairment allowance of £128m, £27m on account of expected credit loss for non-statutory debt and £101m for incurred credit loss on statutory debt (refer to note 16 for breakdown). It is not certain that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not. The economic impact of the high inflation and cost of living crisis has made it more difficult to estimate the debt impairment as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts. Please refer to Note 16.

Provision for Business Rates Appeals

The value of National Non-Domestic Rates (NNDR) income included in the accounts is reduced by a provision for the estimated value of appeals against valuation decisions. These estimates have been calculated using information from the Valuation Office Agency on outstanding appeals and experience of successful appeal rates.

5. Events after the balance sheet date

The Statement of Accounts was authorised for issue by the Chief Financial Officer on **31 July 2023**. There have been no material post balance sheet events that would require disclosure or ad adjustment to these financial statements.

6. Expenditure Funding Analysis and Notes

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund and HRA Balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

	2022/23			2021/22 Restated		
Single Entity	**Income and Expenditure chargeable to GF and HRA balances**	**Adjustments between funding and accounting basis (Note 6)**	**Net expenditure in the CIES**	**Income and Expenditure chargeable to GF and HRA balances**	**Adjustments between funding and accounting basis (Note 6)**	**Net expenditure in the CIES**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Children's Services	82,608	18,540	101,148	69,471	32,539	102,010
Adults, Health & Communities	98,189	10,333	108,523	99,100	6,130	105,230
Environment & Resident Experience	19,113	20,284	39,397	26,593	20,114	46,707
Placemaking & Housing	10,299	24,240	34,539	9,875	31,443	41,318
Culture, Strategy & Engagement	13,622	10,013	23,635	10,980	8,090	19,070
Corporate Budgets - Non Service	4,241	1,119	5,360	(3,209)	(1,105)	(4,314)
Corporate Budgets - Service	1,226	3,538	4,764	4,221	1,971	6,192
Dedicated Schools Grant	(8,955)	0	(8,955)	3,488	0	3,488
Housing - HRA	(16,577)	288	(16,289)	(15,694)	36,415	20,721
Net Cost of Services	**203,766**	**88,355**	**292,121**	**204,825**	**135,598**	**340,424**
Other income and expenditure	(182,657)	(134,079)	(316,736)	(197,583)	(58,196)	**(255,781)**
(Surplus) or Deficit on Provision of Services	**21,108**	**(45,724)**	**(24,616)**	**7,242**	**77,401**	**84,642**
Opening General Fund and HRA Balance	(139,906)			(147,147)		
Less/Plus deficit/(surplus) on General Fund and HRA balance in year (see Movement in Reserves Statement)	21,108			7,241		
Reclassification of DSG Reserve						
Closing General Fund and HRA Balance	**(118,798)**			**(139,906)**		

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6a) Adjustments between Funding and Accounting Basis

	2022/23				2021/22			
	Adjustments for Capital Purposes (Note 1)	Net change for Pensions Adjustments (Note 2)	Other Differences (Note3)	Total Adjustment	Adjustments for Capital Purposes (Note 1)	Net change for Pensions Adjustments (Note 2)	Other Differences (Note3)	Total Adjustment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's Services	5,117	22,222	(8,799)	**18,540**	13,735	15,003	3,801	**32,539**
Adults, Health & Communities	3,944	6,392	(3)	**10,333**	3,109	2,997	24	**6,130**
Environment & Resident Experience	15,360	4,927	(3)	**20,284**	16,631	3,454	29	**20,114**
Placemaking & Housing	20,279	3,963	(3)	**24,240**	28,263	3,155	25	**31,443**
Culture, Strategy & Engagement	3,272	6,746	(5)	**10,013**	3,722	4,322	46	**8,090**
Corporate Budgets - Non Service	6	1,116	(3)	**1,119**	1,943	(3,049)	1	**(1,105)**
Corporate Budgets - Service	3,658	0	(120)	**3,538**	6	1,942	24	**1,971**
Housing - HRA	(6,412)	6,289	411	**288**	36,167	246	2	**36,415**
Net Cost of Services	**45,224**	**51,655**	**(8,524)**	**88,355**	**103,576**	**28,072**	**3,950**	**135,598**
Other income and expenditure	(129,763)	13,841	(18,157)	**(134,079)**	(55,301)	13,738	(16,633)	**(58,196)**
Difference between General Fund surplus or deficit and the CIES surplus or deficit on the provision of services	**(84,539)**	**65,496**	**(26,681)**	**(45,724)**	**48,275**	**41,810**	**(12,683)**	**77,401**

Note 1 - Adjustments for capital purposes

'Adjustments for capital purposes' adds depreciation, impairment and revaluation gains and losses in the service lines, and for:

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

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

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

Note 2 – Net Change for the Pension Adjustments

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

For services, this represents the removal of the employer contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

For Financing and investment income – the net interest on the defined benefit liability is charged to the CIES.

Note 3 – Other Differences

Other differences between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute:

For Financing and investment income and expenditure, the other differences column recognises adjustments for the timing differences for premiums and discounts.

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

6b) INCOME AND EXPENDITURE ANALYSED BY NATURE

Note 1. Income by Nature

Income Category	2022/23 £000	2021/22 £000
Fees, charges & other service income	(237,521)	(229,238)
Grants & Contributions	(699,441)	(647,513)
Income from Council Tax & NNDR	(200,564)	(194,629)
Interest and investment income	(11,554)	(9,825)
Gain on disposal of assets	(17,431)	(6,299)
Gain in FV of Investment Properties	(5,017)	(599)
	(1,171,529)	**(1,088,103)**

Note 2. Expenditure by Nature

Expenditure Category	2022/23 £000	2021/22 £000
Depreciation, amortisation, impairment	44,904	112,159
Employee Benefits expenses	383,226	329,296
Other Service Expenses	680,700	697,245
Levies	8,798	10,865
Payments to Housing Cap Receipts Pool	0	1,727
Interest payable & similar charges	23,695	19,139
ECL Impairment Allowances	5,590	2,315
	1,146,913	**1,172,745**

(Surplus) or Deficit on Provision of Service	**(24,616)**	**84,642**

7. Other operating expenditure

Other operating expenditure Includes all levies payable, total payments made to the Government Housing Receipts Pool in line with statutory arrangements for certain property sales within the HRA and gains/losses generated from in-year disposals of non-current assets:

	2022/23			2021/22		
	Gross Expenditure	**Gross Income**	**Net Expenditure**	**Gross Expenditure**	**Gross Income**	**Net Expenditure**
	£'000	£'000	£'000	£'000	£'000	£'000
Levies - North London Waste Authority (NLWA)	7,202	0	7,202	9,000	0	9,000
Levies - Others	1,596	0	1,596	1,865	0	1,865
Payments to Govt. Housing Capital Receipts Pool	0	0	0	1,727	0	1,727
Gains on disposal of non-current assets	0	(17,431)	(17,431)		(6,299)	(6,299)
	8,798	**(17,431)**	**(8,633)**	**12,592**	**(6,299)**	**6,293**

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8. Financing and investment income and expenditure

Financing and investment income and expenditure includes interest receivable and payable on the Council's investment portfolio. The Council's net rental income on the properties it holds purely for investment purposes is also included net of fair value movements. It also includes the interest element of the pension fund liability and expected credit loss impairment (previously known as bad debt provisions).

	2022/23			2021/22		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Interest payable and similar charges	23,695		23,695	19,139	0	19,139
Net interest on the net defined benefit liability	13,841		13,841	13,738	0	13,738
Expected Credit Loss-Impairment Allowances	5,590		5,590	2,315	0	2,315
Net Income & Expenditure and changes in the fair values of investment properties	3,798	(15,193)	(11,395)	3,933	(10,779)	(6,846)
Interest Income	0	(1,678)	(1,678)	0	(323)	(323)
Other investment income and expenditure	52	(1,336)	(1,284)	48	(1,336)	(1,288)
	46,976	**(18,207)**	**28,769**	**39,172**	**(12,438)**	**26,735**

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9. Taxation and non-specific grant income

This note consolidates all non-specific grants and contributions receivable that cannot be identified to particular service expenditure and therefore cannot be credited to the gross income amount relevant to the service area. All capital grants and contributions are credited to non-specific grant income even if service specific. The note also identifies the Council's proportion of council tax and business rates used to fund in year service activities:

	2022/23	2021/22
	£'000	£'000
Council tax income	(119,986)	(114,408)
Non domestic rates	(80,578)	(80,221)
Non-ringfenced government grants:		
Covid-19		
Covid-19 Business Rate Retail & Nursery Discount	0	(7,854)
Covid-19 75% Tax Income Guarantee Compensation	(1,223)	215
Covid-19 LA Support Grant	(812)	(13,481)
Covid-19 Income Loss Compensation	0	(2,428)
Covid-19 Other Support	0	(425)
Other		
Revenue Support Grant	(22,797)	(22,115)
Section 31 BR relief	(14,060)	(6,618)
Services Grant	(5,652)	0
Other general grants/ contributions	(1,827)	(1,791)
Capital grants and contributions	(89,938)	(39,467)
	(336,873)	**(288,593)**

The non-domestic rates income under the Government's business rates retention arrangement consists of £20.108 million (£14.441 million in 2021/22) collected locally and the amount re-distributed from a national pool including 'top-up' is £60.471 million (£58.616 million in 2021/22, restated).

10. Adjustments between accounting basis and funding basis under regulation

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

General Fund Balance

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

Housing Revenue Account (HRA) Balance

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

Capital Receipts Reserve (CRR)

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

Capital Grants Unapplied Account (CGUA)

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

Major Repairs Reserve (MRR)

The Council is required to maintain the MRR, which controls the application of the resource arising from depreciation on HRA assets or the financing of historical capital expenditure. The balance shows the resource that has yet to be applied at the year-end.

Movement during 2022/23	Usable Reserves				
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve
	£'000	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources					
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements					
- Pensions costs (transferred to / from the Pensions Reserve)	(57,568)	(7,928)	0	0	0
- Financial instruments (transferred to the Financial Instruments Adjustments Account)	231	0	0	0	0
- Council Tax and NDR (transfers to or from the Collection Fund)	17,926	0	0	0	0
- Holiday pay (transferred to the Accumulated Absence Reserve)	(543)	(411)	0	0	0
- Transfer in-year Dedicated Schools Grant deficit to DSG Adjustment Account	9,359	0	0	0	0
- Reversal of entries included in the SDPOS in relation to capital expenditure (charged to the Capital Adjustment Account)	5,047	16,228	0	(92,732)	
Total Adjustments to Revenue Resources	**(25,548)**	**7,889**	**0**	**(92,732)**	**0**
Adjustments between Revenue and Capital Resources					
- Transfer of non-current asset sale proceeds from revenue to the CRR	7,749	17,458	(25,207)	0	0
- Administrative costs of non-current asset disposals (funded by contribution from the CRR)	(44)	(202)	246	0	0
- Payments to the government housing receipts pool (funded by a transfer from the CRR)	0	0	0	0	0
- Posting of HRA resources from revenue to the MRR	0	20,926	0	0	(20,926)
- Statutory provision for the repayment of debt (transfer from the CAA)	11,412	0	0	0	0
- Capital expenditure financed from revenue balances (transfer to the CAA)	0	5,965	0	0	0
Total Adjustments between Revenue and Capital Resources	**19,117**	**44,147**	**(24,960)**	**0**	**(20,926)**
Adjustments to Capital Resources					
- Use of the CRR to finance capital expenditure	0	0	14,290	0	0
- Use of the MRR to finance capital expenditure	0	0	0	0	21,526
- Application of capital grants to finance capital expenditure	0	0	0	73,951	0
- Cash payments in relation to deferred capital receipts	0	0	0	0	0
Total Adjustments between Revenue and Capital Resources	0	0	14,290	73,951	21,526
Other Movements	120	0	(294)	0	0
Total Adjustments	**(6,312)**	**52,035**	**(10,964)**	**(18,782)**	**600**

Movement during 2021/22	Usable Reserves				
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve
	£'000	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources					
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements					
- Pensions costs (transferred to / from the Pensions Reserve)	(41,455)	(355)	0	0	0
- Financial instruments (transferred to the Financial Instruments Adjustments Account)	229	0	0	0	0
- Council Tax and NDR (transfers to or from the Collection Fund)	16,446	0	0	0	0
- Holiday pay (transferred to the Accumulated Absence Reserve)	(460)	(2)	0	0	0
- Transfer in-year Dedicated Schools Grant deficit to DSG Adjustment Account	(3,489)	0	0	0	0
- Reversal of entries included in the SDPOS in relation to capital expenditure (charged to the Capital Adjustment Account)	(45,732)	(44,882)	0	(42,427)	0
Total Adjustments to Revenue Resources	**(74,461)**	**(45,239)**	**0**	**(42,427)**	**0**
Adjustments between Revenue and Capital Resources					
- Transfer of non-current asset sale proceeds from revenue to the CRR	267	10,612	(10,879)	0	0
- Administrative costs of non-current asset disposals (funded by contribution from the CRR)	0	(140)	140	0	0
- Payments to the government housing receipts pool (funded by a transfer from the CRR)	(1,727)	0	1,727	0	0
- Posting of HRA resources from revenue to the MRR	0	22,664	0	0	(22,664)
- Statutory provision for the repayment of debt (transfer from the CAA)	8,098	0	0	0	0
- Capital expenditure financed from revenue balances (transfer to the CAA)	241	2,283	0	0	0
Total Adjustments between Revenue and Capital Resources	**6,879**	**35,419**	**(9,012)**	**0**	**(22,664)**
Adjustments to Capital Resources					
- Use of the CRR to finance capital expenditure	0	0	9,611	0	0
- Use of the MRR to finance capital expenditure	0	0	0	0	22,664
- Application of capital grants to finance capital expenditure	0	0	0	45,442	0
- Cash payments in relation to deferred capital receipts	0	0	(141)	0	0
Total Adjustments between Revenue and Capital Resources	0	0	9,471	45,442	22,664
Other Movements					
Total Adjustments	**(67,581)**	**(9,820)**	**459**	**3,015**	**0**

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11. Movement in earmarked reserves

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

	Note	Balance at 31/03/21	Transfer In 2021/22	Transfer Out 2021/22	Balance at 31/03/22	Transfer In 2022/23	Transfer Out 2022/23	Balance at 31/03/23
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Reserve	i	(17,095)	(96)	2,050	(15,141)	0	0	(15,141)
General Fund earmarked reserves:								
Schools reserve	ii	(12,946)	(4,074)	4,187	(12,833)	(1,633)	6,619	(7,847)
Transformation reserve	iii	(13,702)	(27)	3,344	(10,385)	(153)	2,421	(8,117)
Services reserve	iv	(8,857)	(1,337)	972	(9,222)	(4,315)	2,340	(11,196)
PFI lifecycle reserve	v	(16,472)	(1,386)	0	(17,858)	(1,368)	0	(19,226)
Debt repayment reserve	vi	(5,046)	0	0	(5,046)	0	3,973	(1,073)
Insurance reserve	vii	(9,051)	0	803	(8,248)	0	713	(7,535)
Unspent grants reserve	viii	(9,183)	(1,592)	3,950	(6,825)	(8,040)	3,400	(11,465)
Labour market growth resilience reserve	ix	(446)	0	0	(446)	0	73	(373)
Strategic Budget Planning Reserve	x	(10,491)	0	0	(10,491)	(800)	4,564	(6,727)
Resiliance reserve	xi	(7,303)	0	0	(7,303)	0	0	(7,303)
Other reserves	xii	(726)	0	0	(726)	0	726	0
Collection Fund Smoothing reserve	xiii	(20,963)	(9,122)	15,509	(14,576)	(1,223)	14,567	(1,231)
GF earmarked reserves:		(115,186)	(17,538)	28,765	(103,959)	(17,531)	39,397	(82,093)
Total General Fund Usable Reserves		(132,281)	(17,634)	30,815	(119,098)	(17,531)	39,397	(97,234)
Housing Revenue Account		(14,162)	(6,598)	786	(19,973)	(757)	210	(20,520)
					0			0
Housing Revenue Account earmarked Reserves:					0			0
HRA Smoothing reserve		0	(786)	0	(786)	(210)	0	(996)
Homes for Haringey		(708)	0	658	(50)	0	0	(50)
HRA earmarked reserves		(708)	(786)	658	(836)	(210)	0	(1,047)
Total HRA Usable Reserves		(14,870)	(7,384)	1,444	(20,809)	(967)	210	(21,567)

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i. The purpose of the general fund reserve is to manage the impact of emergencies or unexpected events. Without such a reserve, the financial impact of such events could cause a potential financial deficit in the general fund, which would be severely disruptive to the effective operation of the authority. The reserve should militate against immediate service reductions if there were any unforeseen financial impacts.

ii. This balance represents the net balances held by the Council's 64 schools. The Secretary of State for Education allows 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.

iii. This reserve is earmarked for the costs associated with the Council's Transformation programmes including the investment necessary to deliver longer term efficiencies and change, together with the associated costs of redundancies and decommissioning.

iv. It is Council policy that services may request funds to be carried forward, this is subject to approval by the Cabinet in the year-end financial outturn report. This reserve earmarks those funds to either be carried forward to the following financial year or retained.

v. The PFI reserve is increased by PFI grant received in excess of contractual payments. This will be utilised to fund future years' costs on school assets on which PFI works were completed.

vi. The Debt Repayment (Treasury) reserve represents funds the Council has set aside for debt related costs including the potential repayment of debt and for funding of future capital expenditure, and management of risk inherent within the Council's treasury management activities.

vii. The Council self-insures several risks including liability, property and theft. Insurance claims are erratic in their timings and so the Council maintains a reserve to smooth the charge to the Council's revenue account in the same way as a premium to an external insurance provider would smooth charges to the revenue account. The increase to the reserve level has been made possible by a reduced provision requirement. As the Council carries relatively high levels of excess, it is deemed prudent to provide for greater resilience against future claims.

viii. This reserve holds grant income which has been received and recognised in the year they have been allocated to the authority, but which will finance related expenditure in future years. These come with conditions setting out how the funding must be used.

ix. It is beneficial for the Council to support people into work and this reserve will support activities which achieve that aim.

x. The Strategic Budget Planning reserve will be used to smooth the MTFS over the medium term.

xi. This reserve will be used as a one-off measure to offset non-delivery / delay of planned savings contained within the MTFS. It provides additional robustness and financial resilience for the Council.

xii. This reserve represents other small reserve balances held by the Council.

xiii. The Collection Fund reserve is to manage the impact of C19 on the Collection Fund in terms of losses (including potential losses from the London Pool), but also in terms of the profiling of when the impact of government support and arrears hit the Council's General Fund.

12. Property, plant and equipment

Since 2012/13, all valuations of dwellings, land and buildings and investment properties have been undertaken by external surveyors Wilks Head & Eve (an independent partnership of Chartered Surveyors and Town Planners) who are fully qualified with the Royal Institute of Chartered Surveyors (RICS). Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The surveyors carry out valuations as at 31st March of each year to identify any significant changes since the previous valuation. The latest valuation was carried out during 2022/23 with an effective date of 31 March 2023.

Due to historical reporting requirements and information deficits local authorities do not to have reliable, meaningful information to accurately report gross historical cost and accumulated depreciation for infrastructure assets. Historical practices also mean that information required to evidence the derecognition of replaced components of infrastructure assets will not practicably be able to be produced.

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets [Local Government Circular 09/2022 Statutory Override Accounting for Infrastructure Assets for Scottish Local Authorities] this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

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

The net book value for total Property, Plant and Equipment on the Balance Sheet is shown below

Net Book Value of Property, Plant and Equipment

	2022/23	2021/22
	£'000	£'000
Infrastructure assets	197,664	190,550
Other PPE assets	3,121,930	2,756,553
	3,319,594	**2,947,103**

Details of movement in Infrastructure Assets are shown below.

Movements in Infrastructure Assets

	2022/2023	2021/2022
	£'000	£'000
Net book value (modified historical cost) at 1 April	190,550	184,833
Additions	19,278	17,090
Depreciation	(12,164)	(11,374)
Net Book Value at 31st March	**197,664**	**190,550**

Movements in Other Property, Plant and Equipment are shown below.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total Property, Plant and Equipment	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at 1 April 2022	1,602,647	1,075,466	33,144	23,870	131,593	19,983	2,886,704	13,927
Additions	75,085	62,396	2,627	2,111	74,680	1,734	218,633	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	100,653	54,635	0	0	0	1,431	156,719	2,383
Revaluation increases / (decreases) recognised in SDPOS	6,412	(3,134)	0	0	0	(1,417)	1,861	0
Derecognition - disposals	(6,616)	0	0	0	0	0	(6,616)	0
Reclassifications and transfers	0	0	0	0	0	0	0	0
Other movements in cost or valuation	0	0	0	0	0	0	0	0
At 31 March 2023	**1,778,181**	**1,189,362**	**35,771**	**25,981**	**206,274**	**21,732**	**3,257,301**	**16,310**
Accumulated Depreciation and Impairment at 1 April 2022	(95,612)	(8,240)	(16,219)	(1,895)	(8,094)	(91)	(130,151)	0
Depreciation charge	(19,433)	(11,006)	(3,275)	0	0	0	(33,713)	(318)
Accumulated Depreciation written out	19,346	9,060	0	0	0	0	28,406	318
Impairment (losses)/reversals recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0
Impairment (losses)/reversals recognised in surplus/deficit on the provision of services	0	0	0	0	0	0	0	0
Derecognition - disposals	87	0	0	0	0	0	87	
Reclassifications and transfers	0	0	0	0	0	0	0	
Other movements in depreciation & impairment	0	0	0	0	0	0	0	
At 31 March 2023	(95,612)	(10,186)	(19,494)	(1,895)	(8,094)	(91)	(135,371)	0
Net Book Value at 31 March 2023	**1,682,570**	**1,179,177**	**16,277**	**24,086**	**198,179**	**21,641**	**3,121,930**	**16,310**

The above note includes the figures from Single Entity only. Group Entity Property, Plant and Equipment assets total £137.6m as of 31 March 2023 (£125.8m as at 31 March 2022). Further details are in Note 38.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total Property, Plant and Equipment	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at 1 April 2021	1,541,957	913,268	27,690	22,997	103,231	17,309	2,626,452	13,812
Additions	40,683	54,746	4,199	873	78,663	6	179,170	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	26,844	106,710	0	0	0	1,253	134,807	115
Revaluation increases / (decreases) recognised in SDPOS	(35,862)	(26,424)	0	0	0	(2,690)	(64,976)	0
Derecognition - disposals	(4,299)	0	(16)	0	0	0	(4,315)	0
Reclassifications and transfers	1,554	507	0	0	(1,483)	(2,752)	(2,174)	0
Other movements in cost or valuation	31,769	26,660	1,271	0	(48,818)	6,857	17,740	0
At 31 March 2022	**1,602,647**	**1,075,466**	**33,144**	**23,870**	**131,593**	**19,983**	**2,886,704**	**13,927**
Accumulated Depreciation and Impairment at 1 April 2021	(95,612)	(7,564)	(12,981)	(1,895)	(8,101)	(91)	(126,243)	(314)
Depreciation charge	(21,247)	(10,414)	(3,251)	0	0	0	(34,912)	314
Accumulated Depreciation written out	21,219	9,656	0	0	0	0	30,875	
Impairment (losses)/reversals recognised in the Revaluation Reserve	0	89	0	0	0	0	89	0
Impairment (losses)/reversals recognised in surplus/deficit on the provision of services	0	0	0	0	0	0	0	0
Derecognition - disposals	28	0	13	0	0	0	41	
Reclassifications and transfers	0	0	0	0	0	0	0	
Other movements in depreciation & impairment	0	(7)	0	0	7	0	0	
At 31 March 2022	(95,612)	(8,240)	(16,219)	(1,895)	(8,094)	(91)	(130,151)	0
Net Book Value at 31 March 2022	**1,507,035**	**1,067,226**	**16,925**	**21,976**	**123,499**	**19,893**	**2,756,553**	**13,927**

The above note includes the figures from Single Entity only. Group Entity Property, Plant and Equipment assets total £125.8m as of 31 March 2022 (£126.1m as at 31 March 2021). Further details are in note 38.

Capital Commitments

At 31 March 2023, the Council has entered into several contracts for the construction or enhancement of Property, Plant and Equipment in 2022/23 and future years, budgeted to cost £214.9 million (£181.9 million as at 31 March 2022). The major commitments at 31 March 2023 were:

- External/Communal Works - £16.4 million
- New build homes & development of Residential Accommodation - £198.5 million

Revaluations

The council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. Investment Properties and any Asset held for sale are subject to a revaluation review on annual basis to ensure that their carry values are reflective of the latest market value.

HRA 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 25% of the beacon value as directed by the Department for Levelling Up, Housing & Communities (DLUHC).

Revaluations	Council Dwellings	Other Land and Buildings	Infrastructure Assets	Vehicles, Plant, Furniture and Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	-	-	197,664	16,277	24,086	198,179	-	436,206
Valued at fair value as at:								-
31-Mar-23	1,682,570	111,951					21,641	1,816,161
31-Mar-22		971,947						971,947
31-Mar-21		95,279						95,279
31-Mar-20								-
31-Mar-19								-
Total Cost or Valuation	**1,682,570**	**1,179,177**	**197,664**	**16,277**	**24,086**	**198,179**	**21,641**	**3,319,594**

13. Investment properties

The fair value for investment properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the levels of observable inputs are significant leading to the properties being categorised at Level 2 in the fair value hierarchy. Typical valuation inputs which have been used in arriving at our Fair Valuations include Market Rental and Sale Values, Yields Void, Letting Periods and condition of the assets.

The values at 31 March are analysed as follows.

	31/03/23	31/03/22
	£'000	£'000
Office units	4,435	4,550
Commercial units	79,926	67,978
Land	22,928	20,965
Other investment property	5,352	5,893
Total	**112,641**	**99,386**

There were no transfers between any of the three levels during 2022/23 or the preceding year.

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use. There has been no change in the valuation techniques used during the year for investment properties.

The following items have been accounted for in the Financing and Investment Income and Expenditure line in the CIES.

	2022/23	2021/22
	£'000	£'000
Rental income from investment property	(10,176)	(10,180)
Direct operating expenses arising from investment property	3,798	3,933
Net gain	**(6,378)**	**(6,247)**

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on its right to the remittance of income and the proceeds of disposal.

The following table summarises the movements in the fair value of investment properties over the year.

	2022/23	2021/22
	£'000	£'000
Balance at start of the year	99,386	89,212
Subsequent Expenditure	8,238	7,412
Disposals	0	(10)
Net gain / (losses) from FV adjustments	5,017	599
Transfers to/from AHFS & PPE	0	2,173
Balance at the end of the year	**112,641**	**99,386**

The fair value of the Council's investment property is measured annually at each reporting date.

14. Financial instruments

A financial instrument is a contract that gives rise to a financial asset and liability between two parties. This note discloses the Council's financial instruments. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial instruments are disclosed based on considerations around the business model for holding the instruments, and contractual cashflow characteristics. All of the Council's financial instruments are classified as held at 'amortised cost', and none at 'fair value through profit or loss' (FVTPL) or 'fair value through other comprehensive income' (FVOCI).

Financial liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

The Council's liabilities held during the year are measured at amortised cost and comprised:

- Borrowing: Long term loans from the Public Works Loans Board and commercial lenders, short term loans from other local authorities, plus accrued interest on these loans
- Finance leases detailed in note 33
- Private Finance Initiative contracts detailed in note 34
- Trade payables for goods and services received

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories.

	Long Term		Short Term	
	31/03/23	31/03/22	31/03/23	31/03/22
Financial liabilities at amortised cost:	£'000	£'000	£'000	£'000
Borrowing (including accrued interest)	(663,301)	(593,548)	(129,738)	(114,689)
PFI liabilities	(5,924)	(9,308)	(3,722)	(3,418)
Finance lease liabilities	(11,954)	(12,660)	(1,367)	(1,316)
Payables	(17,179)	(17,515)	(93,450)	(105,462)
Total Financial Liabilities	**(698,358)**	**(633,031)**	**(228,277)**	**(224,885)**

The short-term creditors line in the Balance Sheet includes £93.8 million (31 March 2022 £117.7 million, restated) of items that do not meet the definition of a financial liability and are therefore not included in the above table. See note 18 for further information.

Financial assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset. The financial assets held by the Council during the year are held under the following classifications:

- Cash and cash equivalents, including current account deposits with Barclays Bank, and short-term investments with other local authorities and the Debt Management Office (DMO) maturing within 3 months of the balance sheet date, Bank current and deposit accounts

- Short Term Investments - Loans to other local authorities maturing 3 months or more after the balance sheet date (including accrued interest), Loans made to community organisations and other bodies for service purposes (including soft loans)
- Trade receivables for goods and services delivered

Allowances for impairment losses for trade receivables are calculated using the simplified approach recognising lifetime expected losses. Allowances for impairments on loans made for service purposes are made on the expected loss model.

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

	Long Term		Short Term	
	31/03/23	31/03/22	31/03/23	31/03/22
Financial assets at amortised cost:	**£'000**	**£'000**	**£'000**	**£'000**
Cash and cash equivalents	0	0	104,876	84,086
Short Term Investments	0	0	154	5,004
Loans made for service purposes	8,795	7,312	0	0
Trade receivables	68	68	118,038	98,112
Total Financial Assets	**8,863**	**7,380**	**223,068**	**187,202**

The short-term debtors' line in the Balance Sheet includes £39.1 million (31 March 2022 £47.8 million) of items that do not meet the definition of a financial asset and are therefore not included in the above table.

Income, expense, gains and losses

The income and expense recognised in the CIES in relation to financial instruments consist of the following items. There were no gains or losses on revaluation, or items recognised in other comprehensive income and expenditure.

	Financial Liabilities measured at amortised cost	Financial Assets carried at amortised cost	Financial Liabilities measured at amortised cost	Financial Assets carried at amortised cost
	2022/23	2022/23	2021/22	2021/22
	£'000	£'000	£'000	£'000
Interest expense	23,695	0	19,139	0
Impairment losses (Non-HRA)	5,590	0	2,315	0
Total expense in SDPOS	29,285	0	21,454	0
Interest and investment income	0	(1,678)	0	(323)
Total income in SDPOS	0	(1,678)	0	(323)
Net (gain) / loss for the year	**29,285**	**(1,678)**	**21,454**	**(323)**

Financial instruments – fair values

Financial assets and liabilities are carried in the Balance Sheet at amortised cost. The fair values for all financial assets are the same as the carrying values, reported earlier in this note to the accounts. Fair values for financial liabilities are estimated by calculating the present values of remaining contractual cash flows as at 31 March 2023, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans
- The value of 'Lender's Option Borrower's Option' (LOBO) loans has been increased by the value of the embedded options. Lenders' options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield
- No early repayment or impairment is recognised for any financial instrument
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount

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

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs e.g. non-market data such as cash flow forecasts or estimated creditworthiness

	Level	Fair Value		Carrying Amount	
		31/03/23	**31/03/22**	**31/03/23**	**31/03/22**
		£'000	£'000	£'000	£'000
PWLB loans	2	(431,513)	(454,751)	(594,174)	(478,097)
LOBO loans	2	(147,266)	(208,736)	(131,844)	(130,094)
Lease payables	2	(17,534)	(17,534)	(13,321)	(13,975)
PFI liability	2	(13,539)	(13,539)	(9,646)	(12,726)
Total		**(609,852)**	**(694,560)**	**(748,985)**	**(634,892)**
Liabilities for which fair value is not disclosed*				(177,650)	(223,024)
Total financial liabilities				**(926,635)**	**(857,916)**
Recorded on balance sheet as:					
- short term creditors				(98,539)	(110,196)
- short term borrowing				(129,738)	(114,689)
- long term creditors				(17,179)	(17,515)
- long term borrowing				(663,301)	(593,548)
- other long term liabilities				(17,878)	(21,968)
Total financial liabilities				**(926,635)**	**(857,916)**

*This includes £65m short-term borrowing to other local authorities (£100m for 2021/22).

The fair value of financial liabilities held at amortised cost is higher than their Balance Sheet carrying amount because the Council's portfolio of loans includes several loans where the interest rate payable is higher than the current rates available for their similar loans as at the Balance Sheet date.

	Level	Fair Value		Carrying Amount	
		31/03/23	**31/03/22**	**31/03/23**	**31/03/22**
		£'000	£'000	£'000	£'000
Cash and Cash Equivalents	2	93,900	66,180	93,900	66,180
Short Term Investments	2	154	5,004	154	5,004
Total		**94,054**	**71,184**	**94,054**	**71,184**
Assets for which fair value is not disclosed				137,877	123,398
Total financial assets				**231,931**	**194,582**
Recorded on balance sheet as:					
- short term debtors				118,038	98,112
- short term investments				154	5,004
- long term debtors				8,863	7,380
- cash and cash equivalents				104,876	84,086
Total financial assets				**231,931**	**194,582**

15. Nature and extent of risks arising from financial instruments

The Council has adopted the latest CIPFA Code of Practice on Treasury Management and complies with the Prudential Code of Capital Finance for Local Authorities

The Council approves a Treasury Management Strategy before the beginning of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also maintains Treasury Management Practices specifying the practical arrangements to be followed to manage these risks. The Treasury Management Strategy Statement (TMSS) for 2022/23 can be found on the Council's website www.haringey.gov.uk.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the Department for Levelling Up, Housing and Communities Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Strategy, together with its Treasury Management Practices are based on prioritising security and liquidity, with investment return being a secondary objective.

The Council's activities expose it to a variety of financial risks, including:

- **credit risk** – the possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.
- **liquidity risk** – the possibility that the Council might not have the cash available to make contracted payments on time.
- **market risk** - the possibility that unplanned financial loss will materialise as a result of changes in market variables such as interest rates or equity prices.

Credit Risk: Investments

The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the TMSS. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

A limit of £5 million is placed on the amount of money that can be invested with a single counterparty (other than the UK government, through the Debt Management Office (DMO)). In addition to this, the Council has set limits on investments in certain sectors and group limits. Full details of the Council's approved counterparties, along with the relevant investment and term limits, are included in the Treasury Investment Strategy section of the TMSS.

As of 31 March 2023, the nominal value of the Council's investment portfolio was £93.9 million. The entire amount was deposited with the DMO, over a variety of maturities. All investments made during the financial year were in accordance with the Council's approved credit rating criteria. In addition to this, at 31 March 2023, no loss allowances related to treasury investments.

The Council has a statutory duty to provide a wide range of services there is no credit checking of individuals or businesses. The Council does however ensure that debts are collected as quickly and cost effectively for each service, as appropriate. When bills are raised a payment due date is triggered and customers have a grace period of 21 to 28 days in which to make payment. Thereafter all debts are considered overdue and debt collection procedures commence. Levels of debt arrears, allowances for non-collection of debt and debt write off are closely monitored.

Liquidity Risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board (PWLB) and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans and ensuring that no more than set percentages of the Council's borrowing matures in any one financial year.

Maturing within (years)	31/03/2023	31/03/2022
	£'000	£'000
Public Works Loans Board	953,165	807,988
Market debt	129,971	133,399
Local government	66,684	100,162
Total	**1,149,820**	**1,041,549**
Less than 1 year	273,968	181,523
Between 1 and 2 years	56,770	112,044
Between 2 and 5 years	69,452	54,715
Between 5 and 10 years	107,945	84,849
Between 10 and 20 years	187,809	178,541
Between 20 and 40 years	271,316	259,592
Between 40 and 50 years	182,561	170,285
More than 50 years		
	1,149,820	**1,041,549**

The Council has £125 million (2022: £125m) of "Lender's option, borrower's option" (LOBO) loans where the lender has the option on set dates to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. The lender therefore has the effective right to demand repayment and these loans are therefore shown in table above as maturing on the next option date.

Market Risk – Interest Rate Risk

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

- borrowings at variable rates – the interest expense will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited will rise
- investments at fixed rates – the fair value of the assets will fall.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

The Treasury Management Strategy aims to mitigate these risks by setting an upper limit on the 12-month revenue impact of a 1% fall and rise in interest rates. If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	31/03/2023	31/03/2022
	£'000	**£'000**
Increase in interest receivable on variable rate investments	2,280	467
Increase in interest payable on variable rate borrowings	0	0
Impact on Surplus or Deficit on Provision of Services	**2,280**	**467**
Decrease in fair value of fixed rate borrowing liabilities	12,184	71,102

The Council has £125m (2022: £125m) of “Lender’s option, borrower’s option” (LOBO) loans with maturity dates in 2023 where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty.

Market Risk – Price Risk

The Council does not invest in equity shares and therefore is not subject to any price risk (i.e., the risk that the Council will suffer loss as a result of adverse movements in the price of this class of financial instruments).

Market Risk – Foreign Exchange Risk

The Council had no direct holdings in financial instruments denominated in foreign currencies. The Council is therefore not exposed to the risk of adverse movements in foreign exchange rates.

16. Debtors

The following tables provide an analysis of money owed to the Council by other bodies as at 31 March 2023 and which at that date was yet to be received. The Council has considered the collectability of the debt and has impaired the debt for the amounts it may not recover.

Short Term Debtors	Gross Debtor	31st March 2023 Expected Credit Loss/ Incurred Credit Loss	Net Debtor	Gross Debtor	31st March 2022 Expected Credit Loss/ Incurred Credit Loss	Net Debtor
	£000	£000	£000	£000	£000	£000
Central Government	25,451	0	25,451	32,119	0	32,119
Commercial Waste	100	(100)	0	86	(86)	0
Health Authorities	25,706	0	25,706	47,961	0	47,961
Housing Benefit Overpayments	26,234	(23,275)	2,959	27,673	(23,957)	3,716
Housing/ HRA Rent Payers	54,339	(39,608)	14,731	47,224	(33,955)	13,269
Local Taxation	37,932	(29,622)	8,310	35,485	(29,852)	5,633
Other Local Authorities	52,372	0	52,372	20,141	0	20,141
Other Receivables	27,385	(7,585)	19,800	22,741	(8,622)	14,119
Parking	24,198	(20,500)	3,698	28,071	(25,660)	2,411
Payment in Advance	1,691	0	1,691	1,183	0	1,183
Trade Receivables	9,234	(6,856)	2,378	7,096	(1,753)	5,343
Total Short Term Debtors	**284,642**	**(127,547)**	**157,094**	**269,780**	**(123,885)**	**145,895**

Long Term Debtors	31st March 2023 Net Debtor	31st March 2022 Net Debtor
	£'000	£'000
Advances & Deposits	68	68
Service Loans	8,795	7,312
Total Long Term Debtors	**8,863**	**7,380**

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Short Term Debtors	Group Amounts Gross Debtor	31st March 2023 Expected Credit Loss/ Incurred Credit Loss	Net Debtor	Group Amounts Gross Debtor	31st March 2022 Expected Credit Loss/ Incurred Credit Loss	Net Debtor
	£000	£000	£000	£000	£000	£000
Central Government	25,451	0	25,451	32,119	0	32,119
Commercial Waste	100	(100)	0	86	(86)	0
Health Authorities	25,706	0	25,706	47,961	0	47,961
Housing Benefit Overpayments	26,234	(23,275)	2,959	27,673	(23,957)	3,716
Housing/ HRA Rent Payers	54,339	(39,608)	14,731	47,224	(33,955)	13,269
Local Taxation	37,932	(29,622)	8,310	35,485	(29,852)	5,633
Other Local Authorities	52,372	0	52,372	20,141	0	20,141
Other Receivables	28,947	(7,585)	21,361	21,759	(8,622)	13,137
Parking	24,198	(20,500)	3,698	28,071	(25,660)	2,411
Payment in Advance	1,691	0	1,691	1,183	0	1,183
Trade Receivables	9,234	(6,856)	2,378	7,096	(1,753)	5,343
Total Short Term Debtors	**286,203**	**(127,547)**	**158,656**	**268,798**	**(123,885)**	**144,913**

Long Term Debtors	31st March 2023 Net Debtor	31st March 2022 Net Debtor
	£000	£000
Advances & Deposits	68	68
Service Loans	2,743	1,393
Total Long Term Debtors	**2,811**	**1,461**

Expected credit loss is based on the expectation that the future cash flows might not take place because the borrower could default on their obligations. This applies to all of the council's contractual Financial Instrument Assets apart from statutory and tax-based debt.

2022/23 Expected Credit Loss/ Incurred Credit Loss Movement, Restated	Opening balance 01/04/2022	(Additional Provisions)/ Released during the Year	Amount Used During the Year	Closing Balance 31/03/2023
	£000	£000	£000	£000
Expected Credit Loss:				
Housing Rent	(14,704)	(1,133)	111	(15,726)
Other (Sundry/ Commercial)	(6,777)	(4,457)	491	(10,743)
	(21,480)	(5,590)	602	(26,469)
Incurred Credit Loss:				
Housing Other	(19,350)	(4,770)	171	(23,949)
Housing Benefit Overpayment	(23,957)	303	378	(23,275)
Local Taxation	(29,852)	(311)	541	(29,622)
Parking	(25,660)	(11,898)	17,058	(20,500)
Other	(3,586)	(151)	5	(3,732)
	(102,405)	(16,827)	18,153	(101,079)
	(123,885)	**(22,417)**	**18,755**	**(127,547)**

2021/22 Expected Credit Loss/ Incurred Credit Loss Movement	Opening balance 01/04/2021	(Additional Provisions)/ Released during the Year	Amount Used During the Year	Closing Balance 31/03/2022
	£000	£000	£000	£000
Expected Credit Loss:				
Housing Rent	(11,602)	(3,225)	121	(14,706)
Other (Sundry/ Commercial)	(9,447)	910	1,675	(6,862)
	(21,048)	(2,315)	1,796	(21,567)
Incurred Credit Loss:				
Housing Other	(15,192)	(4,158)	86	(19,264)
Housing Benefit Overpayment	(27,385)	2,909	520	(23,957)
Local Taxation	(27,754)	(2,602)	505	(29,851)
Parking	(29,267)	(11,076)	14,683	(25,661)
Other	(2,724)	(867)	4	(3,586)
	(102,322)	(15,794)	15,798	(102,318)
	(123,371)	**(18,109)**	**17,594**	**(123,885)**

16a Debtors for Local Taxation

The past due net of impairments for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

Council Tax	31/03/2023	31/03/2022, Restated
	£'000	**£'000**
One year or less than one year	4,961	3,159
More than one year	2,376	2,008
Total	**7,337**	**5,167**

Non-Domestic Rates	31/03/2023	31/03/2022
	£'000	**£'000**
One year or less than one year	484	281
More than one year	489	185
Total	**973**	**466**

17. Cash and cash equivalents

The net balance of cash and cash equivalents is made up of the following elements at the balance sheet date.

	Single Entity		Group Amounts	
	31/03/23 £'000	31/03/22 £'000	31/03/23 £'000	31/03/22 £'000
Cash in hand and at bank	10,976	17,906	17,980	24,086
Short-term deposits	93,900	66,180	93,900	66,180
Total	**104,876**	**84,086**	**111,880**	**90,266**

18. Creditors

The following tables provide an analysis of money owed by the Council as at 31 March 2023.

	Long Term		Short Term	
	31/03/23 £'000	31/03/22 £'000	31/03/23 £'000	31/03/22 £'000
Central Govt bodies		0	(29,367)	(81,250)
Other local authorities		0	(14,607)	(3,554)
NHS bodies		0	(10,267)	(16,855)
Receipt in Advance		0	(30,401)	(30,890)
Trade Payables	(17,179)	(17,515)	(16,188)	(17,801)
Other Payables		0	(66,874)	(55,374)
PFI		0	(3,722)	(3,418)
Council Tax, NNDR & Housing Benefit Overpayments		0	(20,913)	(17,416)
Total	**(17,179)**	**(17,515)**	**(192,339)**	**(226,558)**

	Single Entity		Group Amounts	
	31/03/23 £'000	31/03/22 £'000	31/03/23 £'000	31/03/22 £'000
Central Govt bodies	(29,367)	(81,250)	(29,367)	(81,250)
Other local authorities	(14,607)	(3,554)	(14,607)	(3,554)
NHS bodies	(10,267)	(16,855)	(10,267)	(16,855)
Receipt in Advance	(30,401)	(30,890)	(30,401)	(30,890)
Trade Payables	(33,367)	(35,316)	(33,367)	(35,316)
Other Payables	(66,873)	(55,374)	(71,403)	(59,218)
PFI	(3,722)	(3,418)	(3,722)	(3,418)
Council Tax, NNDR & Housing Benefit Overpayments	(20,913)	(17,416)	(20,913)	(17,416)
Total	**(209,518)**	**(244,073)**	**(214,048)**	**(247,917)**

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19. Provisions

Provisions are analysed on the face of the Balance Sheet as either short term or long term. The amounts below are estimates based on the best information available:

	Insurance	NDR appeals	Thames Water	Other	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2022	**(7,400)**	**(4,938)**	**(5,323)**	**(976)**	**(18,636)**
Provisions made in 2022/23	(2,771)	0	0	(349)	**(3,120)**
Amounts used in 2022/23	1,458	1,714	2,082	242	**5,496**
Balance at 31 March 2023	**(8,713)**	**(3,224)**	**(3,241)**	**(1,083)**	**(16,260)**
Of which:					
Long Term	(7,397)	(502)	(3,241)	**(374)**	(11,514)
Short Term	(1,316)	(2,722)	0	**(708)**	(4,746)

The **insurance provision** is required as 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 many years.

The **Non-Domestic Rates (NDR) provision** reflects the potential liabilities of the repayments to businesses based on current outstanding appeals and an estimate of any future appeals.

The **Thames Water provision** represents management's judgement of reasonable estimate required should tenants reclaim excess water charges.

20. Unusable reserves

	2022/23	2021/22
	£'000	£'000
Collection Fund Adjustment	(3,081)	14,845
Revaluation Reserve	(1,178,412)	(1,003,596)
Pensions Reserve	34,292	482,038
Capital Adjustment Account	(1,149,255)	(1,084,964)
Deferred Capital Receipts	(51)	(51)
Financial Instruments Adjustment	3,408	3,640
Dedicated School Grant Adjustment	11,550	20,505
Accumulated Absences	10,977	10,023
Total	**(2,270,571)**	**(1,557,560)**

Collection Fund Adjustment Account

The collection fund adjustment account manages the differences arising from the recognition of Council tax income in the CIES as it falls due from Council taxpayers compared with the statutory arrangements for paying across amounts to the general fund from the collection fund.

	2022/23	2021/22
		Restated
	£'000	£'000
Balance as at 1 April	**14,845**	**24,127**
Amount by which council tax and non domestic rates income credited to the CIES is different from council tax and non domestic rates income calculated for the year in accordance with statutory requirements	(17,926)	(9,282)
Balance as at 31 March	**(3,081)**	**14,845**

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Revaluation reserve

The revaluation reserve contains the gains made by the Council since April 2007 arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are revalued downwards or impaired and the gains are lost, used in the provision of services and the gains are consumed through depreciation or disposed of and the gains are realised. The Revaluation Reserve includes the figures from the Single Entity only but excludes those from the Group Entity. This is an additional £88.9m as at 31 March 2022 (£76.9m at 31 March 2021).

	2022/23	2021/22
	£'000	£'000
Balance as at 1 April	**(1,003,596)**	**(852,482)**
(Surplus) or deficit on revaluation of property, plant and equipment	(185,125)	(165,771)
Difference between fair value depreciation and historical cost depreciation	8,835	8,709
Revaluation losses & impairments written off to previous gains		4,696
Revaluation balances on disposed assets	1,474	1,252
Balance as at 31 March	**(1,178,412)**	**(1,003,596)**

Pension reserve

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

	2022/23	2021/22
	£'000	£'000
Balance as at 1 April	**482,038**	**684,424**
Remeasurements recognised in Other Comprehensive Income and Expenditure	(513,242)	(244,196)
Reversal of items relating to retirement benefits debited or credited to SDPOS	65,496	41,810
Balance as at 31 March	**34,292**	**482,038**

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Capital adjustment account

The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account therefore represents amounts set aside to finance expenditure on fixed assets or for the repayment of external loans and certain other financing transactions.

The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains.

	2022/23	2021/22
	£'000	£'000
Balance as at 1 April	(1,083,552)	(1,113,739)
Reversal of items relating to capital expenditure debited or credited to CIES		
- charges for depreciation and impairment of NCA	45,869	46,286
- revaluation gains and reversals of losses on PPE	(1,861)	64,976
- amortisation of intangible assets	880	986
- REFCUS	24,057	17,053
- amounts of NCA written off on disposal or sale as part of the gains/loss on disposal to CIES	7,529	4,440
	76,474	**133,741**
Adjusting amounts written out of Revaluation Reserve	(10,309)	(9,961)
Net written out amount of the cost of NCA consumed in the year	**66,165**	**123,780**
Capital financing applied in the year		
- Capital Receipts	(14,290)	(9,611)
- Major Repairs Reserve	(21,526)	(22,664)
- Capital Grants	(73,951)	(45,442)
- Revenue Contributions	(5,965)	(2,524)
- Minimum revenue provision	(11,412)	(8,098)
	(127,144)	**(88,339)**
Movements in the market value of Investment Properties debited or credited to CIES	(5,017)	(599)
Other adjustments	294	(4,655)
Balance as at 31 March	**(1,149,255)**	**(1,083,552)**

Dedicated Schools Grant (DSG) Adjustment Account

The Dedicated Schools Grant adjustment account holds accumulated deficits relating to the schools' budget. Where the authority has incurred a deficit on its schools budget in years beginning 1 April 2020, 1 April 2021 or 1 April 2022, the Local Authorities (Capital Finance and Accounting) Regulations do not allow for such amounts to be included in the General Fund and instead must be held in this adjustment account.

	2022/23	2021/22
	£'000	£'000
Balance as at 1 April	**20,505**	**17,016**
(Surplus)/Deficit for the year	(8,955)	3,489
Balance as at 31 March	**11,550**	**20,505**

As part of the high level of deficit on the High Needs Block, intervention support (Safety Valve) was agreed with the DfE to reduce the cumulative DSG deficit, including the deficit for 2022/23, and reach a positive position by 2027/28. To deliver the required improvement over the next five years, the Council has developed a DSG Management Plan which is being coproduced with various stakeholders. The plan has been approved by DfE and as a result financial support of £29.9m is being provided, front loaded with £11.96m in 2022/23 and annually thereafter. As a result of the funding, the cumulative High Needs Block DSG deficit at 31st March 2023 is £11.550m.

Accumulated Absences

The accumulated absences account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the account.

	2022/23	2021/22
	£'000	£'000
Balance as at 1 April	**10,023**	**9,561**
Settlement / cancellation of accrual made at the end of the preceding year	**(10,023)**	**(9,561)**
Amounts accrued at the end of the current year	10,977	10,023
Amount by which officer remuneration charged to the CIES on an accruals basis is different from charges in accordance with statute	954	462
Balance as at 31 March	**10,977**	**10,023**

21. Cash Flow Statement - Operating Activities

	Single Entity 2022/23	Group 2022/23	Single Entity 2021/22	Group 2021/22
			£000	£000
Interest received	1,529	1,529	365	365
Interest paid	(21,778)	(21,778)	(18,858)	(18,858)

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

	Single Entity 2022/23	Group 2022/23	Single Entity 2021/22	Group 2021/22
			£000	£000
Depreciation	45,869	47,598	46,286	48,063
Impairment and downward valuations	(1,861)	(1,861)	64,976	64,976
Amortisation	880	880	986	986
Increase/(decrease) in creditors	(42,046)	(48,425)	50,766	35,989
Increase/(decrease) in provisions	(2,376)	(2,805)	(5,865)	(5,719)
(Increase)/decrease in debtors	(22,749)	(17,462)	(15,052)	(14,558)
(Increase)/decrease in inventories	(610)	1,263	20	(417)
Movement in pension liability	65,496	65,577	41,810	51,220
Carrying amount of non-current assets disposal	7,529	7,529	4,440	4,440
Movement in fair value of investment properties	(4,418)	(5,017)	(599)	(599)
Other non-cash items charged to the net surplus or deficit on the provision of services	(1,696)	(29,078)	(53)	(3,836)
	44,018	**18,199**	**187,716**	**180,547**

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

	Single Entity 2022/23	Group 2022/23	Single Entity 2021/22	Group 2021/22
			£000	£000
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	5,000	5,000	0	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(25,207)	(25,207)	(10,879)	(10,879)
Capital Grants credited to SDPOS	(92,732)	(92,732)	(42,427)	(42,427)
	(112,939)	**(112,939)**	**(53,306)**	**(53,306)**

22. Cash Flow Statement - Investing Activities

	Single Entity 2022/23	Group 2022/23	Single Entity 2021/22	Group 2021/22
	£000	£000	£000	£000
Purchase of property, plant and equipment, investment property and intangible assets	(238,032)	(237,656)	(206,889)	(208,798)
Purchase of short-term and long-term investments	0	0	(16,469)	0
Other Investing activities	0	(1,370)	(1,271)	(778)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	25,207	25,207	10,879	10,879
Proceeds from short-term and long-term investments	0	0	0	0
Capital Grants and Other Investments received	189,860	189,860	79,650	79,650
Net cash flows from investing activities	**(22,965)**	**(23,959)**	**(134,100)**	**(119,047)**

23. Cash Flow Statement - Financing Activities

	Single Entity 2022/23	Group 2022/23	Single Entity 2021/22	Group 2021/22
			£000	£000
Cash receipts of short- and long-term borrowing	192,833	192,833	219,500	219,500
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(4,249)	(4,249)	(4,662)	(4,662)
Repayments of short- and long-term borrowing	(109,947)	(109,947)	(73,500)	(73,500)
Other payments for financing activities	9,422	9,422	10,936	10,936
Net cash flows from financing activities	**88,060**	**88,060**	**152,274**	**152,274**

23a Reconciliation of Financial Liabilities from financing activities

	Opening Balance as at 01/04/2022	Financing Cash Flows	Non Cash Changes	Closing Balance as at 31/03/2023
	£'000	£'000	£'000	£'000
Long Term Borrowings	593,548	69,797	(44)	663,301
Short Term Borrowings	114,688	13,088	1,961	129,737
Lease Liabilities	13,976	(1,169)	(852)	11,955
On Balance sheet PFI liabilities	12,725	(3,080)		9,645
Total	**734,937**	**78,636**	**1,065**	**814,638**

24. Members allowances

The total of Members' allowances paid in 2022/23 was £1.141 million compared to £1.134 million in 2021/22. These figures are included in the 'Corporate Budget- Service' line of the CIES.

25. External audit costs

BDO are the Council's appointed auditor under the Local Audit and Accountability Act 2014. Fees payable in respect of the annual audit of the Statement of Accounts are indicated below.

	2022/23	2021/22
	£'000	£'000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	159	159
Fees to BDO for HB subsidy claims audit	47	47
Fees payable to BDO in respect of grant claims and other services provided during the year	7	7
Rebate from the Public Sector Audit Appointments	0	(31)
Total	**213**	**182**

26. Pooled budgets

In 2022/23, Haringey Council (the Council) entered into 2 pooled budget arrangements with Haringey Clinical Commissioning Group (the CCG) established under Section 75 (s75) of the NHS Act 2006:

a) Better Care Fund which provides the financial support to jointly plan and deliver local services.

b) Commissioning and provision of integrated learning disabilities service

2022/23 Section 75 Pooled Budget

	Gross Expenditure 2022/23	CCGS Contribution 2022/23	Haringey Contribution 2022/23	TOTAL Contribution 2022/23
	£'000	£'000	£'000	£'000
Adult Learning Disabilities Support	63,786	(47,191)	(16,595)	(63,786)
Adults Mental Health	43,348	(12,452)	(30,896)	(43,348)
Better Care Fund (BCF)	2,935	(1,785)	(1,150)	(2,935)
Disabled Facilities Grant (DFG) & Winter Pressures	23,467	(23,467)	0	(23,467)
Improved Better Care fund (iBCF)	3,869	(101)	(3,768)	(3,869)
Child and adolescent mental health services (CAMHS)	9,806	0	(9,806)	(9,806)
Violence Against Women and Girls (VAWG)	41	(21)	(21)	(42)
Children & Young Persons (CYP)	7,225	(297)	(6,928)	(7,225)
TOTAL	154,478	(85,314)	(69,164)	(154,478)

2021-22 Section 75 Pooled Budget

	Gross Expenditure 2021/22	CCGS Contribution 2021/22	Haringey Contribution 2021/22	TOTAL Contribution 2021/22
	£'000	£'000	£'000	£'000
Adult Learning Disabilities Support	44,249	(13,353)	(30,896)	(44,249)
Adults Mental Health	62,292	(45,579)	(16,713)	(62,292)
Better Care Fund (BCF)	21,021	(21,021)	0	(21,021)
Disabled Facilities Grant (DFG) & Winter Pressures	2,780	(101)	(2,679)	(2,780)
Improved Better Care fund (iBCF)	9,519	0	(9,519)	(9,519)
Child and adolescent mental health services (CAMHS)	2,200	(1,280)	(920)	(2,200)
Violence Against Women and Girls (VAWG)	45	(23)	(23)	(45)
Children & Young Persons (CYP)	6,972	(290)	(6,682)	(6,972)
TOTAL	149,078	(81,648)	(67,430)	(149,078)

Haringey and CCG contribution is presented net of recharges for both prior and current year.

In 2022/23, the Council and the CCG continued the expanded and unified partnership agreement, under Section 75 of the NHS Act 2006, to support the implementation of strategic plans for more integrated commissioning and provide for:

a) Lead commissioning and the establishment and maintenance of pooled fund for the commissioning of learning disability services for eligible adults' resident in Haringey.

b) Lead commissioning and the establishment and maintenance of a pooled fund for the commissioning of mental health services for eligible adults' resident in Haringey.

c) Joint commissioning and the establishment and maintenance of a pooled fund for the commissioning of older people's services for eligible adults' resident in the London Borough of Haringey.

d) Joint commissioning and the establishment and maintenance of a pooled fund for the commissioning of child and adolescent mental health services for the residents of the London Borough of Haringey.

e) Lead commissioning and the establishment and maintenance of a pooled fund for the commissioning of the Independent Domestic Violence Advocacy Service and the Identification and Referral to Increase Safety Service for eligible adults' resident in Haringey.

f) Lead commissioning and the establishment and maintenance of a pooled fund for the commissioning of a range of young people's health and wellbeing services for eligible young people resident in Haringey.

It should be noted that whilst the Partnership Agreement allows for all budgets mentioned above to be pooled, it is only the BCF, DFG, Winter Pressures Grant and the learning disability staffing budgets which are in fact pooled, all other budgets are aligned. The partnership agreement for the Better Care Fund comprises the CCG and the Council for the provision of services to facilitate closer integration of health and social care for local people. Haringey CCG, as the host Authority, held the revenue element whilst the Council held the capital element of the pooled budget.

The gross expenditure of the Better Care Fund (not including Improved Better Care Fund) was £28.5m in 2022/23 to which the Council's contribution was £5.2m and £23.5m was the contribution of Haringey ICB. In relation to the improved Better Care Fund the Council utilised the entire amount of £9.8m.

27. Officers' Remuneration

The following table sets out the remuneration for senior officers whose salary is £150,000 or more per year.

Post Holder Details	Financial Year	Salary, Fees and Allowances	Compensation for Loss of Office	Employer Pension Contribution	Total Remuneration
		£	£	£	£
Chief Executive - A Donald (Appointed on 25/04/2022)	2022-23	223,202	0	0	**223,202**
	2021-22	0	0	0	**0**
Chief Executive - Z Etheridge (Left 13/02/2022)	2022-23	0	0	0	**0**
	2021-22	175,550	0	44,025	**219,575**
CEO AM Hartney (Gladesmore Community School & Crowland Primary School, Left 31/08/2022)	2022-23	66,150	0	0	**66,150**
	2021-22	157,761	0	0	**157,761**
Director of Finance - JR Warlow	2022-23	174,680	0	43,495	**218,175**
	2021-22	167,883	0	42,642	**210,525**
Director of Placemaking & Housing - D Joyce*	2022-23	154,494	0	38,469	**192,964**
	2021-22	148,220	0	37,648	**185,867**
Director of Adults, Health & Communuities - B Tarka**	2022-23	153,279	0	38,166	**191,445**
	2021-22	140,781	0	35,758	**176,539**

Due to a change in the management structure, the following directors have had a change in the scope of their responsibilities:
** Director of Housing, Regeneration & Planning is replaced by Director of Placemaking & Housing.*
*** Director of Adults & Health is replaced by Director of Adults, Health & Communities.*

The following table sets out the remuneration disclosures for senior officers reporting to the Chief Executive whose salary is more than £50,000 but less than £150,000:

Post Holder Details	Financial Year	Salary, Fees and Allowances	Compensation for Loss of Office	Employer Pension Contribution	Total Remuneration
		£	£	£	£
Director of Childrens Services	2022-23	142,706	0	35,534	**178,240**
	2021-22	136,824	0	34,753	**171,577**
Director of Environment & Residents Exp (Appointed on 09.01.2023)	2022-23	121,531	0	16,545	**138,076**
	2021-22	0	0	0	**0**
Director of Environment & Neighbourhoods (Retired w.e.f. 29.05.2022)*	2022-23	22,707	0	5,654	**28,361**
	2021-22	136,824	0	34,753	**171,577**
Director of Culture,Strategy & Engagement (Appointed on 27.06.2022)	2022-23	108,615	0	27,045	**135,660**
	2021-22	0	0	0	**0**
Director of Customers, Trans & Resources (Retired W.e.F. 11.07.2021)**	2022-23	0	0	0	**0**
	2021-22	51,544	0	9,849	**61,394**
Head of Legal & Governance	2022-23	113,454	0	28,250	**141,704**
	2021-22	97,438	0	24,749	**122,187**

Due to a change in the management structure, the following directors have had a change in the scope of their responsibilities:
** Director of Environment & Neighbourhoods is replaced by Director of Environment & Residents Experiences.*
*** Director of Customers, Trans & Resources is replaced by Director of Culture, Strategy & Engagement.*

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The number of employees whose remuneration including redundancy payments but excluding pension contributions was £50,000 or more is detailed in the table below. These numbers cover all Council activities, including schools-based staff (it excludes senior officers who are disclosed in the previous tables):

	2022/23	2021/22
	No. of employees	No. of employees
£50,000 - £54,999	384	297
£55,000 - £59,999	269	258
£60,000 - £64,999	195	125
£65,000 - £69,999	122	57
£70,000 - £74,999	11	48
£75,000 - £79,999	36	34
£80,000 - £84,999	20	24
£85,000 - £89,999	39	16
£90,000 - £94,999	0	18
£95,000 - £99,999	15	13
£100,000 - £104,999	11	8
£105,000 - £109,999	7	11
£110,000 - £114,999	8	8
£115,000 - £119,999	7	4
£120,000 - £124,999	5	3
£125,000 - £129,999	2	2
£130,000 - £134,999	0	1
> £145,000	2	0
Total	**1,133**	**927**

28. Termination benefits

The tables below show the number of exit packages including pension strain contributions agreed in the year together with the total cost per band (including schools-based staff):

2022/23	No of compulsory redundancies	No of other agreed departures	Total number	Total cost £
£0 - £20,000	30	21	51	373,697
£20,001 - £40,000	10	4	14	371,789
£40,001 - £60,000	2	0	2	104,237
£60,001 - £80,000	0	1	1	66,759
£100,001 - £150,000	1	1	2	186,095
Total	**43**	**27**	**70**	**1,102,577**

2021/22	No of compulsory redundancies	No of other agreed departures	Total number	Total cost £
£0 - £20,000	34	24	58	411,737
£20,001 - £40,000	10	8	18	500,397
£40,001 - £60,000	1	4	5	232,414
£60,001 - £80,000	2	0	2	134,518
£100,001 - £150,000	1	0	1	107,970
Total	**48**	**36**	**84**	**1,387,036**

29. Dedicated Schools Grant (DSG)

The council's expenditure on schools is funded primarily by grant monies provided by the Department for Education and Skills Funding Agency (ESFA), the Dedicated Schools Grant (DSG). The DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2021. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2021/22 are as follows.

	Central Expenditure	ISB	Total
	£'000	£'000	£'000
Final DSG for 2022/23 before academy and high needs recoupment			287,663
Academy and high needs figure recouped for 2022/23			79,110
Total DSG after academy and high needs recoupment for 2022/23			208,553
Plus: Brought forward from 2021/22			0
Less: Carry-forward to 2023/24 agreed in advance			0
Agreed initial budgeted distribution in 2022/23	73,503	135,050	208,553
In-year adjustments	11,960	0	11,960
Final budget distribution for 2022/23	**85,463**	**135,050**	**220,513**
Less: Actual central expenditure	76,508		76,508
Less: Actual ISB deployed to schools		135,050	135,050
Plus: Local authority contribution for 2022/23	0	0	0
In-year carry-forward to 2023/24	**8,955**	**0**	**8,955**
Plus: Carry-forward to 2023/24 agreed			0
Carry-forward to 2023/24			8,955
DSG unusable reserve at the end of 2021/22			(20,505)
Addition to DSG unusable reserve at the end of 2022/23			0
Total of DSG unusable reserve at the end of 2022/23			(20,505)
Net DSG position at the end of 2022/23			(11,550)

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30. Grant income

The Council credited the following grants, contributions and donations to the CIES in 2022/23.

		2022/23	2021/22
Credited to Services		**£000**	**£000**
Dept of Works & Pensions Grants	Housing Benefits Subsidy	(176,348)	(188,879)
	Household Support Fund	(4,813)	(2,407)
	Discretionary Housing payment	(1,193)	(1,683)
Dept for Education Grants	Dedicated Schools Grant	(208,553)	(201,506)
	Safety Valve Payment	(11,960)	0
	Pupil Premium	(9,922)	(8,928)
	Schools Supplementary Grant (SSG)	(3,729)	0
	16+ Learning	(6,660)	(5,831)
	PFI	(5,669)	(5,669)
	Universal Infant school meal	(2,164)	(2,383)
	PE & Sport Grant	(1,025)	(1,028)
Department of Health Grants	Public Health Grant	(21,502)	(20,914)
DHULC Grants	Homelessness Grant	(1,647)	(2,041)
	Tackling Troubled Families	(1,330)	(1,270)
	Council tax Rebate- Energy	(14,685)	0
	Flexible Housing	(9,861)	(10,154)
	Adult Social Care	(21,710)	(18,243)
	Ukraine Refugees Grant	(6,150)	0
GLA Grants	GLA Grants	(1,503)	(1,113)
Home Office Grants	Home Office Grants	(2,852)	(2,852)
	Other Revenue Grants	(13,667)	(10,248)
Covid Related Grants	Covid Grants	(864)	(33,091)
Sub Total Government Grants		**(527,805)**	**(518,240)**

		2022/23	2021/22
Credited to Services		**£000**	**£000**
Contributions	NHS Bodies	(27,088)	(26,229)
	Other Bodies	(5,730)	(5,893)
Capital Grant to services	Disability Facility Grant	(2,811)	(2,972)
Total		(563,434)	(553,334)

		2022/23	2021/22
Credited to Taxation and Non-Specific Grant Income		**£000**	**£000**
	New Homes Bonus	(1,279)	(1,208)
	Revenue Support Grant	(22,797)	(22,115)
	S31 Business Rate Relief	(14,060)	(6,618)
	Services Grant	(5,652)	0
	Covid-19 Grants	(1,414)	(24,188)
	Other General Grants	(1,168)	(583)
Sub Total Government Grants		(46,370)	(54,712)
	Business Rates (NNDR) top up	(60,471)	(58,412)
Sub Total Revenue Grants		(106,841)	(113,124)
	Capital Grants	(89,922)	(39,455)
	Donations	(16)	(12)
Total		(196,778)	(152,591)

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The Council has received a number of capital grants and contributions that have yet to be recognised as income as they have unmet conditions attached to them that will require the money or property to be returned. The balances at the year-end are as follows:

	2022/23	2021/22
Capital Grants & Contributions Received in Ac	**£000**	**£000**
Mayors Land Fund	0	(10,000)
New Build Grant	(111,978)	(8,576)
BEIS Funding	(10,789)	(12,223)
Brownfield Land Release Fund	(7,450)	(3,886)
Other capital	(2,075)	(1,831)
S106 Contribution	(16,931)	(16,110)
Total	(149,222)	(52,626)

	2022/23	2021/22
Revenue Grants Received in Advance	**£000**	**£000**
DESNZ Energy Bill Support	(791)	0
GLA Revenue Grants	(595)	0
CO - One Pub Est Pship	(315)	(596)
Total	(1,701)	(596)

31. Related Parties

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

Central Government

Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, most 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). Grants received from government departments are set out in note 30 Grant income.

Pooled Budgets

The Council has entered into partnership agreements under Section 75 of the Health Act 2006. The specific details of these partnerships are shown in note 26 relating to Pooled Budgets.

Pension Fund

The pension fund accounts are set out elsewhere in the Statement of Accounts. The pension fund operates a separate bank account and makes investments separately from the Council. The pension fund owed the council £0.345m as at 31 March 2023 and the Council charged the fund £0.885m for administration in 2022/23 (£0.067m and £0.827m respectively in 2021/22).

Homes for Haringey Limited, Alexandra Park and Palace Charitable Trust Limited
Both are wholly owned subsidiaries of Haringey Council and have been consolidated into the Council's Group Accounts. The net value of payments and receipts in 2022/23 were £18.9 million and £1.4 million respectively (£74.5 million and £7.6 million in 2021/22).

The Total debt owed by Alexandra Park and Palace Charitable Trust at the year-end is £48.9m. Most of these debts (£43.1), are historic debt balances owed by the Trust that have not been legally discharged. The historic debt dates back to previous decades when the Council expended funds on behalf of the Trust. The debt is legally outstanding but does not currently have repayments being made. Although the debt has not been legally discharged, the Council has agreed that it will only seek to recover the debt when the Trust is in a position to repay amounts due. £5.8m of the reminder relates to loans for refurbishment of the Ice Rink facility, West Yard Storage and lighting, which are being repaid by the Trust in line with the agreed loan agreements.

North London Waste Authority (NLWA)
NLWA has seven participating boroughs, and each borough can appoint up to 2 members to the board. The value of the levy paid is disclosed in note 7.

Members and Senior Officers
Members of the Council including the Mayor have direct control over the Council's financial and operating policies. The total of members allowances paid in 2022/23 is shown in note 24. Members of the Council and senior officers participate in and are members of a variety of other public bodies and community groups either in a personal capacity or appointment by the Council.

In 2022/23, Haringey has provided financial support to or purchased services from 14 charitable or voluntary organisations (14 in 2021/22) in which 26 members have declared an interest (25 in 2021/22). 12 of these instances were as a representative of the Council and 14 in a personal capacity (17 and 8 respectively in 2021/22). In 2022/23, the total value of payments made and amounts received was £5.066 million (£4.460 million in 2021/22) and the total value of amounts due was £0.426 million (£0.736 million in 2021/22).

The balance due to Haringey at the end of the year in respect of a loan made to Bernie Grant Centre is £0.340 million. The Centre is a registered charity and performing arts centre in Tottenham set up in memory of MP Bernie Grant.

The Council has well established mechanisms and procedures for preventing undue influence in awarding of contracts or grant funding to organisations. Supporting these mechanisms is the disclosure of interests in the Register of Members' Interest which is open to public inspection at George Meehan House, 294 High Road, Wood Green, London N22 8YX. This note has been compiled using this register and individual declarations made by elected members and senior officers. Two senior officers did not submit a declaration form, of which one has left the Council.

32. Capital Expenditure and Capital Financing

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

	2022/23	2021/22 Restated
	£'000	£'000
Capital Financing Requirement at 1 April	**973,948**	**837,034**
Capital investment		
- Property, Plant and Equipment	237,397	196,261
- Long term loans	1,327	1,138
- Investment Properties	8,238	7,412
- Intangible Assets	3,077	4,632
- REFCUS	24,057	17,053
	274,096	**226,496**
Sources of finance		
- Capital receipts	(14,290)	(9,611)
- Government grants and other contributions	(73,951)	(46,684)
- Major Repairs Allowance	(21,526)	(22,664)
- Direct revenue contributions	(5,965)	(2,524)
- Minimum Revenue Provision	(11,412)	(8,099)
	(127,144)	**(89,582)**
Closing CFR	**1,120,900**	**973,948**
Explanation of movements in year		
Provision to reduce underlying need to borrow (MRP)	(11,412)	(8,099)
Increase in underlying need for supported borrowing	158,364	145,014
Increase/(Decrease) in CFR	**146,952**	**136,915**

33. Leases

Authority as Lessee - Finance leases

The Council holds several assets under finance leases. The assets acquired under these leases are carried as investment property or property, plant and equipment in the Balance Sheet at the following net amounts.

	31/03/23	31/03/22
	£'000	£'000
Other Land and Buildings	12,900	12,585
Vehicles, Plant, Furniture and Equipment	5,505	6,124
Total	**18,405**	**18,709**

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

	£'000	£'000
Finance lease liabilities (NPV of minimum lease payments)		
- current	1,367	1,316
- non-current	11,954	12,660
Finance costs payable in future years	19,515	20,024
Total	**32,836**	**33,999**

These minimum lease payments will be payable over the following periods.

	Minimum Lease Payments		Finance Lease Liabilities	
	2022/23 £'000	**2021/22 £'000**	**2022/23 £'000**	**2021/22 £'000**
Less than one year	1,996	1,984	1,367	1,316
Between one and five years	5,416	5,826	3,504	3,810
Later than five years	25,424	26,189	8,450	8,850
Total	**32,836**	**33,999**	**13,321**	**13,975**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2022/23 £603k contingent rents were payable by the authority (2021/22 £684k).

Authority as Lessee - Operating leases

The Council enters into operating lease agreements to acquire the use of plant, vehicles, equipment and computers. The future minimum lease payments due under non-cancellable leases in future years are as follows:

	31/03/23	**31/03/22**
	£'000	£'000
Not later than one year	761	537
Later than one year and not later than five years	1,568	1,664
Later than five years	205	450
Total	**2,533**	**2,651**

There are no material contingent rents or sub-leases in relation to these operating leases. There were no subleases in relation to these operating leases at the Balance Sheet date.

Authority as Lessor - Operating leases

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

- Community services, such as sports facilities, tourism services and community centres
- Economic development to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are as follows.

	31/03/23	**31/03/22**
	£'000	**£'000**
Not later than one year	7,363	6,686
Later than one year and not later than five years	16,382	16,034
Later than five years	82,306	80,748
Total	**106,051**	**103,468**

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

34. Service Concession Arrangements

In 2000, the Council entered into a PFI contract that encompassed major building work and ongoing facilities management for its eight secondary schools. In February 2007, the agreement was suspended, and all of the assets were brought back onto the Council's balance sheet.

The remaining contract that the Council has with the contractor is for the repayment of the outstanding liability of debt incurred when the original PFI works were first undertaken. This debt has also been recognised within the Council's Balance Sheet. Payments to the contractor were £4.301 million in 2022/23 (£4.283 million in 2021/22). The PFI arrangement ends in September 2025.

The Council receives a £5.669 million revenue grant annually from the Government to assist in financing the PFI scheme.

Future payments to be made

Future payments to be made in respect of the PFI arrangement are shown below. These future payments take into account any future indexation of the cost that may be agreed between the provider and the Council in future years. However, the impact of any future indexation is minimal as the majority of the unitary charge is fixed.

	Reimbursement of Capital Exp	Interest	Total
	£'000	£'000	£'000
Payable in 1 year	3,722	502	**4,224**
Payable within 2 to 5 years	5,924	413	**6,337**
Total	**9,646**	**915**	**10,561**

Movement in PFI liability	£'000
Opening Balance as at 1/4/2022 Restated	13,184
Interest Charge	686
Payment during 2022/23	(4,225)
Closing balance as at 31/3/2023	**9,646**

35. Pension schemes accounted for as defined contribution schemes

Teachers

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

In 2022/23 the Council paid £16.195 million (£16.156 million in 2021/22) to Teachers' Pensions in respect of teachers' pension costs which represented 23.68% of teachers' pensionable pay from April 2022 to March 2023. Expected contributions for 2023/24 is £16.2 million. The Council is responsible for additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in note 36.

36. Defined benefit pension schemes

Participation in the Local Government Pension Scheme (LGPS)

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.

The Council participates in the Local Government Officers' Pension Fund administered by Haringey Council. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Where appropriate, the following disclosures include group amounts in respect of Homes for Haringey and some employees of Alexandra Palace and Palace Charitable Trust. Homes for Haringey is an admitted body of the Council's Pension Fund and pension obligations were transferred to the limited company on 1st April 2006.

Discretionary post-retirement benefits

Discretionary post-retirement benefits on early retirement (added years) are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities. Included within the present value of unfunded liabilities detailed in the following notes is £20.774 million (£15.615 million in 2021/22) in respect of Teachers unfunded pensions. At 31st March 2023 the Scheme had 887 members in respect of LGPS and 343 members in respect of Teachers unfunded pensions (887 and 343 respectively as at 31st March 2022).

Transactions relating to post-employment benefits

The Council recognises the cost of retirement benefits in the Cost of Services on Continuing Operations when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, and the real cost of retirement benefits is reversed out in the adjustments between accounting basis & funding basis under regulations line, in the Movement in Reserves Statement.

The following transactions have been made in the CIES:

	LGPS		Unfunded	
	2022/23	2021/22 Restated	2022/23	2021/22
	£'000	£'000	£'000	£'000
Cost of Services				
- current service cost	71,490	61,672	0	0
- past service cost	143	99	0	0
Total	**71,633**	**61,771**	**0**	**0**
Net Interest Expense	13,841	12,859	0	879
Total Charged to SDPOS	**85,474**	**74,630**	**0**	**879**
Other Comprehensive Income and Expenditure				
- return on plan assets	129,629	(99,091)	0	0
- actuarial gains/losses (changes in financial assumptions)	(750,921)	(124,391)	0	(1,230)
- actuarial gains/losses (changes in demographic assumptions	277	(10,089)	0	(373)
- other	107,773	3,081	0	(1,085)
Total	**(513,242)**	**(230,490)**	**0**	**(2,688)**

	Group	
	2022/23	2021/22 Restated
	£'000	£'000
Cost of Services		
- current service cost	71,510	74,306
- past service cost	143	383
Total	**71,653**	**74,689**
Net Interest	**13,812**	**14,771**
Total debited to SDPOS	**85,465**	**89,460**
Other Comprehensive Income and Expenditure		
- return on plan assets	124,237	(116,559)
- actuarial gains/losses (changes in financial assumptions)	(751,980)	(144,254)
- actuarial gains/losses (changes in demographic assumptions)	343	(11,734)
- other	113,814	2,475
Total	**(513,586)**	**(270,072)**

The following transactions have been made in the adjustments between accounting basis and funding basis under regulations line in the MIRS during the year.

	2022/23	2021/22
	£'000	£'000
Reversal of net IAS 19 charges	(85,474)	(75,509)
Actual amount charged for pensions in the year	19,978	33,699

Pension assets and liabilities recognised in the Balance Sheet

	LGPS		Unfunded	
	2022/23	**2021/22**	**2022/23**	**2021/212**
	£'000	£'000	£'000	£'000
Present value of obligation	(1,601,135)	(1,883,767)	(37,118)	(40,447)
Fair value of plan assets	1,603,961	1,442,176	0	0
Net liability	**2,826**	**(441,591)**	**(37,118)**	**(40,447)**

	Single Entity		Group Amounts	
	2022/23	2021/22	2022/23	2021/22
	£'000	£'000	£'000	£'000
Present value of the defined benefit obligation	(1,638,253)	(1,924,214)	(1,641,421)	(2,179,720)
Fair value of plan assets	1,603,961	1,442,176	1,608,872	1,677,132
Net liability	**(34,292)**	**(482,038)**	**(32,549)**	**(502,588)**

Reconciliation of Movement in Fair Value of Scheme Assets

Scheme Assets	LGPS		Unfunded	
	2022/23	**2021/22**	**2022/23**	**2021/22**
		Restated		
	£'000	£'000	£'000	£'000
Opening fair value	1,442,176	1,326,736	0	0
Interest income	43,522	26,416	0	0
Remeasurement gain / (loss)				
- the return on plan assets	(129,629)	99,091	0	0
- other experience changes	18,768	0	0	0
Employer contributions	38,452	30,369	3,330	3,330
Contributions from employees into the scheme	11,018	8,484	0	0
Benefits paid	(56,179)	(48,920)	(3,330)	(3,330)
Effect of Business combinations & Disposals	235,833	0	0	0
Closing fair value	**1,603,961**	**1,442,176**	**0**	**0**

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	Single Entity		Group Accounts	
	2022/23	**2021/22**	**2022/23**	**2021/22**
		Restated		Restated
	£'000	**£'000**	**£'000**	**£'000**
Opening fair value of scheme assets	1,442,176	1,326,736	1,677,132	1,538,901
Interest income	43,522	26,416	43,655	30,665
Remeasurement gain / (loss)				
- the return on plan assets	(129,629)	99,091	(124,237)	116,559
- other experience changes	18,768		19,007	
Employer contributions	41,782	33,699	41,918	37,199
Contributions from employees into the scheme	11,018	8,484	11,021	10,239
Benefits paid	(59,509)	(52,250)	(59,624)	(56,431)
Effect of Business combinations & Disposals	235,833		0	
Closing fair value	**1,603,961**	**1,442,176**	**1,608,872**	**1,677,132**

Reconciliation of Present Value of Defined Benefit Obligation

Scheme Liabilities	LGPS		Unfunded	
	2022/23	**2021/22**	**2022/23**	**2021/22**
		Restated		
	£'000	£'000	£'000	£'000
Balance as at 1st April	(1,883,766)	(1,954,555)	(40,448)	(45,587)
Current service cost	(71,490)	(61,672)	0	0
Past service cost	(143)	(99)	0	0
Interest cost	(57,363)	(39,275)	0	(879)
Contributions from scheme participants	(11,018)	(8,484)	0	0
Remeasurement gain / (loss):				0
- financial assumptions	750,921	124,391	0	1,230
- demographic assumptions	(277)	10,089	0	373
- other experience changes	(126,541)	(3,081)	0	1,085
Effect of Business combinations & Disposals	(257,637)	0	0	0
Benefits paid	56,179	48,920	3,330	3,330
Balance as at 31st March	**(1,601,135)**	**(1,883,766)**	**(37,118)**	**(40,448)**

	Single Entity		Group Accounts	
	2022/23	2021/22 Restated	2022/23	2021/22
	£'000	£'000	£'000	£'000
Balance as at 1st April	(1,924,214)	(2,000,142)	(2,179,720)	(2,259,300)
Current service cost	(71,490)	(61,672)	(71,510)	(74,306)
Past service cost	(143)	(99)	(143)	(383)
Interest cost	(57,363)	(40,154)	(57,467)	(45,436)
Contributions from scheme participants	(11,018)	(8,484)	(11,021)	(10,239)
Remeasurement gain / (loss):			0	
- financial assumptions	(277)	10,462	751,980	144,254
- demographic assumptions	750,921	125,621	(343)	11,734
- other experience changes	(126,541)	(1,996)	(132,821)	(2,475)
Effect of Business combinations & Disposals	(257,637)	0	0	
Benefits paid	59,509	52,250	59,624	56,431
Balance as at 31st March	**(1,638,253)**	**(1,924,214)**	**(1,641,421)**	**(2,179,720)**

Analysis of Scheme Assets:

Single Entity

2022/23	Quoted - active markets	Not quoted - no active markets	Total	% of Total Assets
	£'000	£'000	£'000	%
Cash and cash equivalents	42,361	0	**42,361**	3
Private equity	0	122,412	**122,412**	8
Debt securities	93,454	0	**93,454**	6
Real estate: UK property	0	189,625	**189,625**	12
Investment funds and unit trusts				
- equities	933,304	0	**933,304**	58
- bonds	163,543	0	**163,543**	10
- infrastructure	0	59,263	**59,263**	4
Sub-total	1,096,847	59,263	**1,156,109**	72
Total assets	**1,232,661**	**371,299**	**1,603,961**	**100**

2021/22	Quoted - active markets	Not quoted - no active markets	Total	% of Total Assets
	£'000	£'000	£'000	%
Cash and cash equivalents	15,810		**15,810**	1
Private equity		113,781	**113,781**	8
Debt securities	143,207	0	**143,207**	10
Real estate: UK property	0	150,308	**150,308**	10
Investment funds and unit trusts				
- equities	832,882		**832,882**	58
- bonds	143,857		**143,857**	10
- infrastructure	0	42,331	**42,331**	3
Sub-total	976,739	42,331	**1,019,070**	71
Total assets	**1,135,756**	**306,420**	**1,442,176**	**100**

Group Accounts

2022/23	Quoted - active markets	Not quoted - no active markets	Total	% of Total Assets
	£'000	£'000	£'000	%
Cash and cash equivalents	42,508	0	**42,508**	3
Private equity	0	122,412	**122,412**	8
Debt securities	93,454	0	**93,454**	6
Real estate: UK property	0	190,214	**190,214**	12
Investment funds and unit trusts				
- equities	936,693	0	**936,693**	58
- bonds	164,328	0	**164,328**	10
- infrastructure	0	59,263	**59,263**	4
Sub-total	1,101,021	59,263	**1,160,284**	72
Total assets	**1,236,983**	**371,889**	**1,608,872**	**100**

2021/22	Quoted - active markets	Not quoted - no active markets	Total	% of Total Assets
	£'000	£'000	£'000	%
Cash and cash equivalents	20,509	0	**20,509**	1
Private equity	0	113,781	**113,781**	7
Debt securities	143,207	0	**143,207**	9
Real estate: UK property	0	176,154	**176,154**	11
Investment funds and unit trusts				
- equities	992,652	0	**992,652**	59
- bonds	188,499		**188,499**	11
- infrastructure	0	42,331	**42,331**	3
Sub-total	1,181,151	42,331	**1,223,482**	73
Total assets	**1,344,867**	**332,266**	**1,677,133**	**100**

Basis for estimating assets and liabilities.

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. Liabilities are discounted to their value at current prices using a discount rate of 4.8% (2.7% in 2021/22).

The Council's Pension Scheme liabilities as at 31st March 2023 have been assessed by Hymans Robertson, an independent firm of actuaries, and are projections based on data pertaining to the latest full valuation of the scheme as 31st March 2022. There are risks and uncertainties associated with whatever assumptions adopted as these are in effect projections of future investment returns and demographic experience many years into the future. The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and HRA the amounts required by statute as described in the accounting policies note.

	2022/23	2021/22
Mortality assumptions		
- Longevity at 65 for male current pensioners	21.3 years	21.5 years
- Longevity at 65 for female current pensioners	24.0 years	24.0 years
- Longevity at 65 for male future pensioners	22.6 years	22.9 years
- Longevity at 65 for female future pensioners	25.3 years	25.8 yeas
Rate of increase in salaries	4.0%	4.2%
Rate of increase in pensions	3.0%	3.2%
Rate for discounting scheme liabilities	4.8%	2.7%

A commutation allowance is included for future retirements to elect to take 52% of the maximum additional tax-free cash up to HMRC limits. All other demographic assumptions are as per the latest funding valuation.

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

The impact on the liability of these changes would be as follows.

	Approximate increase to liability	Approximate value
	%	£'000
0.1% decrease in real discount rate	2	26,635
0.1% increase in salary increase rate	0	1,935
0.1% increase in pension increase	2	24,815
1 year increase in membe life expectancy	4	65,530

Impact on the Council's Cash Flows

The objectives of the scheme are to achieve and maintain full funding on an ongoing basis and to seek stability of employers' contributions. At its last triennial valuation, the Council and the Fund's actuary agreed a strategy designed to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on a quarterly basis. The next triennial valuation is due to be completed as at 31st March 2025, during 2025/26.

To mitigate the existing funding deficit, the Council anticipates paying contributions of £35.98m for the period to 31st March 2024.

The scheme actuary has estimated that the weighted average duration of the defined benefit obligation for scheme members is 16 years.

37. Contingent liabilities

There were no material contingent liabilities as at 31st March 2023.

38. Adjustments between group and single entity accounts

The Council uses different forms of service delivery and in some cases, it has created separate companies with its partners to deliver those services. The use of separate companies and Trusts means that the Council's single entity financial statements on their own may not fully reflect the assets and liabilities or income and expenditure associated with all its activities. The aim of the Group Accounts is to give an overall picture of the activities of the Council and the resources used to carry out those activities. The Group Accounts also provide further information on the material financial risks and benefits of all entities over which the Council exercises control, significant influence or joint control.

The Group Accounts have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

To give a full picture of the financial activities of the Council, Group Accounts have been prepared which include those organisations where the Council's interest is considered material. This information is still subject to audit by each organisation's own auditor. Accordingly, the Group Accounts consolidate the Council's accounts with the following subsidiaries:

- Homes for Haringey Ltd
- Alexandra Park and Palace Charitable Trust (APPCT)

The entities have prepared accounts in line with UK GAAP and:

- The Charity SORP, in the case of Alexandra Park and Palace Charitable Trust
- FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland, in the case of Homes for Haringey and Alexandra House Wood Green Ltd.

With the exception of the Alexandra Park & Palace, there are no other material areas where these accounting standards conflict with the Council's accounting policies. The accounting policies applied to the Group financial statements are consistent with those set in Note 1 to the single entity statements. The subsidiaries have been consolidated on a full line by line basis with the financial transactions and balances of the Council.

APPCT carry its main asset, the Park and Palace, at £28m on its Balance Sheet (all of which are leaseholder improvements) as allowed under the Charity SORP. Upon consolidation however, the Council is required to value this as an operational asset and depreciate it in accordance with its accounting policy. The Group Balance Sheet therefore includes £135.991 million (£124.146 million as at 31 March 2022) in Property Plant and Equipment in respect of this asset. The basis of valuation is mainly Depreciated Replacement Cost with some elements using the Existing Use Value method.

Key information on a group basis has been included alongside the single entity disclosure notes for debtors, creditors, segmental reporting and defined benefit schemes. The following notes provide additional details of the Council's involvement in the entities consolidated to form the Group Accounts.

Homes for Haringey Ltd (Registered Company No. 05749092)

HfH Limited is an Arm's Length Management Organisation (ALMO) set up in March 2006 to manage the Council's stock of council dwellings including carrying out improvements. The ALMO also provides amenities and services for residents and carries out activities contributing to regeneration and development of the area. The ALMO is wholly owned by the Council. The company has no share capital and is limited by guarantee. The Council can appoint one third of the board, with the balance of directors being drawn from Council tenants (including leaseholders) and members of the wider community.

On the 1st June 2022, the Council's Housing Management function, delivered through the ALMO, Homes for Haringey, was brought back in-house. Homes for Haringey still exist as a wholly owned subsidiary, delivering other housing functions. From 2022/23, the statement of accounts of Homes for Haringey will continue to be consolidated with the Council's statement of accounts.

The financial performance of HfH Limited is summarised below:

	2022/23	2021/22
		£000
Turnover	(15,690)	(71,798)
(Suplus)/ Deficit for the year	(26,040)	10,980
Accumulated (suplus)/ deficit	(98)	21,692

The accumulated surplus was as a result of the actuarial gain on Pension Scheme of £26.040 million (£36.373 million gain in 2021/22).

A full copy of the company's accounts can be obtained from The Company Secretary, Homes for Haringey Ltd, 4th Floor 48 Station Road, Wood Green, London N22 7TY. The accounts are audited by PricewaterhouseCoopers LLP.

Alexandra Park and Palace Charitable Trust (Charity No. 281991)

The principal activity of Alexandra Park and Palace Charitable Trust is to maintain and operate the park and palace for the free use and recreation of the public forever as defined in the Alexandra Park and Palace Act 1985. The Council is custodian trustee of the charity. The accounts have been consolidated on the basis that the Council has the power to govern the financial and operating policies of the entity so as to benefit from its activities.

The organisation consists of two elements; Alexandra Park and Palace Charitable Trust responsible for the charitable activities, including maintaining, restoring and repairing the Park and Palace and a wholly owned trading subsidiary, Alexandra Palace Trading Ltd, (APTL), which donates its taxable profit to the Trust in the form of Gift Aid. APTL delivers and manages events, entertainment, leisure and hospitality activities assisting the charitable purposes by providing not just funding but enlivening the venue for the purposes of its creation and encouraging a broad cross section of the public to access and enjoy it.

The financial performance of the Trust is summarised below:

	2022/23	2021/22
	£000	£000
Turnover	(22,030)	(17,842)
(Surplus) / Deficit for the year	45	374
Reserves:		
Unrestricted Reserves	(25,790)	(26,342)
Restricted Reserves	(1,030)	(433)
	(26,820)	(26,775)

APPCT Property, Plant and equipment consolidated in Group Accounts:

	Palace & Park	Asset Under Construct	Vehicles, plant and equipm't	Total
	£000	£000	£000	£000
Cost at 1 April 2022	124,146	0	2,844	126,990
Additions	480	119	296	895
Revaluations	11,068	178	0	11,246
Disposals	0	0	0	0
Transfers	297	(297)	0	0
At 31 March 2023	**135,991**	**0**	**3,140**	**139,131**
Depreciation				
At 1 April 2022	0		1,165	1,165
Charge for the year	1,738	0	322	2,060
Disposals	0	0	0	0
Accumulated Dep written out	(1,738)	0	0	(1,738)
At 31 March 2023	**0**	**0**	**1,487**	**1,487**
NBV as 31 March 2023	**135,991**	**0**	**1,653**	**137,644**
NBV as 31 March 2022	124,146	0	1,679	125,825

A full copy of the Trust's accounts can be obtained from the Chief Executive, Alexandra Park and Palace, Alexandra Palace Way, London N22 7AY. The accounts are audited by Haysmacintyre LLP.

HOUSING REVENUE ACCOUNT

HRA Income & Expenditure Statement	2022/23	2021/22
	£'000	£'000
Expenditure		
Repairs and maintenance	30,923	22,247
Supervision and management	36,297	34,661
Rents, rates, taxes and other charges	3,423	2,818
Depreciation, impairment and revaluation losses of non-current assets	20,926	22,664
Revaluation losses	(6,412)	36,167
Debt Management Costs	38	43
Increase in impairment of debtors	4,770	4,158
Total Expenditure	**89,965**	**122,758**
Income		
Dwelling rents	(86,521)	(83,352)
Non-dwelling rents	(726)	(720)
Charges for services and facilities	(19,256)	(18,241)
Contributions towards expenditure	(281)	(235)
Total Income	**(106,784)**	**(102,548)**
Net Cost of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	**(16,819)**	**20,210**
HRA service share of Corporate and Democratic Core	530	511
Net expenditure or (income) for HRA Services	**(16,289)**	**20,721**
HRA share of operating income and expenditure included in the Comprehensive I&E Statement		
Gain on sale of HRA non-current assets	(10,727)	(6,201)
Interest payable and similar charges	13,552	10,569
Interest and investment income	(3,698)	(3,096)
Net interest on the net defined benefit liability	1,639	109
Changes to fair value of investment properties	780	(147)
Capital grants and contributions	(38,051)	(18,073)
	(36,505)	(16,839)
Deficit or (Surplus) for the year on HRA services	**(52,794)**	**3,882**

HOUSING REVENUE ACCOUNT

Movement on the HRA Statement	2022/23	2021/22
	£'000	£'000
Balance on the HRA at the end of the previous year	**(20,759)**	**(14,162)**
(Surplus) or deficit for the year on HRA Income and Expenditure Statement	(52,794)	3,882
Adjustments between accounting basis and funding basis under the legislative framework		
- Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements	43,272	(17,949)
- Gain on sale of HRA non-current assets	10,727	6,201
- HRA share of contributions to or from the Pensions Reserve	(7,928)	(355)
- Capital expenditure funded by the HRA	5,965	2,283
- Transfer to/(from) Major Repairs Reserve	20,926	22,664
- Transfer to/(from) Capital Adjustment Account	(20,926)	(22,664)
Net (increase)/decrease before transfers to or from reserves	**(758)**	**(5,938)**
Transfers to or (from) reserves		
- Homes for Haringey Reserve	0	(659)
(Increase) / decrease in year on the HRA	**(758)**	**(6,597)**
Balance on the HRA at the end of the year	**(21,517)**	**(20,759)**

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1. Vacant possession

As at 31st March 2023, the vacant possession value of dwellings within the HRA was £6,322 million (£5,889 million as at 31st March 2022). The difference between vacant possession value and the Balance Sheet value of dwellings within the HRA shows the economic cost to government of providing council housing at less than open market rents, net of the impairment to the value of the housing Stock.

2. Number and types of dwellings in the housing stock

	31 March 2023	31 March 2022
Hostels	103	124
Houses and bungalows	4,953	4,980
Flats and maisonettes	10,416	10,335
Shared ownership	13	13
Total	**15,485**	**15,452**

3. Value of assets held on the balance sheet

	31 March 2023	31 March 2022
Type of assets	£'000	£'000
Dwellings	1,682,570	1,507,035
Other land and buildings	122,707	123,156
Assets under construction	177,755	112,589
Surplus assets	176	0
Investment properties	4,677	4,596
Total	**1,987,885**	**1,747,376**

4. Capital expenditure

The following summarises HRA capital expenditure on land, houses and other property during the financial year and the sources of funding used.

	2022/23	2021/22
	£'000	£'000
Capital investments		
Existing dwellings	62,966	46,182
New homes and acquisitions	79,261	74,961
	142,227	**121,143**
Funded by		
Borrowing	66,457	69,555
Useable capital receipts	8,590	4,583
Revenue contributions	5,965	5,086
Grants and contributions	39,689	19,255
Major repairs reserve	21,526	22,664
	142,227	**121,143**

5. Capital receipts

The following is a summary of capital receipts from disposals of land, dwellings and other property within the HRA during the financial year.

	2022/23	2021/22
	£'000	£'000
Dwellings	(16,710)	(9,358)
Land and other property	(748)	(1,254)
	(17,458)	**(10,612)**

6. Depreciation, impairment and revaluation of non-current assets

	2022/23	2021/22
	£'000	£'000
Operational assets:		
Dwellings	19,433	21,242
Other land and buildings	1,493	1,422
	20,926	**22,664**

7. Major repairs reserve

The HRA capital asset charges are based on building values and asset lives of the property held.

	2022/23	2021/22
	£'000	£'000
Balance at 1st April	**(615)**	**(615)**
Amount transferred to Major Repairs Reserve	(20,926)	(22,664)
Capital expenditure on dwellings	21,526	22,664
Balance at 31st March	**(15)**	**(615)**

8. Rent Arrears

The rent arrears at the end of the financial year are set out below.

	31 March 2023	31 March 2022
	£'000	£'000
Type of tenancy		
Permanent (including licences)	22,615	18,638
Temporary	918	765
Total arrears	**23,533**	**19,403**
Less Provision for bad and doubtful debts	(19,938)	(15,874)
Net Arrears	**3,595**	**3,529**

The total provision in the Balance Sheet in respect of all HRA uncollectable debts including leaseholders as at 31 March 2023 is £23.95 million (£19.35 million as at 31st March 2022)

COLLECTION FUND

	2022/23				2021/22			
	BRS	NNDR	Council Tax	Total	BRS	NNDR Restated	Council Tax	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Income								
Council Tax Receivable	0	0	(153,931)	(153,931)	0	0	(145,883)	(145,883)
Business Rates Receivable	0	(58,914)	0	(58,914)	0	(50,630)	0	(50,630)
Business Rates Supplement	(1,283)	0	0	(1,283)	(1,162)	0	0	(1,162)
Transitional Proctection Payments	0	577	0	577	0	197	0	197
	(1,283)	**(58,337)**	**(153,931)**	**(213,551)**	**(1,162)**	**(50,433)**	**(145,883)**	**(197,478)**
Expenditure								
Precepts, Demands and Shares								
Central Government	0	20,066	0	20,066	0	24,350	0	24,350
Greater London Authoriry	0	22,498	31,371	53,869	0	27,302	27,836	55,138
Billing Authority	0	18,242	117,696	135,938	0	22,137	110,303	132,440
	0	**60,806**	**149,067**	**209,873**	**0**	**73,789**	**138,139**	**211,928**
Apportionment of PY Surplus / (Deficit)								
Central Government	0	(13,392)	0	(13,392)	0	(15,288)	0	(15,288)
Greater London Authoriry	0	(15,016)	(402)	(15,418)	0	(17,113)	213	(16,900)
Billing Authority	0	(12,175)	(1,595)	(13,770)	0	(14,596)	879	(13,717)
	0	(40,583)	(1,997)	(42,580)	0	(46,997)	1,092	(45,905)
BRS - Payment to Levying Authorities	**1,136**	**0**	**0**	**1,136**	**945**	**0**	**0**	**945**
Charges to Collection Fund								
Increase / (Decrease) in Impairment	141	(3,275)	1,954	(1,180)	211	(185)	3,684	3,710
Increase / (Decrease) in Provision for Appeals	0	(5,714)	0	(5,714)	0	(16,456)	0	(16,456)
Cost of Collection	6	300	0	306	6	300	0	306
	147	**(8,689)**	**1,954**	**(6,588)**	**217**	**(16,341)**	**3,684**	**(12,440)**
(Surplus) / Deficit arising during the year	**0**	**(46,803)**	**(4,907)**	**(51,710)**	**0**	**(21,344)**	**(2,968)**	**(24,312)**
(Surplus) / Deficit arising at start of year	**0**	**38,533**	**4,138**	**42,671**	**0**	**59,877**	**7,106**	**66,983**
(Surplus) / Deficit arising at end of year	**0**	**(8,270)**	**(769)**	**(9,039)**	**0**	**38,533**	**4,138**	**42,671**

1. Income from Business Rates

Under the Business Rates Retention Scheme the business rates collected by the Council are distributed so that the Council receives 30%, DLUHC receives 33% and the GLA receives 37%.

The Council collects business rates for its area based on local rateable values and multipliers set by central government. There are two multipliers:

(i) The small business multiplier was 49.9 pence (49.9 pence in 2021/22); and
(ii) The standard multiplier was 51.2 pence (51.2 pence in 2021/22).

The total business rateable value for the Council at 31 March 2023 was £192.675million (£195.215 million in 2021/22) of which £53.875 million (£53.542 million in 2021/22) related to small businesses.

2. Council Tax

In 2022/23 the tax base for Haringey was 79,303 properties (76,544 in 2021/22) which was used to calculate the B and D Council Tax of £1,879.72 (£1,804.70 in 2021/22), sufficient to generate the income required to cover the net expenditure of the two authorities which precept on the Collection Fund. The table below shows the number of properties in each band and the number of Band D equivalent properties after allowing for non-collection (the tax base).

Band	Ranges from	to	Number of chargeable dwellings		Proportion	Band D Equivalent No.	
	£	£	2022/23	2021/22		2022/23	2021/22
A	up to	40,000	4,718	4,318	0.67	3,145	2,878
B	40,001	52,000	12,248	11,728	0.78	9,526	9,122
C	52,001	68,000	25,193	24,362	0.89	22,394	21,655
D	68,001	88,000	21,027	20,010	1.00	21,027	20,010
E	88,001	120,000	9,021	8,927	1.22	11,026	10,911
F	120,001	160,000	4,763	4,712	1.44	6,880	6,807
G	160,001	320,000	4,457	4,440	1.67	7,428	7,400
H	320,001	and above	699	684	2.00	1,398	1,368
			82,125	79,181		82,823	80,151
Collection rate after allowance for non-collection						95.8%	95.5%
Council Tax base used to calculate Band D						**79,303**	**76,544**

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INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF THE LONDON BOROUGH OF HARINGEY

PENSION FUND

PENSION FUND

2022/23	Pension Fund Account	Note	2021/22
£000			£000
	Dealings with members, employers and others directly involved in the fund		
56,043	Contributions	7	49,872
5,938	Transfers in from other pension funds	8	6,593
61,981			56,465
(56,232)	Benefits	9	(54,106)
(5,617)	Payments to and on account of leavers	10	(6,135)
(61,849)			(60,241)
132	**Net additions/(withdrawals) from dealings with members**		**(3,776)**
(8,722)	Management expenses	11	(9,559)
(8,590)	**Net withdrawals including fund management expenses**		**(13,335)**
	Returns on Investments:		
19,232	Investment Income	12	17,256
(3)	Taxes on income		(34)
(105,790)	Profit and losses on disposal of investments and changes in market value of investments	14a	161,189
(86,561)	**Net return on investments**		**178,411**
(95,151)	**Net increase/decrease in the net assets available for benefits during the year**		**165,076**
1,803,329	**Opening net assets of the scheme**		**1,638,253**
1,708,178	**Closing net assets of the scheme**		**1,803,329**

2022/23	Net Assets Statement	Note	2021/22
£000			£000
150	Long Term Investments	14	150
1,709,824	Investment assets	14	1,804,547
-	Investment liabilities	14	(616)
1,709,974	**Total net investments**		**1,804,081**
1,389	Current assets	20	1,779
(3,185)	Current liabilities	21	(2,531)
1,708,178	**Net assets of the fund available to fund benefits at the end of the reporting period**		**1,803,329**

Notes to the Haringey Pension Fund Accounts for the year ended 31st March 2023

1. Description of the fund

The Haringey Pension Fund is part of the Local Government Pension Scheme (LGPS) and is administered by Haringey Council.

a) General

The scheme is governed by the Public Service Pensions Act 2013. The fund is administered in accordance with the following secondary legislation.

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

It is a contributory defined benefit pension scheme administered by Haringey Council to provide pensions and other benefits for pensionable employees of Haringey Council, a range of other scheduled bodies and admitted bodies within the London Borough of Haringey area. Teachers, police officers and firefighters are not included as they come within other national pension schemes. The fund is overseen by the Haringey Pension Fund's Combined Pensions Committee and Board, which is a committee of Haringey Council.

b) Fund administration and membership

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

Organisations participating in the Haringey Pension Fund include the following:

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

Membership details are set out below:

Haringey Pension Fund	31 March 2023	31 March 2022
Number of employers	69	60
Number of employees in scheme		
Haringey Council	5,373	4,029
Other employers	977	2,248
Total	**6,350**	**6,277**
Number of pensions		
Haringey Council	7,687	7,593
Other employers	946	976
Total	**8,633**	**8,569**
Deferred pensioners		
Haringey Council	9,392	9,056
Other employers	1,802	1,914
Total	**11,194**	**10,970**
Total number of members in pension scheme	**26,177**	**25,816**

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the Local Government Pension Scheme Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2023. Employers' contributions are set based on triennial actuarial funding valuations. The valuation for the period to 31 March 2023 was carried out as at 31 March 2019. The employer contribution rate for the whole fund was 18.6%.

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uplifted annually in line with the Consumer Prices Index inflation rate.

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

2. Basis of Preparation

The statement of accounts summarises the fund's transactions for the 2022/23 financial year and its financial position at 31 March 2023. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting 2022/23* (the Code), which is based upon International Financial Reporting Standard (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits that fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information in Note 18.

3. Summary of significant accounting policies

Fund account – revenue recognition

a) Contribution income

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

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

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

Additional employer's contributions in respect of ill-health and early retirements are accounted for in the year the event rose. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years would be classed as long-term financial assets.

b) Transfers to and from other schemes

Transfers in and out relate to members who have either joined or left the fund. Individual transfers in/out are accounted for when received or paid. Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

c) Investment income

i. Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.
ii. Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
iii. Changes in value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund account – expense items

d) Benefits payable

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

e) Management expenses

The fund discloses its managements expenses in line with the CIPFA guidance *Accounting for Local Government Pension Scheme Management Expenses* (2016), as show in the following table. All items of expenditure are charged to the fund on an accrual basis as follows:

Administrative expenses	All staff costs relating to the pensions administration team are charged direct to the fund. The Council recharges for management and legal costs which are also accounted for as administrative expenses of the fund
Oversight and governance	All costs associated with governance and oversight are separately identified, apportioned to this activity, and charged as expenses to the fund
Investment management expenses	Investment fees are charged directly to the fund as part of management expenses and are not included in, or netted from, the reported return on investments. Where fees are netted off returns by investment managers, these are grossed up to increase the change in value of investments. Fees charged by external investment managers and the custodian are set out in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under management and therefore increase or reduce as the value of the investments change. In addition, the fund has negotiated with Pantheon Ventures and BlackRock that an element of their fee be performance related.

f) Taxation

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

Net assets statement

g) Financial assets

All investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. Any amounts due or payable in respect of trades entered into but not yet completed at 31 March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in Note 13. Any gains or losses on investment sales arising from changes in the fair value of the net asset are recognised in the fund account.

The values of investments as show in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 15). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

h) Foreign currency transactions

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

i) Cash and cash equivalents

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

j) Loans and receivables

Financial assets classed as amortised cost are carried in the net asset statement at the value of outstanding principal receivable at the year-end date plus accrued interest.

k) Financial liabilities

A financial liability is recognised in the net assets statement on the date the fund becomes legally responsible for that liability. The fund recognises financial liabilities relating to investments trading at fair value and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the change in value of investments.

Other financial liabilities classed as amortised cost are carried in the net asset statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in administration costs.

l) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS19 and relevant actuarial standards. As permitted under the Code, the fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (Note 18).

m) Additional voluntary contributions

The fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund. AVCs are not included in the accounts in accordance with Section 4 (1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed for information in Note 21.

n) Contingent assets and contingent liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by future events.

A contingent liability arises where an event prior to the end of the year-end has created a possible financial obligation whose existence will only be confirmed or otherwise by future events. Contingent liabilities can also arise when it is not possible at the Balance Sheet date to measure the value of the financial obligation reliably.

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

4. Critical judgements in applying accounting policies

The Council has not applied any critical judgements in applying accounting policies in the preparation of the statement of accounts.

5. Assumptions made about the future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends, and future expectations. However, actual outcomes could be different from assumptions and estimates made. The items in the net asset statement for which there is a significant risk of material adjustment the following year are as follows:

Items	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 18)	Estimation of the net liability to pay pensions depends on a number of complete judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and returns on fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	For instance: • a 0.1% decrease in the discount rate would increase future pension liabilities by c. £28m (2%) • a 0.1% increase in earnings inflation would increase future pension benefits by c. £2m (0%) • a one-year increase in assumed life expectancy would increase future pension benefits by c. £67m (4%)

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Items	Uncertainties	Effect if actual results differ from assumptions
Private equity investments (Note 14)	Private equity investments are valued at fair value in accordance with *International Private Equity and Venture Capital Valuation Guidelines* (December 2018). Investments are not publicly listed and as such there is a degree of estimation involved in the valuation. For the purposes of estimation, private equity investments include infrastructure and private debt.	Private equity investments are valued at £196m in the financial statements. There is a risk that this that this investment may be under-or overstated in the accounts by up to 5% i.e., an increase or decrease of approximately £10m

6. Events after the reporting date

There were no significant events which occurred after the reporting date.

7. Contributions receivable

2022/23		2021/22
£000	**By category**	**£000**
12,483	Employee contributions	10,807
	Employer contributions	
33,411	- Normal contributions	28,344
9,644	- Deficit recovery contributions	7,857
505	- Augmentation contributions	946
43,560	**Total employers' contributions**	**37,147**
56,043	**Total contributions receivable**	**47,954**

2022/23		2021/22
£000	**By type of employer**	**£000**
50,128	Administering authority	37,603
4,900	Scheduled bodies	9,325
1,015	Admitted bodies	1,027
56,043	**Total contributions receivable**	**47,954**

On 31 May 2022, Haringey Council (administering authority) completed the bulk transfer of Homes for Haringey (scheduled body) members, following the decision to bring services back under the Council's control. This resulted in an increase in employer contributions during 2022/23 as Homes for Haringey previously paid a lower contribution rate than Haringey Council. The full implications of this bulk transfer on the administering authority's primary contribution rate will be accounted for in the actuarial funding valuation as at 31 March 2022.

8. Transfers in from other pension funds

During 2022/23, there were transfers of £5.9 million into the Pension Fund, a decrease compared to £6.6 million in 2021/22. These transfers all related to individuals.

9. Benefits payables

2022/23		2021/22
£000	**By category**	£000
46,445	Pensions	43,198
8,154	Commutation and lump sum retirement benefits	7,110
1,633	Lump sum death benefits	983
56,232	**Total benefits payable**	**51,291**

2022/23		2021/22
£000	**By type of employer**	£000
50,367	Administering authority	46,235
4,310	Scheduled bodies	3,708
1,555	Admitted bodies	1,348
56,232	**Total benefits payable**	**51,291**

10. Payments to and on account of leavers

2022/23		2021/22
£000		£000
116	Refunds to members leaving service	115
5,502	Individual transfers	8,251
5,617	**Total**	**8,366**

11. Management Expenses

2022/23		2021/22
£000		£000
1,847	Administrative costs	1,633
6,559	Investment management expenses	7,621
316	Oversight and governance costs	305
8,722	**Total management expenses**	**9,559**

11a. Investment Management Expenses

2022/23		2021/22
£000		£000
5,722	Management Fees	5,701
383	Performance Related Fees	1,113
61	Custody fees	57
393	Transaction Fees	750
6,559	**Total**	**7,621**

12. Investment income

2022/23 £000		2021/22 £000
19,084	Pooled investments - unit trusts and other managed funds	17,254
148	Interest on cash deposits	2
19,232	**Total**	**17,256**

13. Investments

Market Value 31 March 2023 £000	Investment assets	Market Value 31 March 2022 £000
	Pooled funds	
843,501	Global equity	864,484
240,878	Fixed income unit trusts	296,387
150,173	Multi-asset absolute return fund	178,788
61,542	Infrastructure funds	52,961
1,296,094		**1,392,620**
	Other investments	
202,014	Pooled property investments	200,618
134,535	Private equity and joint venture funds	123,094
34,500	Infrastructure debt funds	42,288
371,049		**366,000**
42,681	Cash deposits	45,927
1,709,824	**Total investment assets**	**1,804,547**
	Long-term investments	
	UK unquoted equities	
150	Shares in London CIV asset pool	150
	Investment liabilities	
-	Amounts payable for purchases	(616)
1,709,974	**Total net investment assets**	**1,804,081**

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13a. Reconciliation of movements in investments and derivatives

2022/23	Value at 31st March 2022	Purchases at cost	Sales proceeds	Changes in market value	Value at 31st March 2023
	£000	£000	£000	£000	£000
Pooled investment vehicles	1,758,620	74,041	(59,102)	(106,541)	1,667,019
Cash deposits	45,927	62,173	(66,200)	739	42,639
Other investment assets/ liabilities*	(616)	787	(16)	12	166
Total	**1,803,931**	**137,001**	**(125,318)**	**(105,790)**	**1,709,824**

2021/22	Value at 31st March 2021	Purchases at cost	Sales proceeds	Changes in market value	Value at 31st March 2022
	£000	£000	£000	£000	£000
Pooled investment vehicles	1,616,504	95,187	(113,956)	160,885	1,758,620
Cash deposits	22,209	78,230	(54,827)	315	45,927
Other investment assets/ liabilities*	(413)	54	(246)	(11)	(616)
Total	**1,638,300**	**173,471**	**(169,029)**	**161,189**	**1,803,931**

13b. Investments analysed by fund manager

Market Value 31 March 2023			Market Value 31 March 2022	
£000	%		£000	%
		Investments managed by London CIV asset pool:		
943,001	55.2	Legal & General Investment Management	1,007,510	55.9
150,173	8.8	LCIV Absolute Return	178,788	9.9
141,379	8.3	LCIV Multi-Asset Credit	153,361	8.5
29,082	1.7	LCIV Renewable Infrastructure	17,983	1.0
18,190	1.1	London Fund	5,600	0.3
1,281,825	**75.0**		**1,363,242**	**75.6**
		Investments managed outside of London CIV asset pool:		
134,535	7.9	Pantheon	123,094	6.8
93,286	5.5	CBRE Global Investors	113,770	6.3
90,536	5.3	Aviva Investors	80,632	4.5
34,500	2.0	Allianz Global Investors	42,288	2.3
20,377	1.2	BlackRock	20,017	1.1
12,084	0.7	CIP	14,961	0.8
42,681	2.5	In house cash deposits	45,927	2.5
427,999	**25.0**		**440,689**	**24.4**
1,709,824	**100.0**	**Total**	**1,803,931**	**100.0**

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

Market Value 31 March 2023 £000	%		Market Value 31 March 2022 £000	%
352,431	20.6	LGIM MSCI World Low Carbon Index Fund	368,021	20.4
371,973	21.8	LGIM RAFI Multi Factor Climate Transition Fund	372,312	20.6
150,173	8.8	LCIV Absolute Return Fund (Ruffer LLP)	178,788	9.9
119,097	7.0	LGIM Bespoke Low Carbon Emerging Markets Fund	124,152	6.9
99,499	5.8	LGIM Index Linked Gilts (Over 5 year) Fund	143,026	7.9
1,093,173	**63.9**	**Total**	**1,186,299**	**65.8**

14. Fair Value – Basis of valuation

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

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

Level 1 – where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities, comprising quoted equities, quoted bonds, and unit trusts.

Level 2 – where quoted market prices are not available, or where valuation techniques are used to determine fair value based on observable data.

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

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

Description of asset	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Level 1			
Quoted equities and pooled fund investments	The published bid market price on the final day of the accounting period	Not required	Not Required

Description of asset	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Level 1			
Quoted fixed income bond and unit trusts	Quoted market value based on current yields	Not required	Not Required
Cash and cash equivalents	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not Required
Amounts receivable from investment sales	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Investment debtors and creditors	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required

Description of asset	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Level 2			
Pooled property funds where regular trading takes place	Closing bid price where bid and offer prices are published; closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not Required
Unquoted fixed income bonds and unit trusts	Average broker prices	Evaluated price feeds	Not required

Description of asset	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Level 3			
Pooled property funds where regular trading does not take place	Valued by investment managers on a fair value basis each year using PRAG guidance	NAV-based pricing set on a forward pricing basis	Not required

Description of asset	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Level 3			
Shares in London CIV asset pool	Based on the historical cost at acquisition of shares	Not required	Not required
Other unquoted and private equities	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018	EBITDA multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by changed to expected cashflows or by differences between audited and unaudited accounts.

Sensitivity of assets valued at level 3

The fund has determined that the valuation methods described above for level 3 investments are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2023.

	Potential variation in fair value	Valuation as at 31 March 2023	Value on Increase	Value on Decrease
		£000	**£000**	**£000**
Pooled property investments	2%	202,014	206,054	197,974
Private equity and joint venture funds	5%	134,535	141,262	127,808
Infrastructure funds	5%	61,542	64,619	58,465
Total		**398,091**	**411,935**	**384,247**

14a. Fair value hierarchy

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

Values as at 31 March 2023	Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
	£000	£000	£000	£000
Financial assets / liabilities at fair value through profit and loss				
Pooled investments	1,234,552	34,500	61,542	1,330,594
Pooled property investments	-	93,286	108,726	202,012
Private equity	-	-	134,535	134,535
Cash deposits	42,683	-	-	42,683
Total	**1,277,235**	**127,786**	**304,803**	**1,709,824**

14b. Transfers between Levels 1 and 2

There were no transfers between levels 1 and 2 during the year.

14c. Reconciliation of fair value measurements within level 3

2022/23	Value at 1st April 2022	Purchases in the year	Sales in the year	Unrealised gains (losses)	Realised gains (losses)	Value at 31st March 2023
	£000	£000	£000	£000	£000	£000
Pooled UK property unit trusts	86,232	41,583	(228)	(18,737)	(124)	108,726
Private Equity	123,094	16,695	(9,153)	(2,653)	6,552	134,535
Infrastructure	61,542	11,033	(12,256)	(8,469)	9,692	61,542
Total	**376,057**	**69,311**	**(21,637)**	**(29,859)**	**16,120**	**304,803**

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15. Classification of financial instruments

	31 March 2023		
	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
	£000	£000	£000
Financial assets			
Pooled investments	1,330,594		
Pooled property investments	202,014		
Private equity	134,535		
Equities		150	
Cash		42,681	
Debtors		1,389	
Total financial assets	**1,667,143**	**44,220**	**0**
Financial liabilities			
Other investment balances			
Creditors			(3,185)
Total financial liabilities	**0**	**0**	**(3,185)**
Grand total	**1,667,143**	**44,220**	**(3,185)**

	31 March 2022		
	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
	£000	£000	£000
Financial assets			
Pooled investments	1,434,908		
Pooled property investments	200,618		
Private equity	123,094		
Equities		150	
Cash		45,927	
Debtors		1,779	
Total financial assets	**1,758,620**	**47,856**	**0**
Financial liabilities			
Other investment balances			(616)
Creditors			(2,155)
Total financial liabilities	**0**	**0**	**(2,771)**
Grand total	**1,758,620**	**47,856**	**(2,771)**

15b. Net gains and losses on financial instruments

All realised gains and losses arise from the sale or disposal of financial assets that have been derecognised in the financial statements. The fund has not entered into any financial guarantees that are required to be accounted for as financial instruments.

2022/23		2021/22
£000		£000
	Financial Assets	
(106,541)	Fair value through profit or loss	311,387
751	Financial assets and liabilities at amortised cost	(590)
(105,790)		310,797

16. Nature and extent of risks arising from Financial Instruments

Risk and risk management

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

Responsibility for the fund's risk management strategy rests with the pension fund's Combined Committee and Board. Risk management policies are established to identify and analyse the risks faced by the pension fund's operations, then reviewed regularly to reflect changes in activity and market conditions.

a) Market risk

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

In general, excessive volatility in market risk is managed through the diversification of the portfolio's strategic asset allocation across different asset classes, industry sectors, and jurisdictions. To mitigate market risk, the pension fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis on a regular basis. The strategic asset allocation is reviewed each quarter and any significant deviations from this are rebalanced as appropriate.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate because of change in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or by factors affect all such instruments in the market.

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

Other price risk – sensitivity analysis

A significant portion of the pension fund's assets are invested in pooled investment vehicles with underlying assets which can fluctuate daily as market prices change. To demonstrate the impact of this volatility, the table below shows the impact of potential price changes based on the observed historical volatility of asset class returns. The assessment of the potential volatilities is consistent with a one standard deviation movement in the change in value of assets over the last three years.

As at 31 March 2023	Value	% change	Value on increase	Value on decrease
	£000	%	£000	£000
Overseas equities	993,675	12.0	1,112,916	874,434
Fixed Income	240,878	11.9	269,542	212,214
Property	202,012	6.3	214,739	189,285
Alternatives	230,578	16.5	268,623	192,533
Cash	42,681	0.0	42,681	42,681
Total Assets	**1,709,824**		**1,908,502**	**1,468,465**

As at 31/03/2022	Value	% change	Value on increase	Value on decrease
	£000	%	£000	£000
Overseas equities	864,484	26.2	1,090,979	637,989
Fixed Income	296,387	5.6	312,985	279,789
Property	200,002	2.9	205,802	194,202
Alternatives	397,131	7.4	426,519	367,743
Cash	45,927	0.0	45,927	45,927
Total Assets	**1,803,931**		**2,082,211**	**1,479,724**

Interest rate risk

The fund recognises that interest rates can vary and can affect both income into the fund and the carrying value of fund assets, both of which affect the value of net assets available to pay benefits. A 100 basis point (BPS) movement in interest rates is consistent with the level of sensitivity applied as part of the fund's risk management strategy.

Interest rate risk – sensitivity analysis

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/– 1% change in interest rates. The analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances.

Assets exposed to interest rate risk:

	Interest earned 2022/23	Interest rate if 1% higher	Interest rate if 1% lower
	£000	£000	£000
Cash deposits	148	220	76
Total	**148**	**220**	**76**

	Interest earned 2021/22	Interest rate if 1% higher	Interest rate if 1% lower
	£000	£000	£000
Cash deposits	2	31	(27)
Total	**2**	**31**	**(27)**

Currency risk

The fund recognises that interest rates can vary and can affect both income into the fund and the carrying value of fund assets, both of which affect the value of net assets available to pay benefits. A 100 basis point (BPS) movement in interest rates is consistent with the level of sensitivity applied as part of the fund's risk management strategy.

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling. The table below demonstrates how a 10% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows.

Currency risk – sensitivity analysis

As at 31 March 2023	Value	% change	Value on increase	Value on decrease
	£000	**%**	**£000**	**£000**
Overseas equities	482,112	10.0	530,323	433,901
Fixed Income	141,379	10.0	155,517	127,241
Private equity	134,535	10.0	147,989	121,082
Infrastructure	32,461	10.0	35,707	29,215
Cash	14,610	10.0	16,071	13,149
Total Assets	**805,097**	**10.0**	**885,608**	**724,587**

As at 31/03/2022	Value	% change	Value on increase	Value on decrease
	£000	%	£000	£000
Overseas equities	496,974	10.0	546,671	447,277
Fixed Income	153,361	10.0	168,697	138,025
Private equity	123,094	10.0	135,403	110,785
Infrastructure	34,978	10.0	38,475	31,480
Cash	19,869	10.0	21,856	17,883
Total Assets	**828,276**	**10.0**	**911,104**	**745,448**

b) Credit risk

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the fund to incur a financial loss. Assets potentially affected by this risk are investment assets, cash deposits and third-party loans. The selection of high-quality counterparties, brokers and financial institutions minimises credit risk and the market values of investments generally reflect an assessment of credit risk.

Credit risk may also occur if an employing body not supported by central government does not pay contributions promptly, or defaults on its obligations. The pension fund has not experienced any actual defaults in recent years and the current practice is to obtain a guarantee before admitting new employers so that all pension obligations are covered in the event of that employer facing financial difficulties. All contributions due at 31 March 2023 were received within the first two months of the financial year.

Money market funds and bank accounts all have AAA rating from a leading ratings agency, and the pension fund has experienced no defaults from fund managers, brokers or bank accounts over the past five years.

Summary	Credit Rating	Balances at 31 March 2023	Balances at 31 March 2022
		£000	£000
Money Market Funds			
Blackrock institutional sterling liquidity fund	AAA	5,000	5,000
Invesco liquidity fund	AAA	5,000	1,215
Bank current accounts			
Northern Trust	A+	30,473	39,704
Barclays Bank plc	A+	2,208	8
Total		**42,681**	**45,927**

c) Liquidity risk

Liquidity risk represents the risk that the fund will not be able to meet its financial obligations as they fall due. The pension fund therefore takes steps to ensure that it always has adequate cash resources to meet its commitments. The fund's policy is to maintain a minimum balance of £5m immediately available in the current accounts or Money Market Funds.

The fund also has access to an overdraft facility for short-term cash needs (up to seven days), in order to cover any timing differences on pension payments. The fund has not used this facility since 2015.

Refinancing risk

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

17. Funding Arrangements

In line with the Local Government Pension Scheme Regulations 2013 the fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contributions rates for the forthcoming triennial period. The pensions fund accounts for the period were based on the valuation that took place as at 31 March 2019. The most recent valuation took place as at 31 March 2022.

The key elements of the funding policy are:

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

The aim is to achieve 100% solvency over a period of 20 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Normally this is three years but, in some cases, a maximum period of 12 years can be granted. Solvency is achieved when the funds held, plus future expected investment returns and future contributions, are sufficient to meet expected future pension benefits payable. When an employer's funding level is less than 10% of the 100% funding target, then a deficit recovery plan will be put in place requiring additional employer contributions.

At the 2019 actuarial valuation, the fund was assessed as 100%

funded (79% at the March 2016 valuation). Contribution increases will be phased in over the three-year period ending 31 March 2023 for both scheme employers and admitted bodies.

The primary contribution rate (i.e., the rate which all employers in the fund) was due to decrease over a three-year period from 26.4% to 24.9% of pensionable pay.

In addition to the primary contribution rate, most employers also pay a secondary contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2019 actuarial valuation report and the funding strategy statement on the fund's website.

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

Financial assumptions

Future assumed rates	31-Mar-16 %	31-Mar-19 %
Discount rate (annual nominal return rate)	4.0	4.2
Pay increase (annual change)*	2.8	3.3
Pay increase - Pension (annual change)	2.1	2.3
Retail Price Index (RPI)	3.2	3.3

Demographic assumptions

The assumed life expectancy from 65 is as follows:

Life expectancy from age 65		31-Mar-23	31-Mar-22
Retiring today	Males	21.3	21.5
	Females	24.0	24.0
Retiring in 20 years	Males	22.6	22.9
	Females	25.3	25.8

18. Actuarial present value of promised retirement benefits

In addition to the triennial funding valuation, the fund's actuary also undertakes a valuation of the pension fund liabilities on an IAS 19 basis every year using the same base data as the funding valuation rolled forward to the current financial year, but taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting fund contribution rates and the fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 17). The actuary has also used valued ill health and death benefits in line with IAS 19.

31 Mar 23		31 Mar 22
£000		**£000**
(1,685,000)	Present Value of promised retirement benefits	(2,260,000)
1,708,178	Fair Value of scheme assets	1,803,329
23,178	**Net (liability)/asset**	**(456,671)**

As noted above, the liabilities above are calculated on an IAS 19 basis and therefore will differ from the results of the 2019 triennial funding valuation (see Note 17) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

Other key assumptions used are:

	31-Mar-23	31-Mar-22
	%	%
Inflation/pension increase rate	2.95	3.20
Salary increase rate	3.95	4.20
Discount rate	4.75	2.70

19. Current assets

31/03/2023		31/03/2022
£000		£000
128	Contributions due - employees	155
908	Contributions due - employers	1,447
353	Sundry debtors	177
1,389		**1,779**

20. Current liabilities

31/03/2023		31/03/2022
£000		£000
2,382	Sundry creditors	1,718
803	Benefits payable	437
3,185		**2,155**

21. Additional Voluntary Contributions ("AVCs")

	Contributions Paid 2022/23	Market Value 31 March 2023
	£000	£000
Utmost life and pensions	83	195
Prudential assurance	262	1,053
Clerical and medical	1	17

	Contributions Paid 2021/22	Market Value 31 March 2023
	£000	£000
Prudential assurance	262	1,053
Clerical and medical	1	17

22. Related party transactions

Haringey Council

The Haringey Pension Fund is administered by Haringey Council. During the reporting period, the council incurred costs of £0.885m (2021/22 £0.827m) in relation to the administration and management of the fund and was reimbursed by the fund for these expenses.

The council is also the single largest employer of members of the pension fund. As at 31 March 2023, an amount £0.365m was due from the Council to the fund.

Each member of the pension fund's Combined Pensions Committee and Board is required to declare their interests at each meeting. Two members of the Combined Pensions Committee and Board were scheme members in the Haringey Pension Fund.

23. Key management personnel

Key management personnel are the Section 151 Officer and the head of pensions. Their remuneration is set out below:

31/03/2023	Key Management Personnel	31/03/2022
£000		£000
26	Short - term benefits	25
7	Post-employment benefits	6
33		31

24. Contingent liabilities and contractual commitments

Outstanding capital commitments (investments) at 31 March 2023 were £131.3m. These commitments relate to outstanding call payments due on unquoted limited partnership funds held within the private equity and infrastructure part of the portfolio. These amounts 'called' by these funds are irregular in both size and timing over a period of between four and six years from the date of each original commitment.

31 Mar 23		31 Mar 22
£000		**£000**
43,906	Pantheon Ventures	73,821
42,852	LCIV Renewable Fud	47,017
26,452	LCIV London Fund	39,235
15,669	Copenhagen Infrastructure Partners	23,054
2,410	Blackrock	3,191
131,289	**Total**	**186,318**

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Annual Governance Statement 2022-23

1. Scope of responsibility

1.1 We are responsible for ensuring that our business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. We also have a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which our functions are exercised, with regard to a combination of economy, efficiency and effectiveness.

1.1 In discharging this, we are also responsible for putting in place proper arrangements for the governance of our affairs, facilitating the effective exercise of our functions, which includes arrangements for the management of risk.

1.2 We have approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. Haringey's local code of corporate governance is published on the Council's website and a copy can be obtained from the Council's Monitoring Officer. This statement explains our commitments as part of the Local Code of Corporate Governance, together with how we obtain assurance that these commitments are in place and effective; it also meets the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015, in relation to the publication of an Annual Governance Statement.

2. The purpose of the governance framework

2.1 The governance framework comprises the systems and processes, and culture and values, by which we direct and control the activities of the Council. The framework also comprises the activities through which we are accountable to, engages with and leads the community. Through the framework, we monitor the achievement of our strategic objectives and consider whether those objectives have led to the delivery of appropriate and cost-effective services.

2.2 The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives, but 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 our approved policies, aims and objectives. The system of controls also allows for the evaluation of the likelihood of risks being realised and the impact should they be realised, ensuring that we are able to manage them efficiently, effectively and economically.

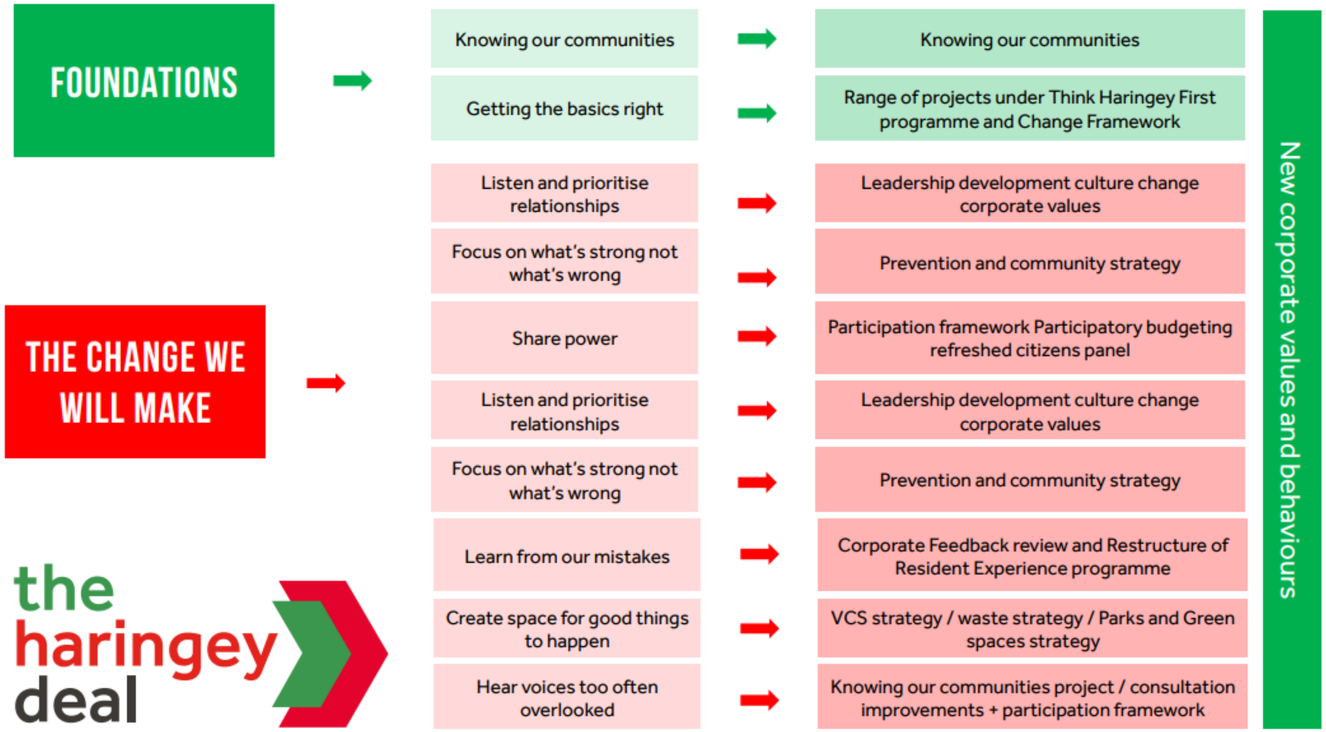
2.3 The governance framework has been in place for the year ended 31st March 2023 and up to the date of the approval of the annual report and accounts.

2.4 As a local authority, we operate in a complex and constantly evolving financial, policy and legislative environment and consequently, our responsibilities and operations continue to evolve. An important element of this change is as we emerge from Covid 19 we reflect, learn and recover from the impact of the pandemic. The organisation rightly feels a sense of pride about the way in which it was able to rise the challenges of Covid 19 and feels that in many ways it facilitated closer working relationships with partners. The pandemic highlighted the inequalities impacting on different communities in the borough and understanding this and responding to it will present both opportunities and challenges. We are building on this learning as part of our response to the cost of living crisis, which we know to be hitting Haringey residents, businesses and partners hard.

2.5 Following the local elections in May 2022, the new administration committed to being collaborative, competent, and radical. This ambition is captured in the Council's Delivery Plan 2022/23 and 2023/24 with staff, residents and key stakeholders engaged in working towards the realisation of the vision. The Delivery Plan includes the outcomes we are working towards as an organisation; the activity planned to deliver these outcomes; how we will work to deliver it; and the key delivery dates. The plan is organised around the following themes:

- Resident experience
- Participation and collaboration
- Responding to the climate emergency
- Children and young people
- Adults, health and welfare
- Homes for the future
- Safer borough
- Culturally Rich Borough
- Place and economy

2.6 In November 2022 we launched the Haringey Deal. The Deal is all about forging a different way of working. It builds on the findings of the Fairness Commission and is grounded what we have heard from residents more recently. This includes pledges to focus on building greater trust between the council and residents; learning when mistakes are made and putting things right quickly; empowering communities to make change happen for themselves; and finding new ways to share power with residents and communities. The Deal also recognises the critical importance of 'getting the basics right'. This means delivering the fundamental core services that any local authority provides to ensure residents are safe and supported, and able to live a good life. Services across the council hold, or will be producing, service-level plans which set out the work they do in these core, statutory areas. This plan is primarily focused on what we will do on top of these functions to build a fairer, greener borough by April 2024. It also, importantly, sets out how we will begin to embed the changes in the way we want to work. The Deal has eight core elements, each of which is being embedded and delivered via a series of programmes and pieces of work. Details of the Deal are set out in the chart below.



2.7 A core element of the Haringey Deal has been the launch and roll out of a new set of corporate values. These were developed following a series of staff workshops hosted by the Chief Executive in the autumn of 2022. More than 1,000 staff attended across 15 sessions. The new values are Caring, Collaborative, Community Focused, Courageous and Creative. These were launched via a series of informal staff 'huddles' across the corporate estate including depots and neighbourhood offices. Teams have subsequently been asked to think about the behaviours that will need to be adopted in order to make these values come to life in our daily work. These behaviours will be at the heart of refreshed My Conversation (our appraisal approach) guidance.

2.8 In June 2022, services delivered by the Council's Arm's Length Management organisation (Homes for Haringey) were brought into the Council. Homes for Haringey was responsible for delivering the Council Housing function and managed over 16,000 tenant homes and over 4,500 leasehold properties on behalf of the Council and employed around 750 staff. Following the insourcing of the Housing and Landlord functions from our ALMO in June 2022, it has become clear that the service is currently operating with systemic and significant challenges which means that we are not providing residents with the services they expect or deserve in some core areas. In January 2023, we referred ourselves to the Housing Regulator and in March they issued a Regulatory Notice covering key areas including fire risk assessments, electrical safety and our level of non-Decent homes.

2.9 In February 2023, Ofsted carried out an inspection to review the progress we have made over the last four years in respect of our children's social care services. Ofsted assessed the care, help and protection given to children and young people and their collective experiences of this support. They also examined what was being done by leaders to improve services. On 11 April 2023, OFSTED published its judgment, which rated our Children's Social Care services as 'Good' overall. We are delighted with this outcome and regard the outcome as a watershed moment for Haringey. We have worked hard over many years to build a strong team and put children and young people at the heart of what we do and the judgement is a testament to the hard work and professionalism shown by our dedicated staff and the positive impact they have on the lives of children and young people.

2.10 In May 2023, we participated in a Corporate Peer Challenge, organised by the Local Government Association (LGA). The Peer review challenge involves a team of experienced council officers and councillors from other local authorities reviewing our vision, our priorities and plans and the work we are doing as "peers" to provide challenge and share learning. The outcome of the peer challenge will be reported later in the year and captured in the annual governance statement for 2023/24.

2.11 The following section highlights each of the seven governance principles set out in the CIPFA / SOLACE framework "Delivering Good Governance in Local Government" and the arrangements in place demonstrating how we meet the governance principles. Any gaps identified as part of the annual review will form an action plan agreed and monitored by the Statutory Officers with all actions to be completed by March 2024.

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
Behaving with Integrity a) The Council's Member Code of Conduct is captured in the Council's constitution under Part 5 – Codes and Protocols, Part 5 Section A (Nov 2019), which requires members to declare interests; applies to Members and co-opted voting members on election or appointment. Published on the internet: http://www.haringey.gov.uk/sites/haringeygovuk/files/lbh_constitution_part_5_section_a_-_part_1__0.pdf b) The offer of Induction is provided for all new Members when they are elected on expected standards of behaviour. A comprehensive programme has been established since the election in May 2022 to on board new and re-elected members into the Council. The training programme is designed to ensure members are equipped to carry out their role on their committee members. At the Full Council meeting on 27th March 2023, the Council resolved for training for the Audit Committee to be mandated. Members sitting on the following Committees have to attend mandatory training. c) The Officer Code of Conduct was reviewed in 2019 and a new version was published to staff in June 2019 following approval by Members. A copy of the Code is provided to all new officers on appointment and annual reminders are made of the need for employees to make a declaration of a conflict of interest or to declare any offers of gifts or hospitality which are received. d) Haringey Values were updated in 2023 (Caring, Community-Focused, Collaborative, Creative, and Courageous).). The Council ran numerous seminars for staff on what the values meant and how services demonstrated Haringey values. The values are published on the internal website and internet: Haringey Council's new values | Intranet	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
e) Decision-making practices for member decisions follow legal and transparency requirements. Officer decisions are also recorded and published on Modern.gov: http://www.haringey.gov.uk/local-democracy/our-standards https://www.haringey.gov.uk/local-democracy/how-decisions-are-made f) Register of interests and gifts and hospitality for members/co-opted checked on election/appointment. Minutes show declarations of interest sought, and appropriate declarations made for each meeting. http://www.haringey.gov.uk/local-democracy/our-standards/register-members-interests g) Requirement for all new staff to complete Register of Interests declaration. Senior managers are required to complete a declaration every two years; staff should complete a new form as/when circumstances change. Gifts and hospitality for members are recorded with their declarations of interests and are published on the website, see link in f above. A new system, HALO has been introduced to efficiently manage HR processes under a single portal. For officers, declaration forms are retained in Human Resources and in future will be maintained on HALO. h) Standard report format requires report authors to state how their proposal meets the corporate objectives and priorities. Report authors must also provide reasoning and evidence for proposals, so that the basis for decisions is clear and include statutory officer's advice, including legal and finance advice. Training for report authors on writing clear, logical and objective reports was provided for officers from July 2021 to Jan 2022 and standard templates are held on the internal website. i) Anti-fraud and corruption strategy is in place, including the Whistle blowing policy (Sept 2022). The Head of Audit and Risk Management reports on actions,	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
effectiveness and outcomes (and use of the whistle blowing policy) to Corporate Committee and provides awareness presentations to Corporate Management Group. Copies of the policies are on the internet: https://www.haringey.gov.uk/local-democracy/performance-and-finance/fraud-and-corruption	
j) Corporate and service specific complaints policies are in place and published on the website. Level of complaints upheld at Stage 1 and 2 is monitored and reported regularly to the Council's Corporate Management Group using Grip Indicators. More information is being published and made easily accessible to customers. Training sessions have been developed looking at examples of best practice in responses and getting it right first time. http://www.haringey.gov.uk/contact/council-feedback/complaints-about-council	Refresh the Local Code of Corporate Governance
k) Local Code of Corporate Governance was refreshed in 2018/19 and was approved at Corporate Committee July 2019. It is planned for the Code to be refreshed and be presented at Full Council following update for any significant changes : https://www.minutes.haringey.gov.uk/documents/s110621/App%20B%20Code%20of%20corporate%20Governance%20for%20legal%20VB%20MJ%2014.11.18%20final.pdf	
<u>Demonstrating strong commitment to ethical values</u>	
l) The Standards Committee, along with the Council's Monitoring Officer, establishes monitors and maintains the organisation's ethical standards and performance, reporting to full Council as necessary. The committee deals with allegations of	

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Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
breaches of the Member Code and issue (or require Groups to issue) reminders/advice notes to Members where issues of conduct cause concern. http://www.haringey.gov.uk/local-democracy/our-standards/standards-committee m) The Council incorporated the Social Value Act requirements into all procurement and contracts; including a standard clause referring to 'PREVENT' in all contracts, as well as safeguarding and health and safety. A broader review of how the authority carries out procurement activity is underway and any change will continue to incorporate the Council's Social Value Act requirements. n) A major review of all the Human Resources policies & procedures began in 2019/20 and is ongoing. The policies for revision undergo extensive discussion with relevant groups within the council and with trade unions before the final version is presented to Members for their approval, only when approved are policies published and details communicated to officers. o) The Council encourages external providers of services to act with integrity and in compliance with high ethical standards expected by the organisation in information sharing: http://www.haringey.gov.uk/community/community-safety-and-engagement/crime-and-disorder-information-sharing-protocol In procurement: http://www.haringey.gov.uk/business/selling-council/council-contracts **<u>Respecting the rule of law</u>**	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
p) The Chief Executive is appointed by full Council. Any disciplinary action or dismissal of the statutory officers is dealt with in line with legal requirements that take into account the need for them to fulfil their responsibilities in accordance with legislative and regulatory requirements. A Statutory Officers Group meets monthly and ensures statutory compliance and is both forward and backward looking and support the organisation and Statutory Officers in fulfilling their roles. q) The Council optimises the powers available for the benefit of citizens, communities and other stakeholders. Decisions are taken, in accordance with relevant statutory requirements and the Council Constitution, by full Council, Cabinet, individual Cabinet members and officers under delegated powers. The Council Constitution is reviewed updated and published on the internet: http://www.haringey.gov.uk/local-democracy/about-council/council-constitution r) Breaches of law/financial regulations can be the subject of a report to full Council by the relevant statutory officer. No statutory officer reports have been required in 2022/23. s) Statutory officers are available at meetings of the Council/Cabinet to advise and ensure law and regulations are not breached.	
B. Ensuring openness and comprehensive stakeholder engagement	
<u>Openness/ Implementing good practice in transparency</u>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
a) The Council Publication Scheme sets out information available to view or download including under the requirements of the Transparency Code 2015. http://www.haringey.gov.uk/local-democracy/publications/publication-scheme b) Member decisions are rarely taken in the private (Part 2) section of meetings. Member delegated decisions are also taken at meetings advertised and open to the public. The constitution allows for deputations and petitions and a call-in procedure for cabinet key decisions is in place. The local and statutory requirements are set out in the Council Constitution: http://www.haringey.gov.uk/local-democracy/about-council/council-constitution c) The Council carries out consultation on a regular basis with stakeholders. It has a consultation co-ordinator and a consultation charter and toolkit on its internal website. All consultations require a consultation plan, which is posted on the consultation e-plan on the internet. http://www.haringey.gov.uk/local-democracy/have-your-say-haringey. http://www.haringey.gov.uk/local-democracy/have-your-say-haringey/our-commitments-you https://www.haringey.gov.uk/local-democracy/policies-and-strategies/borough-plan-2019-2023-consultation. Under the Haringey Deal, the authority seeks to better understand all its communities including communities that it engages with reduced frequency. More recent examples of consultations include Wood Green Voices in November 2022, and co-production at Down Lane in Tottenham Wood Green Voices |	Need to update link to show consultation of delivery plan

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
Haringey Council. The Council publishes 'Performance Wheels' on Delivery Plan priorities and outcomes on the website; feedback on our performance is encouraged through this route: https://www.haringey.gov.uk/local-democracy/policies-and-strategies/building-stronger-haringey-together **Engaging comprehensively with institutional stakeholders** d) A partnership with the community sector was approved in December 2015 designed to forge stronger relationships with the local voluntary sector, working with the Moracle Foundation to improve the strength of the voluntary sector, enabling it to attract more funding and investment to support local communities. A voluntary and community sector pledge is included in the Borough Plan. e) Formal and informal partnerships allow for resources to be used more efficiently and outcomes achieved more effectively; the Corporate Delivery Plan incorporates key partnership working across all its priorities, including the Local Safeguarding Children's Board (LSCB), Safeguarding Adults Board (SAB), Multi-Agency Risk Assessment Conference (MARAC) and the Community Safety Partnership (CSP). Agendas and minutes for the CSP are published on the website: http://www.minutes.haringey.gov.uk/ieListMeetings.aspx?CId=444&Year=0 Examples where the Council participates in partnership include the Joint Health & Wellbeing Partnership with Islington; delivering the STEM commission recommendations; working with our schools to improve outcomes for children. f) Resident engagement also occurs in formal consultation and engagement processes. More information on the Community Engagement Framework is available on our website. https://www.haringey.gov.uk/local-democracy/have-your-say-haringey/haringeys-	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
community-engagement-framework g) The Council also uses social and print media to engage with residents and stakeholders, including the Council website, My Account, Twitter, Facebook, Haringey People and the weekly Haringey People online. The Council also has specific partnerships and stakeholder newsletters including Team Noel Park; and Northumberland Park to engage with residents.	
C. Defining outcomes in terms of sustainable economic, social, and environmental benefits; and **D. Determining the actions necessary to optimise the achievement of the intended outcomes**	
Defining actions/outcomes and sustainable economic, social and environmental benefits a) The Corporate Delivery Plan sets out how the Council will work with partners and with communities to improve the borough and make Haringey a more successful place, while delivering a significant savings programme by 2025. The plan has eight themes , each under-pinned by a series of ambitious targets. It considers and balances the economic, social and environmental impact of policies, plans and decisions. The Plan includes a challenging set of performance measures. Programme planning and management require focus on outcomes and benefits identification and tracking as part of project implementation. There is a clear and consistent approach to the reporting of outcomes, benefits, risks and issues. The Plan was published on the website and following the local authority elections in May 2022 to reflect the manifesto priorities of the new administration: Haringey Council sets out ambitious delivery plan for coming year | Haringey Council b) The Council publishes updates on its website to show how the Council and partners are achieving against specific targets every three months. The outcome targets specify the intended impact on service users, residents and other stakeholders. c) The Council has an agreed Medium-Term Financial Strategy (MTFS) and Workforce Plan. These set out how the Council will deliver the corporate plan taking into account the full cost of operations and within available resources, balancing service priorities, and ensure its	

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Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
workforce has the right skills to enable it to achieve the agreed outcomes. Regular reports are provided to the Cabinet: Q3 Finance Update ver3.0 CabinetFINAL.pdf (haringey.gov.uk) d) Robust planning and control cycles cover strategic and operational plans, priorities and targets. An internal process provides regular monitoring and scrutiny of the Corporate Delivery plan and resources applied. Performance against objectives is published on the website: http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance e) A five-year capital programme was approved by Full Council on 2 March 2023, which sets out the Council's longer-term investment requirements linked to policy objectives, updates are provided to Cabinet annually at the February meeting: Agenda for Cabinet on Tuesday, 7th February, 2023, 6.30 pm | Haringey Council **<u>Determining actions and optimising achievement of intended outcomes</u>** f) The Council includes requirements to enhance social value in contracts. For example, construction projects over £1m in value must include an apprenticeship scheme, and where possible, employers are encouraged to pay the London Living Wage. High value procurements include a significant weighting in the 'social value' section and, where applicable, requirements as to the use of community assets.	
E. Developing the entity's capacity, including the capability of its leadership and the individuals within it	
<u>Developing the entity's capacity</u>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
a) The Council's Workforce Development Strategy 2019 – 2023 aims to create a better place to work and to ensure the Council has the right people in the right places with the appropriate skills to deliver the Council's priorities. The plan is published on the website: https://www.haringey.gov.uk/search/haringey_cse/workforce%20development%20strategy b) Workforce expectations also form a clear part of contracting and commissioning processes, as our workforce is not limited to employed staff, including complying with minimum and London Living Wage requirements. **<u>Developing the capability of the entity's leadership and other individuals</u>** c) The Council Constitution specifies the types of decisions that is delegated and those reserved for the collective decision making of the full Council or Cabinet. http://www.haringey.gov.uk/local-democracy/about-council/council-constitution d) The Council's Constitution sets out the leader and chief executive roles to ensure the respective responsibilities are defined in accordance with decision-making accountabilities. These comply with relevant statutory requirements. It also includes the general scheme of delegation. Each service area also has a service area scheme of authorisation for officers, currently published on the intranet. e) Members who sit on Committees are provided with training specific to their responsibilities for these committees. Training sessions have commenced for member for planning, licensing, audit, finance, pensions and treasury.	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
f) The Council provides a programme of training for all members, and members have access to the Council's corporate training and development programme, which is published on the internal website. g) During 2016/17 the Council rolled out 'My Conversation', a new performance management process, to all staff, which focuses on personal and organisational development and performance; the Staffing and Remuneration Committee receives regular reports on people management issues in line with the Workforce Plan objectives. Guidance and templates for all staff are published on the internal website. A review is underway to refresh the current performance management process and roll out later in 2023/24. h) The Council's Workforce Development Strategy 2019 – 2023 aims to create a better place to work. The Council's corporate Health, Safety and Wellbeing Board monitors all key aspects of statutory and local requirements and has an action plan in place to address any identified gaps in compliance. Health and Wellbeing Fairs have been run to promote employee health. i) The Council has protocols in place which govern how the operational and working relationships between officers and members are managed and forms part of the Constitution: http://www.haringey.gov.uk/local-democracy/about-council/council-constitution j) The Council reviews operations, performance and use of assets on a regular basis to ensure their continuing effectiveness; the Delivery Plan highlights key performance objectives, targets and outcomes, which are monitored and reported via the Council website. The performance reporting also compares current performance with statistical neighbours, London and England averages in most	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
cases: http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance	
F. Managing risks and performance through robust internal control and strong public financial management; and **G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**	
<u>Managing risk</u> a) Haringey has a corporate Risk Management Policy and Strategy in place it was reviewed in Sept 2020 and approved by Members in Dec 2020. A project to strengthen risk management and embed the Strategy has commenced and will continue into 2023/24. Risk Management is embedded through a variety of processes and procedures, management teams, groups and boards across the organisation and is central to activities, including business planning and project management processes. https://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CId=730&MId=9449&Ver=4	Continue to embed risk management principles
b) The Council's key risks are managed via corporate risk and directorate risk registers. Responsibility for individual risks and issues identified is clearly set out in risk registers. Internal audit reviews of key risks are undertaken as part of the annual audit programme. Performance objectives and outcomes are reported on the website: http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance	
c) Haringey's business continuity planning is based on risk assessment and business impact analysis. Each service area produces a business continuity plan which is updated twice a year. Service continuity plans are incorporated into the Council-wide Business Continuity Plan. As noted previously the Council's Business Continuity Plans were implemented in response to Covid -19. More information on business continuity and emergency planning is available at:	Work to refresh the Business Continuity arrangements began in 2021/22 and will continue into 2023/24.

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
https://www.haringey.gov.uk/environment-and-waste/major-emergencies/emergency-planning **Managing performance** d) The Council monitors service delivery effectively including planning, specification, execution and independent post implementation review which is set out in the Delivery Plan and outcome priorities: https://www.haringey.gov.uk/local-democracy/policies-and-strategies/building-stronger-haringey-together e) Overview and Scrutiny takes a detailed look at the Council's decisions and policies and works to promote open decision making and democratic accountability in Haringey by holding the Cabinet to account; developing and reviewing policy in an inclusive cross-party manner that involves local communities and other interested parties, reviewing the performance of the Council and scrutinising local services not provided by the Council, such as health services. Overview and Scrutiny Committee also reviews the Performance Wheels on a quarterly basis and individual Scrutiny Panels consider performance with reference to their reviews. The reports and recommendations are discussed and responded to by the Cabinet and published on the Council's website: http://www.minutes.haringey.gov.uk/ieListMeetings.aspx?CId=128&Year=0 **Strong public financial management and robust internal control** f) The Medium-Term Financial Strategy (MTFS) outlines the overall financial strategy for achieving the Council's priorities. The MTFS **identified savings required to deliver a balanced budget position each year between 2023 and 2028 before being approved by Full Council in February 2023**; the reminder has yet to be identified and will form part of the financial planning process during 2023/24. Each Departmental Management Team (DMT) considers finance and budgets at every meeting, looking at both the budget and savings	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
positions and tracking progress on both. Transformation and delivery of outcomes are aligned to achieving savings and remaining within budget limits; the performance outcomes are reported on the website. g) The Council's financial management is based on a framework of regular management information and review to inform managers and members of the current budget position. Managers submit monthly budget forecasts and the Cabinet receives quarterly budget management information. h) The Council operates a 'zero tolerance' approach to fraud and corruption. The anti-fraud and corruption policy includes a fraud response plan, anti-bribery and money laundering policies and a whistle-blowing policy. The anti-fraud policy is published on the Council website and regular articles on how to report fraud are published in staff newsletters and Haringey People. In 2022/23, the Council investigated and recovered 41 illegally sublet properties; and prevented 115 potentially fraudulent Right to Buy applications in line with the anti-fraud policy. Referrals made using the whistle blowing policy were all reviewed, investigated and reported to the Corporate Committee, copies of the reports are on the website: https://www.minutes.haringey.gov.uk/ieListMeetings.aspx?CId=730&Year=0 i) The Council's internal and external auditors produce annual audit reports and the Annual Audit Letter, which were both reported to the Corporate Committee. No significant governance issues were raised by either report; recommendations were made to address some identified control weaknesses. j) Regular internal and external audit reviews check compliance with financial and contract procedure rules across the Council and the outcomes of these are reported to the Corporate Committee on a quarterly basis. All high priority recommendations, excluding those covering schools' audits, made by internal audit were found to be implemented when follow up audits were undertaken. The Corporate Committee fulfilled its terms of reference in relation to audit functions; and reported positive outcomes in relation to pro-active counter-fraud activities in 2022/23. Following the recent CIPFA application note on Audit Committee, the Corporate Committee's terms of reference have changed and an Audit	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
Committee created. This Committee's terms of reference are in line with the CIPFA guidance and conforms with CIPFA's application note. Details of the Committee can be found at Browse meetings - Audit Committee | Haringey Council. k) The Council's internal control arrangements are subject to annual self-assessment by the Head of Audit and Risk Management; any gaps in compliance with mandatory standards are included in the statutory annual Head of Audit report. In line with the Public Sector Internal Audit Standards, a peer review was commissioned and reported the Internal Audit Service was fully compliant with the standards Final Report for the external assessment of the internal audit function (haringey.gov.uk) **Managing data** l) The Council has policies dealing with various aspects of data management including security and data protection; Freedom of Information Act; information asset registers; and general records management. These and supporting guidance are all published on the intranet. Data quality policy is published on the website: https://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance?_sm_au_=iHVH14V03WHLnWHq **Implementing good practices in reporting** m) The Council produces an annual report to accompany its statement of accounts; for 2019/20, this received an unqualified opinion from the external auditor in 2021/22, who confirmed that the accounts provided a true and fair view of the Council's financial position; and the arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively. The external audit of accounts for the financial year 2020/21is scheduled to begin in 2023/23. Under the Local Accountability Act, the Council is responsible for appointing its external auditors from 2022/23; approval for the preferred	Review and refresh the Data Quality Policy

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
appointment process was obtained from Corporate Committee in February 2022 and Full Council in March 2022. The Council chose to participate in a sector led procurement exercise using Public Sector Audit Appointments (PSAA) as the Appointing Person. http://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CId=143&MId=7868&Ver=4 n) The Council's Annual Governance Statement (AGS) is produced in accordance with required guidance and included in the statement of accounts; the AGS is reviewed by the Statutory Officers Group and the Corporate Committee to ensure that any gaps in assurance or compliance issues are identified and addressed. Significant issues reported in 2023/24 are being addressed. o) As part of the Delivery Plan , Directors are responsible for delivering the Delivery Plan with a responsible manager allocated as owner for each corporate priority. Outcomes and performance against all the priorities' objectives are published on the website: http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance **Assurance and effective accountability** p) Internal and external audit provide assurance on the Council's system of internal control to support the section 151 officer requirements, including reporting compliance with financial and contract procedure rules across the Council. The outcomes of internal audits were reported to the Corporate Committee and from 2023/24, the Audit Committee on a quarterly basis. All outstanding recommendations were reported to Corporate Committee; a focus is maintained on ensuring all high priority recommendations are implemented. All outstanding recommendation continue to be monitored.	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
q) The Head of Audit and Risk Management and the internal audit service fully complied with the requirements of the mandatory UK Public Sector Internal Audit Standards, as evidenced by peer review and self-assessment. Access to officers, members and information is provided by the Constitution.	

4. Significant governance issues

4.1 Following our review of governance in 2021/22, we identified some key areas where work would be undertaken in 2022/23 to ensure governance arrangements were in place and effective. An action plan was drawn up and progress as at 31 March 2023 on this is set out below.

Issue	Agreed Action/ Deadline (as at July 2022)	Progress update (as at March 2023)
We need to ensure we deliver savings identified in our MTFS to manage within our financial means.	The Council has developed a savings programme to respond to the Council's budget envelope from 2022/23 to 2027/28. During 2021/22, c. £5m savings were carried forward into 2022/23 bringing the total savings plus demand mitigation projects to deliver in this financial year to a total of £21m. Notwithstanding the Council's monitoring and delivery arrangements, the continued drive for identifying and delivering new savings proposal is a challenge, particularly inflation levels not reducing at the pace previously forecast by the Government, increasing interest rates, cost of living pressures, covid legacy and high demand for care and housing services.	The Council's directorate budgets as a whole has seen a worsening in net spend compared to quarter 3. This deterioration over the last quarter is predominately within Adults Services. The most significant budget pressure during the year were in the two social care directorates which between them overspent by £16.0m. It must be recognised that inflation has been a key driver, as well as cost of living crisis, interest rates and the step up in demand for support in some areas seen during the Covid pandemic has also not yet abated. Approximately £10m of agreed savings have not been delivered as planned during 2022/23. The majority has either been written out of 2023/24 budgets or re-phased to allow additional time for delivery so should not carry forward into 2023/24 as a pressure. Nevertheless, the delivery of the MTFS Savings continues to be challenging and as a result, increased organisational focus is being brought on the delivery of

Issue	Agreed Action/ Deadline (as at July 2022)	Progress update (as at March 2023)
		previously agreed savings, and further measures are being progressed as alternative savings for those savings deemed to be no longer deliverable. The Council's corporate budget monitoring reports are making clear how challenging it will be to mitigate these effects, especially when coupled with the significant base budget pressures. We recognise Haringey is not alone in seeing this level of overspend pressure at year end; many London boroughs are also highlighting overspends across one or more of Adults or Children's social care and temporary accommodation.
We noted governance weaknesses over the robustness of decision making relating to acquisitions and disposals of property.	During 2021/22, concerns have been raised over the Council's arrangements for the acquisition and disposal of assets. In light of the concerns, an independent investigation has been commissioned to review the governance arrangements for nine property transactions. The outcome of the independent review will be reported in 2022/23 with a view to improving governance within this area.	Mazars have completed a follow up since the original concern and scoring and have provided an adequate assurance in August 2022 with a green direction of travel. An independent review into the Council's property management has reported and the findings with its recommendations will be presented to Cabinet in April 2023.
We need to make sure our social service practice safeguards children.	Ofsted conducted a focus visit in Mar 2021 following their inspection in Dec 2018. Actions arising their visit continue to be progressed.	An Ofsted Inspection took place week commencing 13 February 23, and reviewed the Council's arrangement for children's social care arrangement and will be reporting shortly. The outcome of

Issue	Agreed Action/ Deadline (as at July 2022)	Progress update (as at March 2023)
		this inspection will be reconsidered when the statement is refreshed for 2022/23.
We need to make sure we Insource the Council's Arm's Length Management Organisation, Homes for Haringey (HfH) into Council operations.	Following a Dec 2021 Cabinet decision to bring its Arm's Length Management Organisation (Homes for Haringey) back into the Council, the service was brought in house from 1 June 2022. The Council is progressing with the integration of the functions previously carried out by HfH, and the challenges this possess in the assimilation of the legacy HfH activities.	The authority self-referred itself to the regulator in January 2023 when it was identified the statutory health and safety requirements in some of its homes had not been met. As previously reported, staff from Homes for Haringey have been successfully integrated into the Council. Workstreams have begun in relation to some of the most challenging areas of service improvement, in particular in relation to repairs, income collection and voids. Key management appointments have been made and staff are in post to drive the improvement programme.
We need to strengthen the authority's information governance framework.	The Council is the accountable body for complying with the Data Protection Act 2018 and the UK GDPR. We plan to use	Draft Information Governance Strategy being finalised.

Issue	Agreed Action/ Deadline (as at July 2022)	Progress update (as at March 2023)
	the Information Commissioner's Accountability Framework to self-assess against its ten categories and to help identify and mitigate any gaps in our governance arrangements to demonstrate compliance with the Act and the Regulation.	Assessment completed and Action Plan being developed in response. Subject Assess Request and information rights drop in sessions were held in October.
Audits identified weaknesses our management of Health and Safety within the Council and its ALMO, Homes for Haringey.	Building Compliance audits of properties managed by the Council and Homes for Haringey identified deficiencies within the operations and record keeping in respect of Health and Safety checks. The auditors have raised recommendations that management have accepted that we will implement.	Record keeping and the systems used to maintain and record inspections have been identified as areas for improvement by internal audit. Compliance system being procured and implemented for regular reconciliations to ensure that the records of the checks reconcile with the core system data. On the general Health and Safety. arrangements, the most recent internal audit of the Council's Health and Safety arrangements assigned an "Adequate" level of assurance, an improvement from the Limited Assurance assigned previously.

4.2 We have identified the following significant governance issues during 2022/23. It is proposed over the coming year to take steps to address the governance issues in these 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
We need to ensure we deliver savings identified in our Medium Term Financial Strategy (MTFS) to manage within our financial means.	There are a number of actions planned to deliver to our Medium Term Financial Strategy: - • Further work underway to review 2022/23 pressures carried Forward into 2023/24 and impact of non-delivery of 2022/23 MTFS Savings; • Fortnightly Department Finance DMTs to strengthen forecasting and savings delivery monitoring/reporting; • Implementation of the Corporate Cross-council change portfolio, which is a single change framework and governance structure that will give Corporate Leadership Team shared visibility of progress, issues & risks, & support good quality delivery; and • Corporate Leadership Team are looking to establish a performance CLT aligning the change framework and budget management reporting and decision-making process.	Director of Finance	31/3/2024
Concerns regarding the robustness of decision making relating to acquisitions and disposals of property.	During 2021/22, concerns have been raised over the Council's arrangements for the acquisition and disposal of assets. In light of the concerns, an independent investigation was commissioned to review the governance arrangements for nine property transactions. The outcome of the independent review was reported to Cabinet in April 2023. The report recognised the improvements that have been made over recent years to our governance and decision making, but also set out a range of recommendations that would strengthen our approach still further. An action plan accompanied the cabinet report, highlighting the responsible senior officer and timeframe for implementation of improvements, which will be completed within 12 months.	Director of Housing, Planning and Regeneration.	31/3/2024

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Issue	Action	Responsibility	Due date
	The same April 2023 Cabinet also approved the Strategic Asset Management and Property Improvement Plan 2023-28 (SAMPIP), which was already under development, independently of the above external review on one specific area of property. The SAMPIP has 10 action plans for improvements across Property and Asset Management. All of the action plans above are being monitored on a monthly basis through the councils Property and Asset Management Governance structure, which includes scrutiny reviews. The progress will be reported back to cabinet in February 2024. The Property Service team have embraced these recommendations and have an improvement plan in place that will ensure they are fully implemented.		
Following audits that identified weaknesses in our management of Health and Safety risks in Council owned residential properties, we have referred ourselves to the Regulator of Social Housing in January 2023.	We self-referred to the regulator in January 2023 as we identified a failure to meet statutory health and safety requirements for some of our homes. We informed the regulator we had not completed fire and electrical safety checks for every property that needed one and a high number of fire remedial actions were overdue. We noted several blocks were without a communal Electrical Installation Condition Report (EICR), and we were unable to confirm that around 4,000 properties had a domestic EICR completed within the last 10 years. We also noted a large number of residential blocks were without a current Fire Risk Assessment (FRAs) and a significant number of fire remedial actions were overdue. More than 4,000 of these overdue actions were high risk, with over half overdue for more than 12 months. Whilst we have now completed almost all FRAs, there remains a high volume of remedial work to complete. Through the internal audits, we have also noted we need to improve the internal controls and management of our housing stock. We have a new	Director of Housing, Planning and Regeneration.	31/3/2025

Issue	Action	Responsibility	Due date
	Housing Improvement Plan, which sets out how we are going to address the challenges we face in our housing landlord services. This covers the full spectrum of the service – fire safety, certification, rent collection, tenant and resident engagement, damp and mould, our decent homes programme, repairs, voids and the way we respond to complaints. We are committed to carrying out an annual assurance statement to cabinet on our performance against the six areas of property landlord compliance. Moreover, a separately a voluntary undertaking with the Regulators will be presented to Cabinet in July 2023 for approval.		
Management of Commercial Property	We manage 944 commercial properties with the Strategic Property Unit (SPU) being responsible for the management of statutory property compliance, management of rental income, repairs and maintenance, and the management of void commercial properties. The annual rental income from commercial property is £8.9m. The internal audit, commissioned by the Director of Housing, Planning and Regeneration, noted there were issues with the control environment for Commercial Property. Audit findings highlight significant failings in all aspects of the management and control of the Council's Commercial Property. Consequently, Internal Audit raised 32 recommendations (15 priority 1, 10 priority 2 and seven priority 3), and recommended an urgent need for a fundamental change in the operations of Commercial Property. Recommendations from this and the independent review are captured in the Strategic Asset Management and Property Improvement Plan 2023 – 2028 (SAMPIP), which was presented to Cabinet in April 2023. The recommendations will be implemented and their progress reported to regularly as outlined in the above action for acquisitions and disposals.	Director of Housing, Planning and Regeneration.	31/3/2024

Issue	Action	Responsibility	Due date
We need to strengthen the authority's information governance framework.	The Council is the accountable body for complying with the Data Protection Act 2018 and the UK GDPR. We plan to use the Information Commissioner's Accountability Framework to self-assess against its ten categories and to help identify and mitigate any gaps in our governance arrangements to demonstrate compliance with the Act and the Regulation. To aid this process, Mazars, our internal auditors, were commissioned and have reported on the Council's compliance with the Information Commissioners' Accountability Framework and their audit recommendations will be used to improve compliance.	Head of Legal and Monitoring Officer	31/3/2024
Improve our delivery of Leisure Services	We have a Leisure Management Contract with Fusion Lifestyle Ltd entered on 1st December 2012 for a period of 20 years. This relationship includes the management of three leisure centres (Tottenham Green, Park Road and Broadwater Farm). The delivery of leisure services has not been satisfactory. Since January, the Tottenham Green Pools and Fitness (and Marcus Garvey Library and Customer Service Centre) have been closed due to essential maintenance works being conducted by our leisure partner Fusion Lifestyle. Issues have also been highlighted by the Leisure Services team at the Park Road centre. We are reviewing our arrangements with a view to improving our leisure service offer to our residents and other stakeholders who use the centres regularly for themselves and their family.	Director of Environment & Resident Experience	31/3/2024

5. Review of effectiveness

5.1 We take responsibility for conducting an annual review of the effectiveness of our governance framework, including the system of internal control. The review of effectiveness is informed by the statements of assurance and annual governance self-assessments by each director and assistant director, who have responsibility for the development and maintenance of the governance environment; the Head of Audit and Risk Management's annual report, and by comments made by the Council's external auditors and other review agencies and inspectorates.

5.2 The Director of Finance holds the Council's statutory section 151 Officer role; the Head of Legal and Governance (the Council's Monitoring Officer) and the Head of Audit and Risk Management have also reviewed the work done by the Council relating to governance issues in 2022/23. Their comments on the key governance issues are as follows:

- Director of Finance: The Council's 2022/23 budget was clear on the need to continue our council change agenda, particularly in light of the ongoing impact of covid. It was also recognised that this type of change takes time, and so started to consider how the Council's Delivery Plan 2022-24 should be framed and the already agreed savings strategy of £12m for 2022/23 delivered. Extensive work was carried out to enable informed decisions on where to direct limited resources as not all items of growth put forward were able to be accommodated however proposed budgets were as realistic as possible at the time. A total of £17.589m new service growth was proposed for 2022/23, with additional budget directed into care services following an improved LGFS. The financial planning strategy was to enable the Council to achieve a stronger platform to approach the new programme of change required to address the structural funding gap and align with the priorities identified in the Council's Delivery Plan. The budget process continued to be supported by a regular cycle of budget management and reviews with the Council's Risk Management process underpinning all these activities.

  The direction of future government funding policy will also impact on the Council's finances and continues to be a future risk factor. The Council's latest approved 2023/24 budget and MTFS forecasted a significant funding gap in excess of £17m by 2027/28, however this position is expected to have worsened due to continued impact of covid, inflation levels, increasing interest rates and cost of living pressures still manifesting along with high demand for care and housing services. These increased costs are not being met by further direct government resources.

  The Council will therefore need to develop immediate and effective plans to significantly reduce its net cost base, deliver a balanced budget over the course of the MTFS, ensuring we live within our means and deliver excellent value for money.

- Head of Legal & Governance (Monitoring Officer): The Monitoring Officer are not aware of any significant governance issues in relation to member code of conduct and complaints for 2022/23. The work in strengthening the governance concerning acquisitions and disposals, Information Governance and Delivery of the Housing Improvement Plan will be reviewed during 2022/23.

- Head of Audit and Risk Management: For the audit work completed, most areas were assigned a satisfactory level of assurances although weaknesses in internal controls were identified in some areas. Internal audit highlighted the following areas where management attention was required; the management of Council properties including Commercial Property; procurement, IT Strategy, Delivery of Medium Term Financial Savings, Early Years Commissioning, internal controls within the Housing Services, record keeping within the organisation and health and safety. Internal Audit also highlighted some Council policies, procedures and practices are out of date and need refreshing. Management have accepted audit recommendations to improve the internal control environment in these areas. Audits performed at Homes for Haringey highlighted a management agreement with the Council has not been agreed. Three schools were assigned Limited assurance though the majority achieved a satisfactory level of assurance for 2022/23.

5.3 The Head of Audit and Risk Management has also provided an Annual Audit Report and opinion for 2022/23. The report concluded that in most areas across the Council, with the exception of those areas receiving 'limited' or 'Nil' assurance, there are sound internal financial control systems and corporate governance arrangements in place, and that risk management arrangements are satisfactory

5.4 Directorate Management Teams have discussed a statement of assurance covering 2022/23 which is informed by work carried out by Directors; Assistant Directors; heads of service and managers; internal audit; any external assessments; and risk management processes. The statements are used to provide assurance that any significant control issues that have been brought to their attention have been dealt with appropriately. No significant governance issues, apart from those identified at paragraph 4.2 were recorded.

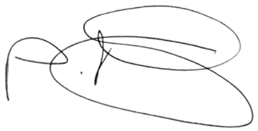
5.5 The Chartered Institute of Public Finance and Accountancy (CIPFA) statements on the role of the Chief Financial Officer (CFO) and the role of the Head of Internal Audit (HoA) in public service organisations have both been incorporated into the Council's overall governance arrangements. During 2022/23, the Council can confirm that both the CFO and HoA fulfilled all the requirements set out within the CIPFA statements, and assurance on this was obtained via internal and external audit reviews. No gaps in compliance were identified for either role.

5.6 The Leader of the Council and the Chief Executive have been advised of 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.

5.7 The evidence provided concerning the production of the Annual Governance Statement has been considered by the Chief Executive and will be considered by the Council's Audit Committee in July 2023. The Statutory Officers concluded that the Council has satisfactory governance systems in place and satisfactory plans to address the identified issues to ensure improvement; these arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The Chief Executive along with the other members of the Corporate Leadership Team are committed to implementing the action plan, strengthening and improving controls and keeping the effectiveness of the Council's corporate governance arrangements under review during the year.

ANNUAL GOVERNANCE STATEMENT

Signed by:



Councillor Peray Ahmet
Leader of the Council
Date:

Andy Donald
Chief Executive
Date: 03/07/2023

GLOSSARY

Accounting Policies are those principles, bases, conventions, rules and practices that specify how the effects of transactions and other events are to be reflected in financial statements. Accounting policies define the process whereby transactions and other events are reflected in the financial statements.

Accruals are amounts included in the accounts for income and expenditure in relation to the financial year but not received or paid at 31 March.

Amortisation is the loss in value of an intangible asset due to age, wear and tear, deterioration or obsolescence through technological or other changes.

Assets are all items of significant economic value owned by the Council, including those which can be converted to cash and those held for cultural and other reasons (heritage assets).

Capital expenditure is expenditure on the purchase, construction and enhancement of Council assets such as houses, offices, schools and roads.

Capital financing describes the method of financing capital expenditure, the principal methods now being loan and revenue financing and government grants.

Capital Receipts is income received from the sale of land, buildings or equipment.

Creditors are amounts owed by the Council for goods and services supplied, but for which payment has not been made at the end of the financial year

Community Assets are a class of fixed assets that are expected to be held by the council in perpetuity to deliver services (e.g parks).

Council Tax is a local property tax on domestic dwellings within the borough.

Council Tax Base converts the domestic properties in the borough by council tax band into an equivalent number of band D dwellings for the purpose of setting the council tax.

Debtors are amounts owed to the Council but not received at the end of the financial year.

Defined benefit pension scheme is a type of pension scheme which promises a certain level of retirement income to its members. The amount of retirement income is usually a fraction of the worker's yearly earnings for each year they have been a member of the scheme. For example, it might be 1/49th of final pay for each year.

Defined contribution pension scheme is a type of pension scheme where the retirement income a member gets depends on how much has been contributed, investment returns and the amount of charges over time.

Depreciation is the loss in value of a tangible asset due to age, wear and tear, deterioration or obsolescence through technological or other changes. Depreciation is a 'non-cash' charge as it merely reflects accounting assessments of the loss in value.

Events after the balance sheet date are those events, favourable or unfavourable, that occur between the balance sheet date and the date when the Statement of Accounts is authorised for issue.

Finance and Operating Leases are financing arrangements with a third party. A finance lease substantially transfers all of the risks and rewards of ownership of a fixed asset to the lessee. Such assets have been valued and included under non-current assets in the Balance Sheet. With an operating lease, the ownership of the asset remains with the leasing company and the annual rent is charged to the relevant service account.

General Fund is the Council's main revenue account that covers the net cost of all services other than the provision of Council housing for rent.

Impairment describes a reduction in the value of a non-current asset below its carrying amount on the Balance Sheet.

International Financial Reporting Standards (IFRS) are the accounting standards adopted by the International Accounting Standards Board (IASB). Councils are required to produce their accounts using IFRS.

Materiality of an item is determined by whether its omission, non-disclosure or misstatement in the financial statements could be expected to lead to a distortion of the view given by the financial statements.

Medium Term Financial Strategy (MTFS) is the Council's document which sets out the estimated financial impact of changes to our resources and costs of service provision, taking into account agreed principles and priorities. Typically spanning 3 to 5 years it allows the Council to adopt a strategic approach to planning its finances in the context of significant change.

Minimum Revenue Provision (MRP) is the minimum amount that the Council must charge to the revenue account in the year in respect of the repayment of principal of borrowing for capital purposes. In the accounts the MRP is included within capital financing charges.
Non-Domestic Rate (NDR) is a levy on businesses, based on a national rate in the pound set by the Government, multiplied by the 'rateable value' of the premises they occupy. It is also known as 'business rates'. The new Business Rate Retention Scheme allows Council's to retain a proportion of the income received.

OFSTED is the Office for Standards in Education, Children's Services and Skills.

Outturn is the actual income and expenditure in a financial year.

Precept is an amount which the Council is required to collect from the Council Tax on behalf of other (non-billing) authorities, such as the Greater London Authority in London, to finance their net expenditure.

Provision is an amount, which is set aside for a liability or loss in respect of a past event, which is likely to be incurred, but where the exact amount and date on which it will arise is uncertain.

Reserves (Unusable) are reserves that cannot be released to spend on services. For example, the Revaluation Reserve records the effect of revaluing fixed assets and is not available for general use in the financing of capital expenditure.

Reserves (Usable) are those reserves that can be released to spend on services or added to for future spending on services.

Soft Loans are loans made by the Council at less than the prevailing market rate of interest.