

SECTION 1
EXECUTIVE SUMMARY
2008/09

Executive Summary

Foreword

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

Review of the Financial Year

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

The council Plan is aligned to this strategy and its priorities are:

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

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

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

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

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

The General Fund – Where the council tax goes

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

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

*PPPC is Policy, Performance, Partnerships & Communications

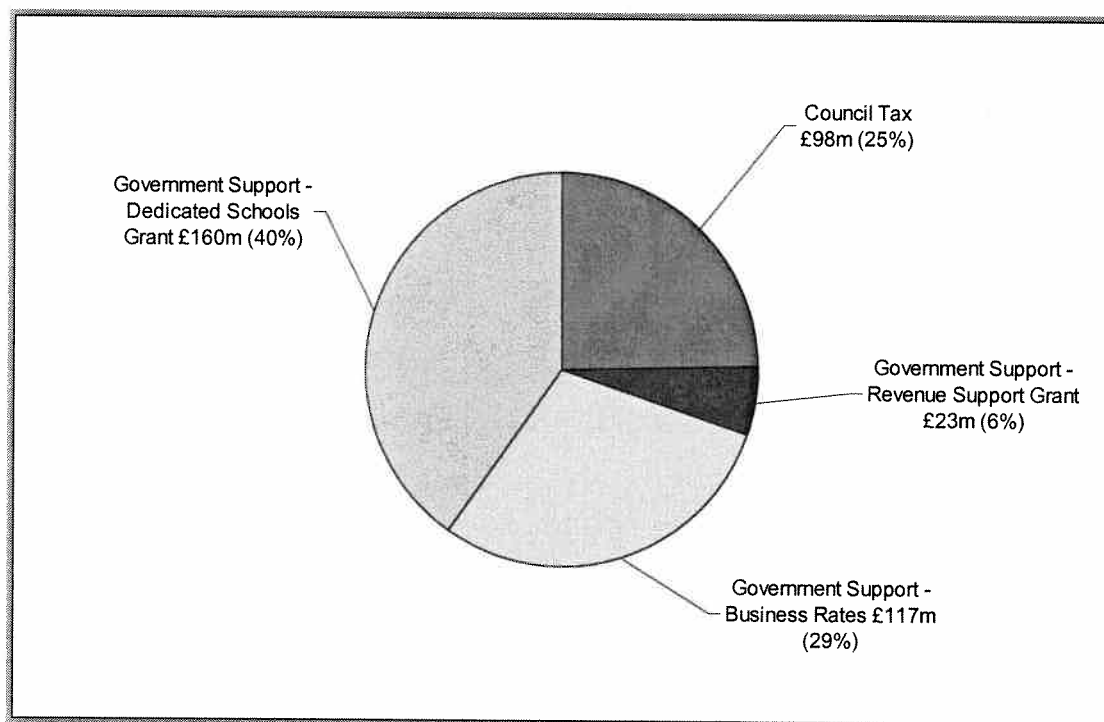
There is a net service underspend of £774k. After taking into account the non-service revenue account, transfers into earmarked reserves and the transfer of the ring-fenced Dedicated Schools Grant into reserves there was an underspend on the General Fund of £75,000 which is added to general balances.

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

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

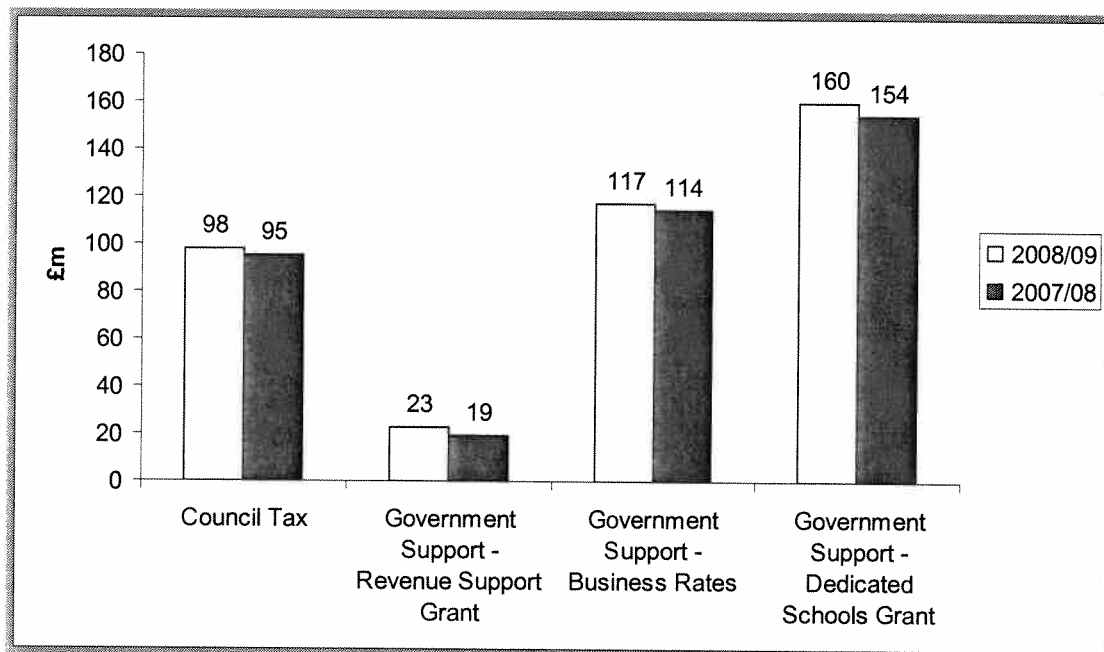
Below is a graph showing the revenue funding sources of Government Grants, NNDR and Council Tax for the net costs of the spend in 2008/09.

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



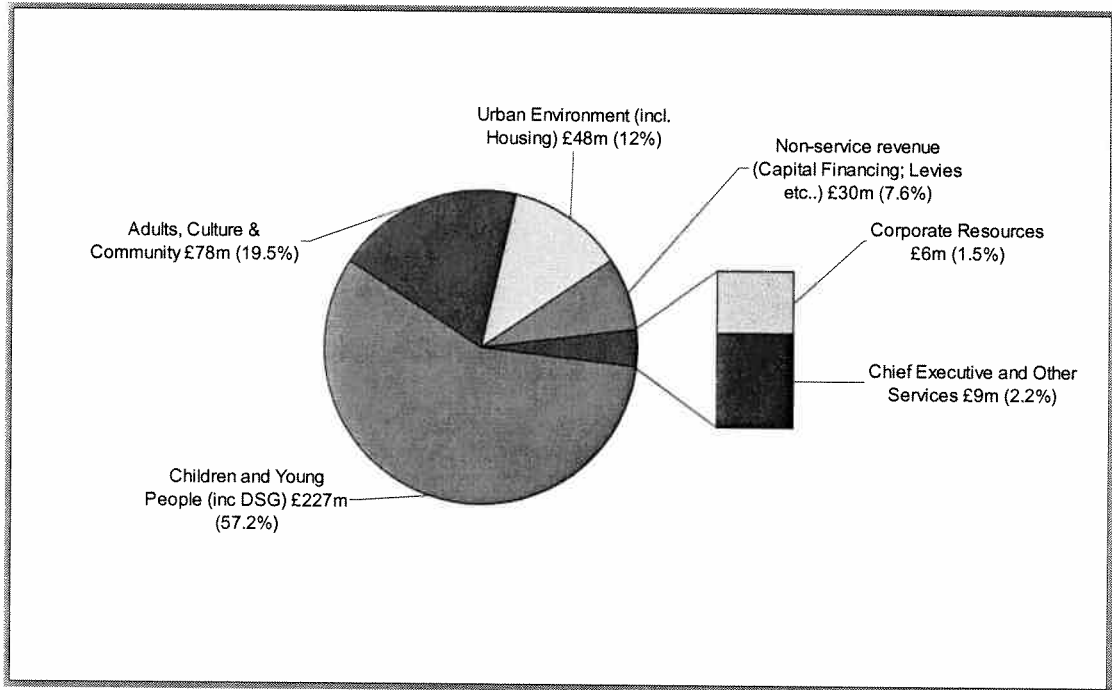
As can be seen from the above, council tax funds only 25% of the full net cost of services.

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

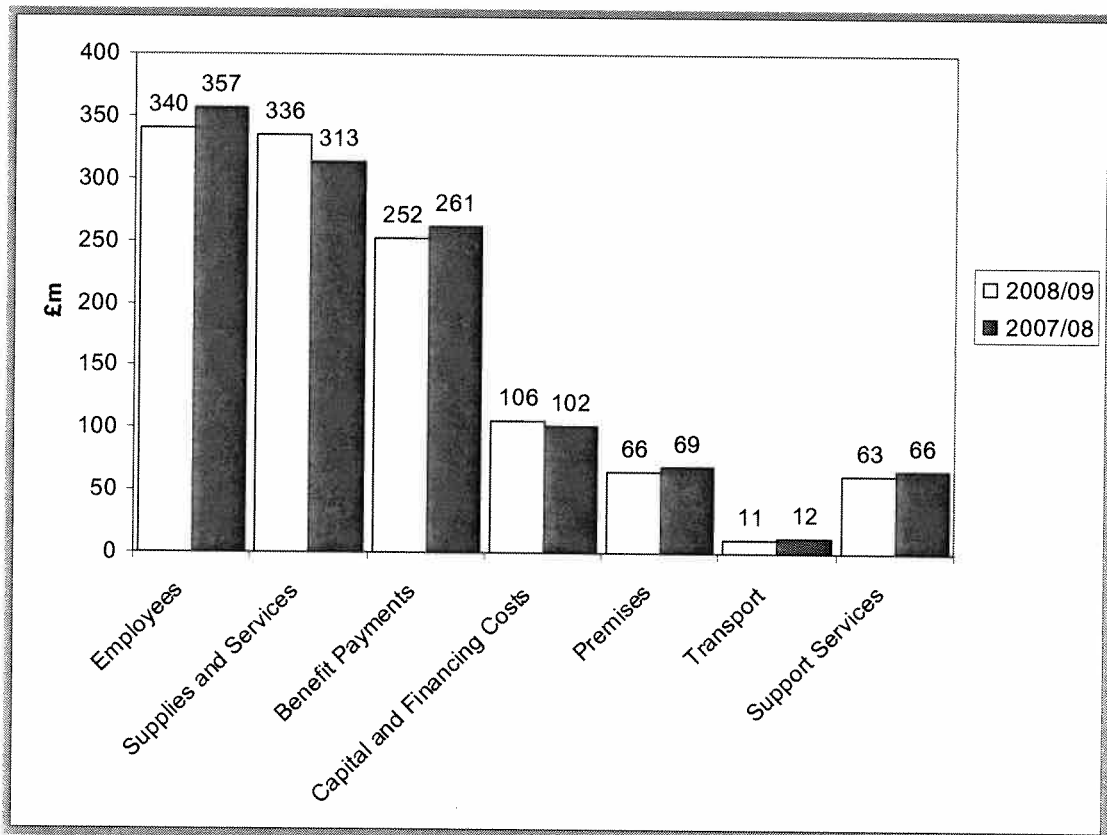


How the money was spent – Total £398m

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



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



The Housing Revenue Account – How Housing Rents are used

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

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

Capital Investment

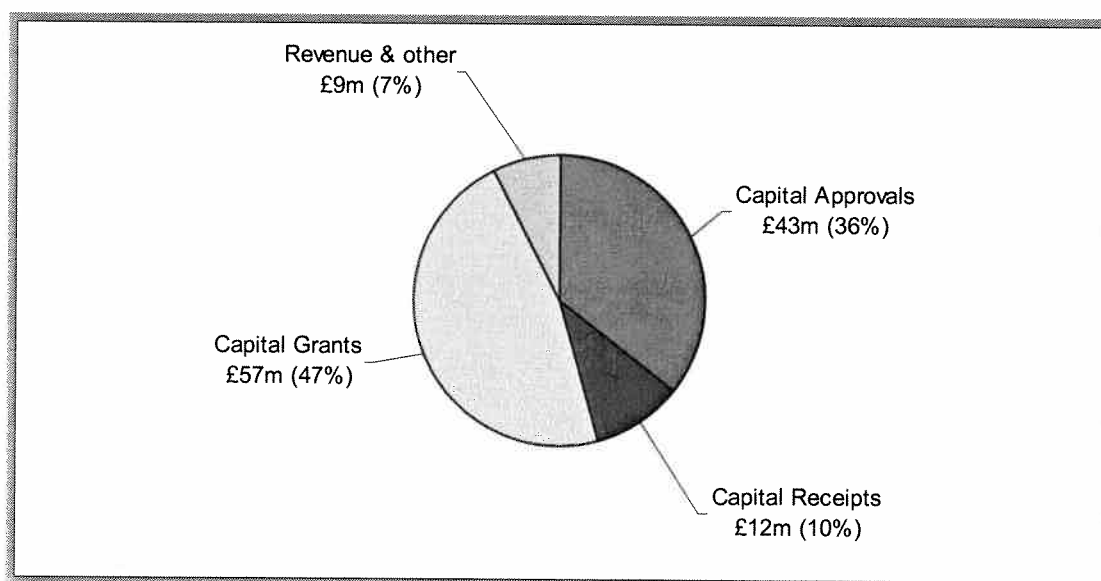
Capital investment is expenditure incurred on the physical assets of the Authority such as buildings, roads etc.

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

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

The graph below details how this capital expenditure was financed.

Capital Financing – Total £121m



Balance Sheet

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

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

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

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

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

The Pension Fund

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

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

Environmental Statement 2008/09

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

Council and School Operations

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

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

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

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

Council Carbon Reduction Achievements 2008/09

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

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

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

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

Initiatives introduced to encourage employees to use alternative methods of transport include the use of 3 electric smart cars and 20 pool bicycles, doctor bike and cycle training sessions,

three cycle to work schemes, interest free loans for cycling equipment, staff cycle allowance, staff discounts at local cycling retailers, and access to a car sharing facility.

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

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

Council Projections 2009/10

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

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

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

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

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

Statement of Responsibilities

The Authority's responsibilities

The Authority is required to:

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

Internal Financial Control

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

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

The Chief Financial Officer's responsibilities

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

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

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

The Chief Financial Officer has also:

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

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

The Statement of Accounts

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

Annual Governance Statement

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

Statement of Accounting Policies

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

Income and Expenditure Account

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

Statement of Movement on the General Fund Balance (STMGFB)

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

Statement of Total Recognised Gains and Losses (STRGL)

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

Balance Sheet

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

Cashflow Statement

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

Notes to the Primary Statements

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

Housing Revenue Account - Income and Expenditure Account

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

Statement of Movement on the HRA Balance

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

Collection Fund

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

The Group Accounts

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

Pension Fund Account and Net Assets Statement

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

For Information

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

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

Approval of the Accounts

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

Statement of the Chief Financial Officer

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



Gerald Almeroth, CPFA
Chief Financial Officer
19th June 2009

Independent auditors report to the London Borough of Haringey