NOTICE OF MEETING

AUDIT COMMITTEE

Monday, 27th January, 2025, 7.00 pm - Woodside Room - George Meehan House, 294 High Road, N22 8JZ (watch the live meeting here and watch the recording here)

Members: Councillors Isidoros Diakides, Ahmed Mahbub, Erdal Dogan (Chair), Cathy Brennan (Vice-Chair), Mary Mason, Alessandra Rossetti and Adam Small

Independent Members: Reyaaz Jacobs (Co-Optee) and Reene Deba (Co-Optee)

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

To receive any 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 7 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. TREASURY MANAGEMENT STRATEGY STATEMENT 2025/26 (PAGES 1 - 32)

This report presents this Committee with the updated TMSS for 2025/26, subject to its scrutiny at the Overview and Scrutiny Committee at its meeting on 20 January 2025, and subject to consultation with the lead Cabinet Member for Finance and Corporate Services.

7. YEAR END REPORT FROM KPMG (ISA 260) (PAGES 33 - 220)

Report (appendix1) to follow.

For those charged with Governance (the Audit Committee) to consider the statutory Annual Report from KPMG, which highlights their findings from the audit of the Council's statutory accounts, value for money and other relevant information.

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Friday, 17 January 2025

Agenda Item 6

Report for: Audit Committee – 27 January 2025

Item number: 6

Title: Treasury Management Strategy Statement 2025/26

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

Lead Officer: Daniel Lynch, Senior Accountant – Pensions and Treasury
Daniel.Lynch@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) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

1.2. The CIPFA Code requires the Committee responsible for monitoring treasury management activities to formulate the Treasury Management Strategy Statement (TMSS). The TMSS is then subject to scrutiny before being approved by Full Council.

1.3. This report presents this Committee with the updated TMSS for 2025/26, subject to its scrutiny at the Overview and Scrutiny Committee at its meeting on 20 January 2025, and subject to consultation with the lead Cabinet Member for Finance and Corporate Services

2. Cabinet Member Introduction

2.1. Not applicable.

3. Recommendations

The Audit Committee is recommended:

3.1. To consider and comment on the proposed updated Treasury Management Strategy Statement for 2025/26 and to recommend it to Full Council for approval.

3.2. Delegate to the Section 151 officer in consultation with the Chair of Audit Committee, authority to agree any updates to the Treasury Management Strategy Statement for 2025/26 to Full Council for approval.

3.3. To note that the Overview and Scrutiny Committee (at its meeting on 20 January 2025) and the Cabinet Member for Finance and Corporate Services have been / are being consulted in the preparation of the Treasury Management Strategy Statement.

4. Reason for Decision

4.1. The CIPFA Code requires all local authorities to agree a Treasury Management Strategy annually in advance of the new financial year.

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 all local authorities to produce annually a Treasury Management Strategy Statement.

6.2. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. 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 financial risk are therefore central to the Council's prudent financial management.

6.3. The following sections provide a summary of the proposed treasury strategy for the financial year 2025/2026.

Economic Background

6.4. The impact on the UK from the government's Autumn Budget, slower expected interest rate cuts, a short-term boost to but modestly weaker economic growth over the medium term, together with the impact from President-elect Trump's second term in office and uncertainties around US domestic and foreign policy, will be major influences on the Authority's treasury management strategy for 2025/26.

6.5. The economic outlook remains uncertain, and financial markets are expected to experience volatility in the near term. The Bank of England (BoE) anticipates that headline CPI inflation will continue to rise slightly in the near term adding to the risk of inflation persistence. The BoE also suggested future reductions in interest rates were likely to be gradual as it predicted the Autumn Budget would lead to higher inflation and economic growth, taking a year longer to return sustainably to the 2% target. Markets are currently pricing two further bank rate cuts in 2025, although some economists anticipate this may be closer to four.

6.6. The Bank of England's (BoE) Monetary Policy Committee (MPC) held Bank Rate at 4.75% at its December 2024 meeting, having reduced it to that level in November and following a previous 25 basis point cut from the 5.25% peak at the August MPC meeting. At the December meeting, six Committee members voted to maintain Bank Rate at 4.75% while three members preferred to reduce it to 4.50%.

6.7. Further details on the economic outlook over the medium term can be found in section 2 and Appendix A of Appendix 1 to this report.

6.8. In early January 2025, the Pound lost value relative to other currencies and UK bond yields rose sharply, as investors became concerned about the sustainability of UK spending plans and borrowing; this is a developing story. While market nervousness may abate there is a risk that gilt yields continue to climb and a change in Government policy or intervention in markets is required

Haringey Council's Local Context

6.9. The Treasury Management Strategy Statement sets out a five-year position throughout the report, which better aligns with the Council's medium term financial strategy.

6.10. The Council's capital plans are the primary driver of the Council's borrowing requirement, and they are set out in section 3 of this report, outlined in the Council's Capital Strategy 2025 to 2030 in the Council's main budget report.

6.11. The Council's underlying need to borrow for capital purposes, referred to as the Capital Financing Requirement (CFR) is also set out in section 3 of this report. The Council has an increasing CFR driven by its overall capital programme. As a result, additional borrowing will be required in the upcoming years to finance both the General Fund and the Housing Revenue Account's (HRA) capital programmes.

6.12. For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate of 4.00%, and that new-long term loans will be borrowed at an average rate of 5.50%.

6.13. The Council's financial position is challenging. Efforts to reduce costs and identify additional savings continues but as part of contingency planning, Haringey has made an application to the Ministry for Housing, Communities and Local Government for Exceptional Financial Support (EFS) to be made available if it is required during 2025/26. The outcome of the application will not be confirmed until end of February 2025.

6.14. EFS is a necessary response to the Council's financial circumstances and if required, support will be provided through an agreement by Government that the Council can capitalise part of its day to day running costs. In practice this means that the Council has permission to either borrow or use capital receipts from the sale of assets to fund day-to-day expenditure.

6.15. An update on the Council's financial position will be presented to Overview and Scrutiny Committee on 30 January 2025 before the Cabinet consider the final draft budget on 11 February 2025. For planning purposes, this draft TMSS has been prepared on the basis that some support through a capitalisation directive that allows borrowing for some day to day services will be required. This assumption will remain under review over the next few weeks with the expectation that any EFS required to balance the budget will be minimised. Any updates will be provided in the final TMSS presented to full Council on 3 March 2025 and Audit Committee is asked to agree for the approval of any changes to be delegated to the Section 151 Officer in consultation with the Chair of Audit Committee.

6.16. Full details will also be set out in the Chief Finance Officer's Section 25 Statement of the 2025/26 Budget and Medium Term Financial Strategy report going to Cabinet on 11 February 2025. Support through EFS is not a long term sustainable financial strategy and work will continue through 2025/26 to reduce the amount of EFS drawdown and avoid the need for any EFS from 2026/27 onwards.

Borrowing Strategy

6.17. 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.

6.18. The cost of borrowing has increased significantly for both short-term and long-term debt. The table below shows the rates offered across the various PWLB maturities on 31 December 2024. The rates shown include the 0.20% certainty discount rate offered by the PWLB to qualifying authorities.

PWLB Maturity	Jan-24	Mar-24	Jun-24	Sep-24	Dec-24
1-year	5.52%	5.56%	5.57%	5.15%	5.39%
5-year	4.76%	4.84%	5.06%	4.76%	5.32%
10-year	4.97%	4.97%	5.19%	5.03%	5.63%
20 year	5.46%	5.39%	5.57%	5.48%	6.05%
50 year	5.28%	5.21%	5.38%	5.33%	5.86%

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

6.20. Further details on the Council's borrowing strategy including the available sources of borrowing can be found in section 4 of Appendix 1 to this report.

Treasury Investment Strategy

6.21. 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.

6.22. Further details on the Council's treasury investment strategy including the proposed counterparties, investment limits and treasury risk assessment approach can be found in section 5 of Appendix 1 to this report.

Treasury Management Prudential Indicators

6.23. 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.

6.24. A detailed assessment of the proposed treasury management prudential indicators for the next financial year can be found in section 6 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 report.

Assistant Director of Legal and Governance Monitoring Officer

9.2. The Assistant Director of Legal and Governance 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 2003 Act"), the Local Authorities (Capital Financing & Accounting – England) Regulations 2003 and the CIPFA Treasury Management code.

9.3. The prudential capital finance system relies on the provisions of Part 1 of the 2003 Act. Under this system, local authorities can borrow funds for capital investment as long as the borrowing remains within prudent limits. Section 1 of the 2003 Act allows the council to borrow for any purpose related to its functions or the prudent management of its financial affairs, provided it does not breach the affordable borrowing limit determined in accordance with section 3(1) of the 2003 Act.

9.4. The government has agreed to provide a number of local authorities with support via the Exceptional Financial Support framework, following requests from these councils for assistance to manage financial pressures that they considered unmanageable. The support is provided on an exceptional basis, and on the condition that each local authority is subject to an external assurance review.

9.5. Part 4, Rules of Procedure Section I – Financial Regulations, of the council's constitution provides that the Overview and Scrutiny Committee will scrutinise the draft Treasury Management Strategy Statement annually, before its adoption by Full Council.

9.6. The Treasury Management Strategy is part of the Council's Policy Framework. As such, approval of the Treasury Management Strategy is reserved to Full Council.

Equalities

There are no equalities issues arising from this report.

10. Use of Appendices

10.1. Appendix 1 – Treasury Management Strategy Statement 2025/26

11. Background Papers

11.1. None

London Borough of Haringey

Treasury Management Strategy Statement 2025/26

1. Introduction

1.1. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. 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 financial risk are therefore central to the Council's prudent financial management.

1.2. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

1.3. Investments held for service purposes or for commercial profit are considered in a different report.

2. External Context – provided by the Council's appointed treasury advisor, Arlingclose

Economic background

2.1. The impact on the UK from the government's Autumn Budget, slower expected interest rate cuts, a short-term boost to but modestly weaker economic growth over the medium term, together with the impact from President-elect Trump's second term in office and uncertainties around US domestic and foreign policy, will be major influences on the Authority's treasury management strategy for 2025/26.

UK inflation, interest rates and economic growth outlook

2.2. The Bank of England's (BoE) Monetary Policy Committee (MPC) held Bank Rate at 4.75% at its December 2024 meeting, having reduced it to that level in November and following a previous 25 basis point cut from the 5.25% peak at the August MPC meeting. At the December meeting, six Committee members voted to maintain Bank Rate at 4.75% while three members preferred to reduce it to 4.50%.

2.3. The November quarterly Monetary Policy Report (MPR) expected Gross Domestic Product (GDP) growth to pick up to around 1.75% (four-quarter GDP) in the early period of the BoE's forecast horizon before falling back. The impact from the Budget pushes GDP higher in 2025 than was expected in the previous MPR, before becoming weaker. Current GDP growth was shown to be zero (0.0%) between July and September 2024 and 0.4% between April and June 2024, a further downward revision from the 0.5% rate previously reported by the Office for National Statistics (ONS).

2.4. ONS figures reported the annual Consumer Price Index (CPI) inflation rate at 2.6% in November 2024, up from 2.3% in the previous month and in line with expectations. Core CPI also rose, but by more than expected, to 3.6% against a forecast of 3.5% and 3.3% in the previous month. The outlook for CPI inflation in the November MPR showed it rising above the MPC's 2% target from 2024 into 2025 and reaching around 2.75% by the middle of calendar 2025. This represents a modest near-term increase due to the ongoing impacts from higher interest rates, the Autumn Budget, and a projected margin of economic slack. Over the medium-term, once these pressures ease, inflation is expected to stabilise around the 2% target.

2.5. The labour market appears to be easing slowly, but the data still require treating with some caution. The latest figures reported the unemployment rate rose to 4.3% in the three months to October 2024 and economic inactivity fell to 21.7%. Pay growth for the same period was reported at 5.2% for both regular earnings (excluding bonuses) and for total earnings. Looking ahead, the BoE MPR showed the unemployment rate is expected to increase modestly, rising to around 4.5%, the assumed medium-term equilibrium unemployment rate, by the end of the forecast horizon.

Global economic outlook

2.6. The US Federal Reserve has also been cutting interest rates, bringing down the Fed Funds Rate by 0.25% at its November 2024 monetary policy meeting to a range of 4.5%-4.75%. Further interest rate cuts are expected, but uncertainties around the potential inflationary impact of incoming President Trump's policies may muddy the waters in terms of the pace and magnitude of further rate reductions. Moreover, the US economy continues to expand at a decent pace, rising at an annual rate of 3.1% in the third quarter of 2024, and inflation remains elevated suggesting that monetary policy may need to remain more restrictive in the coming months than had previously been anticipated.

2.7. Euro zone inflation rose above the European Central Bank (ECB) 2% target in November 2024, hitting 2.2% as was widely expected and a further increase from 2% in the previous month. Despite the rise, the ECB continued its rate cutting cycle and reduced its three key policy rates by 0.25% in December. Inflation is expected to rise further in the short term, but then fall back towards the 2% target during 2025, with the ECB remaining committed to maintaining rates at levels consistent with bringing inflation to target, but without suggesting a specific path.

Credit Outlook

2.8. Credit Default Swap (CDS) prices have typically followed a general trend downwards during 2024, reflecting a relatively more stable financial period compared to the previous year. Improved credit conditions in 2024 have also led to greater convergence in CDS prices between ringfenced (retail) and non-ringfenced (investment) banking entities again.

2.9. Higher interest rates can lead to a deterioration in banks' asset quality through increased loan defaults and volatility in the value of capital investments. Fortunately, the rapid interest rate hikes during this monetary tightening cycle, while putting some strain on households and corporate borrowers, has not caused a rise in defaults, and banks have fared better than expected to date, buoyed by strong capital positions. Low unemployment and robust wage growth have also limited the number of problem loans, all of which are positive in terms of creditworthiness.

2.10. Moreover, while a potential easing of US financial regulations under a Donald Trump Presidency may aid their banks' competitiveness compared to institutions in the UK and other regions, it is unlikely there will be any material impact on the underlying creditworthiness of the institutions on the counterparty list maintained by Arlingclose, the authority's treasury adviser.

2.11. Overall, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

Interest rate forecast (December 2024)

2.12. The Authority's treasury management adviser Arlingclose expects the Bank of England's MPC will continue reducing Bank Rate through 2025, taking it to around 3.75% by the end of the 2025/26 financial year. The effect from the Autumn Budget on economic growth and inflation has reduced previous expectations in terms of the pace of rate cuts as well as pushing up the rate at the end of the loosening cycle.

2.13. Arlingclose expects long-term gilt yields to remain broadly at current levels on average (amid continued volatility), but to end the forecast period modestly lower compared to now. Yields will continue to remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will be short-term volatility due to economic and (geo)political uncertainty and events.

2.14. A more detailed economic and interest rate forecast provided by Arlingclose is included in this document as Appendix A.

2.15. For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate of 4.00%, and that new long-term loans will be borrowed at an average rate of 5.50%.

3. Local Context

Capital Expenditure and Financing

3.1. The Council's capital plans are the primary driver of the Council's borrowing requirement, and they are outlined in the Council's Capital Strategy 2025 to 2030 included in the Council's main budget report and has been considered when producing this report. Table 1 below summaries the Council's expenditure plans, both those previously agreed, and those to be agreed as part of this year's budget/MTFS plan. Members are asked to approve the following expenditure forecasts.

Table 1: Capital Expenditure

	31.3.24 Actual £m	31.3.25 Estimate £m	31.3.26 Forecast £m	31.3.27 Forecast £m	31.3.28 Forecast £m	31.3.29 Forecast £m	31.3.30 Forecast £m
General Fund Account (GF)	72,858	107,479	142,921	151,198	112,518	67,720	105,711
Commercial Activities & Investments	-	-	-	-	-	-	-
Housing Revenue Account (HRA)	158,783	161,694	256,407	260,804	261,529	225,897	199,968
Exceptional Financial Support (EFS)	-	20,000	20,000	-	-	-	-
Total	**231,641**	**289,173**	**419,327**	**412,002**	**374,047**	**293,617**	**305,679**

3.2. A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity in relation to the Council's overall financial position. The capital expenditure figures shown in Table 1 above indicate that no such activity is proposed in the future programme.

3.3. The above programme excludes other long-term liabilities, such as Private Finance Initiative (PFI) and leasing arrangements, that already include borrowing instruments

3.4. If approved by MHCLG, the Exceptional Financial Support (see Section 3.16 to 3.19) will allow for certain items of revenue expenditure to be charged to Capital.

3.5. The proposed funding of the capital programme for 2025/26 to 2029/30 is set out in Table 2. Any shortfall of resources results in a borrowing need.

Table 2: Capital Financing

	31.3.24 Actual £m	**31.3.25 Estimate £m**	**31.3.26 Forecast £m**	**31.3.27 Forecast £m**	**31.3.28 Forecast £m**	**31.3.29 Forecast £m**	**31.3.30 Forecast £m**
Borrowing	-	79,463	76,622	44,963	44,396	11,840	9,130
Borrowing - Self-Funding	-	8,504	33,894	37,203	6,402	4,686	-
Capital Grants	28,349	24,526	23,139	39,875	19,110	8,584	8,231
Capital Receipts	-	-	10,000	-	-	-	-
Capital Reserves	-	1,100	-	-	-	-	-
Community Infrastructure Levy	2,204	4,690	5,879	3,407	2,781	2,781	-
HRA Contributions	-	-	5,000	-	-	-	-
Revenue contributions	210	300	500	500	500	500	500
S106/Developer Contributions	2,775	8,896	7,886	25,250	39,329	39,329	87,850
TOTAL GENERAL FUND (GF) FINANCING	**33,538**	**127,479**	**162,921**	**151,198**	**112,518**	**67,720**	**105,711**
Capital Grants	55,271	20,932	45,820	74,042	35,032	28,616	10,468
Major Repairs Reserve	22,901	22,597	22,729	23,776	25,044	26,181	27,434
Revenue contributions	-	4,365	2,005	6,689	6,703	4,490	5,994
RTB Capital Receipts	7,533	9,758	9,455	9,735	9,795	6,461	6,818
Leaseholder Contributions to Major Works	1,269	8,289	7,144	6,965	7,022	6,936	6,965
Market Sales Receipts	-	4,717	1,348	1,613	1,482	15,450	450
Borrowing	71,809	91,036	167,906	137,984	176,451	137,763	141,840
TOTAL HOUSING REVENUE ACCOUNT (HRA) FINANCING	**158,783**	**161,694**	**256,407**	**260,804**	**261,529**	**225,897**	**199,968**
TOTAL CAPITAL FINANCING	**192,321**	**289,173**	**419,327**	**412,002**	**374,047**	**293,617**	**305,679**

3.6. The Council's capital Strategy and programme is robustly scrutinised and tested to ensure that the capital plans are affordable and prudent. Table 1 shows the five-year effects of the Council's capital programme; however, all capital plans are assessed in their entirety (i.e., some schemes are for a greater than five year time frame).

3.7. On 31 December 2024, the Council held £956.9m of borrowing and £72.6m of treasury investments. This is set out further in detail at Annex B. Forecast changes in these sums are shown in the balance sheet analysis in Table 3 below.

Table 3: Balance Sheet Summary and Forecast (Capital Financing Requirement)

	31.3.24 Actual £m	**31.3.25 Estimate £m**	**31.3.26 Forecast £m**	**31.3.27 Forecast £m**	**31.3.28 Forecast £m**	**31.3.29 Forecast £m**	**31.3.30 Forecast £m**
General Fund CFR	677.3	726.1	828.4	916.0	975.1	1,001.3	1,013.5
HRA CFR	542.9	587.8	733.4	877.4	1,046.1	1,191.6	1,332.6
Total CFR	**1,242.2**	**1,313.9**	**1,561.8**	**1,793.4**	**2,021.2**	**2,192.9**	**2,346.1**
Less: Other debt liabilities*	-22.0	-17.7	-13.2	-10.6	-9.9	-9.2	-8.5
Loans CFR	**1,220.2**	**1,296.2**	**1,548.6**	**1,782.8**	**2,011.3**	**2,183.7**	**2,337.6**
Less: Internal borrowing	-328.3	-261.5	-283.9	-305.6	-324.1	-311.5	-295.4
CFR Funded by External Borrowing	**891.9**	**1,034.7**	**1,264.7**	**1,477.2**	**1,687.2**	**1,872.2**	**2,042.2**
Breakdown of External Borrowing:							
Existing borrowing**	891.9	954.8	864.8	852.3	832.3	792.3	772.3
New borrowing to be raised	-	79.9	399.9	624.9	854.9	1,079.9	1,269.9

* leases and PFI liabilities that form part of the Authority's total debt
** shows only loans to which the Authority is committed and excludes optional refinancing

3.8. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

3.9. CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 3 shows that the Council expects to comply with this recommendation during the medium-term financial strategy (MTFS) forecast period.

Reporting Requirements

3.10. CIPFA published the revised Treasury Management Code and Prudential Code on 20th December 2021 and has stated that revisions need to be included in the reporting framework from 2023/24 financial year. The Council receives and approves the reports below, which incorporate a variety of strategies and policies, and estimated and actual figures:

- Quarterly Treasury Management Update Reports, including Mid- year update that provides progress and updates members on the capital position, amending Prudential Indicators as necessary, and advises whether any policies require revision
- Annual Treasury Management Report - This is a backward-looking review and provides details of a selection of actual prudential capital and treasury management indicators and of actual treasury operations compared to the estimates
- Treasury Management Strategy - Prudential capital and treasury management indicators and treasury strategy (this report)

3.11. The Council adheres to these Codes of Practice and reporting requirements when it prepares the Treasury Management Strategy Statement and related reports during the financial year, reporting to Audit Committee, Overview and Scrutiny Committee and Full Council as required during the reporting cycle.

Training

3.12. The Treasury Management Code requires a Council officer (the “responsible officer”) to ensure that members with responsibility for treasury management receive adequate training in that function. This especially applies to members responsible for scrutiny. Furthermore, the Code states that all organisations are expected to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making.

3.13. Training is made available to all Members involved in the monitoring of treasury management performance. Overview and Scrutiny and Audit Committee members receive Treasury Management training for the review, scrutiny and approval of the Treasury Management Strategy Statement annually as part of the budget planning process. The council will regularly assess whether treasury management staff and members have the required knowledge and skills to undertake their roles and ensure these skills are maintained and kept up to date.

Treasury management advisors

3.14. The Council recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. Haringey employ the services of Arlingclose Ltd for advice on treasury management. Services cover advice on strategy setting and implementation, regulatory compliance, reporting, investments, counterparty credit worthiness, economic outlook, financial markets, interest rates, debt management, funding, training, and technical accounting support.

3.15. Treasury management decisions is the responsibility of the Council based on, but not solely, on the most up to date information available by external advisors. The Council will continue to ensure that undue reliance is not placed upon the services of Treasury Advisors.

Exceptional Financial Support

3.16. The Council’s financial position is challenging. Efforts to reduce costs and identify additional savings continues but as part of contingency planning, Haringey has made an application to the Ministry for Housing, Communities and Local Government for Exceptional Financial Support (EFS) to be made available if it is required during 2025/26.

3.17. The application for EFS is a necessary response to the Council’s financial circumstances and if required, support will be provided through an agreement by Government that the

Council can capitalise part of its day to day running costs. In practice this means that the Council has permission to either borrow or use capital receipts from the sale of assets to fund day-to-day expenditure.

3.18. An update on the Council's financial position will be presented to Overview and Scrutiny Committee on 30 January 2025 before the Cabinet consider the final draft budget on 11 February 2025. For planning purposes, this draft TMSS has been prepared on the basis that some support through a capitalisation directive that allows borrowing for some day to day services will be required. This assumption will remain under review over the next few weeks with the expectation that any EFS required to balance the budget will be minimised. Any update will be reflected in the updated TMSS to Audit Committee on 27 January 2025 and the final TMSS presented to Cabinet on 11 February 2025. Therefore, the figures in this TMSS are subject to change over the next few weeks. Full details will also be set out in the Chief Finance Officer's Section 25 Statement of the 2025/26 Budget and Medium Term Financial Strategy report going to Cabinet on 11 February 2025.

3.19. Support through EFS is not a long term sustainable financial strategy and work will continue through 2025/26 to reduce the amount of EFS drawdown and avoid the need for any EFS from 2026/27 onwards.

3.20. The Council has an increasing CFR due to the capital programme, but minimal treasury investments, therefore there will be a new borrowing requirement of up to £1,269.9m over the forecast period 2025/26 to 2029/30 (See Table 3). Table 4 below shows a breakdown of the forecast borrowing position at each financial year end to finance both the General Fund and the Housing Revenue Account's (HRA) capital programmes.

Table 4: Year-end Borrowing Position Summary

	31.3.24 Actual £m	31.3.25 Estimate £m	31.3.26 Forecast £m	31.3.27 Forecast £m	31.3.28 Forecast £m	31.3.29 Forecast £m	31.3.30 Forecast £m
General Fund borrowing	445.0	495.4	580.4	647.9	687.9	727.9	757.9
HRA borrowing	446.9	539.3	684.3	829.3	999.3	1,144.3	1,284.3
Total borrowing	**891.9**	**1,034.7**	**1,264.7**	**1,477.2**	**1,687.2**	**1,872.2**	**2,042.2**

Liability Benchmark

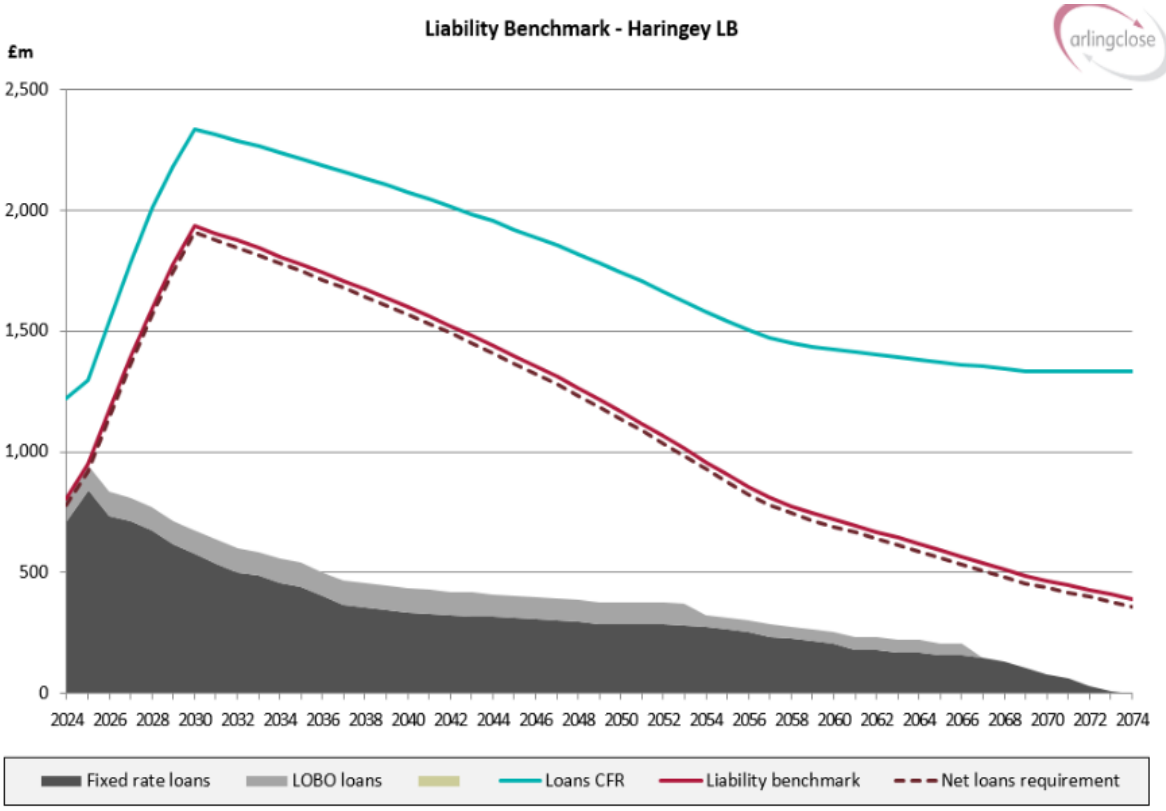
3.21. The liability benchmark has been calculated to compare the Council's actual borrowing against an alternative strategy. The liability benchmark shows the lowest risk level of borrowing. This assumes the same borrowing forecasts as Table 3 above, but that cash and investment balances are kept to a minimum level of £30m at each year-end to maintain sufficient liquidity but minimise credit risk.

3.22. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or a long-term investor in the future. This is important in developing the Council's strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Table 5: Prudential Indicator – Liability Benchmark

	31.3.24 Actual £m	31.3.25 Estimate £m	31.3.26 Forecast £m	31.3.27 Forecast £m	31.3.28 Forecast £m	31.3.29 Forecast £m	31.3.30 Forecast £m
Loans CFR	1,220.2	1,296.2	1,548.6	1,782.8	2,011.3	2,183.7	2,337.6
Less: Balance Sheet resources	-443.8	-377.0	-399.4	-421.1	-444.7	-439.4	-430.4
Net loans requirement	**776.4**	**919.2**	**1,149.2**	**1,361.7**	**1,566.6**	**1,744.3**	**1,907.2**
Plus: Liquidity allowance	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Liability Benchmark	**806.4**	**949.2**	**1,179.2**	**1,391.7**	**1,596.6**	**1,774.3**	**1,937.2**

3.23. The long-term liability benchmark assumes the same capital expenditure funded by borrowing as included in the CFR, minimum revenue provision on new capital expenditure based on a 25-year asset life and income, expenditure and reserves all increasing by inflation of 2.5% a year. This is shown in the chart on the following page together with the maturity profile of the Council's existing borrowing.



4. <u>Borrowing Strategy</u>

4.1. On 31 December 2024, the Council held £956.9m of loans as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in Table 3 shows that the Council expects to increase its borrowing by up to £400m by the end of 2025/26. The Council may also borrow additional sums to pre-fund future years' borrowing requirements, provided this does not exceed the authorised limit for borrowing as set out in the Capital Strategy.

4.2. Borrowing can take the form of internal or external borrowing. Internal borrowing is a temporary position where the Council delays the need to borrow externally by temporarily using uses its cash it holds for other purposes. If not used for internal borrowing, these cash balances would be invested in accordance with the Treasury Management Strategy providing the Council with a return on investment.

Objectives

4.3. The Council's main objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change, is a secondary objective.

Strategy

4.4. Given the significant reductions in national public expenditure and, in particular, to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. The scale of the Council's capital programme, and the need to diversify the Council's debt portfolio to further minimise refinancing risk means that long term borrowing will be required during

2025/26. Therefore, the Council's strategy will be to fulfil its borrowing requirement during the financial year with a mixture of short-term and long-term borrowing.

4.5. The Council aims to strike a balance between borrowing short-term loans that may be refinanced at a lower cost if rates fall, against the certainty of longer term fixed rate debt that will protect the council if interest rates rise.

4.6. The Council has in recent years raised all its long-term borrowing from the Public Works Loan Board (PWLB) but will continue to consider long-term loans from other sources including banks, pension funds and other local authorities, and may investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. The council has struggled to borrow from other sources due to it being perceived as having a higher risk than other local authorities. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council has not done this in the past and intends to avoid this activity in order to retain its access to PWLB loans.

4.7. Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

4.8. In addition, the Council may borrow short-term loans to cover unplanned cash flow shortages.

4.9. The councils Medium Term Financial Strategy includes the provision of a Capitalisation Direction from Government. If agreed, the council has permission to either borrow or use capital receipts from the sale of assets to fund day-to-day expenditure. It is for the Council to decide which of its capital resources eg capital receipts or borrowing to allocate for this purpose at year end. With the previous Government, should a Council choose to borrow from the PWLB to finance a Capitalisation Direction, it was charged at the more disadvantageous rate of PWLB+1% . However, the new Government announced in the Provisional Local Government Finance Settlement (PLGFS) in December 2025 that as part of a framework, that they have put in place to support councils in the most difficult positions, they will not seek to replicate conditions that made borrowing more expensive. It has therefore been assumed in the TMSS that borrowing will be at PWLB rates included in Appendix A and MRP will be required using the asset life method with a proxy 'asset life' of no more than 20 years.

Sources of Borrowing

4.10. The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- UK Infrastructure Bank Ltd
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Haringey Pension Fund and the London Collective Investment Vehicle)
- capital market bond investors
- retail investors via a regulated peer-to-peer platform
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

Other Sources of Debt Finance

4.11. In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- Leasing
- Hire Purchase
- Private Finance Initiative
- Sale and Lease Back
- Similar asset based finance

Municipal Bonds Agency

4.12. The UK Municipal Bonds Agency was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. There are no plans to borrow during 2025/26 from the Municipal Bonds Agency and any decision to borrow from the Agency will therefore be the subject of a separate report to the Audit Committee.

LOBOs

4.13. The Council holds £100m 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 Council has the option to either accept the new rate or to repay the loan at no additional cost. £50m of these LOBOs have options exercisable during 2025/26, and with interest rates having risen sharply recently, there is now a reasonable likelihood that lenders will explore their ability to exercise their options. If they do, the Council will take the option to repay the LOBO loans to reduce refinancing risk in later years.

4.14. Some LOBO lenders may be open to negotiating premature exit terms from LOBO loans via payment of a premium to the lender. The Council's policy will be to exit LOBO agreements if the costs of replacing the loans, including all premium, transaction and funding costs, generate a material net revenue saving for the Council over the life of the loan in net present value terms, and all costs are consistent with Haringey's approved medium term financial strategy. The decision to repay a LOBO loan will be determined by the S151 Officer in consultation with the lead Cabinet Member for Finance and Corporate Services, in line with Haringey's constitution.

4.15. When loans are prematurely repaid, there is usually a premium payable to the lender, to compensate them for interest forgone at the contractual rate, where prevailing interest rates are lower. The Council would need to refinance LOBOs by raising borrowing for both the original sum borrowed, and the premium payable to the lender. However, this type of arrangement can prove beneficial where interest savings exceed premium costs. Replacing LOBOs that contain an option for lenders to increase the rate, with fixed rate debt would reduce refinancing and interest rate risk.

Short-term and Variable Rate Loans

4.16. These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk.

Debt Rescheduling

4.17. The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. A rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

Borrowing Limits

4.18. The Council's total borrowing limits are set out in Table 6 below.

4.19. The **Authorised Limit** sets the maximum level of external borrowing on a gross basis (i.e., not net of investments) and is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit). The indicator separately identifies borrowing from other long-term liabilities such as finance leases. The Authorised Limit has been set on the estimate of the most likely, prudent but not worst-case scenario with sufficient headroom over and above this to allow for unusual cash movements.

4.20. The **Operational Boundary** links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst-case scenario but without the additional headroom included within the Authorised Limit. The Operational Boundary and Authorised Limit apply at the total level.

4.21. The Chief Finance Officer has the delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Audit Committee.

Table 6: Borrowing Limits

	2023/24 Limit £m	2024/25 Limit £m	2025/26 Limit £m	2026/27 Limit £m	2027/28 Limit £m	2028/29 Limit £m
Authorised limit - borrowing	1,208.9	1,465.4	1,702.2	1,931.5	2,104.6	2,259.3
Authorised limit - PFI & Leases	23.3	17.4	13.9	13.0	12.1	11.2
Authorised limit - total external debt	**1,232.2**	**1,482.8**	**1,716.1**	**1,944.5**	**2,116.7**	**2,270.5**
Operational boundary - borrowing	1,158.9	1,415.4	1,652.2	1,881.5	2,054.6	2,209.3
Operational boundary - PFI & Leases	21.2	15.8	12.7	11.8	11.0	10.1
Operational boundary - total external debt	**1,180.1**	**1,431.2**	**1,664.9**	**1,893.3**	**2,065.6**	**2,219.4**

5. Treasury Investment Strategy

5.1. The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's treasury investment balance has ranged between £33m and £84m, and similar levels are expected to be maintained in the forthcoming year.

Objectives

5.2. The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) factors when making investment decisions.

Strategy

5.3. As demonstrated by the liability benchmark above, the Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The Council aims to maintain its policy of utilising highly creditworthy and highly liquid investments such as deposits with the Debt Management Office (DMO), AAA rated money market funds and other entities on the Arlingclose approved counterparty list.

ESG policy

5.4. Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

Business Models

5.5. Under the IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Approved Counterparties

5.6. The Council may invest its surplus funds with any of the counterparty types in Table 7, subject to the limits shown.

Table 7: Treasury Investment Counterparties and Limits

Sector	Time Limit	Counterparty Limit	Sector Limit
The UK Government	50 years	Unlimited	n/a
Money Market Funds	n/a	£10m	Unlimited
Local authorities & other government entities	25 years	£5m	Unlimited
Banks (secured)*	2 years	£5m	Unlimited
Banks (unsecured)*	13 months	£5m	Unlimited
Building societies (unsecured)*	13 months	£5m	£20m
Registered providers (unsecured)*	5 years	£5m	£20m
Strategic Pooled Funds	n/a	£5m	Unlimited
Real Estate Investment Trusts	n/a	£5m	Unlimited

Minimum Credit Rating

5.7. Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

Government

5.8. The Council may invest in loans, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Bank Secured Investments

5.9. Bank secured investments are investments that are secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and Building Societies (unsecured)

5.10. The Council may invest in accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Registered Providers (unsecured)

5.11. The Council may invest in loans, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in

Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money Market Funds

5.12. Money market funds are pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over banks of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic Pooled Funds

5.13. Strategic pooled funds include bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Since these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

Real Estate Investment Trusts (REITs)

5.14. REITs are publicly traded companies that invest mainly in real estate and pay most of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Operational Bank Accounts

5.15. The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £10m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

Risk Assessment and Credit Ratings

5.16. Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

5.17. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other Information on the Security of Investments

5.18. The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

Reputational aspects

5.19. The Council acknowledges that investing with certain counterparties, although financially secure, may subject it to criticism, whether valid or not, that could impact its public reputation. This risk will be considered when making investment decisions.

5.20. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

Investment Limits

5.21. The Council's revenue reserves available to cover investment losses are forecast to be £30 million on 31st March 2025 and £30 million on 31 March 2026. In order that no more than 100% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £10 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

5.22. Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country since the risk is diversified over many countries.

Table 8: Additional Investment Limits

	Cash Limit
Any single organisation, except the UK Central Government	£10m each

UK Central Government	Unlimited
Any group of organisations under the same ownership	£10m per group
Any group of pooled funds under the same management	£10m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£10m per country
Registered providers and registered social landlords	£10m in total
Unsecured investments with building societies	£10m in total
Loans to unrated corporates	£10m in total
Money market funds*	£50m in total
Real Estate Investment Trusts	£10m in total

* These limits apply for both Haringey Council and Haringey Pension Fund, so the limit for Money Market Funds is £10m per MMF and £50m aggregate limit for the Council, and £50m for the Pension Fund.

Liquidity Management

5.23. The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

6. Treasury Management Prudential Indicators

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

Security

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

Credit Risk Indicator	Target
Portfolio average credit rating	Above A, score of 6 or lower

Liquidity

6.3. The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling 3-month period, without additional borrowing.

Liquidity Risk Indicator	Target
Total cash available within 3 months	£30m

Interest rate exposures

6.4. This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest Rate Risk Indicator	Target
Upper limit on one-year revenue impact of a 1% rise in interest rates	£2m
Upper limit on one-year revenue impact of a 1% fall in interest rates	£2m

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

Maturity structure of borrowing

6.6. This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing are shown on the following page:

Refinancing Rate Risk Indicator	Upper Limit	Lower Limit
Under 12 months	40%	0%
12 months and within 24 months	40%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	50%	0%
10 years and above	100%	0%

6.7. 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.

Total short-term borrowing

6.8. In recent years, the Council has used short term borrowing (under 1 year in duration) from other local authorities to meet short-term liquidity requirements. Short term borrowing can also be raised from other counterparties such as banks. This approach offers increased flexibility for cash flow management by the Council and can serve as an alternative to borrowing from PWLB over a longer term.

6.9. Short-term borrowing exposes the Council to refinancing risk. This is the risk that interest rates may rise quickly over a short period of time, resulting in significantly higher rates when the loans mature. In such cases, there is a risk that the new replacement borrowing would need to be taken at higher interest rates compared to the maturing loans.

6.10. Bearing this in mind, the Council has set a limit on the total amount of short-term borrowing that has no associated protection against interest rate rises, as a proportion of all borrowing.

Short term borrowing	Target
Upper limit on short-term borrowing that exposes the Council to interest rate rises as a percentage of total borrowing	20%

Long-term treasury management investments

6.11. 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 prudential limits on the long-term treasury management investments will be:

Price Risk Indicator	2025/26	2026/27	2027/28
Limit on principal invested beyond year end	£5m	£5m	£5m

7. Related Matters

7.1. The CIPFA Code requires the Council to include the following in its treasury management strategy.

Financial Derivatives

7.2. Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g., interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g., LOBO loans and callable deposits). The general power of competence in section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e., those that are not embedded into a loan or investment).

7.3. The Council will only use standalone financial derivatives (such as swaps, forwards, futures, and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be considered when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

7.4. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk will be included to count against the counterparty credit limit and the relevant foreign country limit.

7.5. In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Housing Revenue Account

7.6. On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g., premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured each month and interest transferred between the General Fund and HRA at the Authority's average interest rate on investments, adjusted for credit risk.

Markets in Financial Instruments Directive

7.7. The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Director of Finance (S151 Officer) considers this to be the most appropriate status.

8. Financial Implications

8.1. The budget for investment income in 2025/26 is £2.0m based on an average investment portfolio of £50 million at an interest rate of 4.0%.

8.2. The budget for total debt interest paid in 2025/26 is detailed in Table 9 below for both the General Fund and HRA. If the actual levels of investments and borrowing, or the actual interest rates, differ from those forecasted, the performance against the budget will be correspondingly different. This will be reported through the quarterly Treasury Management report to Audit Committee.

8.3. As debt needs to be repaid the Council is required by statute to set aside from its revenue account an annual amount sufficient to repay its borrowing. This is known as the minimum revenue provision (MRP). No MRP is required for the HRA. Table 9 sets outs the revenue budgets in both the General Fund and HRA for both interest costs on borrowing and minimum revenue provision (MRP) charges.

8.4. The Council's MRP Policy Statement is included in the Capital Strategy 2025-2030 of the main Budget report going to Cabinet 11 February 2025.

8.5. The Department for Levelling Up, Housing and Communities (DLUHC) now Ministry of Housing, Communities and Local Government (MHCLG), issued statutory guidance (updated 2018) on determining a prudent level of MRP. The Council's Minimum MRP Policy is under review for 2025/26 and any significant updates will be factored into this report for Audit Committee on 27 January 2025.

Table 9: Revenue budget for interest costs and MRP

	2024/25 Budget £m	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m

MRP - pre 2008 expenditure	5.0	5.0	5.0	5.0	5.0	5.0
MRP - post 2008 expenditure	11.7	13.5	15.1	16.3	16.7	17.2
Total MRP	**16.7**	**18.5**	**20.1**	**21.3**	**21.7**	**22.2**
Interest Costs (GF)	14.1	18.5	24.4	27.4	29.6	31.4
Capital Financing Costs (GF)	**30.8**	**37.0**	**44.5**	**48.7**	**51.3**	**53.6**
Offsetting Savings for self-funded schemes	-0.1	-1.1	-2.7	-3.7	-4.2	-5.2
Estimated Capital Financing Budgets	**30.7**	**35.9**	**41.8**	**45.0**	**47.1**	**48.4**
Interest Costs (HRA)	**20.2**	**26.2**	**34.0**	**42.1**	**49.6**	**55.9**

9. Other Options Considered

9.1. The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Director of Finance (S151 Officer), having consulted the Cabinet Member for Finance and Corporate Services, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed on the following page.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Appendix A – Arlingclose Economic & Interest Rate Forecast – December 2024

Underlying assumptions:

- As expected, the Monetary Policy Committee (MPC) held Bank Rate at 4.75% in December, although, with a 6-3 voting split and obvious concerns about economic growth, presented a much more dovish stance than had been expected given recent inflationary data.

- The Budget measures remain a concern for policymakers, for both growth and inflation. Additional government spending will boost demand in a constrained supply environment, while pushing up direct costs for employers. The short to medium-term inflationary effects will promote caution amongst policymakers.

- UK GDP recovered well in H1 2024 from technical recession, but underlying growth has petered out as the year has progressed. While government spending should boost GDP growth in 2025, private sector activity appears to be waning, partly due to Budget measures.

- Private sector wage growth and services inflation remain elevated; wage growth picked up sharply in October. The increase in employers' NICs, minimum and public sector wage levels could have wide ranging impacts on private sector employment demand and costs, but the near-term impact will likely be inflationary as these additional costs get passed to consumers.

- CPI inflation rates have risen due to higher energy prices and less favourable base effects. The current CPI rate of 2.6% could rise further in Q1 2025. The Bank of England (BoE) estimates the CPI rate at 2.7% by year end 2025 and to remain over target in 2026.

- The MPC re-emphasised that monetary policy will be eased gradually. Despite recent inflation-related data moving upwards or surprising to the upside, the minutes suggested a significant minority of policymakers are at least as worried about the flatlining UK economy.

- US government bond yields have risen following strong US data and uncertainty about the effects of Donald Trump's policies on the US economy, particularly in terms of inflation and monetary policy. The Federal Reserve pared back its expectations for rate cuts in light of these issues. Higher US yields are also pushing up UK gilt yields, a relationship that will be maintained unless monetary policy in the UK and US diverges.

Forecast:

- In line with our forecast, Bank Rate was held at 4.75% in December.
- The MPC will reduce Bank Rate in a gradual manner. We see a rate cut in February 2025, followed by a cut alongside every Monetary Policy Report publication, to a low of 3.75%.
- Long-term gilt yields have risen to reflect both UK and US economic, monetary and fiscal policy expectations, and increases in bond supply. Volatility will remain elevated as the market digests incoming data for clues around the impact of policy changes.
- This uncertainty may also necessitate more frequent changes to our forecast than has been the case recently.
- The risks around the forecasts lie to the upside over the next 12 months but are broadly balanced in the medium term.

Interest Rate Forecast:

The table below shows the most recent interest rate forecast provided by Arlingclose.

	Current	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.75	4.50	4.25	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Downside risk	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
3-month money market rate													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.90	4.60	4.35	4.10	3.90	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
5yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	4.34	4.30	4.20	4.10	4.00	3.90	3.90	3.95	4.00	4.05	4.05	4.05	4.05
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80
10yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	4.56	4.55	4.45	4.30	4.20	4.20	4.20	4.20	4.25	4.25	4.25	4.25	4.25
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80
20yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	5.05	5.00	4.90	4.80	4.70	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80
50yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	4.52	4.70	4.60	4.50	4.40	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80

PWLB Standard Rate = Gilt yield + 1.00%
PWLB Certainty Rate = Gilt yield + 0.80%
PWLB HRA Rate = Gilt yield + 0.40%
National Wealth Fund (NWF) Rate = Gilt yield + 0.40%

Annex B – Existing Investment & Debt Portfolio Position - December 2024

	Actual portfolio £m	Average rate %
External borrowing:		
Public Works Loan Board	781.9	3.2%
LOBO loans from banks	100.0	4.7%
Local authorities	75.0	5.0%
Total external borrowing	**956.9**	**3.5%**
Treasury investments:		
The UK Government	52.6	4.7%
Money market funds	20.0	4.8%
Total treasury investments	**72.6**	**4.7%**

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 Agenda Item 7

Report for: Audit Committee 27 January 2025

Item number: 7

Title: 2023/24 Statement of Accounts – External Auditors Annual Report

Report authorised by: Taryn Eves, Director of Finance (S151 Officer)

Lead Officers: Kaycee Ikegwu, Head of Finance & Chief Accountant
Sahr Kamanda, Deputy Chief Accountant
Kaycee.ikegwu@haringey.gov.uk 0208 489 5560

Ward(s) affected: N/A

Report for Key/ Non Key Decision: Non Key decision

1. Describe the issue under consideration

1.1. For those charged with Governance (the Audit Committee) to consider the statutory Annual Report from KPMG, which highlights their findings from the audit of the Council's statutory accounts, value for money and other relevant information.

2. Cabinet Member Introduction

2.1. Not applicable.

3. Recommendations

3.1. That the Committee consider the contents of this report and any further oral updates given at the meeting by KPMG.

3.2. That the committee notes the Audit Findings Report of the auditors, KPMG and the management responses in the KPMG action plan contained within the report.

3.3. That the Committee gives the Chair of the Committee and Chief Finance Officer (S151 Officer) authority to sign the letter of representation to the Auditor.

3.4. That the Committee delegates the approval of the Statement of Accounts 2023/24, subject to any final changes required by the conclusion of the audit, to the Chair and to the Chief Financial Officer (S151 Officer).

4. Reason for Decision

4.1. Approval of the Council's accounts is a non-executive function fulfilled by the Audit Committee.

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 (England) Regulations 2015. The draft accounts must be prepared and certified by 31 May by the Chief Financial Officer that it represents a true and fair view of the financial position of the Council.

6.2. The statutory position is that by no later than 31st July each year the accounts must be audited, amended as required, considered by the appropriate committee responsible for audit and published. This deadline was revised to 28 February for 2023/24 Statement of accounts in accordance with the backstop arrangement.

6.3. 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).

Statement of Accounts 2023/24

6.4. The Accounts show the financial position of the Council (the single entity accounts) and the "Group" which comprises the Council itself plus its share of any controlled Companies. The Council incorporates Homes for Haringey and Alexandra Park & Palace Charitable Trust within its Group Accounts. The following paragraphs give a brief overview of the statements to facilitate navigation of the document:

a) **The Narrative Report** provides commentary on the financial and nonfinancial performance of the Council, highlights most significant matters reported in the accounts as well as looking at future developments and challenges for the Council and key strategic risks. The narrative report is not formally part of the Statement of Accounts and is not therefore covered directly by the statutory requirements for an audit opinion.

b) **The Core Statements** comprising:

The Comprehensive Income and Expenditure (I&E) Statement shows the costs incurred and income received in respect of the services provided by the Council within the financial year. The I&E contains a number of „accounting‟ entries that are required to be made by the Code of Practice governing the presentation of the accounts: and as a result, it is different from the standard management accounts reported to Members through the year.

The Expenditure and Funding Analysis (EFA) shows:
- the income and expenditure chargeable to General Fund and HRA balances; and
- adjustments required to prepare accounts on a generally accepted accounting basis.

The objective of the EFA is to demonstrate to council tax and rent payers how the funding available to the Council (i.e. council tax, housing rents, business rates and central government grant) has been used in providing services in comparison to those resources consumed in accordance with generally accepted accounting practices. The EFA shows how the resources have been allocated for decision making purposes. The EFA is not a primary statement but has been included with the Core Statements to give prominence to this important note.

The Movement in Reserves Statement shows the money that the Council had in its reserves at the beginning of the financial year, and details the money coming in and out of those reserves resulting in the closing balance on 31 March 2024. It shows the movement in both useable and un-useable reserves including Earmarked Reserves.

The Balance Sheet lists the financial value of the assets and liabilities of the Council as at the end of March 2024.

The Cashflow Statement shows movement during the year based on cash transactions (rather than the accruals basis used in the CIES). As such, it explains how the Council's cash position has changed over the course of the year.

c) Notes to the Accounts

The Notes to the Accounts provide more detail behind the figures in the four main statements above and the EFA. The references on the statements direct the reader to the relevant note(s).

d) **Subsidiary Statements**

The **Housing Revenue Account (HRA)** is a separate ring-fenced account showing the expenditure and income relating to the management and maintenance of the Council's social housing stock.

The **Collection Fund** is a separate account detailing Council Tax collection (including those collected on behalf of the Greater London Authority) and National Non-Domestic Rates (NNDR) which, following implementation of the Business Rates Retention Scheme, are shared between the Council, the Government and the GLA.

e) **The Pension Fund Accounts**

The Pension Fund Accounts are separate from the rest of the Council's accounts and show the income (pension contributions and investment returns) and expenditure (pension payments and fund management costs) for the year together with the assets and liabilities of the Pension Fund as at 31st March 2024. The Fund is audited at the same time as the Council's main accounts but is subject to a separate audit opinion.

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

External Auditor's Year End Report

6.5. The purpose of the report is to detail their findings and matters arising during the audit of the financial statements. It will include key audit issues, value for money conclusions and an agreed management action plan.

6.6. Whilst the auditors have identified few amendments to the accounts, there are no areas of dispute between the Council and the auditors. The audit went well and has been a good opportunity for KPMG to learn about Haringey and our processes; and for us to learn about their approach to audit and requirements.

6.7. The Council will consider the points raised and, where agreed, prepare an action plan to bring about those improvements. Delivery of the action plan will be closely monitored, and progress reported to Audit Committee.

Next Steps

6.8. KPMG are required to give their opinion on the accounts by 28 February 2025. Any outstanding work on the audit and agreed changes to the accounts, including updating the AGS, need to be completed before then.

6.9. The Chief Financial Officer (S151 Officer) and the Chair of the Audit Committee are required to sign a letter of representation to acknowledge their responsibility for the fair presentation of the financial statements and as audit evidence on matters material to the financial statements. This will be done as soon as practical but before the 28 February 2025.

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 and the Chartered Institute of Public Finance (CIPFA) Code of Practice, industry best practice principles and there are no areas of dispute between the Council and the auditors. Accordingly, there are no direct legal implications arising from the report.

Equalities

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

9. Use of Appendices

Appendix 1 – Annual audit Report 2023/24 & ISA 260 report
Appendix 2 – Draft Statement of Accounts 2023/24

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.

Haringey LONDON

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London Borough of Haringey

Draft Statement of Accounts 2023/24

28 June 2024

CONTENTS

Contents **Page**

Page 40

CONTENTS

Page 41

CONTENTS

Statement from Taryn Eves, 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 2023/24 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 as set out in the Corporate Delivery Plan.

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 and has been awarded the London Borough of Culture for 2027.

Haringey has 25 Green Flag Parks; and has reduced its carbon emissions significantly since 2005 and has an aspiration to be Net Zero Carbon by 2041. There is a variety of housing available which means 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 a young, ethnically diverse population. Its population (264,300) is expected to increase by 6.3% in the next 10 years, with the largest percentage growth in older age groups (65+), other ethnic groups and other white ethnic groups. The white British group remains the largest population overall, followed by other white and black African. Thirty eight percent (38%) of residents are from BAME groups and 26% identify as “white other”. Children between the ages of 0-17 years accounts for 21% of the population and residents aged 65+ accounts for 10% of the population.

Over 180 languages are spoken in Haringey, and 30% of the residents do not speak English as their main language. Jobs density in Haringey is relatively low though significantly improved, and the unemployment rate has improved significantly. Wages in Haringey now match the London average, but there are a larger number of Jobs Seekers Allowance (JSA) and Employment and Support Allowance (ESA) claimants than the London average.

Haringey is ranked 49 out of the 317 local authorities in England with respect to deprivation and is the 4th most deprived in London with pockets across the borough that are considered amongst the most deprived. Relative deprivation has reduced since 2015, though Haringey’s London ranking has not shifted significantly.

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. We are working innovatively with partners to improve service delivery and to create better pathways of support for our residents and businesses.

CORPORATE DELIVERY 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 ensure we utilise these strengths.

Haringey, like all Councils, has gone through one of the most challenging times in recent years. This has left it with 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 feel safe and supported.

To achieve our aspirations for a fairer, greener borough that works for everyone, the Council is developing a Corporate Delivery Plan. This will cover the activities Council will focus on delivering during the second half of the cycle up to April 2026. The Corporate Delivery Plan will outline our strategic objectives, priorities, and initiatives aimed at creating a fairer, greener borough.

It will demonstrate how we are focussed on working collaboratively, in line with the Haringey Deal, with residents, businesses and partners to tackle the biggest issues affecting our communities.

The Haringey Deal is ‘how’ we do things. We are changing the way we work. This starts with our foundational principles of “Knowing Our Communities and Getting the Basics Right”. Across all our services we are striving to build stronger relationships with residents and hear more from those often overlooked; build on the borough’s incredible strengths, and work in partnership to solve challenges.

Our commitment to fairness and equality runs through everything we do. In all our work, we seek to reduce inequality and promote equity of access, experience, and outcomes. Through this we create a fairer borough.

We believe residents deserve and flourish in safe, clean, and green neighbourhoods. By taking steps to reduce carbon emissions in the borough, we play our part in safeguarding the future of the planet at the same time as promoting longer, healthier lives for the residents of today.

A new vision for our borough: In 2024, a new partnership-led ten-year strategic vision for Haringey is being developed (currently called the Borough Vision). Once published, this will provide the overarching framework for our joint working in the years to come.

HOW HARINGEY HAS HELPED RESIDENTS IN 2023/24

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.

During the year, we had several targeted data-led campaigns including Pension Credit, Healthy start, Fuel Poverty, Universal Credit migration and communications campaign to promote the support to our residents during the cost-of-living crisis.

Around 35,000 households were supported through the Household Support Fund (£4.8m allocation) and other financial support in 2023/24 including households with children, pensioners and those with disabilities.

Council Tax Reduction Scheme (CTRS)
27,165 residents received help with their council tax payments with 52% of residents eligible for a full reduction and therefore paid zero tax (compared to 41% in 2022/23), while 48% paid reduced rate (59% in 2022/23).

Clothing Grant Project
In February 2024, our proactive clothing grant project identified 243 households eligible for a school clothing grant, that had not applied. As a proactive measure, vouchers were sent directly to these household with 187 households already making use of their vouchers.

Pension Credits
We had some really good results on a Pension Credit campaign - by identifying a cohort of 876 eligible residents and pro-actively targeting them. Our local Pensions Credit campaign led directly to 368 households claiming their entitlement bringing an extra £1.9 million into their pockets and into our local economy equating to nearly £22.7m over their lifetimes. This boosted the income of those households by over £5,000 and unlocked £0.6 million in additional support.

HIGHLIGHTS AND ACHIEVEMENTS

- Launched the Haringey Deal, Wood Green Voices, Tottenham Voices and a whole series of co-design initiatives in the last two years.
- Children's services awarded a Good OFSTED rating & Special Education Needs services awarded the highest OFSTED rating.

- Opened the youth centre in Wood Green – co-designed with young people and launch of the Family Hub at the Triangle Centre.
- Worked with over 1,000 residents through our Voices projects to co-design plans for shaping the future of Wood Green and Tottenham.
- Three major low traffic neighbourhood trials – creating safer, less polluted roads and over 1,000 new street trees planted.
- Two new 3-year Community Safety strategies approved at Cabinet (March 2024) and 'Weeks of Action' continuing bi-monthly with over 1,500 individuals and over 400 businesses engaged.
- Thirty-Three safe havens created for women and girls experiencing Violence against Women and Girls.
- Awarded London Borough of Culture for 2027 securing £1.3m investment for a year of cultural events from the Greater London Authority.
- Haringey is a finalist in the Local Government Chronicle (LGC) Awards 2024 for reducing barriers to work with data led campaigns.
- Haringey Housing awarded Inside Housing's Best Urban Development Team of the Year and Affordable Housing's Homebuilder of the Year.

POLITICAL STRUCTURE

The Council has 56 Councillors, split into 21 wards each represented by either two or three councillors.

The political composition at the time of publishing these accounts is:

- Labour 45
- Liberal Democrats 7
- Independents 4

Full Council is where councillors decide the council's overall policies and set the budgetary framework each year. Full Council meets 4 times a year, plus the annual meeting, and any other special meetings.

There are the key committees and boards that make decisions in the council. Cabinet is a key decision-making body appointed by the Leader of the Council. The Cabinet meets approximately every 4 weeks and there are 10 Cabinet members. Full details are available here.

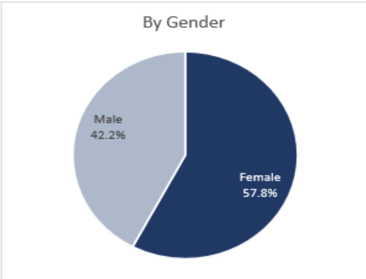
Supporting the work of the elected members is the Council's Leadership Team (CLT). CLT comprises 6 Directors and led the Chief Executive:

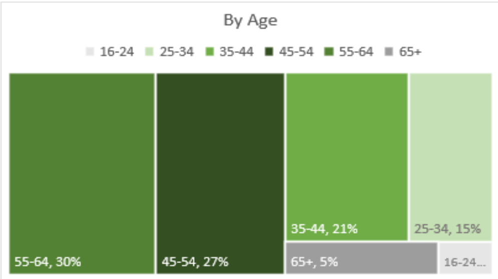
- Director of Finance (S151 Officer)
- Director of Children's Services
- Director of Adult, Health & Communities
- Director of Environment & Resident Experience
- Director of Placemaking & Housing
- Director of Culture, Strategy & Engagement

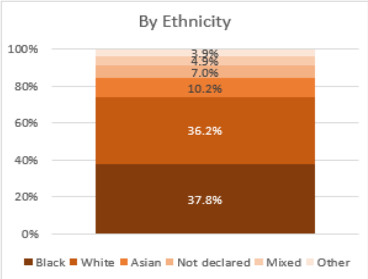
HARINGEY WORKFORCE

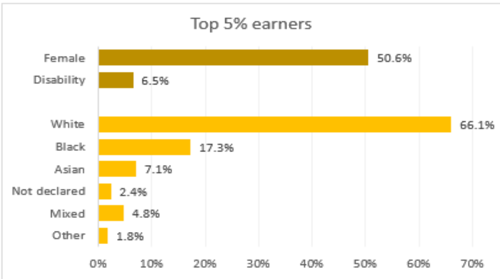
The Council now employs 3,340 people on full and part time contracts, equating to a full-time equivalent of 3,123 as at the end of 2023/24. This represents a 2.4% increase in the workforce compared March 2023. Successful recruitment and the filling of vacant positions is the main driving factor behind 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 2023/24 and its position as at 31st March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 (amended) in accordance with proper accounting practices. Proper practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (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. The Council does 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 £5.6bn.

Key figures for 2023/24 include:

- Gross revenue expenditure (spending on day-to-day services) of around £1.1bn.
- Income from fees, charges and grants of £800m.
- Billing of around £239m in council tax and business rates.
- Maintenance of fixed assets with a value over £3.5bn, including capital investment of £238m in housing, schools, highways and regeneration projects.
- Management of the £1.9bn 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 2024 was £830m.

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 2023/24

The Council's unearmarked general fund balance showed a stable position at the end of 2023/24 -£15.1m (£15.1m as at 31 March 2023).

The total general fund balances (including schools) were £67.4m on 31 March 2024 (£97.2m as at 31 March 2023). This decrease is mainly attributed to the drawdown from earmarked reserves of £19.2m to cover the General Fund overspend for the 2023/24 financial year; £5.1m for transformation projects/service reorganisation and a worsening of the school deficit position by £5.5m.

Housing Revenue Account (HRA)

The Council owns approximately 15,500 homes formerly managed by Homes for Haringey (wholly owned by Haringey Council) and now by the council and which are managed through a separate ring-fenced account known as the HRA. During 2023/24, £116m was collected in rents and service charges (£107m in 2022/23) and revenue spending on repairs, maintenance and management was £75m (£67m in 2022/23). During 2023/24, capital investment in the housing stock was £159m (£142m in 2022/23). The HRA usable reserves were £22.3m as at 31 March 2024 (£21.6m at 31 March 2023).

Provisional Revenue Outturn Summary

The General fund reported a revised outturn to budget overspend of £19.248m. This is after the use of corporate contingency (£8m), and higher than anticipated treasury and grant income. This over-spend is being met from drawdown from an earmarked reserve.

The dedicated school grant (DSG) and Housing revenue account (HRA) reported an overspend of £1.885m and £2.710m respectively. It should be noted that the HRA ended the year with a £20m reserve which is being retained at this level in recognition of various changes in government policies, operational factors and those associated with an extensive development programme.

The table below summarise the provisional revenue outturn.

Management Area	Revised 2023/24 Budget	Revised Outturn	Revised Outturn to Budget Variance
	£'000	£'000	£'000
Children's Services	74,620	79,701	5,081
Adults, Health & Communities	118,281	133,386	15,105
Environment & Resident Experience	28,143	33,154	5,011
Placemaking & Housing	7,624	7,731	107
Culture, Strategy & Engagement	9,553	8,880	(673)
Corporate Budgets - Service	3,836	3,765	(71)
Directorate Service- Total	**242,057**	**266,616**	**24,560**
Corporate Budgets - Non Service	37,750	35,041	(2,709)
General Fund-Directorate Service & Non-Service	**279,807**	**301,658**	**21,851**
External Finance	(279,807)	(282,410)	(2,603)
General Revenue Total	**0**	**19,248**	**19,248**
DSG	0	1,885	1,885
HRA	0	2,710	2,710
Haringey Total	**0**	**23,843**	**23,842**

Page 48

Full details of the provisional outturn position against the budget agreed by full Council in March 2023 will be presented to Cabinet on 16 July 2024.

Children's services reported an overspend of £5.1m. This is mainly driven by increased costs of placements, staffing, and increased spend on early help and interventions.

Adults, Health & Communities reported an overspend of £15.1m. The main drivers are increases in numbers supported by Adult Social Care and greater complexity of need, an increase in use of bread and breakfast to accommodate homeless households due to shortage of alternative accommodation.

Environment & Resident Experience reported an overspend of £5.0m. This is mainly a result of the increase in bad debt provision for Housing Benefit (HB) and Penalty Charge Notices (PCNs) and the is higher than budgeted business rate costs for the New River Sports and Fitness centre.

Placemaking & Housing reported a very small overspend and Culture, Strategy & Engagement, Corporate services and non-service specific budgets underspent, and which has been used to mitigate overspends on other services.

The Dedicated Schools Grant reported an overspend of £1.9m. The overspend relates mainly to the High Needs Block of the grant and although the Council continues to see an increasing number of children requiring an Education, Health and Social Care Plan, the overspend was largely in line with the plan within the Safety Valve Programme.

The Housing Revenue Account (HRA) reported an overspend of £2.7m. The HRA was budgeted to generate a surplus of £8.2m but at the end of the financial year, it generated only £5.5m surplus. This reduction in surplus is mainly driven by the increase in legal costs for disrepair cases, tenants' compensation and works payments. In addition, there was increased costs for completing Damp and Mould works.

The under achievement of rental income in the HRA was due to the increase in time taken for voids to become operational and delays in completing New Homes build units.

Capital Investment

Each year the Council approves its 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 Corporate Delivery Plan.

In 2023/24, £238m was invested in the council's capital programme including schools and the 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.

Provisional Capital Outturn Summary

The final capital budget for 2023/24 changed from that agreed by Council at its budget setting meeting in March 2023. A range of factors contribute to this movement: the incorporation of the previous year's brought forwards into the budget, new grants being received mid-year, and real time budgeting which realigns and reprofiles resources in the light of scheme progress through the year.

The General Fund (GF) capital programme reported an overall underspend of £140m. The Housing Revenue Account equally reported an underspend of £120m on its capital programme.

These are mainly due to delays in schemes and pausing of schemes. These were driven by the rises in cost of materials and high interest rates, impacting on viability of most schemes. It is expected that most of these schemes will progress in 2024/25 as inflation and interest rates starts to come down.

The table below summarises the provisional capital outturn.

Management Area	Revised 2023/24 Budget	Revised Outturn	Revised outturn to Budget Variance
	(£'000)	(£'000)	(£'000)
Children's Services	16,952	12,551	(4,401)
Adults, Health & Communities	10,454	9,374	(1,080)
Environment & Resident Experience	21,422	16,995	(4,427)
Placemaking & Housing	58,885	24,737	(34,148)
Culture, Strategy & Engagement	19,322	7,909	(11,413)
Sub Total - GF Capital (Excluding Enabling Budgets)	**127,035**	**71,566**	**(55,469)**
Placemaking & Housing (Enabling Budget)	87,503	2,575	(84,928)
Total - GF Capital	**214,538**	**74,141**	**(140,397)**
Housing Revenue Account (HRA)	279,726	158,783	(120,943)
Total Capital Budget	**494,264**	**232,924**	**(261,340)**

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.

Haringey Council Balance Sheet Position for Single Entity 31 March 2024

The Council's balance sheet increased by **£158m** in 2023/24, the high-level movements being:

Favourable

- Capital expenditure investment and property plant and equipment valuation increases, increasing the Council's fixed assets by £157m.
- Movements of £121m arising from the actuarial assumptions used in the valuation of the council's pension position. This has resulted in a change from a net defined benefit liability of £34m to a net defined benefit asset of £87m.
- Lower capital and revenue grants received in advance of £32m resulting in a reduced liability at the year-end.
- Increase in other net assets by £2m.

Adverse

- lower cash and cash equivalents balance £37m compared to the previous year £105m reducing the year-end cash balance by £68m.
- Decrease in long and short-term debtors by £39m, reducing the council's net assets.
- Greater Council borrowing, increasing long and short-term liabilities by £37m.
- Increase in long and short-term provisions by £10m, thereby increasing the council's liabilities.

The following summarises the Council's single entity balance sheet as at 31 March 2024

Assets

£3,809m

(£3,673m)

Liabilities

£1,199m

(£1,221m)

Net Assets

£2,610m

(£2,452m)

Usable Reserves	*£ 217m*	*(£229m)*
Unusable Reserves	*£ 2,393m*	*(£2,223m)*
Total	*£ 2,610m*	*(£2,452m)*

(Figures in brackets relate to position at 31 March 2023)

Page 51

Pension Liabilities

- The net pension asset of £87m in these accounts represents the difference between the estimated cost of pensions payable in the future (£1,661m), and the value of assets in the pension fund (£1,748m). 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 2024 for Haringey Council was assessed as 105% (overall the Haringey Pension Fund was 108% funded);
- The revenue cost of pensions was £44.44m for the year (£19.98 in 22/23)

FINANCIAL OUTLOOK

The financial outlook for the Council and across the whole of the Local Government sector is challenging. Although a balanced budget has been set for 2024/25, there are several risks and uncertainties facing the Council during the year and the Council continues to experience a significant increase in both the cost and demand of services, particularly in social care and housing and continues to be impacted by economic factors of high inflation and interest rates.

The future of Levelling Up remains unclear but the Council will continue to lobby for fairer funding, but the assumption is that going forward, Government funding is unlikely to be sufficient to manage increasing demand pressures 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 and children's social budgets.

Shortage of accommodation and increase in demand across London has put so much pressure on our homelessness budget. The use of bread and breakfast accommodation, which comes at a huge cost, is on the rise. We are exploring ways of using our housing delivery and acquisition programmes to alleviate this pressure in 2024/25 and beyond. This is at a time when our Housing revenue accounts (HRA) is facing long term financial viability challenges.

Another key area of future challenge is around Council's compliance with changes in building safety and fire safety acts.

It is therefore important that the Council takes a prudent approach in the assumptions it uses to set the budget each year and its medium-term outlook, that these are based on data and evidence known but that remain under regular review. Corporate contingency included within the budget for 2024/25 is £7.7m to manage these risks, alongside the unearmarked general fund balance being retained at £15.1m, and this level is unlikely to reduce across the term of the Medium-Term Finance Strategy.

Reserves provide additional financial safety and given the current climate and continuing uncertainty; it is critical that the Council maintains an appropriate level of reserves. The level of reserves for Haringey is low compared to its peers and at the end of March 2024, earmarked reserves (excluding reserves held for other bodies or with shared responsibilities) is £49.8m, with full details set out in the Reserves and Balances section below. Many of the earmarked reserves are held to fund future commitments and therefore the level of reserves for managing risks and uncertainties is only £11.6m over the medium term, the Council's Reserves Policy will look to increase reserve balances for managing risks to a level which is more sustainable and to better protect against future uncertainties.

The medium-term outlook remains a challenge and the position is based on best estimates of Government funding, demographic growth and budget pressures, and the latest forecast of economic conditions. In February 2024 the Council reported a budget gap of around £30m between 2025/26 and 2027/28. This excludes the impact of any funding formula, emerging pressures or other policy changes that Government may introduce in the future.

Despite some positive recent improvements in inflation levels, the impact on the cost of Council services is unlikely to materialise, particularly in terms of social care where the market continues to be challenging and fragile. With the sustained 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 July 2024 will make clear the extent of financial stress on the Council at the start of 2024/25 which at this time must be assumed to continue into future years. The Council is taking steps to respond to the situation and the financial planning process for 2025/26 and across the medium term has commenced.

Work is well underway on the 2025/26 financial planning process which will not only look at balancing the budget for 2025/26 but also look across the medium term and move to looking at the financial position across the next five years. This work will include reviewing all pressures facing the Council as well as looking at proposals that will reduce costs by ensuring the Council’s services are efficient and offering good value for money in delivering the Council’s priorities.

This will look across all services, including the Housing Revenue Account where the short-term outlook is challenging as the costs of supporting our tenants continues to outstrip the increase in rent levels and the need to address the number of voids to ensure increase the supply of affordable housing available across the borough.

All reserves will be subject to review and a five-year forecast developed and a full review of the Capital Programme with a view to reducing the level of borrowing which data shows is high compared to our peers and as a percentage of our net budget. An update will be published for Cabinet in November 2024.

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.

Local audit is both a vital and independent source of assurance and a key element of the checks and balances within the local accountability framework. A significant number of local audits in England are outstanding, including Haringey’s. The government, working with the Financial Reporting Council (FRC) and other system partners, is taking steps to clear the backlog, and put the system on a sustainable footing moving forward.

These delays in audit of accounts hinder accountability for millions/billions in local government spending. There is likelihood of late/lack of identification of governance and financial risks as a result.

RISK MANAGEMENT

The Risk Management Strategy has been reviewed and updated to ensure it continues to provide robust governance to support risk management across the Council. With the level of risk and uncertainty facing the Council, going forward, risk management across the organisation will be further strengthened with corporate and directorate risks reviewed at least quarterly and reported through Corporate Leadership Team. The latest Corporate Risk Register was considered by Audit Committee in March 2024 and can be found here.

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

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 2024. 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 2023/24, 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.

FEEDBACK

We are always seeking to improve our Statement of Accounts through engaging with our residents, members, colleagues, readers of our statement of accounts, and other stakeholders.

If you have any feedback on any aspect of the statement of accounts or ideas on how we can improve the presentation, please contact us at finalaccounts@haringey.gov.uk

We appreciate your feedback. Should you require any part of this document in a different format or would like to discuss the content of any graphics or tables, please email finalaccounts@haringey.gov.uk

We will consider your request and get back to you within 10 working days. Also copies of this statement of accounts can be obtained by contacting: finalaccounts@haringey.gov.uk

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

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:

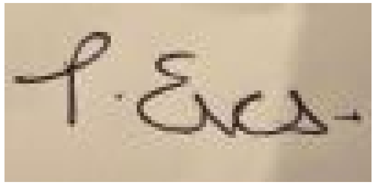
- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code of Practice.

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 2024 and its income and expenditure for the year then ended.



Taryn Eves
Director of Finance (S151 Officer)

28 June 2024

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Single Entity	2023/24 Gross Expenditure	2023/24 Gross Income	2023/24 Net Expenditure	2022/23 Restated Gross Expenditure	2022/23 Restated Gross Income	2022/23 Restated Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Children's Services	156,915	(62,380)	94,534	154,837	(53,689)	101,148
Adults, Health & Communities	246,925	(129,976)	116,949	235,820	(127,297)	108,523
Environment & Resident Experience	99,494	(60,926)	38,568	96,654	(57,257)	39,397
Placemaking & Housing	43,826	(9,558)	34,268	34,061	(9,523)	24,539
Culture, Strategy & Engagement	201,269	(181,071)	20,198	223,554	(199,919)	23,635
Corporate Budgets - Service	4,435	(4,215)	221	9,765	(5,001)	4,764
Corporate Budgets - Non Service	25,523	(17,043)	8,480	20,498	(15,138)	5,360
Dedicated Schools Grant	217,480	(219,477)	(1,997)	211,558	(220,513)	(8,955)
Housing - HRA	116,810	(115,612)	1,198	148,491	(107,243)	41,247
Cost of Services	**1,112,677**	**(800,259)**	**312,419**	**1,135,237**	**(795,580)**	**339,658**
Other operating expenditure (Note 7)	8,654	(18,813)	(10,159)	8,798	(17,431)	(8,633)
Financing and investment income and expenditure (Note 8)	39,827	(14,284)	25,543	46,976	(18,207)	28,769
Taxation and Non-Specific Grant Income (Note 9)		(351,124)	(351,124)		(338,970)	(338,970)
(Surplus) or Deficit on Provision of Services	**1,161,158**	**(1,184,480)**	**(23,322)**	**1,191,012**	**(1,170,189)**	**20,823**
(Surplus) or deficit on revaluation of property, plant and equipment (Note 20)			(15,310)			(184,287)
Remeasurement of net defined benefit liability (Note 20,36)			(119,338)			(513,242)
Other Comprehensive Income and Expenditure			**(134,648)**			**(697,529)**
Total Comprehensive Income and Expenditure			**(157,970)**			**(676,706)**

*2022-23 figures were restated in respect of the impairment of capital expenditure on council dwellings that cannot be attributable to specific dwellings.

Page 61

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Group Accounts	2023/24 Gross Expenditure	2023/24 Gross Income	2023/24 Net Expenditure	2022/23 Restated Gross Expenditure	2022/23 Restated Gross Income	2022/23 Restated Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Children's Services	156,915	(62,380)	94,534	154,837	(53,689)	101,148
Adults, Health & Communities	246,925	(129,976)	116,949	235,820	(127,297)	108,523
Environment & Resident Experience	99,494	(60,926)	38,568	96,654	(57,257)	39,397
Placemaking & Housing	43,826	(9,558)	34,267	34,061	(9,523)	24,538
Culture, Strategy & Engagement	201,269	(181,071)	20,198	223,554	(199,919)	23,635
Corporate Budgets - Service	26,535	(26,075)	461	9,765	(5,001)	4,764
Corporate Budgets - Non Service	25,523	(17,043)	8,480	37,394	(33,731)	3,663
Dedicated Schools Grant	217,480	(219,477)	(1,997)	211,558	(220,513)	(8,955)
Housing - HRA	116,813	(115,615)	1,199	148,449	(106,103)	42,346
Cost of Services	**1,134,780**	**(822,121)**	**312,659**	**1,152,091**	**(813,033)**	**339,058**
Other operating expenditure	8,654	(18,813)	(10,159)	8,798	(17,431)	(8,633)
Financing and investment income and expenditure	39,827	(14,374)	25,453	47,077	(18,107)	28,970
Taxation and Non-Specific Grant Income	213	(351,125)	(350,912)	0	(338,970)	(338,970)
(Surplus) or Deficit on Provision of Services	**1,183,474**	**(1,206,433)**	**(22,959)**	**1,207,966**	**(1,187,541)**	**20,425**
(Surplus) or deficit on revaluation of property, plant and equipment			(8,761)			(195,533)
Remeasurement of net defined benefit liability (Note 36)			(119,617)			(513,962)
*Surplus on discontinued operations			0			(22,988)
Other Comprehensive Income and Expenditure			**(128,378)**			**(732,483)**
Total Comprehensive Income and Expenditure			**(151,337)**			**(712,058)**

*This is the transfer of pensions reserves for Homes for Haringey during 2022-23 when staff were brought back into the council. Please refer to note 38.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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 £'000	**Total Group Reserves Restated** £'000
2023/24										
Balance as at 31/03/2023	(97,231)	(21,567)	(52,419)	(58,000)	(15)	(229,232)	(2,222,719)	(2,451,951)	(137,514)	(2,589,465)
Movement in reserves during 2023/24										
Total Comprehensive Income and Expenditure	32,335	(55,657)	0	0	0	(23,322)	(134,648)	(157,970)	6,632	(151,338)
Adjustments between accounting basis & funding basis under regulations (note 10)	(2,552)	54,826	(12,045)	(4,175)	15	36,069	(36,069)	0	0	0
(Increase) / Decrease in 2023/24	29,782	(831)	(12,045)	(4,175)	15	12,747	(170,717)	(157,970)	6,632	(151,338)
Balance as at 31/03/2024 carried forward	**(67,449)**	**(22,398)**	**(64,464)**	**(62,175)**	**0**	**(216,484)**	**(2,393,434)**	**(2,609,921)**	**(130,882)**	**(2,740,803)**
2022/23 Restated										
Balance as at 31/03/2022	(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	16,080	4,743	0	0	0	20,823	(697,529)	(676,706)	(35,352)	(712,058)
Adjustments between accounting basis & funding basis under regulations (note 10)	5,787	(5,502)	(10,964)	(20,880)	600	(30,959)	30,959	0	0	0
(Increase) / Decrease in 2022/23	21,867	(759)	(10,964)	(20,880)	600	(10,136)	(666,570)	(676,706)	(35,352)	(712,058)
Balance as at 31/03/2023 carried forward	**(97,231)**	**(21,567)**	**(52,419)**	**(58,000)**	**(15)**	**(229,232)**	**(2,222,719)**	**(2,451,951)**	**(137,514)**	**(2,589,465)**

Page 64

BALANCE SHEET

	Notes	Single Entity 31 March 2024	Single Entity 31 March 2023 Restated	Group Accounts 31 March 2024	Group Accounts 31 March 2023 Restated
		£'000	£'000	£'000	£'000
Property, Plant and Equipment	12	3,400,438	3,261,209	3,532,132	3,398,853
Heritage Assets		6,217	6,206	6,217	6,206
Investment Property	13	126,258	112,641	126,258	112,641
Intangible Assets		13,281	9,561	13,281	9,561
Long-term Debtors	14,16	9,317	19,405	3,734	13,024
Pension Assets	36	87,281	0	89,395	0
Long Term Assets		**3,642,792**	**3,409,022**	**3,771,018**	**3,540,285**
Short-term Investments	14	19	154	19	154
Inventories		647	617	850	761
Short-term Debtors	16	128,913	158,206	130,220	158,307
Cash and Cash Equivalents	17	36,545	104,876	42,725	111,880
Current Assets		**166,124**	**263,853**	**173,815**	**271,102**
Short-term borrowing	14	(110,422)	(129,738)	(110,422)	(129,738)
Short-term Creditors	18	(181,059)	(193,451)	(186,093)	(196,192)
Grants Receipts in Advance	30	(95,391)	(131,894)	(95,391)	(131,894)
Provisions	19	(11,617)	(4,746)	(11,617)	(4,746)
Current Liabilities		**(398,489)**	**(459,829)**	**(403,523)**	**(462,570)**
Long-term Creditors	18	(16,974)	(17,126)	(16,974)	(17,126)
Provisions	19	(14,740)	(11,567)	(14,740)	(11,567)
Long-term Borrowing	14	(719,243)	(663,301)	(719,243)	(663,301)
Pension Liabilities	36	0	(34,292)	0	(17,878)
Other Long Term Liabilities - PFI and Finance Leases	14	(27,781)	(17,878)	(27,781)	(32,549)
Grants Receipts in Advance - Capital	30	(21,768)	(16,931)	(21,768)	(16,931)
Long-term Liabilities		**(800,506)**	**(761,095)**	**(800,506)**	**(759,352)**
Net Assets		**2,609,921**	**2,451,951**	**2,740,803**	**2,589,465**
Usable Reserves		(216,485)	(229,232)	(245,061)	(259,299)
Unusable Reserves	20	(2,393,436)	(2,222,719)	(2,495,742)	(2,330,166)
Total Reserves		**(2,609,921)**	**(2,451,951)**	**(2,740,803)**	**(2,589,465)**

CASH FLOW STATEMENT

		Single Entity		Group Accounts	
			2022/23		2022/23
		2023/24	Restated	2023/24	Restated
	Note	£'000	£'000	£'000	£'000
Net surplus or (deficit) on the provision of services		23,322	(20,823)	22,959	(20,425)
Adjustments to net surplus or (deficit) on the provision of services for non-cash movements	21	138,933	91,014	139,966	92,433
Adjustments for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	21	(116,725)	(115,579)	(116,725)	(115,579)
Net cash flows from Operating Activities		**45,530**	**(45,388)**	**46,200**	**(43,571)**
Investing Activities	22	(141,041)	(21,882)	(142,535)	(22,875)
Financing Activities	23	27,180	88,060	27,180	88,060
Net increase or (decrease) in cash and cash equivalents		**(68,331)**	**20,790**	**(69,155)**	**21,614**
Cash and cash equivalents at the beginning of the reporting period		104,876	84,086	111,880	90,266
Cash and cash equivalents at the end of the reporting period		**36,545**	**104,876**	**42,725**	**111,880**

NOTES TO THE STATEMENTS

1. Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. 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 2023/24, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003].

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 2023/24 and the accounts updated accordingly. The next review will be in 2026/27.

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) and Alexandra Park and Palace Charitable Trust (APPCT). 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, Contingent liabilities, and assets

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.

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

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, IFRS 16 Leases is the only new standard or amendment to existing standards that have been issued but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom that would have a material impact on the council's financial position or performance in 2024/25. Application of this accounting standard will be implemented by the Council for the 2024/25 accounts.

The main impact of IFRS 16 will relate to property that the Council currently holds under operating leases, for which assets and liabilities are not currently being recognised and rents are generally charged as revenue expenditure when they are payable. Under IFRS 16, the accounting treatment for all leases (except those with a term of less than 12 months and those classed as low value items), will be to recognise a right-of-use asset in the Balance Sheet, measuring the value of the Council's right to use the property over the remaining term of the lease.

The Balance Sheet will also include a liability for the rents payable before the lease expires. The cost of the right-of-use asset will be reflected in depreciation charges in the Comprehensive Income and Expenditure Statement. However, statutory arrangements in place will allow the impact on the General Fund Balance to be unchanged i.e. the overall charge for each year will equate to the rent payable in that year.

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.

The council's pensions position has moved from a net defined benefits liability to a net asset position. The council has determined that the accounting standards (IFRIC 14 IAS 19), have set a ceiling on the amount that can be disclosed as an asset. These restrict the current realisability of the surplus through the reductions in future employer's contributions. The asset ceiling has been factored into the calculations by the actuaries and reflected in the valuations in the accounts.

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 authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. The assumptions and other sources of estimation uncertainty disclosed below relate to the estimates that require the authority's most difficult, subjective or complex judgements. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgements become more subjective and complex. As a result, balances cannot be determined with certainty and actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet as at 31 March 2024 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 £2.99 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 £120m.

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 £165m.

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 Asset/Liability

The net pensions assets/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 asset/liability.

During 2023/24, the Council’s actuaries advised that the net pensions position has moved from a net pension liability of £34m to a net defined benefit asset of £87m as a result of estimates being revised and the updating of assumptions.

The council has determined that the accounting standards (IFRIC 14 IAS 19), have set a ceiling on the amount that can be disclosed as an asset. These restrict the current realisability of the surplus through the reductions in future employer’s contributions. The asset ceiling calculation by the actuaries demonstrates that the economic benefit available as a reduction in future contributions is greater than the net asset position. This means that there is no additional liability to recognise, and no adjustment is required to the net asset position. This is reflected in the valuations in the accounts.

Some of the detail behind the actuary valuation are shown in note 36.

Impairment allowance for doubtful debt

As at 31 March 2024, the Council had an outstanding balance of short-term debtors totalling £275m. Against this debtors’ balance, there is an impairment allowance of £146m, £28m on account of expected credit loss for non-statutory debt and £118m for incurred credit loss on statutory debt. 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 28 June 2024. 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.

Single Entity	2023/24 Income and Expenditure chargeable to GF and HRA balances	2023/24 Adjustments between funding and accounting basis (Note 6)	2023/24 Net expenditure in the CIES	2022/23 Restated Income and Expenditure chargeable to GF and HRA balances	2022/23 Restated Adjustments between funding and accounting basis (Note 6)	2022/23 Restated Net expenditure in the CIES
	£'000	£'000	£'000	£'000	£'000	£'000
Children's Services	85,019	9,515	94,534	73,250	27,898	101,148
Adults, Health & Communities	110,064	6,885	116,949	98,189	10,333	108,523
Environment & Resident Experience	23,634	14,934	38,568	19,113	20,284	39,397
Placemaking & Housing	10,753	23,514	34,268	10,299	14,240	24,539
Culture, Strategy & Engagement	15,948	4,250	20,198	13,622	10,013	23,635
Corporate Budgets - Service	3,704	(3,483)	221	4,241	1,119	5,360
Corporate Budgets - Non Service	6,354	2,126	8,480	1,226	3,538	4,764
Dedicated Schools Grant	0	(1,997)	(1,997)	404	(9,359)	(8,955)
Housing - HRA	(10,779)	11,977	1,198	(16,578)	57,825	41,247
Net Cost of Services	**244,697**	**67,722**	**312,419**	**203,765**	**135,892**	**339,658**
Other income and expenditure	(215,745)	(119,995)	(335,740)	(182,657)	(136,178)	**(318,835)**
(Surplus) or Deficit on Provision of Services	**28,952**	**(52,274)**	**(23,322)**	**21,108**	**(285)**	**20,823**
Opening General Fund and HRA Balance	(118,800)			(139,908)		
Less/Plus deficit/(surplus) on General Fund and HRA balance in year (see Movement in Reserves Statement)	28,952			21,108		
Closing General Fund and HRA Balance	**(89,848)**			**(118,800)**		

6a) Adjustments between Funding and Accounting Basis

	2023/24				2022/23 Restated			
	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	10,507	(251)	(740)	**9,515**	5,117	22,222	559	**27,898**
Adults, Health & Communities	7,038	(72)	(81)	**6,885**	3,944	6,392	(3)	**10,333**
Environment & Resident Experience	15,132	(86)	(111)	**14,934**	15,360	4,927	(3)	**20,284**
Placemaking & Housing	23,738	(44)	(180)	**23,514**	10,279	3,963	(3)	**14,240**
Culture, Strategy & Engagement	4,714	(67)	(398)	**4,250**	3,272	6,746	(5)	**10,013**
Corporate Budgets - Service	0	(3,175)	(308)	**(3,483)**	6	1,116	(3)	**1,119**
Corporate Budgets - Non Service	2,126	0	0	**2,126**	3,658	0	(120)	**3,538**
Dedicated Schools Grant	0	0	(1,997)	**(1,997)**	0	0	(9,359)	**(9,359)**
Housing - HRA	12,113	(80)	(57)	**11,977**	51,125	6,289	411	**57,825**
Net Cost of Services	**75,368**	**(3,775)**	**(3,872)**	**67,722**	**92,761**	**51,655**	**(8,524)**	**135,892**
Other income and expenditure from Expenditure and Funding Analysis	(118,797)	1,540	(2,738)	**(119,995)**	(131,861)	13,841	(18,157)	**(136,178)**
Difference between General Fund surplus or deficit and the CIES surplus or deficit on the provision of services	**(43,429)**	**(2,235)**	**(6,610)**	**(52,274)**	**(39,100)**	**65,496**	**(26,681)**	**(285)**

Page 85

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	2023/24 £000	2022/23 Restated £000
Fees, charges & other service income	(252,720)	(233,782)
Grants & Contributions	(690,496)	(701,840)
Income from Council Tax & NNDR	(208,520)	(200,564)
Interest and investment income	(13,931)	(11,554)
Gain on disposal of assets	(18,813)	(17,431)
Gain in Fair Value of Investment Properties	0	(5,017)
	(1,184,480)	**(1,170,189)**

Note 2. Expenditure by Nature

Expenditure Category	2023/24 £000	2022/23 Restated £000
Depreciation, amortisation, impairment	82,050	102,441
Employee Benefits expenses	408,256	383,226
Other Service Expenses	627,646	667,261
Levies	8,654	8,798
Interest payable & similar charges	25,679	23,695
ECL Impairment Allowances	5,319	5,590
Loss in Fair Value of Investment Properties	3,555	0
	1,161,158	**1,191,012**

(Surplus) or Deficit on Provision of Service	**(23,322)**	**20,823**

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:

	2023/24			2022/23		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Levies - North London Waste Authority (NLWA)	6,916	0	6,916	7,202	0	7,202
Levies - Others	1,738	0	1,738	1,596	0	1,596
Gains on disposal of non-current assets	0	(18,813)	(18,813)	0	(17,431)	(17,431)
	8,654	**(18,813)**	**(10,159)**	**8,798**	**(17,431)**	**(8,633)**

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).

	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Interest payable and similar charges	25,679		25,679	23,695		23,695
Net interest on the net defined benefit liability	1,540		1,540	13,841		13,841
Expected Credit Loss-Impairment Allowances	5,319		5,319	5,590		5,590
Net Income & Expenditure and changes in the fair values of investment properties	6,471	(10,768)	(4,297)	3,798	(15,193)	(11,395)
Interest Income	0	(3,163)	(3,163)	0	(1,678)	(1,678)
Other investment income and expenditure	818	(352)	466	52	(1,336)	(1,284)
	39,827	**(14,283)**	**25,544**	**46,977**	**(18,207)**	**28,769**

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:

	2023/24	2022/23 Restated
	£'000	£'000
Council tax income	(126,255)	(119,986)
Non domestic rates	(82,265)	(80,578)
Non-ringfenced government grants:		
Revenue Support Grant	(25,635)	(22,797)
Section 31 BR relief	(22,065)	(14,060)
Services Grant	(3,380)	(5,652)
Other revenue grants/ contributions	(3,139)	(3,861)
Capital grants and contributions	(88,385)	(92,036)
	(351,125)	**(338,971)**

The non-domestic rates income under the Government's business rates retention arrangement consists of £20.295 million (£20.108 million in 2022/23) collected locally and the amount re-distributed from a national pool including 'top-up' is £61,971million (£60.471 million in 2022/23).

Page 90

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 2023/24	Usable Reserves: General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Major Repairs Reserve £'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)	2,353	(118)	0	0	0
- Financial instruments (transferred to the Financial Instruments Adjustments Account)	233	0	0	0	0
- Council Tax and NDR (transfers to or from the Collection Fund)	2,505	0	0	0	0
- Holiday pay (transferred to the Accumulated Absence Reserve)	1,818	57	0	0	0
- Transfer in-year Dedicated Schools Grant deficit to DSG Adjustment Account	1,997	0	0	0	0
- Reversal of entries included in the SDPOS in relation to capital expenditure (charged to the Capital Adjustment Account)	(39,784)	20,670	0	(91,763)	0
Total Adjustments to Revenue Resources	**(30,878)**	**20,609**	**0**	**(91,763)**	**0**
Adjustments between Revenue and Capital Resources					
- Transfer of non-current asset sale proceeds from revenue to the CRR	13,109	11,486	(24,595)	0	0
- Administrative costs of non-current asset disposals (funded by contribution from the CRR)	(524)	(154)	678	0	0
- Posting of HRA resources from revenue to the MRR	0	22,886	0	0	(22,886)
- Statutory provision for the repayment of debt (transfer from the CAA)	15,531	0	0	0	0
- Capital expenditure financed from revenue balances (transfer to the CAA)	210	0	0	0	0
Total Adjustments between Revenue and Capital Resources	**28,326**	**34,218**	**(23,917)**	**0**	**(22,886)**
Adjustments to Capital Resources					
- Use of the CRR to finance capital expenditure	0	0	12,336	0	0
- Use of the MRR to finance capital expenditure	0	0	0	0	22,901
- Application of capital grants to finance capital expenditure	0	0	0	87,588	0
Total Adjustments between Revenue and Capital Resources	0	0	12,336	87,588	22,901
Other Movements	0	0	(464)	0	0
Total Adjustments	**(2,552)**	**54,826**	**(12,045)**	**(4,175)**	**15**

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)	17,146	(41,310)	0	(94,831)	0
Total Adjustments to Revenue Resources	**(13,450)**	**(49,649)**	**0**	**(94,831)**	**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
- 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
Total Adjustments between Revenue and Capital Resources	0	0	14,290	73,951	21,526
Other Movements	120	0	(294)	0	0
Total Adjustments	**5,787**	**(5,502)**	**(10,964)**	**(20,880)**	**600**

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 2023/24.

	Note	Balance at 31/03/22	Transfer In 2022/23	Transfer Out 2022/23	Balance at 31/03/23	Transfer In 2023/24	Transfer Out 2023/24	Balance at 31/03/24
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Reserve	i	**(15,141)**	0	0	**(15,141)**	(29)	0	**(15,170)**
General Fund earmarked reserves:								
Schools reserve	ii	**(12,833)**	(1,633)	6,619	**(7,847)**	(1,116)	6,562	**(2,401)**
Transformation reserve	iii	**(10,385)**	(153)	2,421	**(8,117)**	0	3,081	**(5,036)**
Services reserve	iv	**(9,222)**	(4,315)	2,340	**(11,196)**	(2,332)	1,832	**(11,696)**
PFI lifecycle reserve	v	**(17,858)**	(1,368)	0	**(19,226)**	(1,345)	15,037	**(5,534)**
Debt repayment reserve	vi	**(5,046)**	0	3,973	**(1,073)**	0	0	**(1,073)**
Insurance reserve	vii	**(8,248)**	0	713	**(7,535)**	0	302	**(7,233)**
Unspent grants reserve	viii	**(6,825)**	(8,040)	3,400	**(11,465)**	(3,086)	1,844	**(12,707)**
Labour market growth resilience reserve	ix	**(446)**	0	73	**(373)**	0	100	**(273)**
Strategic Budget Planning Reserve	x	**(10,491)**	(800)	4,564	**(6,727)**	(15,037)	16,668	**(5,096)**
Resiliance reserve	xi	**(7,303)**	0	0	**(7,303)**	0	7,303	0
Other reserves	xii	**(726)**	0	726	0	0	0	0
Collection Fund Smoothing reserve	xiii	**(14,576)**	(1,223)	14,567	**(1,231)**	0	0	**(1,231)**
GF earmarked reserves:		**(103,959)**	**(17,531)**	**39,397**	**(82,093)**	**(22,916)**	**52,728**	**(52,280)**
Total General Fund Usable Reserves		**(119,098)**	**(17,531)**	**39,397**	**(97,234)**	**(22,945)**	**52,728**	**(67,450)**
Housing Revenue Account		**(19,973)**	**(757)**	**210**	**(20,520)**	**(5,753)**	**5,137**	**(21,136)**
Housing Revenue Account earmarked Reserves:								
Haringey Community Benefit Society		**(786)**	(210)	0	**(996)**	(215)	0	**(1,212)**
Homes for Haringey		**(50)**	0	0	**(50)**	0	0	**(50)**
HRA earmarked reserves		**(836)**	**(210)**	**0**	**(1,047)**	**(215)**	**0**	**(1,262)**
Total HRA Usable Reserves		**(20,809)**	**(967)**	**210**	**(21,567)**	**(5,968)**	**5,137**	**(22,398)**

NOTES TO THE STATEMENTS

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 63 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 in excess of contractual payments. This will be utilised to funds future years' statutory minimum revenue provision charges and future capital investment.

vi. The debt repayment / capital reserve represents funds the Council has set aside for the potential repayment of debt and for funding of future capital expenditure.

vii. The Council self-insures a number of 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.

viii. International Financial Reporting Standards require grants and other income to be recognised in the CIES as the right to the monies is earned rather than to match when expenditure is incurred. This reserve holds grant income included within the CIES which will finance related expenditure in future years.

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

x. This reserve is a key tool for managing the impact of financial plans from one year to another. This reserve requires balances to be at different levels year to year depending on the demand as identified through previous and current budget plans.

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, but which were decommissioned as part of the 2022/23 closure process.

xiii. The Collection Fund reserve is to mitigate unknown risks associated with the Collection Fund (Council Tax and Business Rates) such as Covid19 Legacy, cost of living impact on collections.

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 2023/24 with an effective date of 31 March 2024.

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		
	2023/24	**2022/23**
	£'000	£'000
Infrastructure assets	205,929	197,664
Other PPE assets	3,194,508	3,063,537
	3,400,437	**3,261,201**

Details of movement in Infrastructure Assets are shown below.

Movements in Infrastructure Assets		
	2023/24	**2022/2023**
	£'000	£'000
Net book value (modified historical cost) at 1 April	197,664	190,550
Additions	19,242	19,278
Depreciation	(10,976)	(12,164)
Net Book Value at 31st March	**205,930**	**197,664**

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 2023	1,613,042	1,209,445	35,770	25,981	199,117	21,732	3,105,086	16,310
Additions	35,329	37,871	444	1,711	119,376	106	194,837	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	16,266	(32,952)	0	0	0	(800)	(17,486)	(1,037)
Revaluation increases / (decreases) recognised in SDPOS	(12,407)	(17,697)	0	0	0	(1,576)	(31,679)	0
Derecognition - disposals	(5,104)	0	0	0	0	0	(5,104)	0
Reclassifications and transfers	(1,638)	0	0	0	0	391	(1,247)	0
Other movements in cost or valuation	1,649	1,967	0	1,007	(6,603)	195	(1,785)	0
At 31 March 2024	**1,647,138**	**1,198,634**	**36,214**	**28,698**	**311,890**	**20,049**	**3,242,623**	**15,273**
Accumulated Depreciation and Impairment at 1 April 2023	(0)	(11,975)	(19,494)	(1,895)	(8,094)	(91)	(41,549)	0
Depreciation charge	(21,288)	(12,842)	(3,678)	0	0	0	(37,807)	(378)
Accumulated Depreciation written out	21,217	10,845	0	0	0	0	32,062	378
Impairment (losses)/reversals recognised in the Revaluation Reserve	735	(14)	0	0	0	0	721	0
Impairment (losses)/reversals recognised in surplus/deficit on the provision of services	0	(63)	(1,416)	(3)	0	0	(1,481)	0
Derecognition - disposals	68	0	0	0	0	0	68	
Reclassifications and transfers	0	0	0	0	0	0	0	
Other movements in depreciation & impairment	(137)	9	0	(8)	8	0	(128)	
At 31 March 2024	595	(14,041)	(24,587)	(1,906)	(8,086)	(91)	(48,115)	0
Net Book Value at 31 March 2024	**1,647,733**	**1,184,594**	**11,627**	**26,793**	**303,803**	**19,958**	**3,194,508**	**15,273**

The above note includes the figures from Single Entity only. Group Entity Property, Plant and Equipment assets total £131.76m as of 31 March 2024 (£137.6m as at 31 March 2023). Further details are in Note 38.

	Council Dwellings Restated	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	1,602,648	1,075,466	33,143	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	(51,020)	54,635	0	0	0	1,431	5,046	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	(13,467)	20,083	0	0	(7,157)	0	(542)	0
At 31 March 2023	**1,613,042**	**1,209,445**	**35,770**	**25,981**	**199,117**	**21,732**	**3,105,086**	**16,310**
Accumulated Depreciation and Impairment at 1 April 2022	0	(8,240)	(16,219)	(1,895)	(8,094)	(91)	(34,539)	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	(314)	0	0	0	0	(314)	0
Impairment (losses)/reversals recognised in surplus/deficit on the provision of services	0	(1,475)	0	0	0	0	(1,475)	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	(0)	(11,975)	(19,494)	(1,895)	(8,094)	(91)	(41,549)	0
Net Book Value at 31 March 2023	**1,613,042**	**1,197,470**	**16,276**	**24,086**	**191,022**	**21,641**	**3,063,537**	**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.

Capital Commitments

At 31 March 2024, the Council has entered into several contracts for the construction or enhancement of Property, Plant and Equipment in 2023/24 and future years, budgeted to cost £214.9 million (£214.9 million as at 31 March 2023). The major commitments at 31 March 2024 were:

- Major Works - £3.5 million
- New build homes & development of Residential Accommodation - £101.8 million

Revaluations

The council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value, are 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 carrying 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).

Page 100

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	-	-	205,929	11,627	26,793	303,803	-	548,152
Valued at fair value as at:								-
31-Mar-24	1,647,742	5,408					19,958	1,673,108
31-Mar-23		111,951						111,951
31-Mar-22		971,947						971,947
31-Mar-21		95,279						95,279
31-Mar-20								-
Total Cost or Valuation	**1,647,742**	**1,184,585**	**205,929**	**11,627**	**26,793**	**303,803**	**19,958**	**3,400,437**

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.

	31/03/24	31/03/23
	£'000	£'000
Office units	4,404	4,435
Commercial units	93,465	79,926
Land	21,725	22,928
Other investment property	6,664	5,352
Total	**126,258**	**112,641**

There were no transfers between any of the three levels during 2023/24 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.

	2023/24	2022/23
	£'000	£'000
Rental income from investment property	(10,768)	(10,176)
Direct operating expenses arising from investment properties	2,337	3,798
Net gain	**(8,431)**	**(6,378)**

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.

	2023/24	2022/23
	£'000	£'000
Balance at start of the year	112,641	99,386
Subsequent Expenditure	30	8,238
Derecognitions	(579)	0
Net gain / (losses) from FV adjustments	(3,555)	5,017
Transfers to/from AHFS & PPE	1,247	0
*Other Movements	16,475	0
Balance at the end of the year	**126,258**	**112,641**

* rental renewals for a large number of leases

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. 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	
	31/03/24	31/03/23	31/03/24	31/03/23
Financial liabilities at amortised cost:	£'000	£'000	£'000	£'000
Borrowing (including accrued interest)	(719,243)	(663,301)	(110,422)	(129,738)
PFI liabilities	(2,008)	(5,924)	(3,916)	(3,722)
Finance lease liabilities	(25,773)	(11,954)	(1,046)	(1,367)
Payables	(16,974)	(17,126)	(94,384)	(93,450)
Total Financial Liabilities	**(763,998)**	**(698,305)**	**(209,768)**	**(228,277)**

The short-term creditors line in the Balance Sheet includes £81.7 million (31 March 2023 £94.9 million) 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, and short-term investments with other local authorities and the Debt Management Office (DMO) maturing within 3 months of the balance sheet date.
- 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	
	31/03/24	31/03/23 Restated	31/03/24	31/03/23
Financial assets at amortised cost:	**£'000**	**£'000**	**£'000**	**£'000**
Cash and cash equivalents	0	0	36,545	104,876
Short Term Investments	0	0	19	154
Loans made for service purposes	9,249	9,336	0	0
Trade receivables	68	10,068	87,568	118,038
Total Financial Assets	**9,317**	**19,404**	**124,132**	**223,068**

The short-term debtors' line in the Balance Sheet includes £41.3 million (31 March 2023 £40.2 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
	2023/24	2023/24	2022/23	2022/23
	£'000	£'000	£'000	£'000
Interest expense	25,679	0	23,695	0
Impairment losses (Non-HRA)	5,319	0	5,590	0
Total expense in SDPOS	30,998	0	29,285	0
Interest and investment income	0	(3,163)	0	(1,678)
Net (gain) / loss for the year	**30,998**	**(3,163)**	**29,285**	**(1,678)**

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 2024, 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	
		31/03/24	31/03/23	31/03/24	31/03/23
		£'000	£'000	£'000	£'000
PWLB loans	2	(528,658)	(431,513)	(683,715)	(594,174)
LOBO loans	2	(160,142)	(147,266)	(103,931)	(131,844)
Lease payables	2	(24,598)	(12,632)	(26,819)	(13,321)
PFI liability	2	(5,943)	(9,293)	(5,924)	(9,646)
Total		**(719,341)**	**(600,704)**	**(820,389)**	**(748,985)**
Liabilities for which fair value is not disclosed*				(153,377)	(177,597)
Total financial liabilities				**(973,766)**	**(926,582)**
Recorded on balance sheet as:					
- short term creditors				(99,346)	(98,539)
- short term borrowing				(110,422)	(129,738)
- long term creditors				(16,974)	(17,126)
- long term borrowing				(719,243)	(663,301)
- other long term liabilities				(27,781)	(17,878)
Total financial liabilities				**(973,766)**	**(926,582)**

*This includes £40m short-term borrowing to other local authorities (£65m for 2022/23).

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	
		31/03/24	31/03/23	31/03/24	31/03/23
		£'000	£'000	£'000	£'000
Cash and Cash Equivalents	2	33,900	93,900	33,900	93,900
Short Term Investments	2	19	154	19	154
Total		**33,919**	**94,054**	**33,919**	**94,054**
Assets for which fair value is not disclosed				99,530	148,419
Total financial assets				**133,449**	**242,473**
Recorded on balance sheet as:					
- short term debtors				87,568	118,038
- short term investments				19	154
- long term debtors				9,317	19,405
- cash and cash equivalents				36,545	104,876
Total financial assets				**133,449**	**242,473**

15. Nature and extent of risks arising from financial instruments

The Council complies with the most recent CIPFA Code of Practice on Treasury Management and the Prudential Code for Capital Finance for Local Authorities.

In line with the Treasury Code, 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. A copy of the Treasury Management Strategy Statement for 2023/24 can be found on the Council's website, www.haringey.gov.uk.

The Treasury Management Strategy includes an 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 Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The Council's activities expose it to various 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 because of changes in market variables such as interest rates or equity prices.

Credit risk – Treasury Investments

The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. 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). In addition to this, the Council has set limits on investments in certain sectors including group limits. Full details of the Council's approved counterparty list, along with the relevant investment and term limits, are included in the Treasury Investment Strategy section of the Treasury Management Strategy.

As of 31 March 2024, the nominal value of the Council's investment portfolio was £33.9 million. The entire amount was deposited with the Debt Management Office. All investments made during the financial year were in accordance with the Council's approved credit rating criteria. Furthermore, as at 31 March 2024, there were no loss allowances related to treasury investments.

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.

The maturity analysis of the Council's borrowing below is as follows, shown both as discounted (principal plus accrued interest to date) and undiscounted (principal plus future interest payments) at 31 March 2024.

Discounted borrowing	31/03/2024	31/03/2023
	£'000	£'000
Public Works Loans Board	683,749	597,109
Market debt	102,013	127,013
Local government	40,941	65,874
Total	**826,703**	**789,996**
Less than 1 year	160,449	254,730
Between 1 and 2 years	31,000	43,512
Between 2 and 5 years	113,000	34,000
Between 5 and 10 years	107,250	53,417
Between 10 and 20 years	98,520	97,853
Between 20 and 40 years	146,484	146,484
Between 40 and 50 years	170,000	160,000
	826,703	**789,996**

Undiscounted borrowing	31/03/2024	31/03/2023
	£'000	£'000
Public Works Loans Board	1,074,057	807,988
Market debt	111,763	133,399
Local government	41,580	100,162
Total	**1,227,400**	**1,041,549**
Less than 1 year	178,080	181,523
Between 1 and 2 years	50,911	112,044
Between 2 and 5 years	166,525	54,715
Between 5 and 10 years	172,136	84,849
Between 10 and 20 years	191,196	178,541
Between 20 and 40 years	275,107	259,592
Between 40 and 50 years	193,445	170,285
	1,227,400	**1,041,549**

The Council has £100 million (2023: £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 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:

	31/03/2024	31/03/2023
	£'000	£'000
Increase in interest receivable on variable rate investments	4,683	2,280
Increase in interest payable on variable rate borrowings	0	0
Impact on Surplus or Deficit on Provision of Services	**4,683**	**2,280**
Decrease in fair value of fixed rate borrowing liabilities	67,197	12,184

The Council has £50m (2023: £125m) of “Lender’s option, borrower’s option” (LOBO) loans with maturity dates in 2024 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 any pooled equity funds 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 2024 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 2024 Expected Credit Loss/ Incurred Credit Loss	Net Debtor	Gross Debtor	31st March 2023 Expected Credit Loss/ Incurred Credit Loss	Net Debtor
	£000	£000	£000	£000	£000	£000
Central Government	17,274	0	17,274	25,451	0	25,451
Health Authorities	22,516	0	22,516	25,706	0	25,706
Housing Benefit Overpayments	30,092	(24,568)	5,524	26,234	(23,275)	2,959
Housing/ HRA Rent Payers	40,365	(40,469)	(104)	56,884	(39,608)	17,276
Local Taxation	43,356	(33,555)	9,801	37,932	(29,622)	8,310
Other Local Authorities	16,940	0	16,940	52,372	0	52,372
Other Receivables	22,106	(4,205)	17,901	7,265	(3,803)	3,461
Parking	39,565	(30,488)	9,077	24,198	(20,500)	3,698
Payment in Advance	1,358	0	1,358	1,691	0	1,691
Trade Receivables	41,552	(12,924)	28,628	28,022	(10,738)	17,283
Total Short Term Debtors	**275,123**	**(146,210)**	**128,913**	**285,753**	**(127,547)**	**158,206**

Long Term Debtors	31st March 2024 Net Debtor	31st March 2023 Net Debtor
	£'000	£'000
Advances & Deposits	68	10,068
Service Loans	9,249	9,337
Total Long Term Debtors	**9,317**	**19,405**

Short Term Debtors	Group Amounts Gross Debtor	31st March 2024 Expected Credit Loss/ Incurred Credit Loss	Net Debtor	Group Amounts Gross Debtor	31st March 2023 Expected Credit Loss/ Incurred Credit Loss	Net Debtor
	£000	£000	£000	£000	£000	£000
				Restated	Restated	Restated
Central Government	17,274	0	17,274	25,451	0	25,451
Health Authorities	22,516	0	22,516	25,706	0	25,706
Housing Benefit Overpayments	30,092	(24,568)	5,524	26,234	(23,275)	2,959
Housing/ HRA Rent Payers	40,365	(40,469)	(104)	56,884	(39,608)	17,276
Local Taxation	43,356	(33,555)	9,801	37,932	(29,622)	8,310
Other Local Authorities	16,940	0	16,940	52,372	0	52,372
Other Receivables	22,106	(4,205)	17,901	7,265	(3,803)	3,461
Parking	39,565	(30,488)	9,077	24,198	(20,500)	3,698
Payment in Advance	1,358	0	1,358	1,691	0	1,691
Trade Receivables	42,859	(12,924)	29,935	28,123	(10,738)	17,385
Total Short Term Debtors	**276,430**	**(146,210)**	**130,220**	**285,854**	**(127,547)**	**158,307**

Long Term Debtors	31st March 2024 Net Debtor	31st March 2023 Net Debtor
	£000	£000
Advances & Deposits	68	10,068
Service Loans	3,666	2,955
Total Long Term Debtors	**3,734**	**13,024**

Page 110

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.

2023/24 Expected Credit Loss/ Incurred Credit Loss Movement, Restated	Opening balance 01/04/2024	(Additional Provisions)/ Released during the Year	Amount Used During the Year	Closing Balance 31/03/2024
	£000	£000	£000	£000
Expected Credit Loss:				
Housing Rent	(15,726)	(2,610)	3,478	(14,857)
Other (Sundry/ Commercial)	(10,743)	(2,709)	531	(12,921)
	(26,469)	(5,319)	4,009	(27,778)
Incurred Credit Loss:				
Housing Other	(23,949)	(2,782)	1,069	(25,661)
Housing Benefit Overpayment	(23,275)	(1,293)	0	(24,568)
Local Taxation	(29,622)	(4,124)	191	(33,555)
Parking	(20,500)	(9,988)	0	(30,488)
Other	(3,732)	(429)	1	(4,159)
	(101,079)	(18,615)	1,262	(118,431)
	(127,547)	**(23,934)**	**5,271**	**(146,210)**

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)**

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	31/03/2024	31/03/2023
	£'000	£'000
One year or less than one year	5,854	4,961
More than one year	2,500	2,376
Total	**8,354**	**7,337**

Non-Domestic Rates	31/03/2024	31/03/2023
	£'000	£'000
One year or less than one year	1,266	484
More than one year	181	489
Total	**1,447**	**973**

Page 111

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	
	31/03/24 £'000	31/03/23 £'000	31/03/24 £'000	31/03/23 £'000
Cash in hand and at bank	2,645	10,976	8,825	17,980
Short-term deposits	33,900	93,900	33,900	93,900
Total	**36,545**	**104,876**	**42,725**	**111,880**

18. Creditors

The following tables provide an analysis of money owed by the Council as at 31 March 2024.

	Long Term		Short Term	
	31/03/24 £'000	31/03/23 £'000	31/03/24 £'000	31/03/23 £'000
Central Govt bodies	0	0	(24,422)	(29,367)
Other local authorities	0	0	(14,120)	(14,607)
NHS bodies	0	0	(18,696)	(10,267)
Receipt in Advance	0	0	(23,711)	(30,401)
Trade Payables	(1,665)	(1,717)	(62,322)	(65,318)
Other Payables	(15,309)	(15,409)	(18,160)	(18,856)
PFI	0	0	(3,916)	(3,722)
Council Tax & NNDR Overpayments	0	0	(15,712)	(20,913)
Total	**(16,974)**	**(17,126)**	**(181,059)**	**(193,451)**

	Single Entity		Group Amounts	
	31/03/24 £'000	31/03/23 £'000	31/03/24 £'000	31/03/23 £'000 Restated
Central Govt bodies	(24,422)	(29,367)	(24,422)	(29,367)
Other local authorities	(14,120)	(14,607)	(14,120)	(14,607)
NHS bodies	(18,696)	(10,267)	(18,696)	(10,267)
Receipt in Advance	(23,711)	(30,401)	(23,711)	(30,401)
Trade Payables	(63,987)	(67,035)	(69,022)	(69,776)
Other Payables	(33,468)	(34,264)	(33,467)	(34,264)
PFI	(3,916)	(3,722)	(3,916)	(3,722)
Council Tax, NNDR & Housing Benefit Overpayments	(15,712)	(20,913)	(15,712)	(20,913)
Total	**(198,033)**	**(210,577)**	**(203,067)**	**(213,318)**

Page 112

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 2023	**(8,713)**	**(3,224)**	**(3,241)**	**(1,136)**	**(16,313)**
Provisions made in 2023/24	(2,721)	(827)	0	(8,493)	**(12,041)**
Amounts used in 2023/24	1,194	227	0	576	**1,997**
Balance at 31 March 2024	**(10,240)**	**(3,824)**	**(3,241)**	**(9,053)**	**(26,357)**
Of which:					
Long Term	(8,850)	(409)	0	(5,481)	(14,740)
Short Term	(1,390)	(3,415)	(3,241)	(3,573)	(11,617)

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

	2023/24	2022/23
	£'000	£'000
Collection Fund Adjustment	(5,586)	(3,081)
Revaluation Reserve	(1,188,187)	(1,178,097)
Pensions Reserve	(87,281)	34,292
Capital Adjustment Account	(1,133,253)	(1,101,175)
Deferred Capital Receipts	(960)	(593)
Financial Instruments Adjustment	3,175	3,408
Dedicated School Grant Adjustment	9,553	11,550
Accumulated Absences	9,103	10,977
Total	**(2,393,436)**	**(2,222,719)**

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.

	2023/24	2022/23
	£'000	£'000
Balance as at 1 April	**(3,081)**	**14,845**
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	(2,505)	(17,926)
Balance as at 31 March	**(5,586)**	**(3,081)**

Page 113

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 £104m as at 31 March 2024 (£96m at 31 March 2023).

	2023/24	2022/23
	£'000	£'000
Balance as at 1 April	**(1,178,097)**	**(1,003,596)**
(Surplus) or deficit on revaluation of property, plant and equipment	(15,310)	(184,811)
Difference between fair value depreciation and historical cost depreciation	1,954	6,411
Revaluation losses & impairments written off to previous gains	1,777	2,424
Revaluation balances on disposed assets	1,490	1,474
Balance as at 31 March	**(1,188,187)**	**(1,178,097)**

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 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. The credit balance represents the surplus of the present value of the defined benefit obligation less the fair value of plan assets.

	2023/24	2022/23
	£'000	£'000
Balance as at 1 April	**34,292**	**482,038**
Remeasurements recognised in Other Comprehensive Income and Expenditure	(119,338)	(513,242)
Reversal of items relating to retirement benefits debited or credited to SDPOS	(2,235)	65,496
Balance as at 31 March	**(87,281)**	**34,292**

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.

	2023/24	2022/23
	£'000	£'000
Balance as at 1 April	(1,101,175)	(1,083,553)
Reversal of items relating to capital expenditure debited or credited to CIES		
- charges for depreciation and impairment of NCA	48,851	45,869
- revaluation gains and reversals of losses on PPE	31,679	55,676
- amortisation of intangible assets	1,520	880
- REFCUS	19,601	14,057
- amounts of NCA written off on disposal or sale as part of the gains/loss on disposal to CIES	5,683	7,529
	107,334	**124,011**
Adjusting amounts written out of Revaluation Reserve	(5,221)	(10,309)
Net written out amount of the cost of NCA consumed in the year	**102,113**	**113,702**
Capital financing applied in the year		
- Capital Receipts	(12,336)	(14,290)
- Major Repairs Reserve	(22,901)	(21,526)
- Capital Grants	(87,588)	(73,951)
- Revenue Contributions	(210)	(5,965)
- Minimum revenue provision	(15,531)	(11,412)
	(138,566)	**(127,144)**
Movements in the market value of Investment Properties debited or credited to CIES	3,555	(5,017)
Other adjustments	820	836
Balance as at 31 March	**(1,133,253)**	**(1,101,175)**

Page 115

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 ending 31 March 2026, 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.

	2023/24	2022/23
	£'000	£'000
Balance as at 1 April	**11,550**	**20,505**
Transferred into DSG Reserve during year	(1,997)	(8,955)
Balance as at 31 March	**9,553**	**11,550**

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 five years, the Council developed a DSG Management Plan which was coproduced with various stakeholders. The plan was approved by DfE in 2022-23 and as a result financial support of £29.9m is being provided. The amount provided up to 2023/24 is £16.03m. As a result of the funding, the cumulative High Needs Block DSG deficit at 31st March 2024 is **£9.553m**.

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.

	2023/24	2022/23
	£'000	£'000
Balance as at 1 April	**10,977**	**10,023**
Settlement / cancellation of accrual made at the end of the preceding year	**(10,977)**	**(10,023)**
Amounts accrued at the end of the current year	9,103	10,977
Amount by which officer remuneration charged to the CIES on an accruals basis is different from charges in accordance with statute	(1,874)	954
Balance as at 31 March	**9,103**	**10,977**

Page 116

21. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	Single Entity 2023/24	Group 2023/24	Single Entity 2022/23	Group 2022/23
			£000	£000
Interest received	3,298	3,298	1,529	1,529
Interest paid	(25,183)	(25,183)	(21,778)	(21,677)

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

	Single Entity 2023/24	Group 2023/24	Single Entity 2022/23 Restated	Group 2022/23 Restated
			£000	£000
Depreciation	48,851	50,654	45,869	47,598
Impairment and downward valuations	31,679	31,679	55,676	55,676
Amortisation	1,520	1,520	880	880
Increase/(decrease) in creditors	2,506	4,424	(42,046)	(48,425)
Increase/(decrease) in provisions	10,044	10,044	(2,376)	(2,805)
(Increase)/decrease in debtors	38,681	38,685	(33,291)	(28,002)
(Increase)/decrease in inventories	(30)	(89)	(610)	1,263
Movement in pension liability	(2,235)	(2,327)	65,496	66,674
Carrying amount of non-current assets disposal	5,683	5,683	7,529	7,529
Movement in fair value of investment properties	3,555	3,555	(5,017)	(5,017)
Other non-cash items charged to the net surplus or deficit on the provision of services	(1,321)	(3,862)	(1,096)	(2,938)
	138,933	**139,966**	**91,014**	**92,433**

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

	Single Entity 2023/24	Group 2023/24	Single Entity 2022/23 Restated	Group 2022/23 Restated
			£000	£000
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0	0	5,000	5,000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(24,962)	(24,962)	(25,748)	(25,748)
Capital Grants credited to SDPOS	(91,763)	(91,763)	(94,831)	(94,831)
	(116,725)	**(116,725)**	**(115,579)**	**(115,579)**

22. Cash Flow Statement - Investing Activities

	2023/24	2023/24	2022/23 Restated	2022/23 Restated
	£000	£000	£000	£000
Purchase of property, plant and equipment, investment property and intangible assets	(227,965)	(229,028)	(237,491)	(237,115)
Other Investing activities	0	(431)	0	(1,370)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	24,595	24,595	25,207	25,207
Capital Grants and Other Investments received	62,329	62,329	190,402	190,402
Net cash flows from investing activities	**(141,041)**	**(142,535)**	**(21,882)**	**(22,876)**

23. Cash Flow Statement - Financing Activities

	Single Entity 2023/24	Group 2023/24	Single Entity 2022/23	Group 2022/23
			£000	£000
Cash receipts of short- and long-term borrowing	184,166	184,166	192,833	192,833
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(3,722)	(3,722)	(4,249)	(4,249)
Repayments of short- and long-term borrowing	(148,036)	(148,036)	(109,947)	(109,947)
Other payments for financing activities	(5,228)	(5,228)	9,422	9,422
Net cash flows from financing activities	**27,180**	**27,180**	**88,060**	**88,060**

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	663,301	55,988	(46)	719,243
Short Term Borrowings	129,738	(19,857)	542	110,423
Lease Liabilities	13,321	0	13,498	26,819
On Balance sheet PFI liabilities	9,646	(3,722)	0	5,924
Total	**816,006**	**32,409**	**13,994**	**862,409**

24. Members allowances

The total of Members' allowances paid in 2023/24 was £1.150 million compared to £1.141 million in 2022/23. These figures are included in the 'Corporate Budget- Service' line of the CIES.

25. External audit costs

The authority has incurred the following costs in relation to the audit of the statement of accounts:

	2023/24	2022/23 Restated
	£'000	£'000
Fees payable with regard to external audit services carried out by the appointed auditor for the year -KPMG	499	
Fees for HB subsidy claims audit- KPMG	86	
Fees payable in respect of grant claims and returns provided during the year-KPMG	12	
Fees payable with regard to external audit services carried out by the appointed auditor for		159
*Fees payable in respect of grant claims and returns provided during the year-BDO		113
Total	**597**	**272**

*The fees payable for 2022-23 has been restated to reflect additional fees in respect of the Housing Benefits claim and Housing Capital Pooling Return.

26. Pooled budgets

In 2023/24, Haringey Council (the Council) entered into 2 pooled budget arrangements with NHS North Central London ICB (The ICB), 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

2023/24 Section 75 Pooled Budget

	Gross Expenditure 2023/24	ICB's Contribution 2023/24	Haringey's Contribution 2023/24	TOTAL Contribution 2023/24
	£'000	£'000	£'000	£'000
Adults Mental Health	63,989	(47,372)	(16,617)	(63,989)
Adult Learning Disabilities Support	42,907	(12,543)	(30,364)	(42,907)
Child and Adolescent Mental Health services (CAMHS)	2,522	(1,768)	(754)	(2,522)
Better Care Fund (BCF)	24,629	(24,629)	0	(24,629)
OP/LTC (incl DFG & Additional Discharge Fund)	4,145	(91)	(4,054)	(4,145)
Improved Better Care fund (iBCF)	9,806	0	(9,806)	(9,806)
Violence Against Women and Girls (VAWG)	59	(32)	(27)	(59)
Children and Young Persons (CYP)	10,032	(3,028)	(7,004)	(10,032)
TOTAL	158,089	(89,463)	(68,626)	(158,089)

2022-23 Section 75 Pooled Budget

	Gross Expenditure 2022/23	ICB's Contribution 2022/23	Haringey's Contribution 2022/23	TOTAL Contribution 2022/23
	£'000	£'000	£'000	£'000
Adults Mental Health	63,786	(47,191)	(16,595)	(63,786)
Adult Learning Disabilities Support	43,348	(12,452)	(30,896)	(43,348)
Child and Adolescent Mental Health services (CAMHS)	2,935	(1,785)	(1,150)	(2,935)
Better Care Fund (BCF)	23,467	(23,467)	0	(23,467)
OP/LTC (incl DFG & Additional Discharge Fund)	3,869	(101)	(3,768)	(3,869)
Improved Better Care fund (iBCF)	9,806	0	(9,806)	(9,806)
Violence Against Women and Girls (VAWG)	41	(21)	(20)	(41)
Children and Young Persons (CYP)	7,225	(297)	(6,928)	(7,225)
TOTAL	154,478	(85,314)	(69,164)	(154,478)

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

In 2023/24, the Council and the ICB 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, 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 ICB and the Council for the provision of services to facilitate closer integration of health and social care for local people. NHS North Central London ICB (The ICB), 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 (excluding Improved Better Care Fund) was £28.6m in 2023/24 of which the Council's contribution was £4m and £24.6m by the ICB. In relation to the improved Better Care Fund, the Council utilised the entire amount of £9.8m government grant.

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	2023-24	225,870	0	0	**225,870**
	2022-23	223,202	0	0	**223,202**
Director of Finance - JR Warlow	2023-24	186,063	0	41,583	**227,646**
(Retired 31.03.2024)	2022-23	174,680	0	43,495	**218,175**
Director of Placemaking & Housing - D Joyce*	2022-23	160,833	0	36,992	**197,825**
	2022-23	154,494	0	38,469	**192,963**
Director of Adults, Health & Communuities - B Tarka*	2023-24	160,833	0	36,992	**197,825**
	2022-23	153,279	0	38,166	**191,445**
Director of Children's Services - A Graham*	2023-24	160,833	0	36,992	**197,825**
	2022-23	142,706	0	35,534	**178,240**

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

Page 123

The following table sets out the remuneration disclosures for senior officers reporting directly 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 Culture,Strategy & Engagement	2023-24	149,891	0	34,475	**184,366**
	2022-23	108,615	0	27,045	**135,660**
Director of Environment & Residents Experience	2023-24	149,891	0	34,475	**184,366**
	2022-23	35,400	0	8,814	**44,214**
Head of Legal & Governance **	2022-23	113,454	0	28,250	**141,704**
Director of Environment & Residents Experience (Acting up to 08.01.2023)***	2022-23	121,531	0	16,545	**138,076**

** Now reports to the Director of Culture, Strategy & Engagement from 2023/24

*** *No longer reporting directly to Chief Executive as substantive post was filled in 2022-23*

Page 124

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):

	2023/24	2022/23
	No. of employees	No. of employees
£50,000 - £54,999	437	384
£55,000 - £59,999	270	269
£60,000 - £64,999	434	195
£65,000 - £69,999	10	122
£70,000 - £74,999	2	11
£75,000 - £79,999	49	36
£80,000 - £84,999	34	20
£85,000 - £89,999	48	39
£90,000 - £94,999	1	0
£95,000 - £99,999	12	15
£100,000 - £104,999	10	11
£105,000 - £109,999	9	7
£110,000 - £114,999	10	8
£115,000 - £119,999	9	7
£120,000 - £124,999	1	5
£125,000 - £129,999	9	2
£130,000 - £134,999	2	0
£135,000 - £139,999	2	0
£145,000 - £149,999	1	0
£190,000 - £194,999	0	2
Total	**1,350**	**1,133**

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):

2023/24	No of compulsory redundancies	No of other agreed departures	Total number	Total cost £
£0 - £20,000	33	23	56	449,714
£20,001 - £40,000	13	7	20	568,938
£40,001 - £60,000	0	2	2	85,623
£60,001 - £80,000	2	0	2	130,666
£100,001 - £150,000	1	0	1	106,488
Total	**49**	**32**	**81**	**1,341,429**

2022/23 Restated	No of compulsory redundancies	No of other agreed departures	Total number	Total cost £
£0 - £20,000	31	21	52	387,508
£20,001 - £40,000	10	4	14	371,789
£40,001 - £60,000	3	0	3	104,237
£60,001 - £80,000	0	1	1	66,759
£80,001 - £100,000	1	1	2	186,095
Total	**45**	**27**	**72**	**1,116,388**

Page 125

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 2022. 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 2023/24 are as follows.

	Central Expenditure	ISB	Total
	£'000	£'000	£'000
Final DSG for 2023/24 before academy and high needs recoupment			**300,184**
Academy and high needs figure recouped for 2023/24			**84,777**
Total DSG after academy and high needs recoupment for 2023/24			**215,407**
Plus: Brought forward from 2022/23			**0**
Less: Carry-forward to 2024/25 agreed in advance			**0**
Agreed initial budgeted distribution in 2023/24	79,501	135,906	215,407
In-year adjustments	4,070	0	**4,070**
Final budget distribution for 2023/24	**83,571**	**135,906**	**219,477**
Less: Actual central expenditure	81,574		81,574
Less: Actual ISB deployed to schools		135,906	135,906
Plus: Local authority contribution for 2023/24	0	0	0
In-year carry-forward to 2024/25	**1,997**	**0**	**1,997**
Plus: Carry-forward to 2024/25 agreed			**0**
Carry-forward to 2024/25			**1,997**
DSG unusable reserve at the end of 2022/23			**(11,550)**
Addition to DSG unusable reserve at the end of 2023/24			**0**
Total of DSG unusable reserve at the end of 2023/24			**(11,550)**
Net DSG position at the end of 2023/24			**(9,553)**

30. Grant income

The Council credited the following grants, contributions and donations to the CIES in 2023/24.

		2023/24	2022/23
Credited to Services		**£000**	**£000**
Dept of Works & Pensions Grants	Housing Benefits Subsidy	(161,992)	(176,348)
	Household Support Fund	(4,813)	(4,813)
	Discretionary Housing payment	(1,193)	(1,193)
Dept for Education Grants	Dedicated Schools Grant	(215,407)	(208,553)
	Safety Valve Payment	(4,070)	(11,960)
	Pupil Premium	(10,558)	(9,922)
	Schools Supplementary Grant (SSG)	(5,376)	(3,729)
	16+ Learning	(7,192)	(6,660)
	PFI	(5,669)	(5,669)
	Universal Infant school meal	(5,314)	(2,164)
	DFE Other Revenue Grants	(10,335)	(6,039)
Department of Health Grants	Public Health Grant	(22,203)	(21,502)
	DHSC Other Revenue Grants	(6,273)	(2,304)
DHULC Grants	Homelessness Grant	(1,940)	(1,647)
	Tackling Troubled Families	(1,536)	(1,330)
	Council tax Rebate- Energy	(28)	(14,685)
	Flexible Housing	(10,739)	(9,861)
	Adult Social Care	(30,443)	(21,710)
	Ukraine Refugees Grant	(1,977)	(6,150)
GLA Grants	GLA Grants	(2,369)	(1,503)
Home Office Grants	Home Office Grants	(3,037)	(2,852)
Various Government Depts	Other Revenue Grants	(6,560)	(7,213)
Sub Total Government Grants		**(519,024)**	**(527,805)**

		2023/24	2022/23
Credited to Services		**£000**	**£000**
Contributions	NHS Bodies	(20,272)	(27,088)
	Other Bodies	(5,208)	(5,730)
Capital Grant to services	Disability Facility Grant	(3,390)	(2,811)
Total		(547,894)	(563,434)

		2023/24	2022/23 Restated
Credited to Taxation and Non-Specific Grant Income		**£000**	**£000**
	New Homes Bonus	(2,105)	(1,279)
	Revenue Support Grant	(25,635)	(22,797)
	S31 Business Rate Relief	(22,065)	(14,060)
	Services Grant	(3,380)	(5,652)
	Other General Grants	(1,033)	(2,582)
Sub Total Government Grants		(54,218)	(46,370)
	Business Rates (NNDR) top up	(61,971)	(60,471)
Sub Total Revenue Grants		(116,189)	(106,841)
	Capital Grants	(88,373)	(92,020)
	Donations	(12)	(16)
Total		(204,574)	(198,877)

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:

	2023/24	2022/23 Restated
Capital Grants & Contributions Received in Advance	**£000**	**£000**
New Build Grant	(76,930)	(111,978)
S106 Contribution	(21,768)	(16,931)
DBEIS Funding	(8,804)	(10,789)
Mayors Land Fund	(5,000)	0
DLUCH Grants	(3,296)	(5,352)
Other Grants	(1,057)	(2,075)
Total	(116,855)	(147,125)

	2023/24	2022/23
Revenue Grants Received in Advance	**£000**	**£000**
GLA Revenue Grants	(41)	(595)
DLUHC Revenue Grants	(33)	0
DESNZ Energy Bill Support	0	(791)
CO - One Pub Est Pship	(230)	(315)
Total	(304)	(1,701)

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 £0.305m as at 31 March 2024 and the Council charged the fund £0.840m for administration in 2023/24 (£0.345m and £0.885m respectively in 2022/23).

<u>Homes for Haringey Limited, and Alexandra Park and Palace Charitable Trust Limited</u>
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 2023/24 were £7.0 million and £0.2 million respectively (£18.9 million and £1.4 million in 2022/23).

The Total debt owed by Alexandra Park and Palace Charitable Trust at the year-end is £48.9m. Most of these debts (£43.1m), are historic debt balances owed by the Trust that have not been legally discharged. £5.5m of the remaining debt relates to loans for refurbishment of the Ice Rink facility, the West Yard Storage and lighting, which are being repaid by the Trust in line with the loan agreements.

The historic debt dates back to previous decades when the Council expended funds on behalf of the Trust. 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.

<u>North London Waste Authority (NLWA)</u>
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.

<u>Members and Senior Officers</u>
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 2023/24 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 2023/24, Haringey has provided financial support to or purchased services from 12 charitable or voluntary organisations (14 in 2022/23) in which 27 members have declared an interest (26 in 2022/23). 16 of these instances were as a representative of the Council and 11 in a personal capacity (12 and 14 respectively in 2022/23). In 2023/24, the total value of payments made, and amounts received was £4.259 million (£5.066 million in 2022/23) and the total value of amounts due was £0.172 million (£0.426 million in 2022/23).

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.

	2023/24	2022/23 Restated
	£'000	£'000
Capital Financing Requirement at 1 April	**1,120,900**	**973,948**
Capital investment		
- Property, Plant and Equipment	213,788	236,855
- Long term loans	712	11,869
- Investment Properties	30	8,238
- Intangible Assets	3,597	3,077
- REFCUS	19,601	14,057
	237,728	**274,096**
Sources of finance		
- Capital receipts	(12,336)	(14,290)
- Government grants and other contributions	(87,588)	(73,951)
- Major Repairs Allowance	(22,901)	(21,526)
- Direct revenue contributions	(210)	(5,965)
- Minimum Revenue Provision	(15,531)	(11,412)
	(138,566)	**(127,144)**
Closing CFR	**1,220,062**	**1,120,900**
Explanation of movements in year		
Provision to reduce underlying need to borrow (MRP)	(15,531)	(11,412)
Increase in underlying need for supported borrowing	114,693	158,364
Increase/(Decrease) in CFR	**99,162**	**146,952**

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.

	31/03/24	31/03/23
	£'000	£'000
Other Land and Buildings	29,141	12,900
Vehicles, Plant, Furniture and Equipment	3,037	5,505
Total	**32,178**	**18,405**

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	1,046	1,367
- non-current	25,773	11,954
Finance costs payable in future years	59,970	19,515
Total	**86,789**	**32,836**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	2023/24 £'000	2022/23 £'000	2023/24 £'000	2022/23 £'000
Less than one year	2,296	1,996	1,046	1,367
Between one and five years	7,761	5,416	3,279	3,504
Later than five years	76,732	25,424	22,494	8,450
Total	**86,789**	**32,836**	**26,819**	**13,321**

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 2023/24 £114k contingent rents were payable by the authority (2022/23 £603k).

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:

	£'000	£'000
Not later than one year	547	761
Later than one year and not later than five years	1,209	1,568
Later than five years	807	205
Total	**2,563**	**2,534**

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.

Changes to accounting standards: IFRS 16 Leases

The implementation of IFRS 16 Leases is effective from 2024/25, the main changes likely to impact the Council is accounting as a lessee for what are currently referred to as operating leases. These are where the Council enters into contracts for services with asset implications and / or where it has benefits and use of those assets. Under IFRS 16 the Council will be required to recognise a right of use asset and a lease liability on the Balance Sheet (subject to certain exemptions); currently the Council includes these costs as operating lease payments in the CIES.

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.

	31/03/24 £'000	31/03/23 £'000
Not later than one year	7,264	7,363
Later than one year and not later than five years	17,946	16,382
Later than five years	88,847	82,306
Total	**114,057**	**106,051**

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 £4.324 million in 2023/24 (£4.301 million in 2022/23). 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	3,916	308	**4,224**
Payable within 2 to 5 years	2,008	105	**2,113**
Total	**5,924**	**413**	**6,337**

Movement in PFI liability	£'000
Opening Balance as at 1/4/2023	9,646
Interest Charge	502
Payment during 2023/24	(4,224)
Closing balance as at 31/3/2024	**5,924**

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 2023/24 the Council paid £17.063 million (£16.495 million in 2022/23) to Teachers' Pensions in respect of teachers' pension costs which represented 23.68% of teachers' pensionable pay from April 2023 to March 2024. From 1st April 2024, the employer's contribution rate will increase to 28.68%. The expected contributions for 2024/25 is £21.079 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 £19.930 million for the LGPS (£20.774 million in 2022/23) and £12,274 in respect of Teachers unfunded pensions (£13.026 million in 2022/23). At 31st March 2024 the Scheme had 836 members in respect of LGPS and 309 members in respect of Teachers unfunded pensions (887 and 343 respectively as at 31st March 2023).

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	
	2023/24	2022/23	2023/24	2022/23 Restated
	£'000	£'000	£'000	£'000
Cost of Services				
- current service cost	40,291	71,490	0	0
- past service cost	369	143	0	0
Total	**40,660**	**71,633**	**0**	**0**
Net Interest Expense	1,540	13,841	0	0
Total Charged to SDPOS	**42,200**	**85,474**	**0**	**0**
Other Comprehensive Income and Expenditure				
- return on plan assets	(89,569)	129,629	0	0
- actuarial gains/losses (changes in financial assumptions)	(73,230)	(750,921)	0	0
- actuarial gains/losses (changes in demographic assumptions	(9,855)	277	0	0
- other*	51,480	111,090	1,836	(3,317)
Total	**(121,174)**	**(509,925)**	**1,836**	**(3,317)**

*The unfunded element omitted from the 2022-23 figures now being reflected in the table

	Group	
	2023/24	2022/23 Restated
	£'000	£'000
Cost of Services		
- current service cost	40,305	71,510
- past service cost	369	143
Total	**40,674**	**71,653**
Net Interest	**1,457**	**13,812**
Total debited to SDPOS	**42,131**	**85,465**
Other Comprehensive Income and Expenditure		
- return on plan assets	(89,835)	130,014
- actuarial gains/losses (changes in financial assumptions)	(73,326)	(751,980)
- actuarial gains/losses (changes in demographic assumptions)	(9,873)	343
- other	53,417	107,797
Total	**(119,617)**	**(513,826)**

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

	2023/24	2022/23
	£'000	£'000
Reversal of net IAS 19 charges	(42,200)	(85,474)
Actual amount charged for pensions in the year	44,435	19,978

Pension assets and liabilities recognised in the Balance Sheet

	LGPS		Unfunded	
	2023/24	**2022/23**	**2023/24**	**2022/23**
		Restated		Restated
	£'000	£'000	£'000	£'000
Present value of obligation	(1,629,133)	(1,604,453)	(32,204)	(33,800)
Fair value of plan assets	1,748,618	1,603,961	0	0
Net liability	**119,485**	**(492)**	**(32,204)**	**(33,800)**

	Single Entity		Group Amounts	
	2023/24	2022/23	2023/24	2022/23
	£'000	£'000	£'000	£'000
Present value of the defined benefit obligation	(1,661,337)	(1,638,253)	(1,664,345)	(1,641,421)
Fair value of plan assets	1,748,618	1,603,961	1,753,740	1,608,872
Net liability	**87,281**	**(34,292)**	**89,395**	**(32,549)**

* This restatement is in respect of omitted figure in respect of other experience

Reconciliation of Movement in Fair Value of Scheme Assets

Scheme Assets	**LGPS**		**Unfunded**	
	2023/24	**2022/23**	**2023/24**	**2022/23**
	£'000	£'000	£'000	£'000
Opening fair value	1,603,961	1,442,176	0	0
Interest income	75,704	43,522	0	0
Remeasurement gain / (loss)				
- the return on plan assets	89,569	(129,629)	0	0
- other experience changes	0	18,768	0	0
Employer contributions	41,003	38,452	3,432	3,330
Contributions from employees into the scheme	12,090	11,018	0	0
Benefits paid	(73,709)	(56,179)	(3,432)	(3,330)
Effect of Business combinations & Disposals	0	235,833	0	0
Closing fair value	**1,748,618**	**1,603,961**	**0**	**0**

	Single Entity		Group Accounts	
	2023/24	2022/23	2023/24	2022/23
	£'000	£'000	£'000	£'000
Opening fair value of scheme assets	1,603,961	1,442,176	1,608,872	1,447,076
Interest income	75,704	43,522	75,931	43,655
Remeasurement gain / (loss)				
- the return on plan assets	89,569	(129,629)	89,835	(130,014)
- other experience changes	0	18,768	0	19,007
Employer contributions	44,435	41,782	44,458	41,918
Contributions from employees into the scheme	12,090	11,018	12,093	11,021
Benefits paid	(77,141)	(59,509)	(77,449)	(59,624)
Effect of Business combinations & Disposals	0	235,833	0	235,833
Closing fair value	**1,748,618**	**1,603,961**	**1,753,740**	**1,608,872**

Reconciliation of Present Value of Defined Benefit Obligation

Scheme Liabilities	LGPS		Unfunded	
	2023/24	2022/23	2023/24	2022/23 Restated
	£'000	£'000	£'000	£'000
Balance as at 1st April	(1,604,453)	(1,883,767)	(33,800)	(40,447)
Current service cost	(40,291)	(71,490)	0	0
Past service cost	(369)	(143)	0	0
Interest cost	(77,244)	(57,363)	0	0
Contributions from scheme participants	(12,090)	(11,018)	0	0
Remeasurement gain / (loss):				
- financial assumptions	73,230	750,921	0	0
- demographic assumptions	9,855	(277)	0	0
- other experience changes	(51,480)	(129,858)	(1,836)	3,317
Effect of Business combinations & Disposals	0	(257,637)	0	0
Benefits paid	73,709	56,179	3,432	3,330
Balance as at 31st March	**(1,629,133)**	**(1,604,453)**	**(32,204)**	**(33,800)**

Page 136

	Single Entity		Group Accounts	
	2023/24	2022/23	2023/24	2022/23
	£'000	£'000	£'000	£'000
Balance as at 1st April	(1,638,253)	(1,924,214)	(1,641,421)	(1,928,100)
Current service cost	(40,291)	(71,490)	(40,305)	(71,510)
Past service cost	(369)	(143)	(369)	(143)
Interest cost	(77,244)	(57,363)	(77,388)	(57,467)
Contributions from scheme participants	(12,090)	(11,018)	(12,093)	(11,021)
Remeasurement gain / (loss):			0	0
- financial assumptions	9,855	(277)	9,873	751,980
- demographic assumptions	73,230	750,921	73,326	(343)
- other experience changes	(53,316)	(126,541)	(53,417)	(126,804)
Effect of Business combinations & Disposals	0	(257,637)	0	(257,637)
Benefits paid	77,141	59,509	77,449	59,624
Balance as at 31st March	**(1,661,337)**	**(1,638,253)**	**(1,664,345)**	**(1,641,421)**

Analysis of Scheme Assets:

Single Entity

2023/24	Quoted - active markets	Not quoted - no active markets	Total	% of Total Assets
	£'000	£'000	£'000	%
Cash and cash equivalents	0	20,344	**20,344**	1
Private equity	0	132,778	**132,778**	7
Debt securities	255,151	0	**255,151**	15
Real estate: UK property	0	193,076	**193,076**	11
Investment funds and unit trusts				
- equities	779,935	0	**779,935**	45
- bonds	300,163	0	**300,163**	17
- infrastructure	0	67,172	**67,172**	4
Sub-total	1,080,098	67,172	**1,147,270**	66
Total assets	**1,335,249**	**413,369**	**1,748,618**	**100**

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**

Group Accounts

2023/24	Quoted - active markets	Not quoted - no active markets	Total	% of Total Assets
	£'000	£'000	£'000	%
Cash and cash equivalents	51	20,344	**20,395**	1
Private equity	0	132,778	**132,778**	7
Debt securities	255,151	0	**255,151**	15
Real estate: UK property	0	193,639	**193,639**	11
Investment funds and unit trusts				
- equities	783,316	0	**783,316**	45
- bonds	301,290	0	**301,290**	17
- infrastructure	0	67,172	**67,172**	4
Sub-total	1,084,606	67,172	**1,151,777**	66
Total assets	**1,339,808**	**413,932**	**1,753,740**	**99**

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**

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% (4.8% in 2022/23).

The Council's Pension Scheme liabilities as at 31st March 2024 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.

	2023/24	2022/23
Mortality assumptions		
- Longevity at 65 for male current pensioners	21.2 years	21.3 years
- Longevity at 65 for female current pensioners	24.0 years	24.0 years
- Longevity at 65 for male future pensioners	22.5 years	22.6 years
- Longevity at 65 for female future pensioners	25.6 years	25.3 years
Rate of increase in salaries	3.8%	4.0%
Rate of increase in pensions	2.8%	3.0%
Rate for discounting scheme liabilities	4.8%	4.8%

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	28,578
0.1% increase in salary increase rate	0	1,043
0.1% increase in pension increase	2	28,036
1 year increase in membe life expectancy	4	66,453

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 £41.346m for the period to 31st March 2025.

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

37. Contingent assets and liabilities

The Council engaged a company to build the Broadwater Farm Inclusive Learning Campus. Due to several defective works, the Council has issued a letter notifying the company, of an initial claim of £8m.

There were no material contingent liabilities as at 31st March 2024.

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.

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 £130.149 million (£135.991 million as at 31 March 2023) 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 Limited (Company No. 05749092)

Homes for Haringey Limited (HfH) is a wholly owned subsidiary of the Council and was set up as an Arm's Length Management Organisation (ALMO) in March 2006. The Council could appoint one third of the board, with the balance of directors being drawn from council tenants (including leaseholders) and members of the wider community. The ALMO managed and maintained council homes under the terms of a Management Agreement with the Council until 31 May 2022. The ALMO also assessed homeless applications and provided management and support for homeless households in temporary accommodation on behalf of the Council.

From 1 June 2022, following an insourcing of the housing management function, HfH ceased to provide these services mentioned above. HfH now solely undertakes the management of its own stock of private sector leases (PSLs) which provides temporary accommodation to homeless residents nominated by the Council HfH is a private company, registered in England and limited by guarantee without share capital. The financial statements of HfH are consolidated within the Council's group accounts.

All pension obligations were transferred to the Council on 1 June 2022, following the termination of the Management Agreement. An assessment of obligations at 31 May 2022 was made by the actuaries taking account to the requirements of FRS 102 (as amended). The capital contribution (from the Council to the Company) that arose from the full effect of the transfer of the net pension obligation from the Company to the Council effective 31 May 2022 was disclosed in HfH Limited's audited accounts for 2022-23 as a surplus of £22.988m. This transfer was also taking into account by the actuaries when assessing the council's obligation as at 31st March 2023.

The financial performance of Limited is summarised below:

	2023/24	2022/23
	£000	£000
Turnover	(4,799)	(15,690)
(Suplus)/ Deficit for the year	213	1,199
Accumulated deficit/ (suplus)	116	(97)

The accumulated surplus was as a result of the tax for the year amounting to £213k added to the brought forward surplus of £97k.

A copy of HfH annual accounts can be obtained from the Company Secretary, Homes for Haringey Limited, 6th Floor 10 Station Road, London N22 7TR. The accounts are audited by Knox Cropper 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:

	2023/24	2022/23
	£000	£000
Turnover	(24,236)	(22,050)
(Surplus) / Deficit for the year	(1,582)	45
Reserves:		
Unrestricted Reserves	(24,520)	(25,790)
Restricted Reserves	(718)	(1,030)

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 2023	135,991	0	3,140	139,131
Additions	540	315	208	1,063
Revaluations	(6,464)	(85)	0	(6,549)
Disposals	(148)	0	(272)	(420)
Transfers	230	(230)	0	0
At 31 March 2024	**130,149**	**0**	**3,076**	**133,225**
Depreciation				
At 1 April 2023	0	0	1,487	1,487
Charge for the year	1,694	0	315	2,009
Disposals	0	0	(272)	(272)
Accumulated Dep written out	(1,694)	0	0	(1,694)
At 31 March 2024	**0**	**0**	**1,530**	**1,530**
NBV as 31 March 2024	**130,149**	**0**	**1,546**	**131,695**
NBV as 31 March 2023	135,991	0	1,653	137,644

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.

Supplementary Financial Statements

HOUSING REVENUE ACCOUNT

HRA Income & Expenditure Statement	2023/24	2022/23 Restated
	£'000	£'000
Expenditure		
Repairs and maintenance	33,426	30,923
Supervision and management	41,329	36,297
Rents, rates, taxes and other charges	3,550	3,423
Depreciation, impairment and revaluation losses of non-current assets	22,886	20,926
Revaluation losses	12,113	51,125
Debt Management Costs	43	38
Increase in impairment of debtors	2,782	4,770
Total Expenditure	**116,129**	**147,502**
Income		
Dwelling rents	(92,359)	(86,521)
Non-dwelling rents	(756)	(726)
Charges for services and facilities	(22,336)	(19,256)
Contributions towards expenditure	(161)	(281)
Total Income	**(115,612)**	**(106,784)**
Net Cost of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	**517**	**40,718**
HRA service share of Corporate and Democratic Core	682	530
Net expenditure or (income) for HRA Services	**1,199**	**41,248**
HRA share of operating income and expenditure included in the Comprehensive I&E Statement		
Gain on sale of HRA non-current assets	(6,229)	(10,727)
Interest payable and similar charges	13,794	13,552
Interest and investment income	(3,847)	(3,698)
Net interest on the net defined benefit liability	198	1,639
Changes to fair value of investment properties	601	780
Capital grants and contributions	(61,373)	(38,051)
	(56,856)	(36,505)
Deficit or (Surplus) for the year on HRA services	**(55,657)**	**4,743**

HOUSING REVENUE ACCOUNT

Movement on the HRA Statement	2023/24	2022/23 Restated
	£'000	£'000
Balance on the HRA at the end of the previous year	**(21,517)**	**(20,759)**
(Surplus) or deficit for the year on HRA Income and Expenditure Statement	(55,657)	4,743
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	48,716	(14,265)
- Gain on sale of HRA non-current assets	6,228	10,727
- HRA share of contributions to or from the Pensions Reserve	(118)	(7,928)
- Capital expenditure funded by the HRA	0	5,965
- Transfer to/(from) Major Repairs Reserve	22,886	20,926
- Transfer to/(from) Capital Adjustment Account	(22,886)	(20,926)
Net (increase)/decrease before transfers to or from reserves	**(831)**	**(758)**
(Increase) / decrease in year on the HRA	**(831)**	**(758)**
Balance on the HRA at the end of the year	**(22,348)**	**(21,517)**

Page 145

1. Vacant possession

As at 31st March 2024, the vacant possession value of dwellings within the HRA was £6,420 million (£6,322 million as at 31st March 2023). 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 2024	31 March 2023
Hostels	103	124
Houses and bungalows	4,955	4,980
Flats and maisonettes	10,443	10,335
Shared ownership	13	13
Total	**15,514**	**15,452**

3. Value of assets held on the balance sheet

	31 March 2024	31 March 2023
Type of assets	£'000	£'000
Dwellings	1,647,733	1,613,041
Other land and buildings	159,653	141,000
Assets under construction	275,925	170,598
Surplus assets	176	176
Investment properties	5,164	4,677
Total	**2,088,651**	**1,929,492**

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.

	2023/24	2022/23
	£'000	£'000
Capital investments		
Existing dwellings	40,196	62,966
New homes and acquisitions	118,528	79,261
	158,724	**142,227**
Funded by		
Borrowing	71,751	66,457
Useable capital receipts	7,533	8,590
Revenue contributions	0	5,965
Grants and contributions	56,539	39,689
Major repairs reserve	22,901	21,526
	158,724	**142,227**

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.

	2023/24	2022/23
	£'000	£'000
Dwellings	(11,091)	(16,710)
Land and other property	(395)	(748)
	(11,486)	**(17,458)**

6. Depreciation, impairment and revaluation of non-current assets

	2023/24	2022/23
	£'000	£'000
Operational assets:		
Dwellings	21,356	19,433
Other land and buildings	1,530	1,493
	22,886	**20,926**

7. Major repairs reserve

The HRA capital asset charges are based on building values and asset lives of the property held.

	2023/24	2022/23
	£'000	£'000
Balance at 1st April	**(15)**	**(615)**
Amount transferred to Major Repairs Reserve	(22,886)	(20,926)
Capital expenditure on dwellings	22,901	21,526
Balance at 31st March	**0**	**(15)**

8. Rent Arrears

The rent arrears at the end of the financial year are set out below.

	31 March 2024	31 March 2023
	£'000	£'000
Type of tenancy		
Permanent (including licences)	24,485	22,615
Temporary	828	918
Total arrears	**25,313**	**23,533**

9. Bad Debts Provision

The bad debt provision in respect of all HRA uncollectable debts at the end of the financial year is set out below.

	31 March 2024	31 March 2023
	£'000	£'000
Tenants	22,204	19,938
Leaseholders	3,408	3,944
Commercial	41	66
Sundry	8	2
Total Bad Debt Provision	**25,661**	**23,950**

COLLECTION FUND

	2023/24				2022/23			
	BRS £000	NNDR £000	Council Tax £000	Total £000	BRS £000	NNDR £000	Council Tax £000	Total £000
Income								
Council Tax Receivable	0	0	(165,573)	(165,573)	0	0	(153,931)	(153,931)
Council Tax Discounts Funded from Billing Authority Gene	0	0	(875)	(875)	0	0	0	0
Business Rates Receivable	0	(62,270)	0	(62,270)	0	(58,914)	0	(58,914)
Business Rates Supplement	(1,642)	0	0	(1,642)	(1,283)	0	0	(1,283)
Transitional Proctection Payments	0	(9,085)	0	(9,085)	0	577	0	577
	(1,642)	(71,355)	(166,448)	(239,445)	(1,283)	(58,337)	(153,931)	(213,551)
Expenditure								
Precepts, Demands and Shares								
Central Government	0	22996	0	22996	0	20066	0	20066
Greater London Authoriry	0	25,783	34,609	60,392	0	22,498	31,371	53,869
Billing Authority	0	20,905	124,215	145,120	0	18,242	117,696	135,938
	0	69,684	158,824	228,508	0	60,806	149,067	209,873
Apportionment of PY Surplus / (Deficit)								
Central Government	0	(1,033)	0	(1,033)	0	(13,392)	0	(13,392)
Greater London Authoriry	0	(1,158)	(36)	(1,194)	0	(15,016)	(402)	(15,418)
Billing Authority	0	(939)	(137)	(1,076)	0	(12,175)	(1,595)	(13,770)
	0	(3,130)	(173)	(3,303)	0	(40,583)	(1,997)	(42,580)
BRS - Payment to Levying Authorities	1,399	0	0	1,399	1,136	0	0	1,136
Charges to Collection Fund								
Increase / (Decrease) in Impairment	237	1,407	5,014	6,658	141	(3,275)	1,954	(1,180)
Increase / (Decrease) in Provision for Appeals	0	2,001	0	2,001	0	(5,714)	0	(5,714)
Cost of Collection	6	299	0	305	6	300	0	306
	243	3,707	5,014	8,964	147	(8,689)	1,954	(6,588)
(Surplus) / Deficit arising during the year	**0**	**(1,094)**	**(2,783)**	**(3,877)**	**0**	**(46,803)**	**(4,907)**	**(51,710)**
(Surplus) / Deficit arising at start of year	**0**	**(8,270)**	**(769)**	**(9,039)**	**0**	**38,533**	**4,138**	**42,671**
(Surplus) / Deficit arising at end of year	**0**	**(9,364)**	**(3,552)**	**(12,916)**	**0**	**(8,270)**	**(769)**	**(9,039)**

Page 148

COLLECTION FUND

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 2022/23); and
(ii) The standard multiplier was 51.2 pence (51.2 pence in 2022/23).

The total business rateable value for the Council at 31 March 2024 was £211.658million (£192.675million in 2022/23) of which £91.5 million (£53.875 million in 2022/23) related to small businesses.

2. Council Tax

In 2023/24 the tax base for Haringey was 79,718 properties (79,303 in 2022/23) which was used to calculate the Band D Council Tax of £1,992.32 (£1,879.72 in 2022/23), 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.	
	£	£	2023/24	2022/23		2023/24	2022/23
A	up to	40,000	4,502	4,718	0.67	3,001	3,145
B	40,001	52,000	12,074	12,248	0.78	9,391	9,526
C	52,001	68,000	25,257	25,193	0.89	22,450	22,394
D	68,001	88,000	21,137	21,027	1.00	21,137	21,027
E	88,001	120,000	9,171	9,021	1.22	11,209	11,026
F	120,001	160,000	4,804	4,763	1.44	6,939	6,880
G	160,001	320,000	4,491	4,457	1.67	7,486	7,428
H	320,001	and above	713	699	2.00	1,426	1,398
			82,149	82,125		83,039	82,823
Collection rate after allowance for non-collection						96.0%	95.8%
Council Tax base used to calculate Band D						**79,718**	**79,303**

Page 149

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

PENSION FUND

Page 151

PENSION FUND

2023/24	Pension Fund Account	Note	2022/23
£000			£000
	Dealings with members, employers and others directly involved in the fund		
57,692	Contributions	7	56,043
8,923	Transfers in from other pension funds	8	5,938
66,615			61,981
(65,047)	Benefits	9	(56,232)
(12,328)	Payments to and on account of leavers	10	(5,617)
(77,375)			(61,849)
(10,760)	**Net additions/(withdrawals) from dealings with members**		**132**
(6,931)	Management expenses	11	(8,722)
(17,691)	**Net withdrawals including fund management expenses**		**(8,590)**
	Returns on Investments:		
21,549	Investment Income	12	19,232
-	Taxes on income		(3)
159,023	Profit and losses on disposal of investments and changes in market value of investments	14a	(105,790)
180,572	**Net return on investments**		**(86,561)**
162,881	**Net increase/decrease in the net assets available for benefits during the year**		**(95,151)**
1,708,178	**Opening net assets of the scheme**		**1,803,329**
1,871,059	**Closing net assets of the scheme**		**1,708,178**

2023/24	Net Assets Statement	Note	2022/23
£000			£000
150	Long Term Investments	13	150
1,878,532	Investment assets	13	1,709,824
(4,800)	Investment liabilities	13	-
1,873,882	**Total net investments**		**1,709,974**
1,657	Current assets	20	1,389
(4,480)	Current liabilities	21	(3,185)
1,871,059	**Net assets of the fund available to fund benefits at the end of the reporting period**		**1,708,178**

Notes to the Haringey Pension Fund Accounts for the year ended 31st March 2024

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 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 of the Pension Fund are set out below:

Haringey Pension Fund	31 March 2024	31 March 2023
Number of employers	62	69
Number of employees in scheme		
Haringey Council	5,206	5,373
Other employers	1,093	977
Total	**6,299**	**6,350**
Number of pensioners		
Haringey Council	7,919	7,687
Other employers	987	946
Total	**8,906**	**8,633**
Deferred pensioners		
Haringey Council	9,172	9,392
Other employers	1,801	1,802
Total	**10,973**	**11,194**
Total number of members in pension scheme	**26,178**	**26,177**

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 2024. Employers' contributions are set based on triennial actuarial funding valuations. The valuation for the period to 31 March 2024 was carried out as at 31 March 2022. The primary employer contribution rate for the whole fund was 17.5%.

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 2023/2024 financial year and its financial position at 31 March 2024. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting 2023/24* (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 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 management 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 directly 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 throughout the year. In addition, the fund has agreed 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 classified 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 related to investments trading at fair value. Any gains or losses arising from changes in the fair value of the liability's value, between the 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 these AVCs are invested separately from those of the pension fund, and are therefore 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. However, this information is disclosed in Note 21 for informational purposes only.

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 assets 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 assets 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 several 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. £29m (2%) • a 0.1% increase in earnings inflation would increase future pension benefits by c. £1m (0%) • a one-year increase in assumed life expectancy would increase future pension benefits by c. £69m (4%)

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 £215m in the financial statements. There is a risk that this investment may be under- or overstated in the accounts by up to 5% i.e., an increase or decrease of approximately £11m.

6. Events after the reporting date

No significant events occurred after the reporting date.

7. Contributions receivable

2023/24		2022/23
£000	**By category**	**£000**
13,305	Employee contributions	12,483
	Employer contributions	
43,850	- Normal contributions	33,411
0	- Deficit recovery contributions	9,644
537	- Augmentation contributions	505
44,387	**Total employers' contributions**	**43,560**
57,692	**Total contributions receivable**	**56,043**

2023/24		2022/23
£000	**By type of employer**	**£000**
51,489	Administering authority	50,128
5,553	Scheduled bodies	4,900
650	Admitted bodies	1,015
57,693	**Total contributions receivable**	**56,043**

8. Transfers in from other pension funds

During 2023/24, there were transfers of £8.9 million into the Pension Fund, an increase compared to £5.9 million in 2022/23. These transfers all related to individuals.

9. Benefits payable

2023/24		2022/23
£000	**By category**	**£000**
52,380	Pensions	46,445
10,721	Commutation and lump sum retirement benefits	8,154
1,946	Lump sum death benefits	1,633
65,047	**Total benefits payable**	**56,232**

9. Benefits payable (continued)

2023/24		2022/23
£000	**By type of employer**	**£000**
57,747	Administering authority	51,176
5,143	Scheduled bodies	3,708
2,157	Admitted bodies	1,348
65,047	**Total benefits payable**	**56,232**

10. Payments to and on account of leavers

2023/24		2022/23
£000		**£000**
215	Refunds to members leaving service	116
12,114	Individual transfers	5,502
12,329	**Total**	**5,617**

11. Management Expenses

2023/24		2022/23
£000		**£000**
1,018	Administrative costs	1,847
5,651	Investment management expenses	6,559
262	Oversight and governance costs	316
6,931	**Total management expenses**	**8,722**

11a. Investment Management Expenses

2023/24		2022/23
£000		**£000**
4,738	Management Fees	5,722
529	Performance Related Fees	383
92	Custody fees	61
292	Transaction Fees	393
5,651	**Total**	**6,559**

12. Investment income

2023/24		2022/23
£000		**£000**
21,207	Pooled investments - unit trusts and other managed funds	19,084
342	Interest on cash deposits	148
21,549	**Total**	**19,232**

13. Investments

Market Value 31 March 2024		Market Value 31 March 2023
£000	**Investment assets**	£000
	Pooled funds	
837,719	Global equity	843,501
420,823	Fixed income unit trusts	240,878
141,154	Multi-asset absolute return fund	150,173
72,148	Infrastructure funds	61,542
1,471,844		**1,296,094**
	Other investments	
192,182	Pooled property investments	201,890
142,615	Private equity funds	134,535
34,478	Infrastructure debt funds	34,500
369,275		**370,925**
37,126	Cash deposits	42,639
287	Accrued Income	166
1,878,532	**Total investment assets**	**1,709,824**
	Long-term investments	
	UK unquoted equities	
150	Shares in London CIV	150
	Investment liabilities	
(4,800)	Payables for purchases	-
1,873,882	**Total net investment assets**	**1,709,974**

13a. Reconciliation of movements in investments and derivatives

2023/24	Value at 31st March 2023	Purchases at cost	Sales proceeds	Changes in market value	Value at 31st March 2024
	£000	£000	£000	£000	£000
Pooled investment vehicles	1,667,019	192,902	(177,877)	159,075	1,841,119
Cash deposits	42,639	70,457	(75,920)	(50)	37,126
Other investment assets/ liabilities*	166	136	(4,813)	(2)	(4,513)
Total	**1,709,824**	**263,495**	**(258,610)**	**159,023**	**1,873,732**

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	74,042	(59,102)	(106,541)	1,667,019
Cash deposits	45,927	62,173	(66,200)	739	42,639
Other investment assets/ liabilities*	(616)	787	(17)	12	166
Total	**1,803,931**	**137,002**	**(125,319)**	**(105,790)**	**1,709,824**

13b. Investments analysed by fund manager

Market Value 31 March 2024 £000	%		Market Value 31 March 2023 £000	%
		Investments managed by London CIV asset pool:		
960,774	51.3	Legal & General Investment Management	943,001	55.2
141,154	7.5	LCIV Absolute Return	150,173	8.8
146,779	7.8	LCIV Multi-Asset Credit	141,379	8.3
36,819	2.0	LCIV Renewable Infrastructure	29,082	1.7
17,927	1.0	London Fund	18,190	1.1
150,998	8.1	LCIV Long Duration Buy and Maintain Credit Fund	-	0.0
1,454,451	**77.6**		**1,281,825**	**75.0**
		Investments managed outside of London CIV asset pool:		
142,615	7.6	Pantheon	134,535	7.9
99,824	5.3	CBRE Global Investors	103,110	6.0
84,887	4.5	Aviva Investors	90,536	5.3
34,478	1.8	Allianz Global Investors	34,500	2.0
20,053	1.1	BlackRock	20,377	1.2
15,276	0.8	CIP	12,084	0.7
22,148	1.2	In-house cash deposits*	32,857	1.9
419,281	**22.4**		**427,999**	**25.0**
1,873,732	**100.0**	**Total**	**1,709,824**	**100.0**

*In-house cash excludes non-discretionary cash managed by external managers. Any such cash is allocated to the respective asset manager.

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

Market Value 31 March 2024 £000	%		Market Value 31 March 2023 £000	%
358,473	19.1	LGIM MSCI World Low Carbon Index Fund	368,021	21.5
356,725	19.0	LGIM RAFI Multi Factor Climate Transition Fund	372,312	21.8
150,998	8.1	LCIV Long Duration Buy and Maintain Credit Fund	-	0.0
146,779	7.8	LCIV Multi-Asset Credit	141,379	8.3
141,154	7.5	LCIV Absolute Return Fund (Ruffer LLP)	150,173	8.8
123,056	6.6	LGIM Index Linked Gilts (Over 5 year) Fund	143,026	8.4
122,519	6.5	LGIM Bespoke Low Carbon Emerging Markets Fund	124,152	7.3
1,399,704	**74.7**	**Total**	**1,299,063**	**76.0**

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
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

Page 162

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 expected to be accurate within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2024.

	Potential variation in fair value	Valuation as at 31 March 2024	Value on Increase	Value on Decrease
		£000	£000	£000
Pooled property investments	2%	102,802	104,858	100,746
Private equity and joint venture funds	5%	142,615	149,746	135,484
Infrastructure funds	5%	72,148	75,755	68,541
Total		**317,565**	**330,359**	**304,771**

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 2024	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	1,399,696	34,478	72,148	1,506,322
Pooled property investments	-	89,380	102,802	192,182
Private equity	-	-	142,615	142,615
Cash deposits	37,126	-	-	37,126
Accrued income	287	-	-	287
Payables for investment purchases	(4,800)	-	-	(4,800)
Total	**1,432,309**	**123,858**	**317,565**	**1,873,732**

Page 164

Values as at 31 March 2023	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	£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	-	93,165	108,725	202,012
Private equity	-		134,535	134,535
Cash deposits	42,639		-	42,683
Accrued income	166			
Payables for investment purchases	-	-	-	-
Total	**1,277,357**	**127,665**	**304,802**	**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

2023/24	Value at 1st April 2023	Purchases in the year	Sales in the year	Unrealised gains (losses)	Realised gains (losses)	Value at 31st March 2024
	£000	£000	£000	£000	£000	£000
Pooled UK property unit trusts	108,726	4,162	(4,903)	(5,183)	-	102,802
Private Equity	134,535	10,771	(7,109)	(1,047)	5,465	142,615
Infrastructure	61,542	16,464	(3,703)	(2,439)	284	72,148
Total	**304,803**	**31,397**	**(15,715)**	**(8,669)**	**5,749**	**317,565**

15. Classification of financial instruments

	31 March 2024		
	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
	£000	£000	£000
Financial assets			
Pooled investments	1,506,332		
Pooled property investments	192,182		
Private equity	142,615		
Equities		150	
Cash	31,295	5,321	
Debtors		1,656	
Other investment balances		287	
Total financial assets	**1,872,414**	**7,924**	**-**
Financial liabilities			
Other investment balances			(4,800)
Creditors			(4,480)
Total financial liabilities	**-**	**-**	**(9,280)**
Grand total	**1,872,414**	**7,924**	**(9,280)**

	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	201,890		
Private equity	134,535		
Equities		150	
Cash	30,431	12,208	
Debtors		1,389	
Other investment balances		166	
Total financial assets	**1,697,450**	**13,913**	**-**
Financial liabilities			
Other investment balances			
Creditors			(3,185)
Total financial liabilities	**-**	**-**	**(3,185)**
Grand total	**1,697,450**	**13,913**	**(3,185)**

15a. 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.

2023/24		2022/23
£000		£000
	Financial Assets	
159,075	Fair value through profit or loss	(106,541)
(52)	Financial assets and liabilities at amortised cost	751
159,023		(105,790)

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 risks 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 overall 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 2024	Value	% change	Value on increase	Value on decrease
	£000	%	£000	£000
Overseas equities	960,774	12.0	1,076,067	845,481
Fixed Income	438,931	11.9	491,164	386,698
Property	187,631	6.3	199,452	175,810
Alternatives	249,241	16.5	290,366	208,116
Cash	37,155	0.0	37,155	37,155
Total Assets	**1,873,732**		**2,094,203**	**1,653,261**

As at 31 March 2023	Value	% change	Value on increase	Value on decrease
	£000	%	£000	£000
Overseas equities	993,675	26.4	1,255,510	731,840
Fixed Income	240,878	12.2	270,203	211,553
Property	202,012	4.1	210,346	193,678
Alternatives	230,578	10.3	254,421	206,735
`Cash	42,681	0.0	42,681	42,681
Total Assets	**1,709,824**		**2,033,160**	**1,386,488**

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 2023/24	Interest rate if 1% higher	Interest rate if 1% lower
	£000	£000	£000
Cash deposits	342	407	233
Total	**342**	**407**	**233**

	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**

Currency risk

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 2024	Value	% change	Value on increase	Value on decrease
	£000	%	£000	£000
Overseas equities		10.0		
Fixed Income	146,779	10.0	161,457	132,101
Private equity	142,615	10.0	156,877	128,354
Infrastructure	35,329	10.0	38,862	31,796
Cash	5,416	10.0	5,958	4,874
Total Assets	**330,139**	**10.0**	**363,154**	**297,125**

As at 31 March 2023	Value	% change	Value on increase	Value on decrease
	£000	%	£000	£000
Overseas equities	482,112	10.0	546,671	447,277
Fixed Income	141,379	10.0	168,697	138,025
Private equity	134,535	10.0	135,403	110,785
Infrastructure	32,461	10.0	38,475	31,480
Cash	14,610	10.0	21,856	17,883
Total Assets	**805,097**	**10.0**	**911,102**	**745,450**

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 2024 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 2024	Balances at 31 March 2023
		£000	£000
Money Market Funds			
Blackrock institutional sterling liquidity fund	AAA	780	5,000
Invesco liquidity fund	AAA	5,000	5,000
Bank current accounts			
Northern Trust	A+	31,295	30,473
Barclays Bank plc	A+	(51)	2,208
Total		**37,126**	**42,681**

Page 169

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 most recent valuation which took place as at 31 March 2022.

The key elements of the funding policy are:

- to ensure the long-term solvency of the fund, using a long-term prudent view i.e., that sufficient funds are available to meet all members'/dependants' as they fall due for payment.
- to ensure that employer contribution rates are reasonably stable where appropriate.
- 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 2022 actuarial valuation, the fund was assessed as 113% funded (100% at the March 2019 valuation). Contribution increases will be phased in over the three-year period ending 31 March 2026 for both scheme employers and admitted bodies.

The whole-fund primary contribution rate was due to decrease over a three-year period from 18.6% to 17.5% of pensionable pay. However, each employer will be different, and the primary contribution rate will reflect the membership and experiences of each employer.

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 2022 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-22	31-Mar-19
	%	%
Discount rate (annual nominal return rate)	4.3	4.2
Pay increase (annual change)*	3.7	3.3
Benefit increase (CPI)	2.7	2.3

Demographic assumptions

The assumed life expectancy from 65 is as follows:

Life expectancy from age 65		31-Mar-24	31-Mar-23
Retiring today	Males	21.2	21.3
	Females	24.0	24.0
Retiring in 20 years	Males	22.5	22.6
	Females	25.6	25.3

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 valued ill health and death benefits in line with IAS 19.

31 Mar 24		31 Mar 23
£000		**£000**
(1,725,000)	Present Value of promised retirement benefits	(1,685,000)
1,871,058	Fair Value of scheme assets	1,708,178
146,058	**Net (liability)/asset**	**23,178**

As noted above, the liabilities above are calculated on an IAS 19 basis and therefore will differ from the results of the 2022 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-24	31-Mar-23
	%	%
Pension increase rate (CPI)	2.8	2.95
Salary increase rate	3.8	3.95
Discount rate	4.8	4.75

19. Current assets

31/03/2024		31/03/2023
£000		£000
94	Contributions due - employees	128
900	Contributions due - employers	908
663	Sundry debtors	353
1,657		**1,389**

20. Current liabilities

31/03/2023		31/03/2022
£000		£000
2,879	Sundry creditors	2,382
1,601	Benefits payable	803
4,480		**3,185**

21. Additional Voluntary Contributions ("AVCs")

	Contributions Paid 2023/24	Market Value 31 March 2024
	£000	£000
Utmost life and pensions	-	195
Prudential assurance	269	1,182
Clerical and medical	-	17

	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

22. Related party transactions

Haringey Council

The Haringey Pension Fund is administered by Haringey Council. During the reporting period, the council incurred costs of £0.835m (2022/23 £0.885m) 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 2024, an amount of £0.305m was due from the fund to the Council.

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:

31/03/2024	Key Management Personnel	31/03/2023
£000		£000
28	Short - term benefits	25
6	Post-employment benefits	6
34		31

24. Contingent liabilities and contractual commitments

Outstanding capital commitments (investments) at 31 March 2024 were £105.4m. These commitments relate to outstanding capital call payments due on limited partnership funds held within the private equity and infrastructure portion of the portfolio. The 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 24		31 Mar 23
£000		**£000**
33,756	Pantheon Ventures	43,906
33,975	LCIV Renewable Fud	42,852
22,295	LCIV London Fund	26,452
13,562	Copenhagen Infrastructure Partners	15,669
1,776	Blackrock	2,410
105,364	**Total**	**131,289**

Annual Governance Statement 2023-24

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.

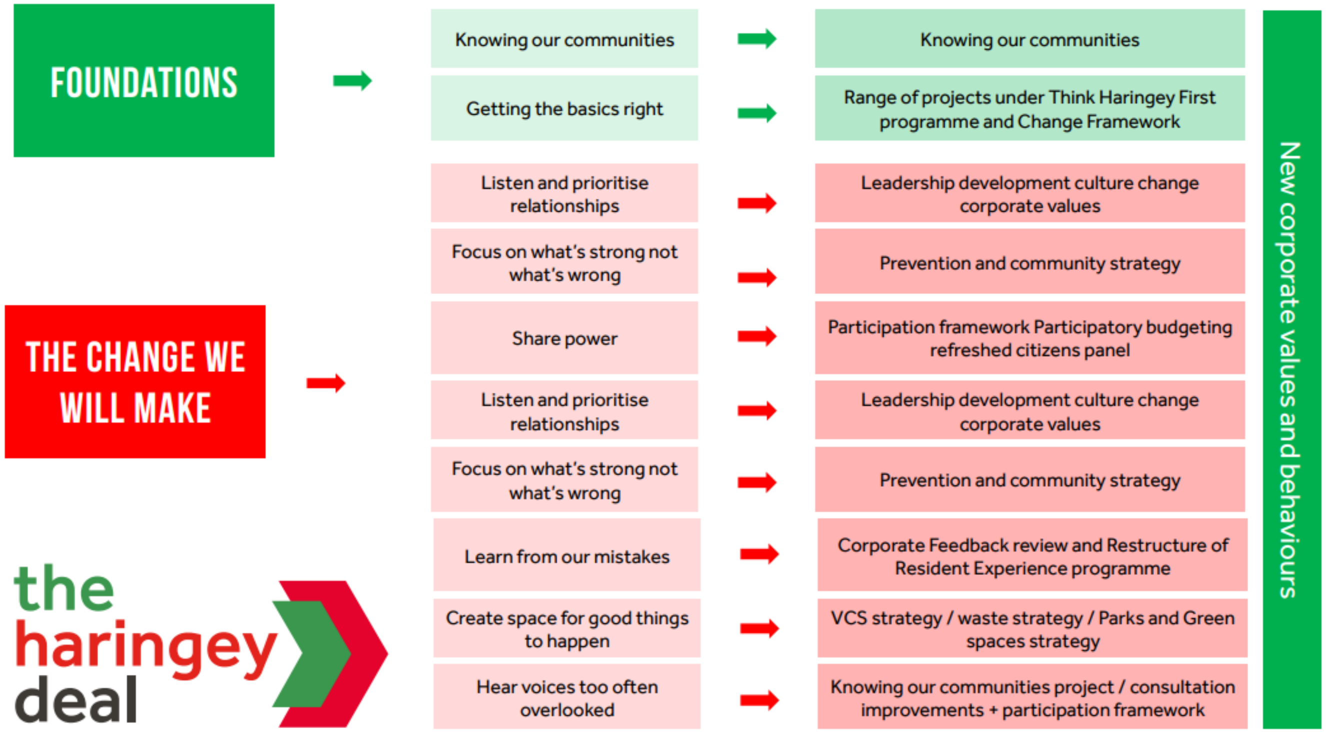
2.3 The governance framework has been in place for the year ended 31st March 2024 and up to the date of the approval of the annual report and accounts.

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. The funding models for local government continue to present challenges as we recover from the COVID-19 pandemic era and respond to tackling health inequalities and support residents who are impacted by the cost-of-living crisis. We continue to deliver our ambitious set out in our corporate plan and build on our achievements in the refreshed plan, which we plan to publish in the summer. The Council's Corporate Plan will set out our priority actions for delivering our strategy for Haringey.

2.5 The Council's leadership remains 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. 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 and were in place for the financial year 2023/24. 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. These behaviours are at the heart of refreshed My Conversation (our appraisal approach) guidance which was launched at the start of the year.

2.8 Following the amalgamation of the Council's Arm's Length Management organisation (Homes for Haringey) into the Council in June 2022, and the subsequent self-referral to the Housing Regulator in January 2023, the Council has been focussed on improving housing services for its residents and responding to the Regulatory Notice covering key areas including fire risk assessments, electrical safety and our level of non-Decent homes. 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. We recognise the housing service is operating with systemic and significant challenges which means we are not providing residents with the services they expect or deserve in some core areas. We continue to invest in and seek improvements our housing service recognising this is likely to into future years

2.9 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 final report was issued in October 2023 and a copy is available at LGA Corporate Peer Challenge Final Report (haringey.gov.uk). The report noted “Haringey Council is a dynamic and improvement-focused local authority that has strong leadership and should be proud of the services it provides to the community. It provides many good core services to its residents for which it should be rightly proud. The Borough is well-regarded for its high performing schools, and the parks and library services are valued, with the Friends groups keen to collaborate with the Council. It also has a “powerful sense of place, appreciating and celebrating the diversity of the area and the people it serves.” The Peers set out several recommendations, which will be followed up formally in 2024/25 by the peer panel. Areas for further improvement, included:

- Establishing a long-term vision for the council
- Continue proactive work with local communities
- Develop and embed mechanisms to improve oversight and management of the capital programme
- Strengthen and embed performance and programme management
- Maximise links with partners and stakeholders
- Continue the work on developing business systems to increase efficiency in operations and enhance customer service.

2.10 A joint area inspection by Ofsted and the Care Quality Commission (CQC) was carried out of the Area SEND inspection of Haringey Local Area Partnership over a three-week period in January and February 2024. Both the Council and the North Central London Integrated Care Board (ICB) are jointly responsible for the planning and commissioning of services for children and young people with SEND in Haringey. We received the highest rating for delivering high quality services for young people with Special Educational Needs and Disabilities with the report noting “The local area partnership’s special educational needs and/or disabilities (SEND) arrangements typically lead to positive experiences and outcomes for children and young people with SEND. The local area partnership is taking action where improvements are needed.” The report raised three areas for improvement that we will take forward and implement.

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 2025.

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	
<u>Behaving with Integrity</u> a) The standards to which Members and Officers are expected to comply are outline here along with links to key policies which are developed in accordance with legislative requirements and good practice. Our standards | Haringey Council b) 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 c) 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 as committee members. Training on all regulatory committees is mandatory. d) The Officer Code of Conduct was reviewed in 2023 and a new version was published to staff 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 comply with specific requirements such as ensuring declarations of interest are formally recorded and declaring any offers of gifts or hospitality which are received. e) 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 should demonstrate Haringey values.	Review planned for 2024/25.

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
f) Decision-making practices for member decisions follow legal and transparency requirements. Agendas and Minutes of Cabinet and Committees and Officer decisions are recorded and published on Modern.gov. How decisions are made and scrutinised | Haringey Council	
g) 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.	
h) Requirement for all new staff to complete Register of Interests declaration. Senior managers are required to complete a declaration every two years; officers are reminded to complete a new form as/when circumstances change. The HALO system is used to efficiently manage HR processes under a single portal. Gifts and hospitality for members are recorded with their declarations of interests and are published on the website. Our standards | Haringey Council	Ensure full compliance by officers with the requirements set out.
i) 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. The standard template for reports was refreshed in 2023/24 with updated guidance included for report authors.	
j) Anti-fraud and corruption strategy is in place, including the Whistle blowing policy (Sept 2022) they will be reviewed again in 2024. The Head of Audit and Risk Management reports on actions, effectiveness and outcomes (and use of the whistle blowing policy) to Audit Committee, in quarterly report and in July as part of	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
the Annual internal Audit Report and provides awareness presentations to Senior Leadership Team. Copies of the policies are on the internet. Haringey Council anti-fraud and corruption policy - v8.3 - September 2022 k) 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 Senior Leadership Team. 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. Following comments from the Peer Review a forum has been periodically held to help with improvements in this area. Make a complaint | Haringey Council l) Local Code of Corporate Governance was refreshed in 2023/24 and was approved at Audit Committee March 2024. It is planned for the Code to be presented at Full Council in July 2024. Agenda for Audit Committee on Thursday, 7th March, 2024, 7.00 pm | Haringey Council **Demonstrating strong commitment to ethical values** m) 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 breaches of the Member Code and issue (or require Groups to issue) reminders/advice notes to Members where issues of conduct cause concern. The Standards Committee | Haringey Council	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
n) 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 has been completed and changes will be embedded in 2024/25. A report will go to Cabinet to approve the Council's methodology of complying with Social Value Act requirements. o) A major review of all the Human Resources policies & procedures began in 2019/20 has been completed. 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. The current focus now for Human Resources is on Workforce Planning, although it is recognised that further refinements of policy are desirable, and this process is ongoing and iterative. p) 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: Council procurement: legal framework | Haringey Council **Respecting the rule of law** q) 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	

Page 181

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
take into account the need for them to fulfil their responsibilities in accordance with legislative and regulatory requirements. Member Committees make decisions on appointments and dismissal of Chief Officers and Deputy Chief Officers. 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. r) 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 s) 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 2023/24. t) Statutory officers are available at meetings of the Council/Cabinet to advise and ensure law and regulations are not breached.	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
B. Ensuring openness and comprehensive stakeholder engagement	
<u>Openness/ Implementing good practice in transparency</u> 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. Consultations | Haringey Council 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 closed consultations can be found here https://new.haringey.gov.uk/council-elections/have-your-say/consultations/closed-consultations d) To ensure we are able to effectively monitor delivery of the outcomes as set out in our Corporate Delivery Plan, reporting takes place formally on	

Page 183

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
a six-monthly basis (for the lifetime of the plan) and quarterly via dedicated performance sessions at our Corporate Leadership Team and via internal meetings and forums with officers and Cabinet Members. e) Formal reporting includes progress updates reported to the council's Overview and Scrutiny Committee for more in-depth consideration. Briefings for Scrutiny Panel Members are arranged ahead of formal meetings and training is provided to encourage understanding of performance issues and risks. The Overview and Scrutiny Committee | Haringey Council f) In 2022/23 we established a framework for monitoring progress against commitments and intermediate outcomes as set out in our Corporate Delivery Plan. The framework brings together activity and monitors progress towards the achievement of intermediate outcomes with metrics and commentary on all commitments in the CDP including Manifesto pledges. The framework is not solely based on Performance Indicators so gives a broader picture of change and progress towards achieving our objectives. Updates include metrics and a rating on Direction of Travel.	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
g) We use "Monday.com" as a tool for tracking progress where live updates on progress are captured and reported on a quarterly basis with dynamic links and Dashboards so progress can be actively monitored. As part of the early warning and risk analysis Directors also produce a summary of highlights and areas for focus each quarter and these are shared as part of the published papers. More recently we have introduced more robust performance management reviewing our approach to monitoring whereby we have established a single performance and risk framework. h) Documentation demonstrating compliance with the governance principles Identified gaps in compliance, or further action required covers key performance indicators, capital delivery, savings programme delivery and transformation programme delivery as part of the Council's new Change framework. Members are briefed on performance across all these workstreams so that they get a holistic view of progress, and we ensure consistency of reporting and aligned governance arrangements as part of the Cabinet Accountability Model. Our Leader is the Cabinet Member responsible for the CDP and performance so there is clear leadership and accountability. i) In addition to the arrangements that have been put in place to monitor the delivery of the Corporate Delivery Plan, new arrangements have been introduced by central Government in the form of an Office for Local Government (Oflog). The stated purpose of Oflog is "to provide authoritative and accessible data and analysis about	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
the performance of local government and support its improvement." The data can be viewed at Home - Local Authority Data Explorer - GOV.UK . A report updating on the OfLOG metrics, and any associated risks or early warning flags is discussed at Corporate Leadership Team on a periodic basis to reflect on what the comparator data is telling us. **<u>Engaging comprehensively with institutional stakeholders</u>** j) Formal and informal partnerships allow for resources to be used more efficiently and outcomes achieved more effectively; key partnerships include 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 k) Resident engagement also occurs in formal consultation and engagement processes during 2023/24 this has included extensive community engagement via Wood Green Voices: https://www.haringey.gov.uk/regeneration/wood-green/wood-green-voices, and Tottenham Voices https://www.haringey.gov.uk/regeneration/tottenham/tottenhamvoices and in relation to key strategies including the Parks and Green Spaces Strategy and Community Safety Strategy. l) During the year, the council launched the Haringey Engagement Hub which is developing into a 'one stop shop' for all engagement and consultation opportunities. Have Your Say Today - Haringey Engagement Hub - Commonplace	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
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	
<u>Defining actions/outcomes and sustainable economic, social and environmental benefits</u> 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. Documentation demonstrating compliance with the governance principles Identified gaps in compliance, or further action required. b) 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 c) The Council publishes updates on its website to show how the Council and partners are achieving against specified outcomes and activity including metrics where applicable every six months. The last reports detailing activity and progress on all 169 outcomes can be viewed in the Cabinet and Overview and Scrutiny Agendas. https://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CId=128&MID=10689#AI77431 https://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CId=118&MID=10561#AI77763	

Page 187

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
d) The intermediate outcomes specify the intended impact on service users, residents and other stakeholders. Effective performance monitoring of the Council's progress towards achieving the outcomes in the Corporate Delivery Plan is fundamental to understanding impact and as such provides a means to measure progress on what we are delivering against what we said we would do i.e. The change we expect to see over the 18-month period of the strategic plan. e) The Council has an agreed Medium-Term Financial Strategy (MTFS). 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 workforce has the right skills to enable it to achieve the agreed outcomes. Regular reports are provided to the Cabinet: 2024.25Budget and 2024.29MTFFS Ver5.029Jan24FINAL.pdf (haringey.gov.uk) f) 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 and outcomes is published on the website as part of papers for Cabinet and also accessible in viewable. Documentation demonstrating compliance with the governance principles Identified gaps in compliance, or further action required dashboards from our web based project and programme management tool: Corporate Delivery Plan (monday.com) g) 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 item - 2024-25 Budget and 2024-2029 Medium Term Financial Strategy Report | Haringey Council **Determining actions and optimising achievement of intended outcomes** h) The Council includes requirements to enhance social value in contracts. For example, construction projects over £1m in value must include an apprenticeship	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
scheme, and where possible, employers are encouraged to pay the London Living Wage. i) 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> 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: haringey_workforce_strategy.pdf. During 2023/24 the Council have reviewed this strategy, and it will be approved at Cabinet in June 2024. There is a clear focus on Directorate-led workforce planning, supported by the Council's corporate services, in the new strategy. 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	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
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.	
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 performance management process, to all staff, which focuses on personal and organisational development and performance; the General Purposes 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 was undertaken to refresh the current performance management process in line with best practice and the Council's new organisational values, which rolled out in 2023.	Directors to ensure completion of the My Conversation process by all officers and managers as a matter of course.
h) The Council's Workforce Development Strategy 2019 – 2023 aims to create a better place to work. The update Strategy will launch in 2024. 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. and there is a dedicated suite of pages on the Council's intranet site focussed on all aspects of employee wellbeing.	Consider further action on employee absence as a result of stress, anxiety, and depression, which is rising.

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
i) The Council ran a comprehensive staff survey in late 2023, with the results being disseminated in 2024 and an action plan will be developed. j) A wide-ranging management and leadership development programme will be piloted in 2024, to increase the capability and capacity of all people managers within the organisation, along with a complete refresh of mandatory training, which is required to be completed by all employees. k) 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 l) 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 cases: http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
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) The Council 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 2024/25. 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. Zurich Municipal will provide support to the risk management project as part of their role as the Council's insurers with some specific targeted workshops and Monday.com has been developed to capture directorate and corporate risk registers alongside the other risk and performance information held by the Council. https://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CId=730&MId=9449&Ver=4 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. The resilience of the Council's digital infrastructure is central to these plans. A Corporate Resilience and Emergency Planning Board meets quarterly to ensure risks and issues are collectively understood and response is collaborative, the Board reflects on incidents to ensure learning from experience. Proactive exercises are undertaken to test arrangements for the	Risk Management Policy and Strategy Review Continue to embed risk management principles

Page 192

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
Council or as part of a wider exercise in the Borough/London. More information on business continuity and emergency planning is available at: [Major emergencies | Haringey Council] **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 performance 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 2024 and 2029 before being approved by Full Council in February 2024; the reminder has yet to be identified and will form part of the financial planning process during 2024/25. Each Departmental Management Team (DMT)	

Page 193

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
considers finance and budgets at every meeting, looking at both the budget and savings 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 2023/24, the Council investigated fraud and 51 properties were recovered; 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 Head of Internal Audit produces an Annual Report including a Head of Internal Audit Opinion which is presented to Statutory Officers, Corporate Leadership Team, and the wider Senior Leadership Network for information its formally presented to Audit Committee in July every year. The Annual Report is a key document used as part of our annual review of governance.	
j) The external auditors would usually also produce annual audit reports and the Annual Audit Letter, which would also be reported to the Committee. The Councils' External Auditor for the years 2020/21 to 2022/23, BDO, have not produced these reports. This is a national issue in the public sector due to capacity in the provision of audit services.	External Audit not signed off accounts from 2020/21 to 2022/23 and therefore we have no had Annual Audit Letters.
k) KPMG have been appointed for 2023/24 as the Councils new External Auditor and significant work has commenced to build robust relationships and ensure that the 2023/24 accounts are signed off in a timely fashion.	

Page 194

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
l) 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 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. m) 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** n) 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: Data and finance | Haringey Council	

ANNUAL GOVERNANCE STATEMENT

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<u>Implementing good practices in reporting</u> o) 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 audits for subsequent years have yet to be concluded. Under the Local Accountability Act, the Council has been responsible for appointing its external auditors from 2022/23; approval for the preferred 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 p) 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 Audit Committee to ensure that any gaps in assurance or compliance issues are identified and addressed. In 2023/24 there was a formal follow up presented to Audit Committee to communicate the progress with the action plans. Significant issues reported in 2022/23 are being addressed but most will remain on in 2023/24. q) As part of the Delivery Plan, Directors are responsible for delivering the activity against specific milestones with a responsible manager and Lead Member allocated as owners for each outcome as specified in the Corporate Delivery Plan (CDP). Outcomes, activity, and performance against all the 169 outcomes included in the CDP are formally reported to Cabinet every six months with papers published on our website. The last performance update report to Cabinet was on 12th March 2024 and papers can be found here: https://www.minutes.haringey.gov.uk/ieListMeetings.aspx?CommitteeId=118	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<u>Assurance and effective accountability</u> r) 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. s) 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 2022/23, we identified some key areas where work would be undertaken in 2023/24 to ensure governance arrangements were in place and effective. An action plan was drawn up and progress as at 31 March 2024 this is set out below. The progress with regards these actions was presented to Audit Committee members in December 2023 and in addition the Audit Committee invited the relevant Assistant Director to report back.

Issue & Agreed Action/ Deadline (as at July 2023)	Progress update (as at March 2024)
We need to ensure we deliver savings identified in our Medium-Term Financial Strategy (MTFS) to manage within our financial means.	Finance reviewed the pressures that drove overspend in 2022/23 and this was incorporated as part of quarter one forecast. As highlighted in the quarter one report, the Adults social care pressure was apparent in the 2022/23 Provisional Outturn Report, but the temporary accommodation is an emerging pressure caused by wider economic conditions.
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 Corporate Leadership Team aligning the change framework and	The quarter two forecast overspend position of £20.9m is broadly in line with that reported in quarter one. Work continues to reduce these quarter two forecasts down and to look across the Council budgets overall for how this position can be mitigated. Part of this push includes the creation of an officer Adult's improvement board to focus and address the pressures in this Directorate. As usual regular budget monitoring meetings are taking place and to strengthen forecasting and savings delivery the frequency has been increased where required, determined by risk. MTFS 2022/23 audit recommendations followed up by IA and all are in progress. Implementation is complete of the new governance around Corporate Cross-council change portfolio. Corporate Leadership Team have now established a monthly performance Corporate Leadership Team aligning the change framework, Corporate Delivery Plan and budget management reporting and performance monitoring process. From November 2023 delivery against the Capital programme will be reported at the same meeting. Planned restructure of the corporate Change team to align project and programme management resources to the priority change work set out in the cross-council change portfolio.

Issue & Agreed Action/ Deadline (as at July 2023)	Progress update (as at March 2024)
budget management reporting and decision-making process. Director of Finance 31st March 2024	The 2024/25 Financial Planning process reviewed the 2022/23 outturn overspends and identified those thought likely to re-occur. These were incorporated into the growth projections supporting the final 2024/25 agreed budgets. Alongside this, each of the agreed savings across the 2023-2028 period were reviewed again to assess deliverability confidence. This result in the writing out of a small number of proposals. **This significant governance issue will continue onto the 2023/24 action plan in a refreshed format following our annual review process.**
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.	Cabinet Reports: https://www.minutes.haringey.gov.uk/documents/g10252/Public%20reports%20pack%2018th-Apr-2023%2018.30%20Cabinet.pdf?T=10 https://www.minutes.haringey.gov.uk/documents/g10252/Public%20reports%20pack%2018th-Apr-2023%2018.30%20Cabinet.pdf?T=10 Constitutional changes have been taken through the Constitutional Change working group and were taken to Full council in November 2023 Policies and procedures are under review and will be brought through to cabinet for approval as part of the annual update, which is scheduled for July 2024. Audit committee report taken in March 2024, which was well received and noting to progress that has been made on the action plans. Recent cabinet report decision making on both disposals of 3 Shaftesbury Road (November 23) and the acquisition of 10 Gourley Street (February 24) are examples of these improved policies and practises. **This significant governance issue will close; however, the 2023/24 action plan will contain an action regarding Council properties.**

Page 199

Issue & Agreed Action/ Deadline (as at July 2023)	Progress update (as at March 2024)
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 ten 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. Director of Placemaking and Housing 31st March 2024	
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	The Council self-referred to the Regulator of Social Housing (The Regulator) in January 2023 following an external health check of our health and safety compliance where we identified a potential failure to meet our statutory health and safety requirements. The external health check found a number of areas of non-compliance, with several key recommendations made, particularly around overdue fire risk actions and electrical safety. A report was presented to Cabinet in April 2023 detailing the reasons why the Council was in breach

Page 200

<table>
<tr><th>Issue &
Agreed Action/ Deadline (as at July 2023)</th><th>Progress update (as at March 2024)</th></tr>
<tr><td>
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 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.
</td><td>
of the Homes Standard, and the Council’s Improvement Plan to address and resolve the issues raised. This report described the additional step of entering into a Voluntary Undertaking – statutory health and safety with the RSH to further demonstrate the Council’s commitment to ensuring that we are working openly and transparently with the Regulator with the aim of achieving full compliance and discharge of the Notice.

On 11 July 2023 Cabinet approved the details of the Voluntary Undertaking as required under Section 125 of the Housing and Regeneration Act 2008 allowing a social housing provider to present to the RSH a Voluntary Undertaking.

The table below shows the compliance position against the ‘big six’ health and safety indicators as of January 2024:
<table>
<tr><th>Ref</th><th>Compliance Area</th><th>Percentage Compliance</th><th>No. of Properties Affected</th><th>Frequency</th><th>No. Complying</th><th>Percentage Compliance last reported</th><th>Trend since previous report</th></tr>
<tr><td>1.</td><td>Fire Risk Assessments (12-month rolling)</td><td>100.00%</td><td>1,617</td><td>Variable</td><td>1,617</td><td>99.81%</td><td>↑</td></tr>
<tr><td>2.</td><td>Gas Safety (LGSR) Domestic (GN, SH, HOS & PSL)</td><td>99.89%</td><td>14,585</td><td>Annual</td><td>14,569</td><td>99.94%</td><td>↓</td></tr>
<tr><td>3.</td><td>Electrical (EICR) (Domestic & Communal)</td><td>96.51%</td><td>15,812</td><td>5-yearly</td><td>15,260</td><td>95.95%</td><td>↑</td></tr>
<tr><td>4.</td><td>Asbestos Reinspections (Communal)</td><td>100.00%</td><td>1,174</td><td>Variable</td><td>1,174</td><td>99.91%</td><td>↑</td></tr>
<tr><td>5.</td><td>Passenger Lift Inspections (LOLER)</td><td>100.00%</td><td>148</td><td>Biannual</td><td>148</td><td>100.00%</td><td>↔</td></tr>
<tr><td>6.</td><td>Water Hygiene (L8) Risk Assessments</td><td>100.00%</td><td>383</td><td>Biennial</td><td>383</td><td>100.00%</td><td>↔</td></tr>
</table>
Between December 2022 when the Pennington Choices external health check of health and safety compliance was carried out, and January 2024, the following improvements in the compliance position had been achieved:

Fire risk assessments (FRAs):
</td></tr>
</table>

<table>
<tr><th>Issue &
Agreed Action/ Deadline (as at July 2023)</th><th>Progress update (as at March 2024)</th></tr>
<tr><td>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.

Director of Placemaking and Housing

31st March 2025</td><td>December 22 – 26 properties non-compliant
January 24 – All properties compliant.
Gas safety:
December 22 all properties compliant
January 24 - 16 properties were non-compliant due to access.
Three have since been completed through subsequent contact with the tenants.
Eleven have been accessed by forced entry following Court action.
Two are scheduled for Court hearings on 1st March 2024 have been overdue for 5 days.

Asbestos re-inspections:
December 22 - 92 properties non-compliant
January 24 – All properties compliant.

Electrical Inspection Condition Reports (EICRs) - See table below.

<table>
<tr><th></th><th>Penningtons health check Dec 22</th><th>22/12/2023</th><th>05/01/2024</th></tr>
<tr><td>Total properties requiring EICR</td><td></td><td>15023</td><td>15023</td></tr>
<tr><td>Total properties with a EICR <5-years</td><td></td><td>14382</td><td>14410</td></tr>
<tr><td>Total number of properties without a current EICR >5-years</td><td>8,282</td><td>641</td><td>613</td></tr>
<tr><td>Break down by age</td><td></td><td></td><td></td></tr>
</table>
</td></tr>
</table>

Issue & Agreed Action/ Deadline (as at July 2023)	Progress update (as at March 2024)

Total properties with a EICR >5 <10-years	4,236	563	538
Total Properties with no current EICR or >10-years	4,046	78	75

This demonstrates an improvement of 3,698 properties with an EICR over five years old and less than 10 years old (between Dec 22 and January 23 (87%), and an improvement of 3971 properties with an EICR over ten years old or no current EICR (98%)

Compliance Management System Update
Included in the Voluntary Undertaking with the Regulator, the Council also undertook to procure and implement a new compliance management system to improve data management & reporting. A new compliance system has been procured and FRA and EICR data has been added to the supplier's template for data loading. A test site has been created for review in February and process and workflow workshops will also commence in February. The system 'go live' is anticipated to take place in April.

Decent homes position
As of the 16th of January, the estimated number of homes made Decent in 2023/24 had risen to 1,232. Haringey has now met and exceeded the target as agreed with the Regulator for 1,000 decent homes in 2023-2024.

Regulator engagement
Since the self-referral, the Operational Director of Housing Services and Building Safety and the Director of Placemaking and Housing have been meeting monthly with the Regulator to monitor the Council's progress and provide the appropriate level of assurance that our plans are on track.

The Regulator has stated their confidence in the Council's improvement plans and direction of travel in relation to the Voluntary Undertaking.

ANNUAL GOVERNANCE STATEMENT

Issue & Agreed Action/ Deadline (as at July 2023)	Progress update (as at March 2024)
	An update on progress with delivering the Voluntary Undertaking was provided to Housing, Planning and Development Scrutiny Panel on 13 March 2024. The requirement to provide an annual assurance statement as set out in the Cabinet Report Housing Services Improvement Plan and Compliance Assurance Statement on 18 April 2024 is due to be given to Cabinet in June 2024.
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. Director of Placemaking and Housing 31st March 2024	The 2022/23 audit plan includes an audit of this area that will again assess the efficiency and effectiveness of the control environment in this area as well as the evidence of progress regarding the specific actions raised in the last review. The fieldwork is complete, and we have received a limited assurance, which is a positive direction of travel in accordance with our improvement plan. https://www.minutes.haringey.gov.uk/documents/g10252/Public%20reports%20pack%2018th-Apr-2023%2018.30%20Cabinet.pdf?T=10 https://www.minutes.haringey.gov.uk/documents/g10252/Public%20reports%20pack%2018th-Apr-2023%2018.30%20Cabinet.pdf?T=10 We have been able to secure resources during 2022/23 to fill vacant positions, in the commercial property team, which will help us to focus on the planned further improvements in this area. Progress on the 10 SAMPIP 23-28 action plans is taken through our property governance process on a monthly basis and the latest version is being brought to Audit Committee in November 2023. A full report back to cabinet is planned for July 2024. **This significant governance issue will close but remaining actions in this area will be captured under the new issue regarding Council property.**

Page 204

Issue & Agreed Action/ Deadline (as at July 2023)	Progress update (as at March 2024)
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. Monitoring Officer 31st March 2024	All of the recommendations of the Mazars audit have now been completed and moved to 'business as usual' activities. We recognised the lack of strategic resource working in this area, and additional resources have been allocated. The Head of Information Governance joined the team in November 2023 and the IG Officer post was filled in January. The team is now at full strength. Information Governance is included on the Corporate Risk Register which is owned by Corporate Leadership Team. In January we agreed to an audit of our data protection compliance by the Information Commissioner's Office, and this took place in May. We expect to receive the audit report and recommendations in June. The profile of Information Governance will be maintained via Quarterly reports to the Corporate Leadership Team. **This significant governance issue remains relevant for 2023/24 with a refreshed action plan.**
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). Director of Environment and Resident Experience 31st March 2024	At its meeting on 11th July 2023, the Cabinet determined that the Council should bring the leisure services contract to an end. Fusion Lifestyle was advised of that decision formally by way of a letter from the Assistant Director Direct Services on Friday 4th August 2023, further to prior informal conversations between Fusion representatives and Council officers. In his capacity as 'Authorised Officer' for the Council for that contract, the Head of Parks and Leisure formally wrote to Fusion Lifestyle on 3rd October 2023, invoking a 12-month voluntary termination of the contract. The Leisure Management Repurposing Working Group, chaired by the Assistant Director Direct Services and drawing resources from services across the Council (including the Head of Place as project manager), explored alternative leisure service provision in the future. The Working Group identified a clear picture of what the future operating costs will be for different service delivery models and, guided by the Leisure Management Strategic Working Group chaired by the Director of

Page 205

Issue & Agreed Action/ Deadline (as at July 2023)	Progress update (as at March 2024)
	Environment and Resident Experience, presented its findings to Cabinet on 5th December 2023 and recommended an insourced model for the future. The decision was called in, but Overview and Scrutiny Committee decided at its meeting on 3rd January 2024 that the Cabinet decision to insource was appropriately and correctly taken. The low voltage electrical system at Tottenham Green was brought back into operation in March 2023. After redecoration and restoration of various systems that were dependent on the low voltage electrical system, the 'dry side' of the Tottenham Green leisure facility, Marcus Garvey Library, the Customer Service Centre and the nursery/creche were all re-opened in April 2023. The Working Group oversaw the restoration by specialist contractors of the high voltage electrical system at Tottenham Green so that the systems driving the pools' mechanical systems could be tested, repaired, and recommissioned. Tottenham Green was closed for three days in November 2023, allowing the high voltage system to be brought back into commission. Work then proceeded on bringing the teaching pool back into use in January 2024 and the main pool usable again in the February 2024 half-term. The Group progressed a survey to better understand the needs of the community and aid the creation of a broader 'wellbeing' service for residents across the borough from the existing leisure facilities. The survey yielded over 1,450 responses and the detail of this will be worked through in the early stages of 2024/25, in tandem with mobilisation for the leisure service insourcing with effect from 2nd October 2024, including capital investment at the three leisure centres. **This significant Governance issue has been closed.**

Page 206

Issue & Agreed Action/ Deadline (as at July 2023)		Progress update (as at March 2024)
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 previously agreed savings, and further measures are being progressed as alternative savings for those savings

Issue & Agreed Action/ Deadline (as at July 2023)		Progress update (as at March 2024)
		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 this inspection will be reconsidered when

ANNUAL GOVERNANCE STATEMENT

Issue & Agreed Action/ Deadline (as at July 2023)		Progress update (as at March 2024)
		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

Issue & Agreed Action/ Deadline (as at July 2023)		Progress update (as at March 2024)
	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.	being finalised. 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 and embed change in following transformation of our services, including schools. **Further implement effective governance of health and social care integration and reforms.**	The Councils MTFS will be identified annually as an issue. In 2023/24 strengthened governance was established relating to budgetary control, monitoring and oversight of savings delivery was embedded focussing on the highest risk areas. A focused 'budget week' takes place in June to bring the Senior Leadership Team together to focus on challenges and opportunities. This will now also need to consider the implications of the provisional 2023/24 outturn overspend and in particular spend that is likely to continue into 2024/25 and potentially beyond. Continued good working relationships between Corporate Leadership Team and Cabinet will be crucial in successfully delivering the agreed MTFS and formulating the 2025/26 Budget and 2025-2030 MTFS. A redesigned Corporate Project Management Office now supports delivery of the Category AA/A projects, to which many savings or required income streams are linked. During 2023/24 the financial position with regards the Local Authority Schools in the Borough has become an increased area of financial risk to the Council. There will therefore be focus on this for 2024/25 from a Governance perspective. The financial partnership between the Council and the Health Sector is another area identified in 2023/24 for strengthened collaboration to drive out outcomes.	Director of Finance (s151)	March 2025

Issue	Action	Responsibility	Due date
We need to continue to embed the planned improvements across strategic and operational Asset Management which include fully embedding robust management of our operational and Commercial Properties.	The council's adopted Strategic Asset Management and Property Improvement Plan (SAMPIP) 2023-28 contains 10 Action plans, based on the SAMPIP objectives. There are ten Strategic Asset Management Performance Improvement Plans are monitored through Monday.com as part of day-to-day operational performance. Action plan progress and activity is monitored regularly at Capital Projects and Property (CPP) Heads of Service meetings and Senior Management Team meetings. Progress is then taken through our property governance process on a monthly basis. The transformational nature of this work means the Corporate Property Model, which is fundamental to the implementation of the action plans; is part of the councils change programme, reported monthly and to Corporate Leadership Team on a quarterly basis. Internal Audit resources are allocated to monitor and report independently on progress. An annual update of the progress against the SAMPIP action plans is taken to cabinet. As part of the above annual reporting, the SAMPIP is also reviewed at Directorate and corporate audit committees throughout the year.	Director of Placemaking and Housing	March 2025
Following our self-referral to regulator we continue with our Housing Improvement	This issue was identified in 2022/23 and the due date set was March 2025, the progress made regarding the statutory compliance failings is noted above, and as expected the wider Housing Improvement	Director of Placemaking &	March 2025

Issue	Action	Responsibility	Due date
Programme to deliver improvements in the delivery of our housing service and implement recommendations to address weaknesses in our management systems, including Health and Safety risks in Council owned residential properties that deliver improvements to housing for tenants and meets the requirements of the Social Housing Regulator including safe housing.	Programme continues into 2024/25 and beyond. The project is classified as Category 'A', so monitoring and reporting goes to Corporate Leadership Team via the Corporate Project Office in addition to the local oversight within Placemaking and Housing. Annual Update to Cabinet June 2024. Audit Committee periodically request updates and assurances from the Operational Director for Housing, relating to risk and control due to historic limited assurance audit reports. Internal Audit resources have been allocated in 2024/25 to provide independent assurance to Senior Leaders and Members as part of the 2024/25 Audit Plan.	Housing	
Due to the high levels of FOI, SARs that are not completed in time and feedback from Ombudsman we need to continue to strengthen our information governance arrangements.	We have an internal self-assessment that is maintained and has evolved since the independent work by Mazars in 2021/22. We have an improvement action plan that is tracked, and progress reported to the Information Governance Board. As part of last year's improvements, we strengthened the arrangements over the Information Governance Board and this new regime will fully embed in 2024. The Information Commissioner have inspected in May 2024, and this will generate new actions to be incorporated into existing actions plans. This Corporate Risk area is owned at Corporate Leadership Team and progress to complete the approved improvement plans is monitored there.	Monitoring Officer	March 2025
The range of skills and experience required to fulfil our duties has become increasingly challenging	New Workforce Development Strategy 2024 has been to cabinet for discussion Informal cabinet in early June and Cabinet approval, likely on 18 June. Launch will be raised in budget week and will be launched by	Director of Culture Strategy &	March 2025

Page 213

Issue	Action	Responsibility	Due date
over time, particularly within some professions. The Council needs to have a high-performing workforce that delivers great services by attracting, developing, and retaining talent that delivers quality public services whilst making the best possible use of public money.	the Human Resources Business Partners shortly after. New approach to Manager training being designed - in progress pilot to launch July 24. Review of the use of Agency Workers use is ongoing and there is an accelerated recruitment protocol in place. Restructures and Focused Recruitment Campaigns - high volumes across directorates and recruitment campaigns arranged as required.	Engagement	
The Council has recognised weaknesses with regards procurement and contract management arrangements in recent years, some incidences of Fraud have occurred in 2023/24 and there has been new regulatory requirements applied from 2023.	The Council has reviewed its procurement operating model and is embedding a new staffing structure, policies, and procedures along with a new technology platform in 2024. This is a significant change programme that continues into the new financial year 2024/25 with wide reaching impact on the governance framework centrally and across directorates. The project is classified as Category 'A', so monitoring and reporting goes to Corporate Leadership Team via the Corporate Project Office. Audit Committee periodically request updates and assurances from the Chief Procurement Officer, relating to risk and control due to historic limited assurance audit reports. Internal Audit resources have been allocated in 2024/25 to provide independent assurance to Senior Leaders and Members as part of the 2024/25 Audit Plan.	Director of Finance	March 2025

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 2023/24. Their comments on the key governance issues are as follows:

- Director of Finance: Delivery of the agreed savings programme continues to be one of the Council's main critical issues given the immediate and on-going implications of falling short. Any gap in delivery will need to be met from an unplanned drawdown from Council reserves which the last couple of Budget reports to Full Council emphasised are already in the lower quartile nationally. The 2023/24 Budget included £17.3m of new growth for Adults, Children's, and Housing demand. The final 2022/23 outturn and Qtr1 2023/24 forecasts made clear that the growth added to Adults social care was insufficient. This was addressed during the 2024/25 financial planning process but with demand and costs outpacing available resources, budget reductions elsewhere have been the only solution. This has manifested in a saving target for 2024/25 alone of £20m. The on-going uncertainty about government funding available to the sector continues to hamper opportunities to deliver truly transformational change as these require time and resources but the forecast gap across the new MTFS period will require the Corporate Leadership Team and Cabinet to jointly own the challenges ahead and actively engage in deliverable solutions. Part of this will be delivered via the planned Budget Week in June 2024 and thought must continue to be given to the key outcomes of the recent Corporate Peer review which highlighted risks around the size of the capital programme as well as risks from the organisation trying to deliver too much. The national economic position has improved over the last year with inflation moving back close to the 2% target, expected reductions in bank base rate and falling energy costs. However, there remains significant uncertainty ahead notably the outcome of the General Election which must take place before the end of 2024/25 financial year. Any significant revisions to Local Government funding regimes cannot be realistically expected to impact on Council budgets in the short term and therefore it will be even more critical for the Council to develop immediate and effective plans to significantly reduce its net cost base if it is to deliver a balanced budget over the course of the MTFS and ensure that it can live within its 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 2023/24. The work in strengthening the governance concerning acquisitions and disposals, Information Governance and Delivery of the Housing Improvement Plan will be reviewed again during 2024/25.

- Head of Audit and Risk Management: For the audit work completed, many 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: Pendarren House; Delivery of Leisure Services; Community Alarms and Purchase of Care Plans however in year follow up work has confirmed management action to address the identified weaknesses. Other areas for attention reported were: Housing Rents Income; Payroll; Workforce Data and Establishment Controls; Adult Social Care Waiting Lists; Haringey Learning Partnership; and Complaints and Ombudsman referrals, these areas will be followed up in 2024/25. There remain some on-going areas of concern from an audit & risk perspective where management action is on-going: the management of Council properties including Commercial Property; Procurement, Delivery of Medium-Term Financial Savings, and internal controls within the Housing Services. Two schools were assigned Limited assurance though the majority achieved a satisfactory level of assurance for 2023/24. Some audit work is in progress still, but the full outcome will be presented in the Annual Report July 2024.

5.3 The Head of Audit and Risk Management has also provided an Annual Audit Report and opinion for 2023/24. The report concluded that in most areas across the Council, with the exception of those areas receiving ‘limited’ or ‘Nil’ assurance are where audit actions had not been completed as planned, there are sound internal financial control systems and corporate governance arrangements in place, and that risk management arrangements are satisfactory.

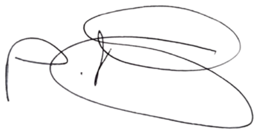
5.4 Directorate Management Teams have discussed a statement of assurance covering 2023/24 which is informed by work carried out by Directors; Assistant Directors; Heads of Service and Managers; internal audit; any external assessments; and risk management processes. The statements are used to provide 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 and the role of the Head of Internal Audit in public service organisations have both been incorporated into the Council’s overall governance arrangements. During 2023/24, the Council can confirm that both the Chief Financial Officer and Head of Internal Audit fulfilled all the requirements set out within the CIPFA statements. 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 2024. 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.

Signed by:



Councillor Peray Ahmet
Leader of the Council
Date: 28th May 2024

Andy Donald
Chief Executive
Date: 28th May 2024

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 $1/49^{th}$ 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.

Expected Credit Loss is a measure of impairment of a financial asset (e.g the amounts owed to the Council) based on the estimated difference between the contractual and expected cashflow. The impact of current and future economic conditions is taken into account when estimating the loss.

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.

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