

LONDON BOROUGH OF HARINGEY
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2006

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SECTION 1

INTRODUCTION & REVIEW OF THE YEAR

2005/06

Foreword

Foreword

This document sets out the Financial Statements for Haringey Council, the Council's Pension Fund and Alexandra Park & Palace.

The Authority's responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In Haringey that officer is the Director of Finance.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Internal Financial Control

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

The Director of Finance has direct management responsibility for the Internal Audit section, which maintains a regular review of the Council's financial systems and investigates any irregularities that arise. Further information is contained within the Statement on Internal Control.

The Director of Finance's responsibilities

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

In preparing the Statement of Accounts, the Director of Finance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice.

The Director of Finance has also:

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Director of Finance should sign and date the Statement of Accounts for the year ended 31 March 2006.

The Statement of Accounts

Statement on Internal Control

This details the processes in place during 2005/06 for ensuring proper financial management and control. It then reviews the effectiveness and raises any major issues that have arisen in the year. (Pages 9 – 12)

Statement of Accounting Policies

An explanation of the basis on which the accounts have been prepared and their compliance with the guidance of the relevant regulatory bodies. (Pages 13 – 16)

Consolidated Revenue Account

This summarises the income and expenditure of all the Council's services, providing a breakdown by service. The Account also shows how the Council's services are funded: the four main sources being specific income, council tax, national non-domestic rates and government grants. (Pages 17 – 25)

Housing Revenue Account

This records the Authority's statutory obligation to account separately for the costs of its landlord role. It shows the major elements of housing revenue expenditure – maintenance, administration and capital financing costs – and how these are met by rents, housing subsidy and other income. (Pages 26 – 28)

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. (Pages 29 – 30)

Consolidated Balance Sheet

This records the Authority's year-end financial position. It shows the balances and reserves at the Authority's disposal and its long-term debt, the net current assets or liabilities, and summarised information on the fixed assets held. It excludes the trust funds and the Pension Fund. (Pages 31 – 41)

Total Movement in Reserves

This details the Council's reserves and how they have moved in the year. (Pages 42 – 44)

Cashflow Statement

This summarises the inflows and outflows of cash arising from transactions with third parties for capital and revenue transactions. (Pages 45 – 48)

Pension Fund Account and Net Assets Statement

The Pension Fund Account shows the contributions to the fund during 2005/06 and the benefits paid from it. The Net Assets Statement sets out the financial position for the Fund as at 31 March 2006. The fund is separately managed by the Council acting as trustee and its accounts are separate from the Council's. (Pages 52 – 57)

Alexandra Park and Palace

Alexandra Park and Palace is registered as a statutory charity, with the Council as the sole trustee. The statements are prepared in accordance with recommended practice for charities. The basis on which the accounts have been prepared have been included by way of Accounting Policies. (Pages 58 – 73)

Review of the Financial Year

The Community Strategy vision was adopted by the Council in 2002. The vision is:

‘To measurably improve the quality of life for the people of Haringey by tackling some of our biggest problems and making it a borough we can all be proud of.’

Our priorities are to:

1. Improve services
2. Narrow the gap between the east and the west of Haringey
3. Create safer communities
4. Improve the environment
5. Raise achievement in education and create opportunities for life long success

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

- The General Fund
- The Housing Revenue Account
- Capital Investment

This commentary is supplemented by a review of the Pension Fund and Alexandra Park and Palace.

The General Fund

The General Fund contains the income and expenditure relating to the services of the Council, other than Council housing. In 2005/06 the Council planned net expenditure of £345.4 million, as set out in the following table.

	Budget	Outturn	Variance
	£'000	£'000	£'000
Children's Services	201,854	206,605	4,751
Housing Services	(3,503)	(3,960)	(457)
Social Services	56,981	58,107	1,126
Environmental Services	49,150	48,303	(847)
Finance Services	13,679	14,304	625
Chief Executive's Services	21,907	21,466	(441)
Services	340,068	344,825	4,757
Non service revenue	3,188	(1,901)	(5,089)
Contributions to/(from) reserves	2,096	0	(2,096)
Total on General Fund	345,352	342,924	(2,428)
General balances 1 April 2005			(10,051)
Collection Fund Deficit			64
General balances 31 March 2006			(12,415)

There is a net service overspend of £4.8 million. If schools are excluded, there is an overall service overspend of £0.89 million. The £3.9 million overspend on schools is funded from the schools earmarked reserve which was £9.6 million as at 31 March 2005.

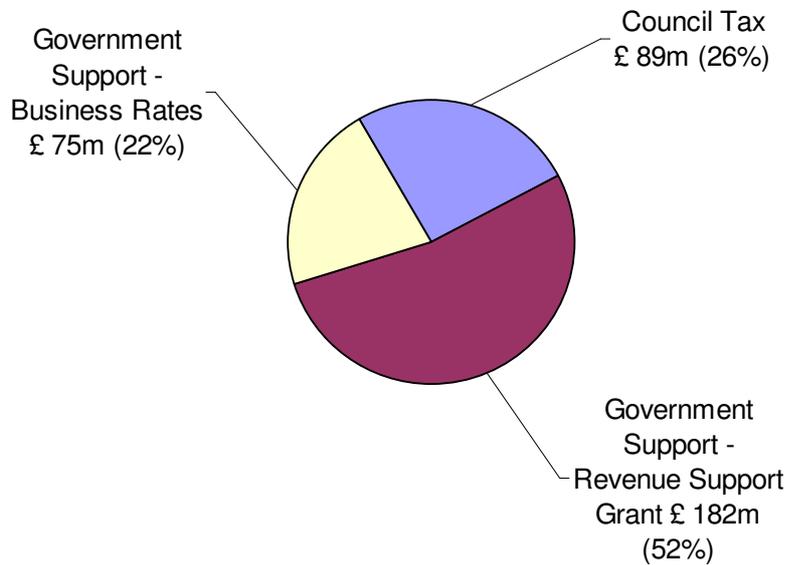
With the exception of schools expenditure all other services spend was broadly in line with expectations. Children services had a £1 million overspend relating to pupil statementing which is being recovered in 2006/07. The homelessness budget continues to underspend and some of this has been moved into reserves to cover the Council against potential future loss of subsidy paid by central government on homeless accommodation.

Overall the General Fund made a surplus of £2.4 million.

Below is a graph showing the revenue funding sources such as Government Grants, NNDR and Council Tax.

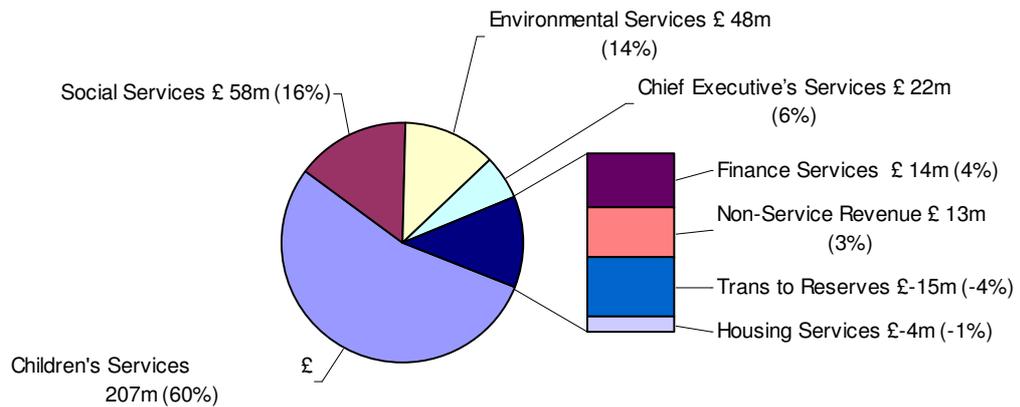
Sources of Revenue Funding 2005/06

Total £ 346 m



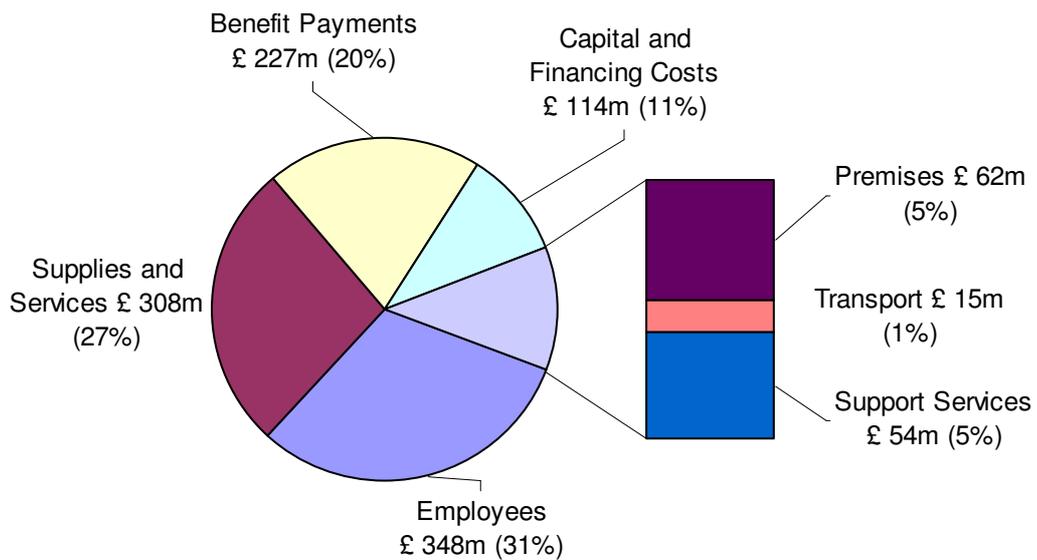
How The Money Was Spent

Total £ 343m



Subjective Analysis of Gross Revenue Expenditure

Total £ 1,128m



The Housing Revenue Account

The Housing Revenue Account is a statement of the income and expenditure on Council housing. The Council is landlord for 16,714 dwellings and the income and expenditure relating to these is ring-fenced, that is the Council is prevented by legislation from subsidising the cost of Council housing from its General Fund.

In 2005/06, the Council spent £119.3 million on its Council housing and had income of £98.2 million. After financing and appropriation adjustments, there was a deficit, of £2.6 million on the account.

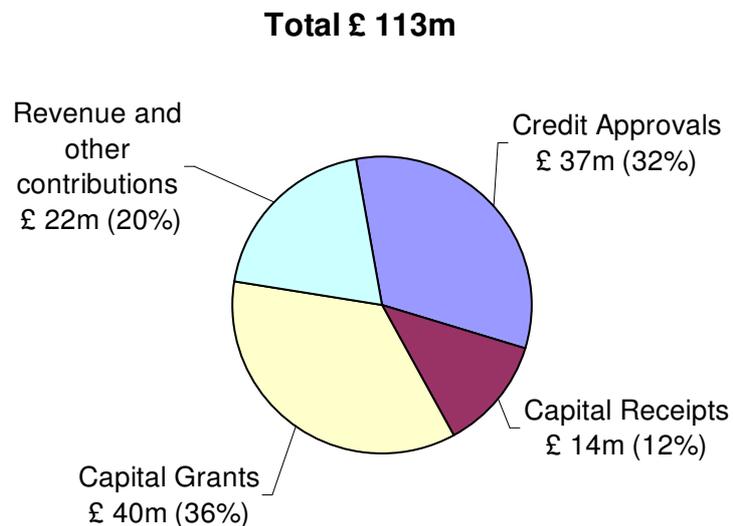
Capital investment

In 2005/06, the Council planned to spend £128 million on capital investment, as shown in the following table. The actual expenditure was £112 million. The total long-term debt of the Council is £587 million, which relates to capital investment in previous years. 60% of this debt relates to Council housing investment.

	Budget	Outturn	Variance
	£'000	£'000	£'000
Children's Services	45,569	39,480	(6,089)
Housing (General Fund and HRA)	29,406	27,977	(1,429)
Social Services	4,721	3,132	(1,589)
Environmental Services	22,631	19,521	(3,110)
Finance Services	5,055	2,652	(2,403)
Chief Executive's Services	20,546	19,381	(1,165)
Total	127,928	112,143	(15,785)

The graph below details how this capital expenditure was financed.

Capital Financing 2005/06



The difference between the capital outturn and the capital financed is capital accruals from 2004/05 which were financed in 2005/06. See note 2 to the Balance Sheet.

The Pension Fund

The Pension Fund is part of the Local Government Pension Scheme. This funds the pensions of Council staff, other than teachers, and receives contributions from members of the scheme and employer bodies. In 2005/06, the fund made payments to pensioners of £22.9 million and received contributions of £34.7 million (£7.9 million from members and £26.8 million from the employers).

The fund is worth £573 million, most of which is invested in the stock market. In 2005/06 the fund increased in value by £119 million following the overall trend in the UK and global stock markets.

Alexandra Park and Palace

Alexandra Park and Palace is a statutory charity whose purpose is to run Alexandra Park and the surrounding area. The Council is the trustee of the charity. The Charity has a subsidiary to run its trading activities. All of the profits of the trading company are passed to the charity.

In 2005/06 the charity had a deficit of £1.8 million on a turnover of £7.5 million. This deficit has been added to the amount that the charity owes the Council. The background to the Council's relationship with the charity is set out in the Alexandra Park and Palace Accounts note 14 Section 5.

Approval of the Accounts

The Accounts and Audit Regulations 2005, require the accounts to be approved by the Council.

DIRECTOR OF FINANCE'S CERTIFICATE

I certify that the accounts set on pages 17 - 48 set out the financial position of the London Borough of Haringey as at 31 March 2006 and its income and expenditure for the year ended and that the accounts on pages 49 - 56 set out the net assets of the London Borough of Haringey Pension Fund as at 31 March 2006 and its income and expenditure for the year then ended.

Andrew Travers, CPFA
Director of Finance

SECTION 2

INTERNAL CONTROL AND ACCOUNTING POLICIES

2005/06

Internal Control and Accounting Policies

Statement on Internal Control 2005/06

1. Scope of responsibility

- 1.1 Haringey is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Haringey also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Haringey is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of Haringey's functions and which includes arrangements for the management of risk.

2. The purpose of the system of internal control

- 2.1 The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of Haringey's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.2 The system of internal control has been in place at Haringey for the year ended 31st March 2006 and up to the date of the approval of the annual report and accounts.

3. The internal control environment

- 3.1 The key elements of the internal control environment are:

- a) establishing and monitoring the achievement of the authority's objectives

Haringey has well established and documented aims and objectives in order to improve the quality of life for people living and working within the borough and ensure that high quality services are delivered efficiently and effectively. These are set out in the Community Strategy and all the Council's business and financial planning documents reflect these aims and objectives. Delivery of these is through an integrated annual business and financial process, which are subject to full consultation and review by the Overview and Scrutiny Committee, formal adoption by the Cabinet and approval by the Council.

- b) the facilitation of policy and decision making

The Council's Constitution sets out the policy and decision making framework for the authority. The role of the whole Council, the Executive, other committees, Executive members and officers is clearly documented, and there are also protocols governing the relationships between members and officers. This is subject to regular review and updated to reflect functional and organisational changes to the Council.

- c) ensuring compliance with established policies, procedures laws and regulations

The Council Constitution contains the Financial Procedure Rules and Contract Standing Orders, which must be complied with in carrying out all operational functions. Officer Employment Rules and a Monitoring Officer Protocol are also contained within the Constitution.

The Constitution also details the roles of key compliance officers, including the Council's Monitoring Officer and S151 Officer, as well as specific functional responsibilities for the Executive, committees, other bodies and officers.

- d) how risk management is embedded in the activity of the authority

Haringey has a Risk Management Strategy which was updated and approved by the Audit Committee in 2005. The Council continues to work towards embedding risk management into the culture of the organisation. The Council has developed a corporate risk register and all departments and business units have risk registers in place. These risk registers are tested by Internal Audit to ensure that managers are controlling the risks identified. Regular reports are provided to the Audit Committee detailing progress in embedding risk management throughout the Council. Risk management also forms an integral part of the business planning and project management processes.

- e) ensuring the economical, effective and efficient use of resources

The Council is committed to delivering value for money. This is achieved through a variety of mechanisms including a well established business planning process, and a robust performance management system.

There is an approved scheme of delegation in place to ensure that decisions are taken at the most appropriate level.

- f) the financial management of the authority

Financial management is based on a framework of regular management information and review to inform managers and members of the current budget position. This is supported by the finance and contract procedure rules and the scheme of delegation.

Key elements of the financial management system include integrated budgeting and medium term financial planning systems, regular budget monitoring reports to the Executive, systematic review of all key financial control processes, monitoring of key financial and other targets, and formal project management processes.

- g) the performance management of the authority

Haringey has comprehensive and robust performance management systems, which include Business Plans, Service Improvement Plans, Best Value Performance Plans and National and Local Performance Indicators. Performance measurement is undertaken at various levels and is subject to review both internally and externally by the Audit Commission. The Executive receives regular reports highlighting key financial and performance management information, which allows them to effectively monitor compliance with all key policies and Council objectives.

4. Review of effectiveness

- 4.1 Haringey has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. This review is informed by the work of the internal auditors and the managers within the authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

- 4.2 Under the Comprehensive Performance Assessment Haringey achieved a rating of three stars (out of four), and 76% of best value performance indicators have maintained or improved performance over the year. The Audit Commission, in its 'Direction of Travel' report, stated that the Council is improving well. Specifically in relation to the systems of internal financial control, the Audit Commission concluded that the council has a generally sound framework for managing internal financial control.

- 4.3 The risk management strategy was revised in 2005 and improvements to ensure that the recommendations from external audit and the 2004/05 SIC action plan were incorporated. This is an area which is still developing throughout the council and work will need to continue to ensure that key operational and strategic risks are identified, managed and reported appropriately.
- 4.4 Directors have submitted a statement of assurance covering 2005/06 which is informed by work carried out by internal audit, external assessment and risk management processes. The statements provide assurance that any significant control issues that have been brought to their attention have been dealt with appropriately.
- 4.5 The Head of Audit and Risk Management provided an Annual Audit Report for 2005/06, which concluded that overall there are sound internal financial control systems and corporate governance arrangements in place.

5. Actions to deal with outstanding internal control issues

- 5.1 In 2004/05, a number of actions were reported in the SIC to deal with outstanding control issues. These issues were subject to further review and development during 2005/06 and are included below for continuing action.
- 5.2 The following actions have been agreed to address the outstanding control issues identified as a result of the review of the effectiveness of the system of internal control:
- The Council upgraded its entire IT infrastructure and although the project is expected to deliver a range of benefits to the council, substantial delays and a significant overspend against the planned budget occurred. The Audit Commission undertook an independent review of the project and reported their findings in January 2006. The Council has agreed the conclusions and recommendations and developed an action plan to ensure that these are appropriately addressed.
 - The corporate IT upgrade project identified that the Council needed to revise its project management framework and enhance its monitoring and reporting procedures to ensure that key projects were identified and managed more effectively. Part of the action plan to address the Audit Commission's report includes implementing a revised approach to project management for all projects across the Council during 2006/07.
 - Further work will be undertaken to put adequate arrangements in place to ensure that the business unit, departmental and corporate risk registers are monitored, reviewed and updated on a more systematic and effective basis.
 - Partnership working has been identified as a key development area for the Council. The risk management programme will therefore encompass all key partnerships to ensure that these have been properly identified, appropriate risk assessments are produced and reviewed and that there are effective arrangements in place for risk sharing.

Councillor George Meehan
Leader of the Council

Dr. Ita O'Donovan
Chief Executive

Statement of Accounting Policies

The accounting policies set out below apply to the Financial Statements of the Council and the Pension Fund. The accounting policies of Alexandra Park and Palace are set out on pages 55 - 70.

General Principle

These accounts have been prepared in accordance with the Accounting Code of Practice on Local Authority Accounting in Great Britain (ACOP) and the Best Value Accounting Code of Practice (BVACOP), as published by the Chartered Institute of Public Finance and Accountancy (CIPFA). These codes have been approved as a Statement of Recommended Practice (SORP). The pension fund has been prepared in accordance with the Pensions SORP.

Accruals of Income and Expenditure

In the Revenue Account, income and expenditure are generally accounted for in the year in which they arise on an accruals basis, by the creation of material debtors and creditors, including estimates where appropriate.

Treatment of Debtors

The Council undertakes to recover all outstanding debts. However, where debts prove to be irrecoverable, provisions are made and the debt is written off.

Government Grants and Contributions

Government grants and other contributions are accounted for on an accruals basis. They are shown in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution is to be received.

Grants and contributions relating to fixed assets are credited to the Government Grants Deferred Account and released to the Asset Management Revenue Account in line with depreciation.

Cost of Support Services

The cost of central departments has been allocated to direct services on a variety of bases, reflecting the work provided by these support services.

Leases and PFI arrangements

Finance Leases – Under the Statement of Standard Accounting Practice (SSAP) 21, assets acquired under finance leases are treated as being in the ownership of the lessee. Therefore the rental payments are charged to the Asset Management Revenue Account and the asset valuation is included within the Authority's fixed assets and depreciated accordingly.

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

PFI (Private Finance Initiative) contracts and other long-term contracts are not accounted for on the Council's balance sheet where the risks and rewards of ownership of the relevant assets have been transferred to or are with the contractor.

Basis of Consolidation

The Consolidated Balance Sheet aggregates the balance of each of the Council's separate funds except for Trust Funds and the Pension Fund, for which separate information is provided.

Valuation of Stock

Stocks have been valued at net current replacement value, which is not in accordance with SSAP 9, as the difference between cost and net realisable value is not considered to be material.

Capital Receipts

These arise from the sale of long-term assets and from the repayment of capital advances for home purchases and housing associations. The receipts arising from the sale of General Fund assets are 100% usable by the Council on capital expenditure. For the sale of HRA assets the Local Government and Housing Act 1989 requires these generated from the sale of Council housing to be split between a usable and a reserved element (25%/75%), any receipts generated from the sale of other housing land and buildings are split 50%/50%. As from 1st April 2004 the reserved element is paid over to Central Government. The usable part may be used to finance capital expenditure.

Deferred Capital Receipts

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

Fixed Assets

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

- (a) operational land and properties are valued based on their existing use;
- (b) council housing is valued at market value and then has a social housing percentage applied to arrive at the valuation. In 2005/06 this social housing adjustment has moved from 48% in 2004/05 to 37% in 2005/06. This is set by the office of the deputy Prime Minister (ODPM).
- (c) non-operational assets and investment properties are valued on the basis of their open market value and are classified in line with the 2005 SORP requirements;
- (d) infrastructure assets are included in the Balance Sheet at historical cost basis net of depreciation;
- (e) community assets such as parks are recorded at a nominal value;
- (f) intangible assets are valued at cost.

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

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

Where assets were purchased by finance leases, the annual rentals are charged to the revenue account. The related liability of future rentals payable is not shown in the accounts. The assets acquired by this facility are valued within fixed assets, where they are still owned by the Council.

Where assets were acquired under deferred purchase arrangements, those assets still held by the Council are recorded at current market values. Principal repayments are recorded in the accounts at the time of payment and financed from capital and revenue sources. A deferred liability is shown in the balance sheet for the amount outstanding on these arrangements.

Deferred Charges

Deferred charges relate to expenditure on assets that do not belong to the Council, for example Improvement Grants. The treatment of these costs is in line with CIPFA's recommendations in that:

- (a) Expenditure charged to the balance sheet is written out to service revenue accounts in the year in which the expenditure is incurred;
- (b) Financing costs for deferred charges are accounted for corporately after net expenditure has been disclosed.
- (c) No asset is shown within the Authority's balance sheet.

Depreciation

Where asset life is short-term, the value of those assets is written out to revenue using the straight-line method over the following periods:

Vehicles Plant & Equipment	5 years
Intangibles	5 years
Infrastructure	30 years
Buildings	20 to 60 years

Depreciation is charged on all assets except non-operational investment assets. Newly acquired assets are not depreciated in the year of acquisition and assets in the course of construction are not depreciated until they are brought into use.

Basis of Charges for the Use of Fixed Assets

Capital Charges are made to users of fixed assets and are calculated on the current valuation of the asset. They comprise a notional interest charge using the following rates: 3.5% for operational assets and 4.95% for infrastructure and community assets.

Minimum Revenue Provision

In accordance with the requirements of the Local Government and Housing Act 1989, the authority has set aside a minimum revenue provision for repayment of debt. In addition the Council has set aside an additional revenue provision to cover a capital determination awarded by the Office of the Deputy Prime Minister (ODPM) in 2004/05 regarding the Alexandra Park and Palace debt.

Provisions

The Council has made a number of provisions for liabilities that are certain to occur, but the timing and amounts are uncertain.

Reserves

Expenditure is charged to revenue and not directly to any reserve. For each reserve established, the purpose, usage and basis of transactions are identified in the notes to the Council's Financial Statements.

Retirement Benefits

The accounts have been produced in accordance with FRS17. The discount rate used in the calculation of FRS17 is the AA corporate bond rate in of 4.9%.

Value Added Tax

VAT is included within the accounts only where it is irrecoverable and where re-imburement of VAT paid is due from Customs and Excise.

Contingencies

Where the Council can estimate with some certainty a contingent loss or gain, it has been included in the financial statements. However, where the cost cannot be accurately estimated, it is detailed by way of a note to the accounts.

Prior Year Adjustments

A prior year adjustment has been made to the fixed assets on the balance sheet in relation to 3 PFI schools that were incorrectly included in the balance sheet for 2004/05.

Associated and Subsidiary Companies (FRS2)

The Council has a financial relationship with a number of companies. Details are contained in the notes to the Council's Financial Statements. The 2005 SORP requires Authorities to produce group accounts where group relationships occur with associated and subsidiary companies.

Post balance sheet events

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

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

SECTION 3
THE STATEMENT OF ACCOUNTS
2005/06

Consolidated Revenue 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, national non-domestic rates and government grant.

	Notes	2005/06 Gross Expenditure £'000	2005/06 Gross Income £'000	2005/06 Net Expenditure £'000	2004/05 Net Expenditure £'000
Service					
Education Services	2	266,518	(99,658)	166,860	152,218
Social Services	3	155,438	(63,602)	91,836	84,981
Housing Services	4	255,470	(258,239)	(2,769)	(1,116)
Cultural, Environmental and Planning Services	5	77,574	(38,169)	39,405	34,310
Highways, Roads and Transport Services	6	31,396	(14,087)	17,309	15,838
Central Services	7	135,742	(108,508)	27,234	25,649
Court Services	8	842	(753)	89	125
Total cost of Continuing Services	1-18	922,980	(583,016)	339,964	312,005
Housing Revenue Account (surplus) / deficit	9			3,205	827
Net Cost of Services				343,169	312,832
Levies	14			6,935	6,851
Net Surplus on Trading Activities-HRA	20			(920)	(936)
-General Fund	20			994	388
Transfers from Asset Management Revenue Account	21			5,493	(383)
Contribution of housing capital receipts to Government pool				(17,435)	(32,807)
Interest and Investment Income				(2,410)	(2,428)
Pensions Interest Cost and Return on Assets	15			10,327	6,261
Net Operating Expenditure				346,153	289,778
Surplus/(deficit) transferred to HRA Reserve				(2,576)	(108)
Transfer from usable capital receipts to the contribution to housing pool capital receipts				17,435	32,807
Net transfer to / (from) reserves				(12,706)	9,138
Contribution from Pensions Reserve				(4,634)	(2,184)
Amount to be met from Government Grants and taxpayers				343,671	329,431
Demand on Collection Fund				(89,001)	(82,964)
(Surplus)/Deficit on Collection Fund				64	(52)
Revenue Support Grant				(182,209)	(181,700)
Distribution from National Non-Domestic Rates Pool				(74,889)	(62,888)
Adjustment to previous year General Fund balance				0	(28)
(Surplus) / Deficit for Year				(2,364)	1,799
General Fund Balance brought forward				(10,051)	(11,850)
General Fund Balance carried forward				(12,415)	(10,051)

Notes to Consolidated Revenue Account**1 Consolidated Revenue Account**

The service expenditure headings conform to the 'Best Value Accounting Code of Practice'.

2 Education Services

	2005/06	2004/05
	£'000	£'000
Nursery	2,326	1,250
Primary	80,266	71,017
Secondary	52,492	55,521
Non-School	7,612	1,607
Special Schools	24,164	22,823
Total Expenditure	166,860	152,218

3 Social Services

	2005/06	2004/05
	£'000	£'000
Service Strategy	980	962
Children's Services – Commissioning & Social	9,667	9,727
Children Looked After	15,707	14,243
Family Support Services	2,327	2,255
Youth Justice	1,284	1,088
Other Children's and Families Services	8,160	6,747
Older People incl. Mentally Ill	25,050	21,673
Adults under 65 with Physical Disability	7,196	6,202
Adults under 65 with Learning Disabilities	14,092	13,359
Adults under 65 with Mental Health Needs	5,378	5,329
Asylum Seekers	726	2,373
Other Adult Services	1269	1,103
Support Service and Management Costs	0	(80)
Total Expenditure	91,836	84,981

4 Housing Services

	2005/06	2004/05
	£'000	£'000
Housing Strategy	579	271
Registered Social Landlords	106	80
Housing Advice	601	1,039
Private Sector Housing Renewal	118	576
Homelessness	(5,460)	(2,078)
Housing Benefits Payments	(2,217)	(2,960)
Housing Benefits Administration	1,963	1,788
Contribution to the HRA	1,341	0
Other Council Property	89	49
Supporting People	111	119
Total Expenditure	(2,769)	(1,116)

5 Cultural, Environmental and Planning Services

	2005/06	2004/05
	£'000	£'000
Cultural and Related Services	14,032	12,490
Environmental Services	14,978	15,281
Planning & Development Services	10,395	6,539
Total Expenditure	39,405	34,310

6 Highways, Roads, and Transport Services

	2005/06	2004/05
	£'000	£'000
Transport Planning, Policy and Strategy	0	197
Highways/Roads (Structural)	427	375
Construction Roads/Bridges	10,149	6,485
Highways/Roads (Routine)	384	1,583
Street Lighting	1,585	1,007
Winter Maintenance	0	84
Traffic Management and Road Safety	(111)	267
Parking Services	(761)	639
Public Transport	5,636	5,201
Management & Support Services		
Total Expenditure	17,309	15,838

7 Central Services

	2005/06	2004/05
	£'000	£'000
Corporate and Democratic Core Costs (CDC)	15,531	13,455
Central Services to the Public	8,899	9,439
Non Distributed Costs (NDC)	2,804	2,755
Total Expenditure	27,234	25,649

8 Court Services

	2005/06	2004/05
	£'000	£'000
Coroners' Court Services	89	125
Total Expenditure	89	125

9 Reconciliation to HRA Statement

	2005/06	2004/05
	£'000	£'000
Net (Surplus)/Deficit on Trading Activities - HRA	3,205	827
Net (Surplus)/Deficit on HRA excluding Trading Activities	(920)	(936)
Total (Surplus)/Deficit on HRA	2,285	(109)
Contribution from Pensions Reserve	292	217
Revised total (Surplus)/Deficit on HRA	2,577	108

10 Publicity

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

	2005/06	2004/05
	£'000	£'000
Staff Recruitment	977	1,105
Communications Unit	848	1,110
Other Expenditure	1,814	119
Total Expenditure	3,639	3,334

The 2004/05 figures have been restated due to an error in the original figures.

11 Income and Expenditure under the Goods and Services Act 1970

Section 1 of the above Act authorises local authorities to supply goods and services to other public bodies. The table below summarises the surplus or (deficit) for 2005/06.

	2005/06	2004/05
	£'000	£'000
College of NE London	0	67
Other London Boroughs	329	265
Other Local Authorities	12	9
Others	39	62
Grand Total	380	403

12 Audit Commission Fees

The table below details the actual amounts paid to the Audit Commission in respect of the Council's external auditor's fees. The fees are those paid in the year regardless of the year-end date of the financial statements to which that work relates.

	2005/06	2004/05
	£'000	£'000
Statutory Inspection	89	63
Audit Fee	447	527
Grant Claims Audit	163	250
Other Audit Work	25	12
Total	724	852

13 Building Control Trading Account

The Local Authority Building Control Regulations 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 Transport Services line of the CRA.

	2005/06		
	Chargeable	Non Chargeable	Total
	£'000	£'000	£'000
Expenditure			
Employees	523	224	747
Transport	14	6	20
Supplies	16	7	23
Support Costs	139	60	199
Other	0	29	29
Total Expenditure	692	326	1,018
Total Income	(693)	(0)	(693)
Net (Surplus) /Deficit 2005/06	(1)	326	325
Net (Surplus) /Deficit 2004/05	24	323	347
Net (Surplus)/Deficit 2003/04	(73)	292	219
3 year Total	(50)		

14 Levies

The table below details the amounts paid to levying bodies.

	2005/06	2004/05
	£'000	£'000
London Pensions Fund Authority	224	214
North London Waste Authority	5,510	4,999
Lee Valley	242	226
Environment Agency	154	139
Greater London Magistrates Court	0	464
ALG Grants Committee	805	809
Total	6,935	6,851

15 Pension Costs**Teachers**

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

In 2005/06 the Council paid £7,160,684 (2004/05 £7,842,184) to the Department for Education and Skills in respect of teachers' pension costs which represent 13.5% 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 £67,304 in 2005/06 (2004/05 £67,229) 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 4 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 2006. Following this valuation, the Council increased its contribution rate from 18.0% in 2004/05 to 19.6% in 2005/06. Further increases to 21.2% in 2006/07 and 22.9% in 2007/08 are planned, in accordance with the actuaries' recommendations. As part of the Council's budget process funding has been included for these stepped increases.

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

In 2005/06 the Consolidated Revenue Account (CRA) includes the pension fund costs in line with FRS17. We recognise the cost of retirement benefits in the Net Cost of Services when they are actually earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are 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 of the CRA after Net Operating Expenditure. The following transactions have been made in the CRA during the year.

	Pension Scheme	
	Year to 31 March 2006 £'000	Year to 31 March 2005 £'000
Net Cost of Services:		
Current service cost	(20,591)	(17,743)
Past service costs/curtailments	(489)	(922)
Net Operating Expenditure:		
Interest cost	(40,201)	(33,039)
Expected return on assets in the scheme	29,874	26,778
Net Return on Assets	(10,327)	(6,261)
Amounts to be met from Government Grants and Local Taxation:		
Movement in pensions reserve	4,634	2,184
Actual amount charged against council tax for pensions in the year:		
Employers' contributions payable to scheme	(24,907)	(22,089)

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

16 Statement of employees' salaries

The number of employees paid more than £50,000 is detailed below.

Salary range (£)	Staff numbers		Left in Year	
	05/06	04/05	05/06	04/05
50 – 59,999	117	102	12	5
60 – 69,999	37	31	3	3
70 – 79,999	15	9	1	0
80 – 89,999	4	5	0	0
90 – 99,999	4	1	1	0
100-109,999	2	1	0	0
110-119,999	0	0	0	0
120-129,999	1	0	0	0
130-139,999	0	0	0	0
140-149,999	0	1	0	0
Totals	180	150	17	8

17 Members allowances

The member allowances for 2005/06 were £884,933 compared to £882,074 in 2004/05. These figures are included in the Central Services line of the CRA.

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

The Council has entered into two Partnership agreements under S31 of the Health Act 1999. The first being with the Haringey Teaching Primary Care Trust (HTPCT) and the Barnet, Enfield and Haringey Mental Health Trust, in respect of the provision of services for people with Learning Disabilities. The second, also with the HTPCT 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 2005 to 31 March 2006. 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 Social Services line in the CRA.

2005/06 Statement of Income and Expenditure of the Learning Disabilities Partnership					
	Cash	SP Grant	Partnership Fund	TOTAL 05/06	TOTAL 04/05
	£'000	£'000	£'000	£'000	£'000
Funding					
Client Contributions	1,215	123	0	1,338	1,356
LBH	6,043	0	0	6,043	6,288
LDDF	0	0	218	218	101
HPCT	0	0	1,388	1,388	1,320
MHT	0	0	92	92	88
Total Funding	7,258	123	1,698	9,079	9,153
Services Provided					
Management and assessment	3,132	0	0	3,132	3,156
Day Opportunities	3,563	0	0	3,563	3,604
Talbot Road Hostel	532	0	0	532	551
Linden Residential Home	359	0	0	359	308
Whitehall Residential Home	423	0	0	423	461
Mulberry House	427	0	0	427	293
Edwards Drive	477	0	0	477	304
Adult Care	180	0	0	180	310
Community Support	318	0	0	318	262
Total Expenditure	9,411	0	0	9,411	9,249
Net (Underspend)/Overspend				332	96

2005/06 Statement of Income and Expenditure of the Physical Disabilities Partnership					
	Cash	Staff	Partnership Fund	TOTAL 05/06	TOTAL 04/05
	£'000	£'000	£'000	£'000	£'000
Gross Funding					
LBH	108	0	0	108	78
HPCT		0	129	129	91
Total Funding	108	0	129	237	170
Expenditure					
Physical Disabilities OT Stores	313	0	0	313	201
Total Expenditure	313	0	0	313	201
Net (Underspend)/Overspend				76	31

19 Long Term Contracts and Operating leases

In October 2000, the Council entered into a Private Finance Initiative (PFI) contract to refurbish and expand its eight community secondary schools. In the 2005/06 financial statements, the consolidated revenue account includes payments of £9.6 million (£9.3 million in 2004/05) to the PFI provider, the receipt of a government grant of £5.7 million (£6.9 million in 2004/05) to support the project and a transfer of £1.5 million (£0.3 million in 2004/05) to the PFI reserve.

The Council made a prepayment of £15 million in 2003/04 in order to reduce annual costs to be released over the following 22 years. £0.68 million was released in 2005/06. The contract is for 25 years, that is until 2025 and the estimated annual payment for a full service year is £9.9 million.

Operating Leases

Vehicles, Plant and Equipment - The Authority enters into operating lease agreements to acquire the use of plant, vehicles, equipment and computers. In 2005/06 £306,206 was charged to revenue for these leases (£600,111 in 2004/05). The outstanding rental commitments on these leases is £104,118 (£270,896 in 2004/05). The ownership of the assets purchased under these agreements does not pass to the Council and they are excluded from fixed asset valuations. Included in these figures are leased vehicles used by Haringey Accord, in the provision of Environmental services, the costs totalling £188,783, are recharged to Haringey Accord.

A new 4 year operating lease for £434,222 worth of gym equipment was drawn down on 31st March 2006. This will increase outstanding commitments for future years by £104,396.

Authority as Lessor - The Council owns a number of commercial properties which it leases out to third parties. In 2005/06 £3.835 million was received in rent for these properties (£3.818 million in 2004/05). The value of these assets on the balance sheet is £48.729 million.

Finance Leases

Vehicles, Plant and Equipment - The outstanding commitment in respect of old finance leases is £550,504 as at 31 March 2006 (£38,854 in 2004/05). Land and Buildings - The Council renewed a 20-year property lease of an administration building which has a net present value of £2.843m, which is included in the Authority's fixed assets. No rental is due on this lease until 2006/07 when the full year's rental will be £350,000.

20 Trading activities

The trading activities of the Council are detailed below:

Trading Activity	Expenditure £'000	Income £'000	(Surplus)/Deficit	(Surplus)/Deficit
			2005/06 £'000	2004/05 £'000
Industrial Estates	4,968	(4,314)	654	419
Markets	105	(105)	0	2
School & Welfare Catering	5,441	(5,421)	20	118
Legal Services	5,790	(5,470)	320	(151)
General Fund Trading Account	16,303	(15,310)	994	388
Building Maintenance	31,654	(32,218)	(564)	(1,061)
Construction Related Services	7,305	(7,661)	(356)	125
HRA Trading Account	38,959	(39,879)	(920)	(936)
Total	55,263	(55,189)	74	(548)

21 Asset Management Revenue Account

The purpose of this account is to ensure that the non cash accounting transactions for capital and fixed assets are eliminated and do not impact on the level of council tax or housing rents. The capital charges are compared with the real cost, with the net difference being credited or debited to the Consolidated Revenue Account.

	2005/06	2004/05
	£'000	£'000
Income		
Housing Revenue Account	(30,621)	(30,087)
Non-Housing	(16,505)	(20,997)
Release of government grants	(2,707)	(1,920)
Council dwellings depreciation	(13,522)	(13,601)
Expenditure		
Housing Revenue Account interest	305	363
Depreciation	25,042	24,113
Interest	43,468	41,711
Finance leases	33	35
Net Difference to Consolidated Revenue Account	5,493	(383)

Housing Revenue Account

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

	Notes	2005/06 £'000	2004/05 £'000
Income:			
Rent from Dwellings		58,927	57,477
Rent from Other Properties		2,200	1,627
Rent	1	61,127	59,105
Charges for Services and Facilities		11,977	9,925
Supporting People Grant		2,550	2,540
Housing Revenue Account Subsidy receivable	2	22,575	25,051
Grant		25,125	27,591
Total income		98,229	96,621
Expenditure:			
Repairs and Maintenance		21,594	20,028
Supervision and Management		32,074	29,796
Rent and Other Charges		2,864	3,095
Provision for Bad and Doubtful Debts		1,028	453
Cost of Capital	3	47,721	47,437
Depreciation and Impairment of Assets		13,522	13,601
Debt Management Costs		203	196
Total expenditure		119,006	114,606
Net cost of services		20,077	17,985
Financing			
Adjusting Transfer from AMRA		(22,150)	(22,464)
Amortised Premiums/Discounts		4,917	4,917
Interest		(376)	(460)
Capital Charges Accounting Adjustment		(70)	0
Pensions Interest Cost and Return on Assets		1,795	217
Total financing		(15,884)	(18,007)
Net operating expenditure		4,176	(22)
Appropriations			
Rent Rebate Transitional Measures to General Fund		436	871
Contribution from Pensions Reserve		(805)	0
Appropriation to Earmarked Reserve		0	0
Capital Expenditure Charged to Revenue		0	0
Appropriations			
Transfer to/(from) Major Repairs Reserve - Depreciation Adjustment	5	(1,250)	(958)
Total appropriations		(1,619)	130
(Surplus)/ deficit for year	6	2,577	108
Balance brought forward		(6,960)	(7,068)
Balance carried forward		(4,383)	(6,960)

Notes to the Housing Revenue Account

1 Gross Rent Income and Rent Arrears

This is the rent due for the year before rebates but after allowances for empty properties. The average rent in 2005/06 was £68.58 compared to £65.44 in 2004/05 - a 4.80% increase.

As at 31 March 2006, the total arrears of rent for council dwellings was £6.6 million compared to £5.7 million as at 31 March 2005. Against these amounts, provision has been made for bad debts. This amounted to £5.1 million as at 31 March 2006 (£4.8 million as at 31 March 2005).

2 Housing Subsidy

	2005/06 £'000	2004/05 £'000
Management & Maintenance Allowance	33,725	33,421
Major Repairs Allowance	12,272	12,643
Charges for Capital	35,286	34,976
Admissible Allowance	215	109
Rent Rebates	0	0
Other Items of Reckonable Expenditure	1,103	1,103
ASBAT Allowance	0	1
Guideline Rent	(58,506)	(56,932)
Interest on Receipts	(85)	(103)
Housing Subsidy Payable	24,010	25,218
Transfer from Earmarked Reserve	(233)	0
Prior Year Adjustment	(1,202)	(166)
Housing Subsidy Receivable	22,575	25,051

3 Cost of Capital

The Housing Revenue Account is charged its share of the Council's costs for borrowing money. The Council borrows money to invest in fixed assets, such as major repairs to Council dwellings. The following table provides an analysis of the charge.

	2005/06 £'000	2004/05 £'000
Notional Interest	30,215	29,694
HRA proportion of Premiums	(4,917)	(4,917)
Debt Management costs	203	196
Capital Asset charge Accounting Adjustment	22,150	22,464
Impairment of Fixed Assets	70	0
Total Cost of Capital	47,721	47,437

4 Value of HRA Assets

Balance Sheet Valuation of HRA Assets		
	1 April 2006	1 April 2005
	£'000	£'000
Operational Assets	1,058,103	1,361,459
Non Operational Assets	16,430	17,236
Total	1,074,533	1,378,695

Vacant Possession Value		
	1 April 2006	1 April 2005
	£'000	£'000
HRA Dwellings	2,753,906	2,750,037

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.

5 Major Repairs Reserve

The Major Repairs Reserve is required by resource accounting. It sets aside the Major Repairs Allowance element of housing subsidy for expenditure on major repairs.

	2005/06	2004/05
	£'000	£'000
Balance at 1 April 2005	0	0
Transferred to Reserve	(13,522)	(13,601)
Transfer from Reserve to HRA	1,250	958
Applied to finance capital expenditure on Council Dwellings	12,272	12,643
Balance at 31 March 2006	0	0

6 Reconciliation to HRA Statement

	2005/06	2004/05
	£'000	£'000
Net (Surplus)/Deficit on HRA excluding Trading Activities	3,205	827
Net (Surplus)/Deficit on Trading Activities (HRA related)	(920)	(936)
Total (Surplus)/Deficit on HRA	2,285	(109)
Contribution from Pensions Reserve	292	217
Revised total (Surplus)/Deficit on HRA	2,577	108

7 FRS 17

In compliance with statutory framework shares of the movements in the FRS 17 pensions liability is to debit and credit the HRA and for the net amount to be appropriated out to the Pensions Reserve, such that the bottom-line charge against rents is employer's contributions payable in the year.

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.

	2005/06 £'000	2004/05 £'000
Income due:		
Council Tax		
Council Tax-payers	81,187	76,783
In respect of Council Tax Benefits	31,100	29,340
In respect of transitional relief	0	(1)
Total Council Tax – related income	112,287	106,122
Income due from Business Rate-payers:	45,572	40,516
Contributions:		
-Towards previous year's Collection Fund surplus	(52)	0
Total Income	157,807	146,638
Expenditure:		
Council Tax used to support expenditure on services:		
- Haringey Council	89,001	82,964
- Greater London Association	21,213	19,668
Total Precepts	110,214	102,632
Business Rates:		
- Payments to National Pool	45,233	40,168
- Cost of Collection	339	348
Payments to National Pool & cost of collection allowance	45,572	40,516
Provision for Bad and Doubtful Debts (Council Tax)	2,164	3,426
Total Expenditure	157,950	146,574
Surplus/(Deficit) for year	(143)	64
Balance brought forward 1 April 2004 surplus/ (deficit)	64	0
Balance carried forward 31 March surplus/(deficit)	(79)	64

Notes to Collection Fund

1 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	B	C	D	E	F	G	H	Total
Number of dwellings	4,692	15,699	29,865	24,903	10,810	5,398	4,610	611	96,588
Discounts	610	2,126	3,496	2,417	993	381	277	55	10,355
Dwellings after discounts	4,082	13,573	26,369	22,486	9,817	5,017	4,333	556	86,233
Ratio to band D	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Band D equivalent	2,721	10,557	23,439	22,486	11,998	7,247	7,221	1,112	86,781
Loss on collection									(3,471)
Council Tax Base									83,310

2 Income from Business Rates

Haringey Council collects National Non-Domestic Rates (NNDR) or Business Rate for its area. These are calculated on the basis of rateable values multiplied by a uniform Business Rate set by central government (2005/06 42.2p, 2004/05 45.6p). 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 2006 is £113,818,221 (31 March 2005, £113,281,971).

3 Deficit / Surplus

The Deficit on the Collection Fund is returned to the precepting authorities to the Fund, namely London Borough of Haringey (LBH) and the Greater London Authority (GLA), proportionately to their precepts.

The split of the deficit between the preceptors is shown in the table below.

Preceptor	£'000
London Borough of Haringey	64
Greater London Authority	15
Total	79

Consolidated Balance Sheet

The Balance Sheet shows the financial position of the Authority as a whole (excluding amounts attributable to the Pension Fund), and summarises its Assets and Liabilities.

	Notes	31 March 2006		31 March 2005	
		£'000	£'000	£'000	£'000
Fixed Assets:					
Housing Revenue Account Assets		1,055,983		1,357,490	
Other Operational Assets:					
Land and Buildings		227,704		216,437	
Vehicles, Plant, Furniture and Equipment		11,486		10,293	
Infrastructure Assets		91,164		78,941	
Community Assets		4,124		4,415	
Intangible Assets		1,210		665	
Non-Operational Assets		50,415		48,729	
Total Fixed Assets	1-4		1,442,086		1,716,971
Debt Restructuring Premium	5	28,907		34,012	
Long-term Debtors	6	1,168		1,591	
Total Long-term Assets			1,472,161		1,752,573
Current Assets:					
Stock and Work in Progress		349		326	
Public Sector Debtors	7	43,095		57,290	
Non Public Sector Debtors	7	41,344		34,243	
Payments in Advance		15,899		15,026	
Investments		27,903		29,000	
Cash in Hand		11,011		17,336	
Total Current Assets			139,601		153,221
Current Liabilities:					
Temporary Borrowing		(142)		(3,638)	
Bank Overdraft		(18,352)		(17,648)	
Creditors	8	(75,700)		(78,637)	
Total Current Liabilities			(94,194)		(99,922)
Current Assets Less Current Liabilities			45,407		53,298
Net Current Assets			1,517,569		1,805,571
Long Term Liabilities:					
Long-term Borrowing	9	(587,170)		(562,312)	
Deferred Capital Receipts		(770)		(947)	
Deferred Credits		(4,669)		(4,891)	
Government Grants Deferred	11	(94,024)		(64,258)	
Provisions	12	(8,536)		(8,748)	
Liability Related to Defined Benefit Pension Scheme	15	(331,604)		(313,599)	
Total Long Term Liabilities			(1,026,773)		(954,756)
Total Assets Less Liabilities			490,796		851,116
Represented by:					
Fixed Asset Restatement Account		353,943		700,673	
Capital Financing Account		386,782		366,357	
Usable Capital Receipts Reserve	13	8,517		11,306	
Earmarked Reserves		56,375		69,355	
General Fund		12,415		10,051	
Housing Revenue Account		4,384		6,961	
Pensions Reserve	15	(331,604)		(313,599)	
Collection Fund		(15)		12	
Total Equity	14		490,796		851,116

DIRECTOR OF FINANCE'S CERTIFICATE

I certify that the balance sheet above sets out the financial position of the London Borough of Haringey as at 31 March 2006.

Andrew Travers, CPFA
Director of Finance
Date: 30th June 2006

Notes to Consolidated Balance Sheet

1 Fixed Assets

The value of fixed assets shown on the balance sheet represents the value of assets held by the Council. The properties, which comprise the Council's portfolio, are valued on a rolling basis by the Head of Property Services, Dinesh Kotecha, a member of the Royal Institute of Chartered Surveyors. 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.

	1 April 2005	Additions / Expenditure	Revaluations and write offs	Depreciation	Disposals	Impairments	31 March 2006
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Housing Assets							
Council dwellings	1,357,490	26,262	(304,721)	(13,505)	(9,543)	-	1,055,983
Land and Buildings	3,969	-	(1,481)	(17)	(281)	(70)	2,120
Non-operational	-	-	-	-	-	-	-
- Investment properties	17,150	-	(805)	-	-	-	16,345
- Assets awaiting disposal	86	-	-	-	-	-	86
Sub-Total	1,378,695	26,262	(307,007)	(13,522)	(9,824)	(70)	1,074,534
General Fund Assets							
Land and Buildings (note 1.1)	212,468	51,669	(30,963)	(5,994)	(532)	(1,064)	225,588
Vehicles, plant & equipment	10,293	3,910	(580)	(2,137)	-	-	11,486
Infrastructure	78,941	15,500	-	(3,277)	-	-	91,16
Community assets	4,414	61	(351)	-	-	-	4,124
Non operational	-	-	-	-	-	-	-
- Investment properties	26,283	-	1,612	-	-	(38)	27,857
- Assets awaiting disposal	5,210	-	917	-	-	-	6,127
Intangible Assets	665	678	-	(133)	-	-	1,210
Sub-Total	338,274	71,818	(29,365)	(11,541)	(532)	(1,102)	367,552
Total Fixed	1,716,969	98,080	(336,372)	(25,063)	(10,356)	(1,172)	1,442,086
Deferred charges							
Improvement grants	-	2,615	(2,615)	-	-	-	-
Housing Association Grant	-	11,107	(11,107)	-	-	-	-
Total Deferred Charges	-	13,722	(13,722)	-	-	-	-
Grand Total	1,716,969	111,802	(350,094)	(25,063)	(10,356)	(1,172)	1,442,086

The additions shown comprise all capital expenditure, agreeing with that in Note 2 below. Capital expenditure that does not add to the value of fixed assets is written off and included in the adjacent column. Impairments are in line with CIPFA and accounting standards and methodologies.

- 1.1 The figures above do not include the schools that are within the PFI arrangements. A prior year adjustment has been made in 2004/05 as 3 PFI schools, at a value of £22.1 million were included in the fixed assets valuation.

2 Capital Expenditure

The Council's capital expenditure, on a cash basis, must be financed. The financing of the 2005/06 expenditure is set out in the following table. The HRA capital expenditure of £24.087m is solely spent on improving HRA dwellings.

Directorate	Additions to Fixed Assets (note 1)	Add Capital Creditors as at 1 April 2005	Less Capital Creditors as at 31 March 2006	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	£'000
Chief Executive's	19,381	456	(72)	19,765	3,000	5,140	557	11,068	19,765
Education	39,140	702	(593)	39,249	17,047	974	19,978	1,594	39,593
Finance	2,653	1	(8)	2,645	0	610	0	2,035	2,645
Housing General Fund	4,237	480	(37)	4,680	3,170	38	1,281	191	4,680
Housing Revenue Account	23,740	460	(204)	23,996	9,583	376	12,460	1,668	24,087
Social Services	3,130	177	(222)	3,085	427	1,302	469	888	3,086
Environment	19,521	5	(63)	19,463	3,059	5,471	5,495	5,003	19,028
Total 2005/06	111,802	2,281	1,199	112,883	36,285	13,911	40,245	22,107	112,883
Total 2004/05	115,498	463	2,281	113,680	53,229	13,452	30,899	16,100	113,680

3 Statement of Physical Assets

Asset	2005/06	2004/05	Asset	2005/06	2004/05
Council Dwellings	16,714	16,936	Roads (km)	346	346
Garages	2,374	2,407	Coroner's Court	1	1
Administrative Buildings	23	26	Children's Homes & Hostels	3	3
Under 5's Centre	4	4	Homes for Older People	5	6
Community Primary Schools	43	43	Homes for People with Learning Disabilities	3	3
Secondary Schools	8	8	Day Nurseries & Family Centres	0	2
HALS/Youth buildings	1	1	Day Centres for Older People	4	4
Play Centres	9	9	Day Centres for People with Mental Health Problems & Disability	5	5
Libraries	9	9	Allotments (Plots)	1,647	1,647
Community Buildings	42	42	Depots	4	4
Cemeteries & Crematoria	3	3	Parks & Open Parks	167	167
Sports & Leisure Centres	4	4	Museums	1	1

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

4 Housing Stock

The Council was responsible for managing 16,714 properties as at 31 March 2006, excluding travellers' sites and shared ownership dwellings. 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	2005/06 Number	2004/05 Number
Low rise flats	1,756	1,778
Medium rise flats	6,571	6,668
High rise flats	2,698	2,733
Houses	5,398	5,480
Hostels (HDE)	283	275
Shared Ownership	8	2
Total	16,714	16,936

5 Debt Restructuring Premium

The Council repaid loans it had borrowed from external sources and replaced them with borrowing at a lower rate of interest. The premium reflects the charge to the council for the change of interest rate on the transaction. The debt-restructuring premium the Council has incurred to date is £16.3m (1999/2000) and £46.6m (2003/04). The General Fund element of the 2003/04 restructuring premia (£14.2m) was written off to the Provision for Credit Liabilities, in 2003/04, in line with the legislation relevant at the time.

The remaining premia is then written down to both the HRA and the General Fund. For the Housing element it has been written out in line with subsidy received from government. The remaining General Fund premia is being written off over the lifetime of the outstanding loans. To date £19.8m has been written off leaving a balance of £28.9m. In 2005/06 the charge to the general fund was £187,406 (2004/05, £187,406) and to the Housing Revenue Account was £4,917,297 (2004/05, £4,917,297).

6 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 2006 is shown below.

	2005/06	2004/05
	£'000	£'000
Housing mortgages	741	908
Housing associations	51	64
Loans to Employees	376	619
Total	1,168	1,591

7 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 2006 and which at that date was yet to be received.

	2005/06	2004/05
	£'000	£'000
Government Depts.	18,986	35,333
NNDR Pool	0	2,309
HM Revenue and Customs	12,257	8,720
NHS	6,061	3,635
Education – Recoupment	0	0
Other Local Authorities	4,124	4,886
Greig City Academy	0	140
Public Bodies Other	1,666	2,267
Total Public Sector Debtors	43,094	57,290

The layout of the above note has changed for 2005/06 and the 2004/05 figures have been re-allocated accordingly. The bottom line figure remains the same.

(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 2006 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.

	2005/06	2004/05
	£'000	£'000
Housing Rent payers	6,570	5,749
Council Tax payers	29,547	24,859
Business Rate payers	9,104	7,240
Parking Notices	8,440	9,064
Homelessness	4,565	4,565
Leasehold	5,702	5,537
Housing Benefit Overpayments	5,842	4,385
Sundry Debtors	14,799	14,981
Total Non-Public Sector Debtors	84,569	76,380
Provision for bad debts:		
Housing Rents	5,346	4,815
Council Tax	12,076	9,912
Business Rate payers	4,994	4,731
Parking Notices	6,971	7,850
Homelessness	4,234	4,350
Leasehold	2,501	3,980
Housing Benefit Overpayments	2,639	2,382
Sundry Debtors	4,464	4,117
Total Provisions	43,225	42,137
Net Non-Public Sector Debtors	41,344	34,243

8 Creditors

The following table provides an analysis of money owed by the Council as at 31 March 2006.

	2005/06	2004/05
	£'000	£'000
Central Government Departments	12,055	12,557
HM Revenue & Customs	6,047	5,908
NHS	506	800
Other Public Sector Organisations	56	192
Interest Accrual	13,401	12,725
Education – Recoupment	1,994	3,086
Pension Funds	2,930	2,001
Sundry Creditors	26,077	32,155
Receipts in advance (Inc. Planning Gains, note 32)	12,634	9,213
Total	75,700	78,637

The layout of the above note has changed for 2005/06 and the 2004/05 figures have been re-allocated accordingly. The bottom figure remains the same.

9 Long Term Borrowing

A breakdown of long-term loans by source and maturity date is shown in the table below:

	2005/06	2004/05
	£'000	£'000
Public Works Loan Board	462,166	437,308
Money Market Loans	125,000	125,000
Annuities	4	4
Total	587,170	562,312
Maturing in:		
1 – 2 years (note 9.1)	145	142
2 – 5 years (note 9.1)	78,108	28,171
5 – 10 years	166,724	200,430
More than 10 years	342,193	333,569
Total	587,170	562,312

10 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 2006.

	2005/06	2004/05
	£'000	£'000
Coppetts Wood Hospital	150	150
Environmental	103	50
Tile Kiln Lane	0	10
278B Wightman Road	0	11
Hornsey Regeneration	75	75
Regeneration Study	47	74
Builder Centre Highgate	20	20
Former BT House	14	94
70 Southwood Lane	0	40
10 Northumberland Park House	5	20
62-70 Northumberland Park	0	10
124 Hillfield Avenue	0	8
Dagma Arms Cornwall Road	10	25
Paddington Churches	13	13
Hornsey Waterworks	125	125
St James Group	1,359	394
L & Q Housing Trust – Goulding Court	14	14
Planning Cost Recovery	47	71
Hornsey Waterworks	1,930	0
Grovelands Road & Lemsford Close (N15)	40	0
419 High Road N22	10	0
Hornsey Station & Route	100	0
70 Milton Road	10	0
Green Lanes Arena	25	0
Somerset Hall WHL	77	0
136ABC High Road N22	25	0
280-296 High Road N17	34	0
Tottenham Hale Retail Park	15	0
31-33 Talbot Road	6	0
4 Marsh Lane N17	25	0
Block B the Campsbourne N8	14	0
344 High Road N17 Rose & Crown Site	96	0
Total	4,389	1,204

11 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 to the asset management revenue account over the useful life of the asset, to match depreciation charges on the asset.

12 Provisions

Provisions are amounts set aside to meet future liabilities where they are certain to occur but the amount and timing is uncertain.

	2005/06 £'000	2004/05 £'000
Insurance provision	8,127	8,224
Other provisions	409	524
Total	8,536	8,748

The Insurance provision is required because some of the Council's insurance policies are met by deposit premiums under which insurers can 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.

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

13 Capital Receipts

The capital receipts are income from the sale of long-term assets and repayments of capital advances. Legislation prescribes the amount of these receipts that must be set aside for repayment of debt. The remaining amounts can then be used to finance capital expenditure.

	2005/06 £'000	2004/05 £'000
Balance at 1st April		
Sale of Assets	11,306	6,335
Council dwellings	23,451	44,905
HRA land and buildings	3,435	3,492
Other HRA assets	0	0
General fund assets	1,699	2,833
Total receipts	28,585	51,230
Use of receipts		
Receipts Pooled / Set-Aside	(17,462)	(32,807)
Financing Capital Expenditure	(13,912)	(13,452)
Balance at 31st March	8,517	11,306

14 Analysis of Net Assets Employed

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

	2005/06 £'000	2004/05 £'000
General Fund	196,318	348,159
Housing Revenue Account	294,478	522,238
Total Net Assets	490,796	870,397

15 Disclosure of information about the movement in the net pensions assets/liability

As at 31 March 2006, the Authority had the following overall assets and liabilities for pensions

	2005/06	2004/05
	£'000	£'000
Present value of scheme liabilities	829,467	690,048
Present value of unfunded liabilities	43,777	53,623
Estimated assets in scheme	(541,640)	(430,072)
Net Liability	331,604	313,599

The primary cause of the change from an estimated net liability of £314m as at 31 March 2005 to an estimated net liability of £332m as at 31 March 2006 is an increase in scheme liabilities over and above the increase in the value of the scheme assets.

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. The net liability of £332 million has a substantial impact on the net worth of the authority as recorded in the balance sheet, resulting in an overall balance of £486m. However, statutory arrangements for funding this deficit mean that the financial position of the authority 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:

	2005/06	2004/05
Rate of inflation	3.1%	2.9%
Rate of increase of salaries	4.6%	4.4%
Rate of increase in pensions	3.1%	2.9%
Rate for discounting scheme liabilities	4.9%	5.4%
Expected return on assets	6.7%	6.9%

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.

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.

	Long term return	31 March	31 March
	%	2006 %	2005 %
Equity investments	7.4	73.6	71.4
Bonds	4.6	18.4	20.3
Property	5.5	4.9	4.9
Cash	4.6	3.1	3.4
		100	100

16 Contingent Liabilities

In September 2002 the council terminated its contract with CSS (Haringey) Ltd who ran a number of care homes in the borough. The council was successful in a number of claims which were launched against the company. The company is now in liquidation and the liquidator wrote to the council in January 2006 with proposals for distribution of e-CSS funds. The number of creditors far outweighs the funds and the liquidators have indicated that creditors will not receive payment in full.

The liquidators proposals are yet to be agreed by the council.

17 Major contractual commitments

Significant capital commitments entered into by the council at 31 March 2006 are shown below. The expenditure will be incurred in future years.

	2005/06	2004/05
	£'000	£'000
Environmental Services	2,307	2,765
Housing Services	3,668	6,814
Social Services	3,617	400
Children's Services	6,361	0
Core Departments	0	0
Total	15,953	9,979

Of those listed in 2005/06, they include OP Residential Strategy (£3.4m) and the expansion of Coldfall Primary school (£2.7m).

18 Investments – Related businesses and companies

The Council is involved with the following associated subsidiary 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 armslength 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.

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.

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.

19 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 consolidated revenue account or balance sheet. Details of the sums administered are shown below.

	2005/06	2004/05
	£'000	£'000
Income from Investments	(0.5)	(0.5)
Expenditure for Authorised Purposes	0	0
(Surplus)/Deficit	(0.5)	(0.5)
Balances:		
Balance 1 April	(150)	(150)
(Surplus)/Deficit	(0.5)	(0.5)
Fund Balance Carried Forward	(151)	(150)
Represented by:		
Investments	(26)	(26)
Cash in hand	(125)	(124)
Total	(151)	(150)

20 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. 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 (eg housing benefits). Details of transactions with government departments are set out in Note 1 to the Cash Flow Statement.

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.

21 Officers

The Chief Executive is a director of Alexandra Palace Trading Limited which is the trading subsidiary of Alexandra Palace and Park Trust (the Trust). The Council has an extensive relationship with the Trust, which is set out in Notes 6 and Note 14 of the Trust's accounts. The Chief Executive is not remunerated for her directorship. The Chief Executive is also chair of the Board of Bernie Grant Centre Partnership Ltd. She is not remunerated for this directorship.

The Director of Environmental Services acted as a technical advisor and manager of the Client Function Team for the North London Waste Authority (NLWA). The Head of Property Services has acted as a Valuation Advisor to the NLWA and as Honorary Valuer for Tottenham District Council. The NLWA is a levying body to the Council, as disclosed in Note 13 to the Consolidated Revenue Account. Both officers were remunerated by NLWA for their advice.

The Deputy Director of Resources & Community Services is a board member of North London Connexions Partnership, which is not remunerated for.

The Assistant Director of Housing Strategy and Needs is a director of Home Connections but is not remunerated for this position.

The Pension Fund's accounts are set out in Section 4 of these statements. During the year the Council owed the Pension Fund an average amount of £2.47m. The Council paid the Fund £286,917 in interest and also charged the fund £576,000 for administering the fund.

Companies – the Council has interests in a number of companies. These are disclosed in Note 19.

Statement of Total Movement in Reserves

The movements in the Council's reserves are set out below. The purpose of each reserve is explained below the table.

All Figures £'000	Capital Reserves			Revenue Reserves			Other Reserves		Grand Total
	Fixed Asset Restatement Account	Capital Financing Account	Usable Capital Receipts	Housing Revenue Account	General	Ear marked Reserves	Pension Reserve	Collection Fund	
1 April 2005	700,673	366,357	11,306	6,961	10,051	69,355	(313,599)	12	851,116
Revenue transactions									
Surplus/ (Deficit):				(2,577)	2,428			(91)	(240)
-General Fund		(13,724)				(13,215)			(26,939)
-HRA						235			235
-Pensions							(18,005)		(18,005)
Collection Fund					(64)			64	0
Capital transactions									
Revaluations	(270,65)								(270,651)
Write Off	(65,723)								
Disposals	(10,356)		28,585						18,229
Impairment		(1,172)							(1,172)
Financing of Fixed Assets		32,661	(13,912)						18,749
Other		2,660	(17,462)						(14,802)
31 March 2006	353,943	386,782	8,517	4,384	12,415	56,375	(331,604)	(15)	490,797

- 1 The Fixed Asset Restatement Account represents changes in the valuation of fixed assets between the time when they are purchased and the latest revaluation. Fixed assets are revalued on a rolling basis.

The Capital Financing Account represents amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets or to repay external loans and certain other capital transactions. This reserve also contains the difference between amounts provided for depreciation and those that must be charged to revenue to repay the principle element of external loans.

The Usable Capital Receipts Reserve shows the receipt and application of capital receipts, which the Council receives when it sells fixed assets.

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 General Reserve is required to fund unexpected contingencies and events.

The Earmarked Reserves comprise of a number of reserves for specific purposes. See note 3 for a breakdown of earmarked reserves.

The Collection Fund Reserve represents the accumulated surplus or deficit on the Collection Fund.

- 2 The Pension Fund Reserve represents the authority's proportion of the net assets and liabilities in the pension scheme. The Pensions reserve liability has increased by £18.005m during 2005/06, as follows:

	2005/06	2004/05
	£'000	£'000
Deficit at start of Year	(313,599)	(220,354)
Current Service Costs	(20,591)	(17,743)
Employer Contributions	23,753	19,970
Contributions re: Unfunded benefits	3,020	3,880
Past Service costs	(489)	(922)
Impact of Settlements and Curtailments	0	(1,108)
Net Return on Assets	(10,327)	(6,261)
Actuarial gains/(losses)	(13,371)	(91,061)
Deficit at end of Year	(331,604)	(313,599)

The actuarial gains identified as movements on the Pension Reserves in 2005/06 can be analysed into following categories, measured in absolute amounts and as a percentage of assets and liabilities at 31 March 2006.

	Local Government Pension Scheme	
	£'000	%
Differences between the expected and actual return on assets	74,306	13.7
Differences between actuarial assumptions about liabilities and actual experience	12,300	1.4
Changes in financial assumptions underlying the Present Value of scheme liabilities	(99,977)	N/A
Total actuarial gain/(loss) for 2005/06	(13,371)	
Total actuarial gain/(loss) for 2004/05	(91,061)	

3 Earmarked Reserves

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

Reserve	2005/06	2004/05
	£'000	£'000
Schools (Revenue)	5,757	9,624
Services (Revenue)	1,183	2,724
Insurance	10,286	9,557
PFI – Education	18,882	20,385
Sinking Fund	3,393	3,805
Risk	10,160	10,160
Financing	5,829	12,450
Housing	885	650
Total	56,375	69,355

The Schools Reserve (Revenue) - the accumulated underspend of schools on their locally managed budgets. The money is committed to be spent by those schools.

The Services Reserve - 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 lumpy and so the Council provides for future claims in order to smooth the charge to the consolidated revenue account in the same way as a premium to an external insurance provider would so smooth.

The PFI Reserve - the Council has a PFI arrangement for the refurbishment and maintenance of its community secondary schools. The timing of the receipt of the grant from government to fund the scheme does not match the payments to the service provider. The grant is received before the liability to the provider accrues. This reserve sets aside the grant for use in the future.

The Sinking Fund - 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 increase includes £6.6 million contribution to reserves arising from the underspend on services net expenditure.

The Housing Reserve – this reserve has been created to meet any future risks associated with the Housing Subsidy Grant

Cash Flow Statement

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

	Notes	2005/06 £'000	2004/05 £'000
Revenue Activities			
Payments:			
Cash paid to and on behalf of employees		306,102	298,774
Other operating costs		434,100	368,367
Housing Benefit paid out		218,824	199,021
Subtotal		959,026	866,162
Precepts paid		21,213	19,668
Pooled Capital Receipts		17,462	32,807
Non-domestic rates paid to National Pool		45,233	40,168
Total Payments		1,042,934	958,805
Receipts:			
Rents (after rebates)		(25,522)	(24,795)
Local Tax income		(72,956)	(71,010)
Local non-domestic rate income		(46,591)	(42,209)
Government grants	1	(589,616)	(516,397)
Cash received from goods and services		(35,333)	(40,922)
Other revenue cash payments/income		(330,891)	(335,858)
Total Receipts		(1,100,909)	(1,031,191)
Net Cash Inflow from Revenue Activities	2	(57,975)	(72,386)
Servicing of Finance:			
Payments- Interest paid		42,930	41,273
Receipts – Interest received		(2,410)	(2,428)
Net Cash Outflow from Servicing of Finance		40,520	38,845
Capital Activities:			
Payments:			
Purchase of fixed assets		99,503	82,435
Capital grants and advances		13,722	11,945
Total Payments		113,225	94,380
Receipts:			
Sale of fixed assets		(58,585)	(51,230)
Capital grants received		(16,767)	(18,256)
Other capital cash income		(12,272)	(16,100)
Total Receipts		(87,624)	(85,586)
Net Cash Outflow from Capital Activities		25,601	8,794
Net Cash Inflow before Financing		8,146	(24,747)
Financing:			
Payments:			
Repayments of amounts borrowed		8,743	75,540
Receipts:			
New loans raised		(25,000)	0
New short term loans		0	(76,470)
Net Cash Outflow from Financing	4	(16,257)	(930)
Increase / (Decrease) in Cash and Cash Equivalents	3	(8,111)	(25,677)

Notes to Cash Flow Statement

1 Analysis of Government Grants

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

	2005/06 £'000	2004/05 £'000
Revenue Support Grant	182,209	181,900
Housing Benefit Subsidy	245,252	187,912
Housing Subsidy	24,093	26,154
Home Office	13,123	21,050
Department of Education	62,488	35,280
Department of Health	13,393	13,678
Single Regeneration Budget	1,593	2,370
Neighbourhood Renewal	9,326	6,896
Private Finance Initiative	5,669	6,466
ODPM	26,691	26,148
Other	5,779	8,543
Total Government Grants	589,616	516,397

2 Reconciliation of Consolidated Revenue Account to Revenue Activities Cash Flow

	2005/06 £'000	2004/05 £'000
Cash Flow Statement		
Revenue Activities:		
Deficit/(surplus) per Consolidated Revenue Account	(2,363)	1,879
Deficit/(surplus) per HRA	2,577	108
Deficit/(surplus) per Collection Fund	79	(64)
Subtotal	293	1,923
Interest	(40,520)	(38,845)
Non-Cash Transactions:		
Contributions to provisions	212	1,757
Contributions to reserves	13,977	(12,480)
Contributions to capital	(22,448)	(48,043)
Items on an accruals basis:		
(Decrease)/increase in LT Debtor	(423)	
(Decrease)/increase in stock and work in progress	23	8
(Decrease)/increase in debtors	(12,437)	23,679
Decrease/(increase) in creditors	2,949	(796)
Decrease/(increase) in deferred credits	399	411
Net Cash Inflow from Revenue Activities	(57,975)	(72,386)

3 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 2003/04 and 2005/06 Consolidated Balance Sheets, as shown in the table below:

	2005/06	2004/05	Movement
	£'000	£'000	£'000
Bank (overdrawn)/in hand	(18,338)	(17,648)	(716)
Cash In Hand	11,011	17,336	(6,298)
Investments	27,903	29,000	(1,097)
Total Cash And Cash Equivalents	20,576	28,688	(8,111)

4 Analysis of Changes in Financing

	31 March	31 March	Movement
	2006	2005	
	£'000	£'000	£'000
Temporary Borrowing	(142)	(3,500)	3,496
Long Term Borrowing	(587,170)	(562,450)	(24,858)
Debt Restructuring Premium	28,907	34,012	5,105
Total Financing	(558,405)	(531,938)	(16,257)

SECTION 4
PENSION FUND
2005/06

Pension Fund Financial Statements

Introduction

The Council's Pension Fund is operated under the provisions of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 as amended.

All officers and manual workers can become contributors on appointment with Haringey or a scheduled body. Employees of other bodies are also admitted to the Fund. The Fund's income is derived from employees, contributions from employing authorities and income from investments.

The Fund operates as a defined benefits scheme and provides retirement pensions and lump sum allowances, widows' and children's pensions and death gratuities.

Fund Management

The day to day management of the Fund is the responsibility of five professional fund managers, Alliance Bernstein, Capital International, Fidelity, ING and Wellington.

Overall investment strategy is the responsibility of the Pensions Panel, which consists of eight councillors (trustees) and a trade union representative who receive advice from the Director of Finance and an independent advisor. Panel meetings are held approximately 6 times per annum.

The trustees are in the process of reviewing our current investment strategy with any changes expected to be made during the 2006/07 financial year.

Fund administration and membership

At 31 March 2006, there were 7,176 employees contributing to the Fund and 5,427 pensioners and dependents receiving benefits. There were also 4,426 deferred pensioners.

Staff of Haringey Age Concern (admitted), Jarvis Workspace Ltd (admitted), Alexandra Palace Trading Co. (admitted), Haringey Accord Ltd (admitted), Urban Futures London Ltd (admitted), Haringey CAB (admitted), Capita Business Services Limited (admitted), Initial Catering Services Limited (admitted), Trident Securities Limited (admitted), CONEL (scheduled), Harrison's Catering Services Ltd (admitted), and Greig City Academy (scheduled) contribute to the Fund and benefit accordingly.

The Pension Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end.

Actuarial position

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

The last triennial valuation of the Fund was as at 31 March 2004. The actuaries report was approved by trustees at the Pensions Panel meeting in March 2005.

The 2004 valuation was carried out in accordance with Guidelines GN9: Retirement Benefits Schemes – Actuarial reports published by the Institute of Actuaries. The valuation method used was the projected unit method. The resulting contribution rates reflected the cost of providing year-by-year accrual of benefits for the funded members and the level of funding for each employer's past-service liabilities.

The main economic and statistical assumptions used were:

<u>Asset class</u>	<u>Rate of Return Nominal % p.a</u>
Equities	6.7
Bonds	4.9
Rate of pensionable salary increases (excluding increments)	
Compound	4.4% p.a
Rate of price inflation/ Pension increases (Compound)	2.9% p.a

The Market value of the Fund at the time of the last triennial valuation was £405m.

The level of funding as a whole reduced from 88% (31 March 2001) to 69% at 31 March 2004. The main reason for the reduction in the funding level between valuation dates was the reduction in the value of investments caused by increased stock market volatility.

Following the valuation the actuary certified a phased increase of the Council's contribution rate: 2005/06 19.6%, 2006/07 21.2% and 2007/08 22.9%.

Subsequently interim actuarial valuations were undertaken by the actuaries as at 31 March 2005 and 31 March 2006. The valuation as at 31 March 2005 disclosed that after making allowance for longer life expectancy the level of funding as a whole was broadly unchanged from the 69% funding level as at 31 March 2004. As at 31 March 2006 the interim valuation showed an improvement in funding to 76% which reflects strong returns from fund investments.

The next triennial actuarial valuation is due on 31 March 2007.

Statement of Investment Principles (SIP)

A statement of investment principles was approved by trustees at the Pensions Panel meeting held in September 2005. The SIP is updated annually to reflect any changes made to investment management arrangements and reports the extent of compliance with Myners principles. The SIP is published on the council's internet web site.

Related party transactions

In 2005/06 the pension fund paid £0.576m to the Council for administration (£0.563 in 2004/05). As at 31 March 2006 £2.472m was due from the Council to the fund (£1.334m in 2004/05). During 2005/06 one trustee was also a member of the pension scheme. There were no other material related party transactions.

Additional voluntary contributions (AVC's)

AVC's paid by scheme members are not included within the accounts. AVC's are managed independently by three specialist providers, Prudential Assurance, Clerical and Medical Investment Group Ltd and Equitable Life Assurance Society.

Currency Hedging

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

Accounting Policies and Principles

The accounts have been prepared in accordance with the LGPS Regulations 1997, the 2005 Code of Practice on Local Authority Accounting in Great Britain issued by CIPFA and comply with chapter 2 of the Pensions SORP. Previous year accounts have been restated in line with the Pensions SORP.

Basis of preparation - income and expenditure are accounted for on an accruals basis with the exception of liabilities to pay pension and other benefits in the future and transfer values, which are accounted for on a cash basis in accordance with accounting guidance.

Valuation of investments - all investments are included at their market value, which is determined using closing mid market prices from independent pricing sources.

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

Investment management expenses - the fees of investment managers are paid in accordance with their investment management agreements and are linked to the current value of the portfolio on an ongoing basis.

Costs incurred in acquiring assets – are included as part of the book cost of investments.

Pension Fund Account

The Pension Fund shows the contributions to the fund during the 2005/06 and the benefits paid from it.

Pension Fund Account	Notes	2005/06 £'000	2004/05 £'000
Dealings with members, employers and others directly involved in the scheme			
Contributions receivable	1	(34,702)	(28,836)
Transfers In	2	(5,257)	(5,581)
Other Income		-	-
Benefits payable	3	22,864	21,939
Payments to and on account of leavers	4	4,391	6,918
Other payments		-	-
Administrative Expenses	5	612	712
Net additions from dealings with members	-	(12,092)	(4,848)
Returns on Investments:			
Investment Income	6	(15,827)	(13,374)
Change in market value of investments	7	(93,389)	(32,642)
Investment management expenses	8	2,152	1,880
Net returns on investments	-	(107,064)	(44,136)
Net increase (decrease) in the fund during the year		(119,156)	(48,984)
Add: Opening net assets of the scheme		(454,302)	(405,318)
Closing net assets of the scheme		(573,458)	(454,302)

Notes to Pension Fund Statement**1 Contributions Receivable**

	2005/06 £'000	2004/05 £'000
From employers		
- normal	(25,888)	(21,515)
- special	(875)	-
- additional	-	-
	(26,763)	(21,515)
From members		
- normal	(7,799)	(7,178)
- additional voluntary	(140)	(143)
	(7,939)	(7,321)
Total	(34,702)	(28,836)

1a Analysis of Contributions Receivable and Benefits Payable

	2005/06 £'000	2004/05 £'000
Contributions receivable		
Administering authority	(32,296)	(26,961)
Scheduled bodies	(1,581)	(1,111)
Admitted bodies	(825)	(764)
Total	(34,702)	(28,836)
Benefits payable		
Administering authority	22,168	21,307
Scheduled bodies	298	303
Admitted bodies	398	329
Total	22,864	21,939

2 Transfers In

	2005/06 £'000	2004/05 £'000
Group transfers from other schemes	-	-
Individual transfers in from other schemes	(5,257)	(5,581)
Total	(5,257)	(5,581)

3 Benefits Payable

	2005/06 £'000	2004/05 £'000
Pensions	20,377	19,094
Commutation of pensions & lump sum retirement benefits	2,112	2,441
Purchased annuities	-	-
Lump sum death benefits	375	404
Total	22,864	21,939

4 Payments to and on account of leavers

	2005/06 £'000	2004/05 £'000
Refunds of contributions	54	113
State scheme premiums	-	-
Purchased annuities	-	-
Group transfers out to other schemes	-	-
Individual transfers out to other schemes	4,337	6,805
Total	4,391	6,918

5 Administrative Expenses

	2005/06 £'000	2004/05 £'000
Council Administration charges	576	563
Legal and other fees	36	149
Total	612	712

6 Investment Income

	2005/06 £'000	2004/05 £'000
Interest from fixed interest securities	(2,705)	(2,430)
Dividends from equities	(8,812)	(6,978)
Income from index - linked securities	(507)	(435)
Income from pooled investment vehicles	(3,194)	(3,103)
Net rents from properties	-	-
Interest on cash deposits	(549)	(428)
Share of profits/losses of associates	-	-
Other	(60)	-
Total	(15,827)	(13,374)

Investment income is shown net of irrecoverable withholding tax of £0.254m in 2005/06 (£0.174m in 2004/05)

7 Change in market value

The change in market value of the fund £93m comprises realized gains of £31m and unrealized gains of £62m.

8 Investment management expenses

	2005/06 £'000	2004/05 £'000
Fund managers fees	1,903	1,646
Custodian fees	171	191
Trustees advisor fees	15	12
Investment consultant fees	49	25
Other	14	6
Total	2,152	1,880

Net Asset Statement

The Net Asset Statement sets out the financial position for the Fund as at 31st March 2006. The Fund is separately managed by the council acting as trustee and its accounts are separate from the Council's.

Net Asset statement	Notes	2005/06 £'000	2004/05 £'000
Investment assets	9	(571,178)	(453,190)
Fixed assets		-	-
Borrowings		-	-
Net current assets and liabilities	10	(2,280)	(1,112)
Total Assets		(573,458)	(454,302)

1 Investment Accounts

	2005/06 £'000	2004/05 £'000
Fixed Interest Securities		
- Public Sector	(45,542)	(35,353)
- Other	(16,328)	(16,175)
Equities		
- UK	(204,508)	(163,057)
- Overseas	(130,198)	(97,634)
Index Linked securities	(22,096)	(20,403)
Pooled investment vehicles		
- Unit trust – property	(31,428)	(24,037)
- Unit trust – other	(3,281)	(2,758)
OEIC's	(106,277)	(85,075)
Property	-	-
Insurance Policies	-	-
Loans	-	-
Other investments (venture capital)	-	(67)
Cash deposits	(8,397)	(6,020)
Other investment balances	(3,123)	(2,611)
Total	(571,178)	(453,190)

2 Net current assets and liabilities

	2005/06 £'000	2004/05 £'000
Contributions due from employees and employers	(262)	(181)
Unpaid benefit	-	-
Cash balances	(2,472)	(1,334)
Other current assets and liabilities	454	403
Total	(2,280)	(1,112)

3 Fund Management

Fund Managers	Funds Managed 31/03/06 £m	% of Fund	UK Assets £m	Overseas Assets £m	Funds Managed 31/03/05 £m	% of Fund	UK Assets £m	Overseas Assets £m
Alliance Bernstein	118.5	20.7	118.5	-	93.2	20.6	92.7	0.5
Capital International	158.3	27.7	107.4	50.9	127.9	28.2	85.7	42.2
Fidelity	147.1	25.8	113.8	33.3	119.5	26.4	94.6	24.9
ING	34.2	6.0	34.2	-	26.5	5.9	26.5	0
Wellington	113.0	19.8	14.7	98.3	85.7	18.9	12.8	72.9
Haringey	0.1	-	0.1	-	0.3	-	0.3	-
Total	571.2	100	388.7	182.5	453.1	100	312.6	140.5

4 Listed and Unlisted Investments

The funds investment assets analysed between listed and unlisted investments was as follows:

Market Value of Investment assets as at 31/03/06 £m	Listed Investments £m	Unlisted investments £m	Market Value of Investment assets as at 31/03/05 £m	Listed Investments £m	Unlisted investments £m
571.2	433.5	137.7	453.1	344.0	109.1

Unlisted investments comprise holdings in Institutional Open Ended Companies (OEIC's) and Property Unit trusts. OEIC's are a form of investment vehicle. It should be noted that whilst the OEIC vehicles themselves are unlisted, the assets in which those vehicles invest comprise listed equities and bonds.

5 Investment Transactions

The sales and purchases during the year was as follows:

Fund Managers	Purchases at cost £m	Sales Proceeds £m
Alliance Bernstein	33.5	28.1
Capital International	82.6	74.1
Fidelity	68.8	62.4
ING	12.1	8.8
Wellington	97.8	96.8
Total	294.8	270.2

6 Top Ten shares held

As at 31 March 2006				As at 31 March 2005			
Shares	Rank	% of Fund	Market Value	Shares	Rank	% of Fund	Market Value
		%	£'000			%	£'000
1.Vodafone	1	3.5	14,777	1.Vodafone	1	4.4	14,381
2.Shell	2	3.3	13,853	2. Royal Bank of Scotland	2	3.2	10,294
3.Royal Bank of Scotland	3	2.8	11,749	3.HBOS	3	2.7	8,884
4.Astrazeneca	4	2.8	11,720	4.BP	4	2.4	7,934
5.BP	5	2.5	10,250	5.Astrazeneca	5	2.2	7,029
6.HBOS	6	2.3	9,704	6.Shell	6	2.1	6,833
7.Barclays	7	1.6	6,601	7.HSBC	7	1.6	5,307
8.HSBC	8	1.3	5,576	8.Barclays	8	1.6	5,184
9.BAT	9	1.2	5,386	9.Lloyds TSB	9	1.4	4,524
10.BAE Systems	10	1.1	4,890	10.Glaxosmithkline	10	1.1	3,680

SECTION 5

ALEXANDRA PARK AND PALACE

2005/06

