

SECTION 3
THE STATEMENT OF ACCOUNTS
2008/09

Income and Expenditure Account

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

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

Statement of Movement on the General Fund Balance

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

Statement of Total Recognised Gains and Losses

| | Notes | 2008/09 £'000 | 2007/08 £'000 |
|---|-------|------------------|------------------|
| Increase / Decrease in General Fund | | | |
| (Surplus) / Deficit on Income & Expenditure Account | | 131,155 | 20,814 |
| (Surplus) / Deficit arising on revaluation of fixed assets | | 19,235 | (292,413) |
| Actuarial (gains) and losses on pension fund assets and liabilities | | 78,511 | (46,651) |
| Other gains or losses | | (772) | (786) |
| Total recognised (gains) or losses | | 228,129 | (319,036) |
| Cumulative effect on reserves of prior period adjustments | | | 0 |

Balance Sheet

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

Cash Flow Statement

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

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

Notes to the Primary Statements

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

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

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

2. Government Grants (not attributable to specific services)

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

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

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

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

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

3. Disclosure of deployment of the Dedicated Schools Grant

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

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

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

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

4. Publicity

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

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

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

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

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

6. Audit Fees

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

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

7. Building Control Trading Account

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

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

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

8. Levies

The table below details the amounts paid to levying bodies.

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

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

9. Pension Costs

Teachers

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

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

Other Employees

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10. Statement of employees' salaries

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

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

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

11. Members allowances

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

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

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

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

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

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

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

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

13. Private Finance Initiative

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

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

Income and Expenditure Account

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

Balance sheet

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

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

14. Long Term Contracts – Operating and Finance Leases

Operating Leases

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

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

Finance Leases

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

15. Trading activities

The trading activities of the Council are detailed below:

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

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

16. Fixed Assets

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

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

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

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

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

17. Capital Expenditure

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

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

18. Major contractual commitments

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

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

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

19. Statement of Physical Assets

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

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

20. Housing Stock

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

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

21. Long Term Debtors

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

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

22. Debtors

(a) Public Sector Debtors

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

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

(b) Non-Public Sector Debtors

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

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

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

(c) Risk analysis of Debtors

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

Non-Public Sector Debt

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

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

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

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

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

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

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

- IV. **Parking notices** - £2.38m of unprovided parking notices remained outstanding as at the end of the year. A settlement discount is offered if the penalty is paid within 14 days. A notice to owners is issued after 28 days.
- V. **Homelessness** - £2.03m of unprovided homelessness debtors remained outstanding as at the end of the year.
- VI. **Leasehold** - £4.075m of leasehold debts are unprovided. Leasehold balances are due on certain dates throughout the month and bear no credit terms. £4.075m is therefore considered to be past due.
- VII. **Housing Benefit Overpayments** - £3.45m of housing benefits unprovided remain overpaid as at 31 March 2009. All are considered past due.
- VII. **Sundry Debtors** - £6.19m of sundry debtors remain unprovided. Balances include school debtors, commercial rents and general sundry debt. Terms offered are 30 days and £10.568 million of the outstanding debt is past this due date.

23. Creditors

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

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

24. Planning Gains

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

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

25. Government Grants Deferred

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

26. Deferred Credits

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

27. Provisions

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

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

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

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

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

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

28. Contingent Liabilities

- In 2007 Haringey council joined London Authorities Mutual Ltd, a mutual company set up in partnership with other London boroughs for the purpose of providing insurance and risk management services. The creation and operation of this company was challenged through the courts by an insurance company, RMP, taking out an action against one of the member authorities. This action has been found in favour of RMP. The Council has a liability, in the form of a guarantee, with LAML of £700k of which half has already been paid and half is accounted for within the Council's insurance reserve. As a result of the judgement LAML are required to cease operations with immediate effect and there will be an orderly wind down of the company. The assets left after the closure of the company will be redistributed to member authorities. There is of a further case being taken by RMP against the individual members of LAML for loss of profit and associated costs. The Council is currently considering its response to this.
- In 2008/09 and 2009/10 five staff were dismissed from the Councils employment in connection with an inspection undertaken by Ofsted and Directions issued by the Secretary of State for Children & Families. All parties have lodged appeals under the Council's internal employment procedures. In one case parallel claims have been lodged in the High Court and in the Employment Tribunal by one former member of staff. No provision has been made in the Council's accounts for compensation or damages arising from any successful claim.
- In March 2009 a claim was submitted by Firoka (Alexandra Palace) Ltd and Firoka (Kings Cross) Ltd against the Council as trustee of Alexandra Park and Palace Charitable Trust for loss of income and damages as a result of the failure of the Charitable Trust to issue a licence to Firoka. The value of this claim is £6.234 million. The substance of this claim is disputed by the Council and the Trust. No provision has been made in either the Council's or the Trust's accounts for the claim.

29. Contingent Assets

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

30. Analysis of Net Assets Employed

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

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

31. Reserves

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

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

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

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

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

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

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

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

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

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

32. Capital Receipts

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

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

33. The Pension Fund Reserve

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

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

34. Earmarked Reserves

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

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

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

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

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

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

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

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

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

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

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

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

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

35. Financial Instruments Adjustments Account

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

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

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

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

36. Types of Financial Instruments

The Council holds the following types of financial instruments:

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

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

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

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

37. Gains And Losses On Financial Instruments

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

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

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

Soft loans

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

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

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

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

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

Methods and Assumptions in valuation technique

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

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

The calculations are made with the following assumptions:

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

The fair values are calculated as follows:

Fair Value of Liabilities Carried At Amortised Cost

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

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

Fair Value Of Assets Carried At Amortised Cost

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

Nature And Extent Of Risks Arising From Financial Instruments

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

Credit Risk

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

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

Outstanding Investments as at 31 March 2009

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

Icelandic Banks

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

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

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

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

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

Heritable Bank

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

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

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

Landsbanki

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

Recovery is subject to the following uncertainties and risks:

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

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

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

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

Glitnir Bank

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

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

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

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

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

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

Summary

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

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

The Authority has utilised the capital finance regulations (issued February 2009) to defer the impact of the impairment on the General Fund, and a sum of £9.311m has been transferred to

the Financial Instruments Adjustment Account, which relates to the capital sum invested. The balance of £1.497m relates to interest which has been borne in full by the General Fund.

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

Debtors

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

Liquidity Risk

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

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

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

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

Interest rate risk

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

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

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

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

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

The Council has a number of strategies for managing interest rate risk. During periods of falling interest rates, and where financial circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has an active strategy for assessing interest rate exposure that informs the setting of the annual budget and is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

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

Interest Rate Risk

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

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

39. Investments – Related businesses and companies

Homes for Haringey

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

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

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

Urban Futures

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

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

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

London Grid for Learning Trust

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

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

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

Bernie Grant Centre Partnership

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

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

40. Trust funds

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

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

Alexandra Park and Palace

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

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

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

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

41. Related party transactions

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

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

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

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

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

Officers

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

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

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

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

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

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

42. Analysis of Government Grants

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

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

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

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

44. Analysis of Balances of Cash and Cash Equivalents

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

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

45. Analysis of Changes in Financing

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

46. Post Balance Sheet Events

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

Housing Revenue Account - Income and Expenditure Account

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

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

Statement of Movement on the Housing Revenue Account Balance

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

Notes to the Housing Revenue Account

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

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

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

48. Gross Rent Income and Rent Arrears

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

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

49. Housing Subsidy

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

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

50. Value of HRA Assets

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

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

The vacant possession value is an estimate of the open market value of all HRA dwellings. The balance sheet value is calculated on the basis of rent receivable on existing tenancies. This is less than the rent that would be obtainable on the open market, and the balance sheet value is therefore lower than the vacant possession valuation. The difference between the two values shows the economic cost of providing council housing at less than open market value.

51. Major Repairs Reserve

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

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

52. FRS 17

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

Collection Fund

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

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

Notes to Collection Fund

53. Calculation of the Council Tax Base

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

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

* - entitled to disabled relief deduction

54. Income from Business Rates

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

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

55. Deficit / Surplus

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

SECTION 4
THE GROUP ACCOUNTS
2008/09

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

Group Income and Expenditure Account

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

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

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

Group Statement of Total Recognised Gains and Losses

| | Notes | 2008/09 | 2007/08 |
|---|-------|----------------|------------------|
| | | £'000 | £'000 |
| Net (Surplus) / Deficit for the year | | 131,155 | 19,920 |
| (Surplus) / Deficit arising on revaluation of fixed assets | | 19,235 | (323,601) |
| Actuarial (gains) and losses on pension fund assets and liabilities | | 90,310 | (51,452) |
| Other (gains) or losses | | (761) | (826) |
| Total recognised (gains) or losses | | 239,939 | (355,959) |
| Cumulative effect on reserves of prior period adjustments | | (37,571) | 0 |

Group Balance Sheet

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

Group Cash Flow Statement

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

Notes to the Group Accounts**Basis of Consolidation**

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

Company Limited by Guarantee

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

Accounting Policies

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

Accompanying Notes

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

Homes for Haringey Accounts

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