London Borough of Haringey

Statement of Accounts 2012/13

Haringey Council

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Explanatory Foreword

Introduction

This document sets out the financial statements for Haringey Council, the Group Accounts (incorporating Homes for Haringey and Alexandra Park and Palace) and the Pension Fund. This explanatory forward provides a review of the financial year 2012/13; setting out the Council's spending in the year on both capital and revenue items across all services. Also set out are the major changes in this year's accounts and further details of my responsibilities, as the Council's Chief Financial Officer.

The Statement of accounts

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the Code). It is the purpose of this foreword to explain, in an easily understandable way the financial facts in relation to the Council.

The Council's financial performance for the year ended 31 March 2013 is set out in the Comprehensive Income & Expenditure Summary and its financial position is as set out in the Balance Sheet and Cash Flow Statement.

This Statement of Accounts explains the London Borough of Haringey's finances during the financial year 2012/13 and its financial position at the end of that year. It is prepared on a basis consistent with International Financial Reporting Standards (IFRS) and is necessarily technical in parts. It is set out in the following sections, which are briefly explained below:

Review and statutory certification

Financial review

This sets out the Director of Corporate Resources' review of the Council's financial performance and identifies the general revenue and capital expenditure during the year. The review also documents the amount of borrowing undertaken by the Council during the year, showing the net debt position for the end of the last two financial years.

The Financial Review also comments upon the change in balance sheet position as well as commenting upon the Pension and Collection Fund Accounts. The Director also comments upon the outlook and key financial challenges that face the Council.

Statement of responsibilities

This section documents both the Council's and Director of Corporate Resources' procedural and financial responsibilities in the preparation of the Statement of Accounts. As the Section 151 Officer, the Director is required to certify that the Statement of Accounts gives a true and fair view of the financial position of the Council and authorises its issue, no later than 30 September.

Approval of the statement of accounts

The Corporate Committee is charged with governance and is required to approve the Statement of Accounts, after considering the external auditor's management letter and no later than 30 September.

Independent external auditor's report

The Statement of Accounts includes a report to Members by an Independent Auditor. The Council's auditor for 2012/13 is Grant Thornton UK LLP. This report lays down the legislative requirement in relation to the individual responsibilities of both the Director of Corporate Resources and that of the External Auditor. The Auditor is required to provide an opinion as to whether the Council and Group Statements give a 'true and fair' view of the financial position of those entities and their income and expenditure for the year together with an opinion on the arrangements in place within the council for achieving value for money. The Auditor's opinion is given on the conclusion of the audit and is included in the approved Statement of Accounts that are required to be published by 30 September.

The core financial statements

Movement in reserves statement (MiRS)

This Statement shows the movement in the year on the different reserves held by the Council, analysed into “usable reserves” (i.e. those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves. The surplus or deficit on the ‘Provision of Services’ line shows the true economic cost of providing the Council’s services, more details of which are found in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The net increase/decrease, before the Transfers to Earmarked Reserves line, shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

The MiRS identifies the increase or decrease in the net worth of the Council as a result of incurring expenses and generating income. It will also identify whether there has been an increase (or decrease) in the net worth of the Council, as a result of movements in the fair value of its assets and by analysing the movement between reserves, will show an increase (or reduction) in the resources available to the Council in accordance with statutory provisions.

Adjustments between accounting and funding basis

The crucial line in the MiRS is the one containing adjustments between the accounting basis and the funding basis. As local authorities are tax-raising bodies, they are subject to specific rules as to how tax rates are to be set in relation to the income and expenses of the Council. Sometimes, these rules will conflict with proper accounting practices; in particular, where expenditure is incurred in advance of cash flowing out of the Council, the need to raise tax is sometimes deferred until the cash flow actually takes place. The most substantial example is the treatment of post-retirement benefits. Proper accounting practice accrues the cost of these benefits as employees earn them through years of service. However, tax is raised to cover employers’ contributions paid to pension funds and any direct payments made to pensioners. Where a change in proper accounting practices might have a disruptive effect on tax levels, statutory provisions can preserve the previous accounting treatment for existing transactions and sometimes extend it to future transactions. For example, the implementation of the Code’s provisions on financial instruments was accompanied by regulations and statutory guidance that required the impact on tax to be determined by the contractual amounts payable rather than the expenses determined for each financial year by the Code.

Comprehensive income and expenditure statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Balance sheet

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services. The second category of reserves is unusable reserves which includes reserves that hold unrealised gains or losses, for example the Revaluation Reserve, where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line “Adjustments between accounting basis and funding basis under regulations”.

Cash flow statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or income from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to the Council's future service delivery.

These statements above are accompanied by detailed explanatory notes where appropriate and are supported by the Council's Statement of Accounting Policies.

Notes to the primary statements

The notes are included to provide the reader of the accounts with additional financial information that it is not practical to provide within the core statements. These notes give further details to the numbers given in the accounts. The information contained within the notes not only supplements financial statement information, but they clarify line items that are part of the financial statements.

Supplementary financial statements

Housing revenue account – income and expenditure statement

The Housing Revenue Account (HRA) reflects the Council's statutory obligation to maintain a revenue account for local authority housing provision in accordance with Part 6 of the Local Government and Housing Act 1989.

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

Collection Fund

The Council is responsible for collecting Council Tax, National Non-Domestic Rates (NNDR) and Business Rate Supplement (BRS). NNDR is collected on behalf of the Government and BRS on behalf of the Greater London Authority (GLA). The Statement shows the income due for Council Tax, NNDR and BRS and its distribution. The Council Tax is distributed to its two preceptors, namely the Council and the GLA. The NNDR is paid to the Government's NNDR Pool and the BRS is paid to GLA.

The group accounts

Where a council has investments in associates and/or interests in joint ventures (jointly controlled entities) but no interests in subsidiaries, group accounts that include those interests in associates and joint ventures have to be prepared.

The Group Accounts combine the financial activities for the year of the London Borough of Haringey, Homes for Haringey and Alexandra Park and Palace Charitable Trust.

Pension fund and net asset statement

The Pension Fund Statement shows the contribution made to the Council's final salary pension fund in 2012/13 and the benefits paid to its former employees. The Net Asset Statement sets out the position of the Fund as at 31 March 2013. The Council as trustee separately manages the Fund and its accounts are separate from the Council's accounts and these are audited independently from the Council's Statement of Accounts.

Annual Governance Statement

The Council is required to undertake a review at least once in each financial year of its system of internal control in accordance with best practice. "Delivering Good Governance in Local Government" published by CIPFA and SOLACE recommends that the review be reported in the Annual Governance Statement.

Section 1
Review and statutory certifications

Review of the financial year

The year 2012/13 saw the continuation of major reforms and spending reductions in Local Government as set out in the Spending Review of October 2010, including major reform in areas as wide-ranging as the NHS, regeneration, housing, schools and the welfare system.

The council's vision and priorities for 2012/13 were set out in the Council Plan 2012/14. The plan described the main challenges facing the Council and what we planned to do to tackle them. It set out our commitment to promoting equality, tackling disadvantage and improving the life chances of residents, especially those who are the most vulnerable.

The council's vision for 2012/13 was:

"One Borough, One Future: Reducing inequalities - ambition for the better society"

This overarching vision was underpinned by the five priorities:

1. Work with local businesses to create jobs
2. Deliver regeneration to key areas of the borough
3. Tackle the housing challenges
4. Improve school standards and outcomes for young people
5. Deliver responsive, high quality services to residents

In 2012/13, the Council's performance was measured against the Council's priorities and other major responsibilities; progress was reported quarterly to Members. Performance needs to be considered in the light of significant savings and national policy changes.

For example, a change to Local Housing Allowance (LHA) has hampered the council's ability to prevent homelessness, with fewer affordable properties now available to households on housing benefit and competition for accommodation from other London boroughs has further constrained supply.

The following are some key performance highlights:

- Since April 2012, 491 residents have registered on the *Jobs for Haringey* programme (both Haringey-funded and European Social Fund tri-borough projects). The *Haringey Jobs Fund* was launched in May 2012 with 43 jobs created by March 2013.
- In a joint project with the Greater London Authority, an Enterprise and Employment Centre has been established at 639 High Road, N17 to support new business, create new jobs and provide a focal point for volunteering and the community.
- Extensive plans are now in place for the regeneration of Tottenham and other key sites in the borough.
- During 2012/13, the Council's efforts to reduce homelessness continued. However, the reduction in the Local Housing Allowance (LHA) has resulted in fewer properties being affordable to households on housing benefit and competition for accommodation from other London boroughs has further constrained supply.
- The Haringey based North London Practical Support Hub which ended in January 2013, worked with over 200 households to prevent homelessness. The Hub successfully prevented homelessness in 68% of the cases it dealt with.
- The majority of Haringey's primary and secondary schools are rated good or outstanding by Ofsted. Work is under way to accelerate improvement of early years provision.
- Educational attainment across key stages has improved in 2012/13, closing the gap between Haringey and the London top quartile.
- Good progress has been made in securing permanent placements for children in care, either through adoption or special guardianship orders.
- The Council's recycling rate has increased by 6 percentage points from 2011/12, to 32%.
- Steady progress towards the national target has been made for self directed support in social care, 68% of social care clients are on self-directed support against a target of 70%.
- Good progress has also been made in reducing rates of teenage pregnancy. Haringey is now average amongst its statistical neighbours, improving from a low ranking the previous year.

Priorities for 2013/14 – 2014/15

The draft Corporate Plan for 2013/15 was considered by the council's Cabinet in July, restates the council's vision of *'One Borough, One future'*. This is supported by the outcomes and priorities below.

Outcomes	Priorities
Outstanding for all: Enabling all Haringey children to thrive	1. Work with schools, early years and post 16 providers, to deliver high quality education for all Haringey children and young people 2. Enable every child and young person to thrive and achieve their potential
Safety and wellbeing for all: A place where everyone feels safe and has a good quality of life	3. Make Haringey one of the safest boroughs in London 4. Safeguard adults and children from abuse and neglect wherever possible, and deal with it appropriately and effectively if it does occur 5. Provider a cleaner, greener environment and safer streets 6. Reduce health inequalities and improve wellbeing for all
Opportunities for all: A successful place for everyone	7. Drive economic growth in which everyone can participate 8. Deliver regeneration at priority locations across the Borough 9.Ensure that everyone has a decent place to live
A better Council: Delivering responsive, high quality services and encouraging residents who are able to help themselves to do so	10. Ensure the whole Council works in a customer focussed way 11. Get the basics right for everyone 12. Strive for excellent value for money

Delivering these priorities will not be without challenges. The council will need to rethink how it delivers services in the future. Further challenges are listed below.

Benefits reform

The introduction of the benefits cap will make rents in the private sector unaffordable for most families on benefits with three or more children. This will add to pressures to many council services.

Business Rates Retention

The business rates retention scheme introduced in April 2013 will provide a direct link between business rates growth and the amount of money councils have to spend on local people and local services. Whilst the council will be able to keep a proportion of the business rates revenue as well as growth on the revenue, there is a risk that any shortfalls will also have to be met. In Haringey there are a high number of small businesses and business start up rates are high. However the survival rate of these businesses is poor.

Public Health

The integration of public health into local government on 1 April 2013 provides an opportunity to plan and deliver services in the context of the broader social determinants of health, such as poverty, education, housing, employment, crime and pollution. The Department of Health circular of 10 January 2013 provided the following ring fenced public health grant allocations for Haringey:

- 2013/14 grant is £17.587m (baseline £16.254 plus 8.2% increase)
- 2014/15 grant is £18.189m (plus 3.4% increase)

Looking forward

The financial settlements since 2010/11 have been at a far higher level of reduction than expected and represent the biggest reductions in financial resources the Council has ever known and these reductions are continuing into 2013/14 and beyond.

Refocusing services continues, transforming the way the Council delivers services whilst ensuring it continues to meet the needs of its communities and the ambitions of elected members.

Financial planning 2013/14 – 2015/16

There were a number of financial planning assumptions and national policy issues that were considered as part of the Council's financial and business planning process for the period 2013/14 to 2015/16. The process was conducted in the context of the government's stated objective of a significantly accelerated reduction in the structural national deficit over the course of Parliament, with the main burden of deficit reduction borne by reduced spending.

The Council has outlined its plans for the issues faced in its strategy report "Medium Term Financial Planning 2013-14 to 2015-16" that was presented to the full Council on 27th February 2013. The MTFP showed a balanced budget for 2013/14, with £25.6m of savings to be made in 2013/14, and an overall funding gap over the MTFP period of £42.8m (£20.3m for 2014/15 and £22.5m for 2015/16). However there is a high level of uncertainty regarding the remaining years of the financial plan given the Spending Review 2013 was only announced on 26 June 2013.

The following commentary sets out the Council's performance for the financial year 2012/13 in its principal financial areas:

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

The general fund – how council tax is spent

The General Fund contains income and expenditure relating to all of the services of the Council, other than council housing which is recorded separately in the Housing Revenue Account.

The following table presents the income and expenditure as per the Council's operational structure. The Comprehensive Income and Expenditure statement on page 35is a presentation under headings as per the Service Accounting Code of Practice (SERCOP) structure which allows comparison between councils.

In 2012/13 the Council planned net expenditure of £278.4 million; this figure excludes amounts which are fully supported by the Dedicated Schools Grant (£211m). The following table presents the planned expenditure and the final outturn in 2012/13 against services.

Directorate	Approved revenue budget	Outturn	Budget variance after transfers and c/fwds
	£m	£m	£m
Adults and Housing (excluding HRA)	94.6	94.6	0.0
Chief Executive	1.5	1.4	(0.1)
Corporate Resources	8.8	7.8	(1.0)
Children and Young People's Service	83.8	83.8	0.0
Place and Sustainability	57.7	57.7	0.0
Public Health	0.9	0.9	0.0
Services	**247.3**	**246.2**	**(1.1)**
Non-Service Revenue	31.1	26.1	(5.0)
Total – General Fund	**278.4**	**272.3**	**(6.1)**
Housing Revenue Account	**(7.5)**	**(7.4)**	**0.1**

There is a net General Fund underspend of £6.1m after taking into account the non-service revenue account, transfers into earmarked reserves and the transfer of the ring-fenced Dedicated Schools Grant into reserves. The net General Fund underspend will be transferred to earmarked reserves.

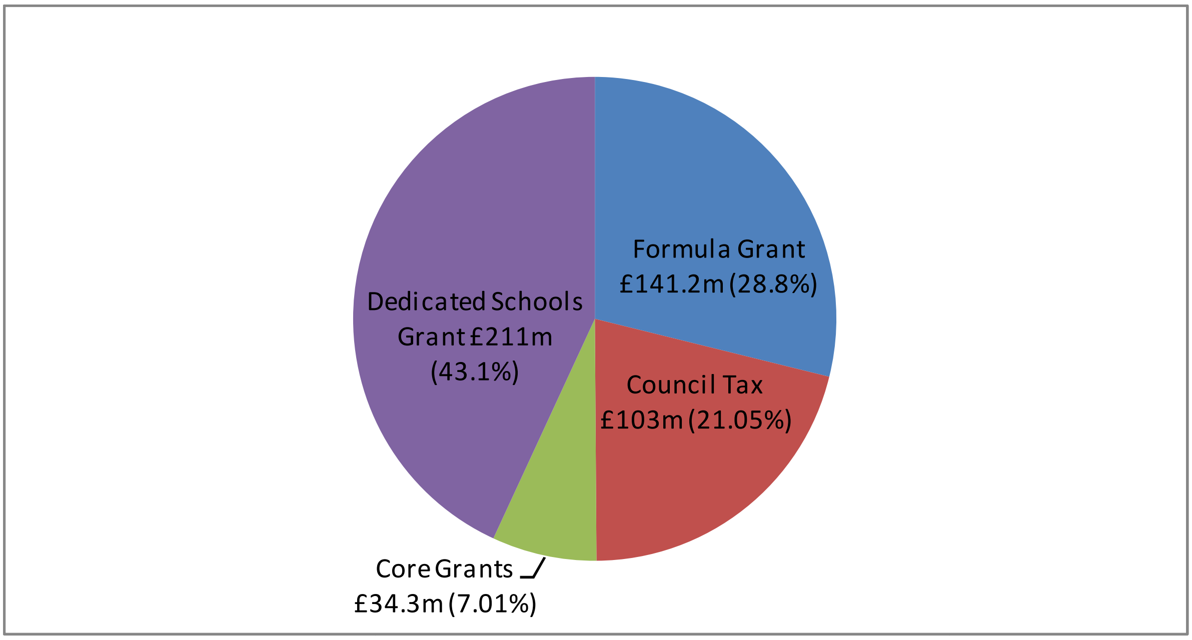
The majority of the underspend has occurred in the Non-Service Revenue budget which consists of four main elements; Treasury Management (interest earnings and debt financing costs), contingencies and provisions, the Council's contribution to Alexandra Palace and Park, and payments to levying bodies (e.g. Lee Valley, North London Waste Authority and London Pensions Fund Authority). Contingencies were not drawn upon during the year to the extent that was originally envisaged. Contingencies are established in order to provide a financial buffer against events that cannot be foreseen, and given the significant change that the Council continues to undergo, the contingency budget needs to be at an appropriate level.

The figures in the table above are prepared on a different basis to those that appear in the Comprehensive Income and Expenditure Account (CIES). The CIES is prepared under the basis of the Service Code of Practice (SERCOP) which is followed by all local authorities and ensures a common reporting basis for comparisons. The above table is based on the Council's management structure and is the structure by which all reporting within the Council is made. Note 29 to the accounts provides a reconciliation between the two structures.

The Council produces an analysis of the variances as part of its Financial Outturn 2012/13 report that went to the Council's Cabinet in June 2013.

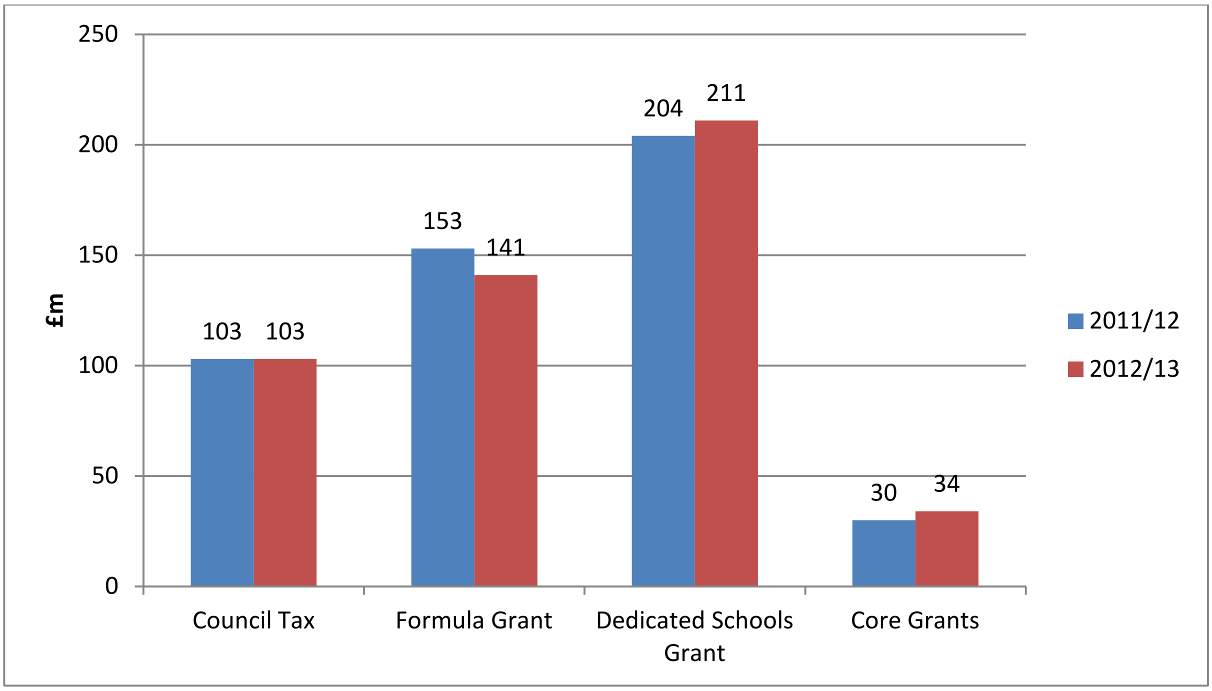
Sources of Revenue Funding 2012/13 (£489.5m) and 2011/12(£490m)

The graph below shows the revenue funding sources for the Council's spending in 2012/13 which consists of Government Grants, Business Rates (National Non-Domestic Rates) and Council Tax.



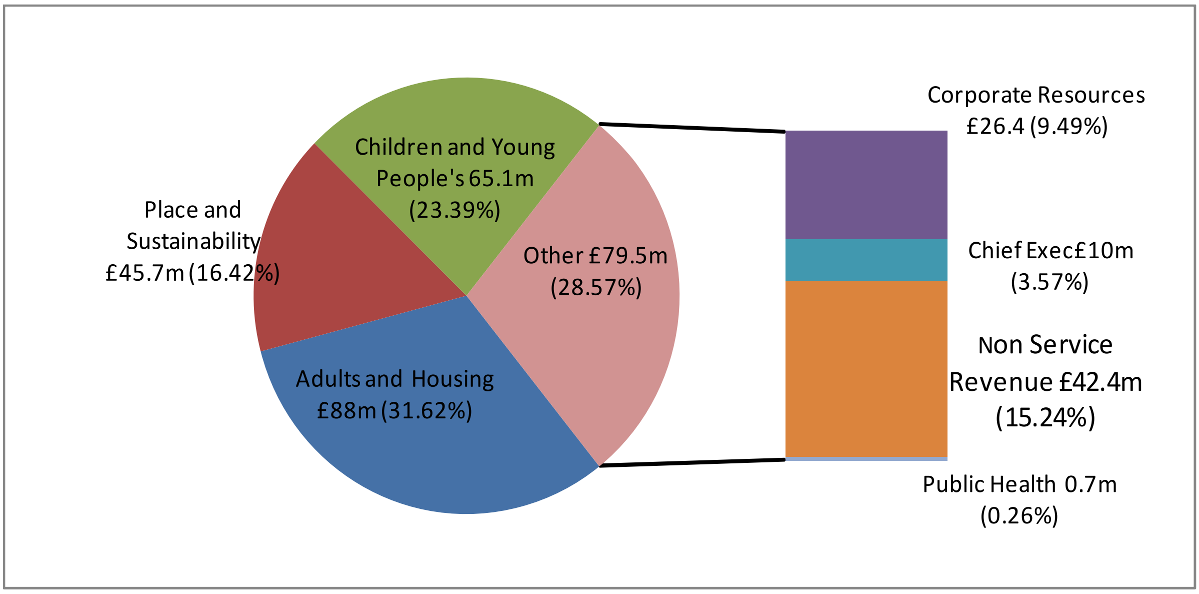
As can be seen from the above, council tax funds only 21% of the cost of services.

Sources of revenue funding – 2012/13 compared to 2011/12



How the money was spent – Total £278m (excluding schools)

The graph below shows the net spend on the various services we provide, as detailed in the table on page 12. Schools related expenditure of £211m is fully funded through the Dedicated Schools Grant and is additional to the amounts shown below.



Major influences on the council's income, expenditure and cash flow

A significant proportion of the Council's revenue funding is derived from Revenue Support Grant and National Non-Domestic Rates (NNDR) from the national pool. The national sums available in each financial year and the distribution to individual local authorities are determined by central government. However, from 2013/14 onwards Local Authorities will retain their Business Rate income and are either 'topped up' or will pay a tariff from collected Business Rates depending on central government's assessment of need. Haringey Council is a 'top up' authority and will receive grant on this basis in 2013/14.

Although the Council is able to supplement these sources of income through Council Tax, the level of annual Council Tax rises is carefully monitored and controlled by Central Government. From 2012/13 onwards the Council will be required to hold a local referendum if it wishes to raise Council Tax by a greater percentage than a target set by Central Government (2% for 2013/14).

The Council is able to generate additional income from provision of certain services to the public, however, in many cases the charges for such services are nationally determined or they are charges for demand led services which may result in a reduction in income if fees and charges for these are increased too much.

The housing revenue account – how housing rents are used

The Housing Revenue Account is a statement of the income and expenditure on council housing. The Council is the landlord for 16,106 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. The Housing Revenue Account services are primarily funded from rents (£80.8m), charges for services (£22.3m). There was also government grant for capital expenditure of £19m for 2012/13. The total funding requirement for 2012/13 is £123.9m.

The original 2012/13 revenue budget for the HRA produced a planned revenue surplus of £7.5m, which would be available to fund capital works. The HRA outturn for the year is a surplus of £7.4m against a target of £7.5m, a variance of £0.1m.

Capital investment

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

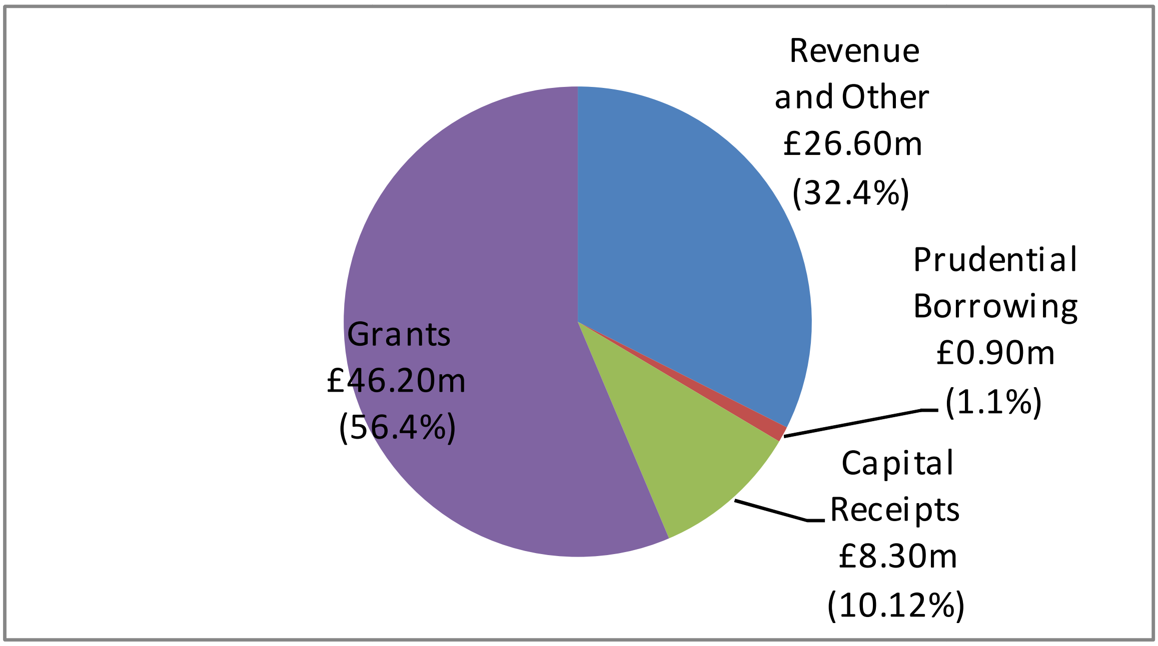
In 2012/13, the Council planned to spend £82m on its assets, as shown in the following table. The actual expenditure was £88.8m. The total long-term debt of the Council is £310.56 million and relates to capital investment which the Council has undertaken in the current and previous years.

Directorate	Approved Budget	Outturn	Outturn Variance
	£m	**£m**	**£m**
Children & Young People	17.8	19.6	1.8
Adults and Housing	3.4	3.7	0.3
Corporate Resources	5.2	3.2	-2.0
Place and Sustainability	19.7	16.3	-3.4
HRA Housing	42.7	39.2	-3.5
Total	**88.8**	**82.0**	**-6.8**

The principal reasons for the variances between the outturn and capital budgets are detailed in the Financial Outturn 2012/13 report that went to the Council's Cabinet in June 2013.

Capital Financing – Total £82.0m

The following diagram details how the capital expenditure in 2012/13 was financed.



Significance of any pensions liability or asset disclosed in the statements

The Pension Fund is part of the Local Government Pension Scheme and funds the pensions and receives contributions from members of the scheme and employer bodies. In 2012/13, the Fund made payments to pensioners of £40.0 million and received contributions of £40.7million (£8.8 million from members and £31.9 million from the employers).

The net amount chargeable to the General Fund and Housing Revenue Account is the net amount payable for the year in accordance with the statutory requirements governing the Pension Fund. Where this amount does not match the amount charged to the Comprehensive Income and Expenditure Statement any difference is transferred to the pensions reserve on the balance sheet via the Movement in Reserves Statement.

The Council's share of the Fund has been valued at £727.2million, most of which is invested in the stock market. In 2012/13 these assets increased in value by £88.6million. The Pension Fund is independently valued every three years by a firm of actuaries to assess the adequacy of the Fund's assets to meet its long term obligations. The most recent triennial actuarial valuation of the Fund was carried out as at 31 March 2010 in a report dated 31 March 2011.

Changes to the accounts

For 2012/13 there have been limited changes to the accounts, following the implementation of International Financial Reporting Standards (IFRS) in 2010/11.

Statement of Responsibilities

The Council's responsibilities

The Council is required to:

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

The Chief Financial Officer's responsibilities

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

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

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

The Chief Financial Officer has also:

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

Statement of the Chief Financial Officer

I certify that the financial statements set out in sections 3 & 4 have been prepared in accordance with the accounting policies set out in note 1 and give a true and fair view of the financial position of the Council at the reporting date and of its expenditure and income for the year ended 31st March 2013.

Julie Parker, CPFA

Director of Corporate Resources / Chief Financial Officer

September 2013

Independent auditor's report to the Members of London Borough of Haringey

Opinion on the financial statements

We have audited the financial statements of London Borough of Haringey for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Authority and Group Movement in Reserves Statement, the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Balance Sheet, the Authority and Group Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the members of London Borough of Haringey in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Corporate Resources and auditor

As explained more fully in the Statement of the Director of Corporate Resources Responsibilities, the Director of Corporate Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Corporate Resources; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of London Borough of Haringey as at 31 March 2013 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2013 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that, in all significant respects, *London Borough of Haringey* put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Paul Dossett

Partner
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Grant Thornton House

Melton Street

London NW1 2EP

19 September 2013

Section 2
Annual Governance Statement
2012/13

Annual governance statement 2012/13

Scope of responsibility

Haringey is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. 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, with regard to a combination of economy, efficiency and effectiveness.

In discharging this, Haringey is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. Haringey Council's local code of corporate governance is published on the council's website and a copy can be obtained from the council's Monitoring Officer. This statement explains how the council has complied with the code and also meets the requirements of regulation 4(3) of the Accounts and Audit (England) Regulations 2011, in relation to the publication of an Annual Governance Statement.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can provide a reasonable assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of 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.

The governance framework has been in place at Haringey for the year ended 31st March 2013 and up to the date of the approval of the annual report and accounts.

The governance framework

The key elements of the systems and processes that comprise the council's governance arrangements are consistent with the six core principles of the council's Code of Corporate Governance:

Code of Corporate Governance Principle	What processes the council has in place to meet the Corporate Governance Principle	How the council gets assurance that the Corporate Governance processes work in practice
Core Principle 1 **Focusing on the purpose of the council, on outcomes for the community and creating and**	The Council Plan 2012-14 sets out the vision and priorities for the council. The plan identifies five key priorities which formed the major programmes of work for the period 2012/13: • Work with local businesses to create jobs • Deliver regeneration to key areas of the borough	The Council Plan received endorsement from Cabinet in June 2012 and was agreed by Council on 16 July 2012. The Council Plan for 2012–2014 is published on the council's website. The quarterly performance report provides an update on the progress that has been made during 2012/13 against the key indicators and activity identified in the

Code of Corporate Governance Principle	What processes the council has in place to meet the Corporate Governance Principle	How the council gets assurance that the Corporate Governance processes work in practice
implementing a vision for the area	• Tackle housing challenges • Improve school standards and outcomes for young people • Deliver responsive, high quality services to residents. The Medium Term Financial Plan (MTFP) sets out the council's spending plans for 2012-13 and 2014-15, linked to its vision and priorities, within reduced resources and takes into account residents' views from area forums and budget consultations. In 2012/13 the council completed a number of cross-cutting service reviews to improve efficiency and reduce costs, including reviewing the finance, procurement and administration functions. This resulted in the ratio of frontline staff to be increased compared to 'back office' staff. The council has seven area forums, each led by a local ward councillor with the agreed terms of reference contained within the council's constitution. Area forums develop and encourage partnerships with local residents' associations, voluntary and community bodies and other stakeholder groups to raise and address issues of local interest. During 2012/13, preparations were carried out for the transfer of the local public health function to the council to take effect from 1 April 2013. Haringey's Health and Wellbeing Strategy has been developed by the shadow Health and Wellbeing Board, informed by the Joint Strategic Needs Assessment and in consultation with residents and partners, to improve the health and wellbeing of children and adults in our borough and to reduce health inequalities between the east and west. In January 2013, the council reinstated a Children's Trust. The terms of reference are being finalised. Haringey's Community Safety Partnership produces the Community Safety Strategy and action plan, monitors the use of relevant budgets, and ensures compliance with legislation. The Community Safety Strategy 2011-14 is currently being revised, based on updated information from the Community Safety Strategic Assessment.	Council Plan. The performance reports are received by Cabinet quarterly, with agendas, reports and minutes made available on the council's website. Area Forum and Committee agendas and minutes are available on the council's website. Each forum has developed an area plan which is published on the council's website. During 2012/13 a scrutiny panel project examined area forums. Recommendations were made for further work to explore alternative models with the intention of identifying future improvements. Programme management arrangements were used to ensure the transfer of the public health function followed the necessary NHS and council requirements for the transfer of functions, staff and contracts. Actions and measures to achieve the Health and Wellbeing Strategy's priorities are monitored and reviewed on a six-monthly basis by the shadow Health and Wellbeing board and will be revised annually. Actions: ➢ Finalise the council priorities and create a new Corporate Plan for 2013-15. ➢ Ensure the Health and Wellbeing Board is fully operational in April 2013. ➢ Finalise the terms of reference for the Children's Trust ➢ Finalise the Community Safety Strategy

Code of Corporate Governance Principle	What processes the council has in place to meet the Corporate Governance Principle	How the council gets assurance that the Corporate Governance processes work in practice
Core Principle 2 **Members and officers working together to achieve a common purpose with clearly defined functions and roles**	The council's constitution sets out the policy and decision making framework of the council and is held in hard copy and on the council's intranet and external website. The roles and responsibilities of the council, the Cabinet, committees, councillors including cabinet members, and officers are clearly documented within the constitution. The constitution contains protocols governing the relationships between members and officers and job descriptions of the council's statutory officers (Head of Paid Service, Monitoring Officer and Section 151 Officer). The council's constitution contains the Financial and Contract Procedure Rules, which specify the governance framework for all its operational functions. The constitution also includes the roles of key compliance officers, including the council's Monitoring Officer and Section 151 Officer, as well as specific functional responsibilities for the Cabinet, committees, other bodies and officers. The roles and functions of all councillors in relation to governance issues are clearly documented, including their responsibilities for ward duties and the governance of the council in accordance with relevant legislation. The council's Scheme of Delegation is contained within the constitution and is reviewed and communicated on a regular basis to all appropriate officers and members. The council's website has an 'Our Standards' page which sets out the expectations and standards required of both officers and members. The council has an agreed Pay Policy in place which is reviewed and approved by the Corporate Committee prior to Full Council. The council has approved its commitment to paying employees the London Living Wage and is working to require contractors to implement the same policy.	The constitution is reviewed on an ongoing basis and updated to reflect functional and organisational changes to the council. The council's Scheme of Delegation to officers has been fully reviewed to take into account the restructure as a result of Re-Thinking Haringey. Regular internal and external audit reviews check compliance with financial and contract procedure rules across the council and the outcomes of these were reported to the Corporate Committee quarterly during 2012/13. All of the key financial systems received a 'substantial' or higher assurance rating in 2012/13. An independent review of the 2011/12 closure of accounts process was presented to Corporate Committee in March 2013. Actions: ➢ Ensure the recommendations of the closure of accounts independent review are fully implemented.
Core Principle 3 **Promoting values for the council and demonstrating**	Haringey Council has well established codes of conduct for officers and members, which are regularly reviewed and subject to approval by members. The Head of Legal Services is the Monitoring Officer and is responsible for ensuring that	The council requires all members to formally acknowledge receipt of their code of conduct on an annual basis. No exceptions were noted in 2012/13. Members are provided with regular briefings on the code of conduct as part of

Code of Corporate Governance Principle	What processes the council has in place to meet the Corporate Governance Principle	How the council gets assurance that the Corporate Governance processes work in practice
the values of good governance through upholding high standards of conduct and behaviour	the council acts lawfully and in accordance with the constitution: Directors have the primary responsibility for ensuring that decisions in their directorates are compliant with the Scheme of Delegation to officers. Standards of conduct and behaviour expected of members are addressed in the members' Code of Conduct set out in the constitution. A Standards Committee is in place. Arrangements are in place to govern the conduct between members and officers, as set out in the Protocol on Member/Officer Relations. The council's officer code of conduct has been reviewed and updated on a regular basis and is published on the council's intranet site. All new members of staff receive induction training, including on the code of conduct, as part of their induction processes. The council has a corporate complaints policy, and agreed procedures, which are subject to regular review and updates. The council's policy and procedures are compliant with all relevant statutory requirements.	the established member induction and training programme. Regular articles are included in corporate and staff newsletters outlining expected standards of behaviour in specific areas and these continued in 2012/13. This included how to report concerns and details of the council's whistle-blowing policy. Copies of staff newsletters are published on the council's intranet. The council's complaints policy is publicised on the council's external website and at various public places across the borough.
Core Principle 4 **Taking informed and transparent decisions which are subject to effective scrutiny and risk management**	The council has processes in place to ensure that decision takers follow due process. The council's financial management is based on a framework of regular management information and review to inform managers and members of the current budget position. Key elements of the financial management system include integrated budgeting and medium term financial planning systems, regular budget monitoring reports to the Cabinet, systematic review of all key financial control processes, monitoring of key financial and other targets, and formal project management processes. The council undertakes equality impact assessments of all major policies and strategies and all proposals for major changes in structures and service delivery models, to ensure that they do not disproportionately have a negative impact on any of Haringey's communities. Services follow Equality Impact Assessment guidance which was updated in 2012/13.	The council's internal and external auditors produce annual audit reports and the Annual Audit Letter, which were both reported to the Corporate Committee. Issues were identified with the closure of accounts, however no other significant issues were identified in the external audit letter. Regular internal and external audit reviews check compliance with financial and contract procedure rules across the council and the outcomes of these were reported to the Corporate Committee quarterly during 2012/13. The counter-fraud team's work achieved 35 successful prosecutions for benefit fraud and recovered 36 Council properties where fraudulent tenancy issues were proven in 2012/13. Full compliance is achieved with CIPFA's statement on the role of the Chief Financial Officer. The use of the whistle-blowing processes and fraud reporting procedures are reported on a quarterly basis to Corporate Committee

Code of Corporate Governance Principle	What processes the council has in place to meet the Corporate Governance Principle	How the council gets assurance that the Corporate Governance processes work in practice
	The council has processes in place to ensure that decision takers follow due process, that decisions are taken having regard to all relevant considerations and that decisions are properly documented. The council's scrutiny function was reviewed during 2011 and new governance arrangements were put in place from April 2012. The Overview and Scrutiny Committee (OSC) is in place to review or scrutinise decisions or actions, in accordance with the protocol in place which sets out how the committee should operate. Scrutiny panels report through the OSC which makes recommendations to Cabinet, based on evidence gathering, consultation and research. The functions of an audit committee, as recommended in guidance by CIPFA and the Institute of Public Finance, are contained within the remit of the council's Corporate Committee. Haringey Council has a well-established and publicised anti-fraud and corruption policy and strategy, including a fraud response plan and whistle-blowing policy which complies with relevant legislation and is monitored and managed by Internal Audit. The council has a free-phone telephone number and email reporting facilities on its external website. Fraud and corruption policies and procedures are contained in the Employee Handbook, and are on the council's intranet and website. The council has a dedicated counter-fraud resource which undertakes reactive and pro-active fraud reviews based on an assessment of the risks included in the corporate fraud risk register, Audit Commission and CIPFA guidance and emerging risks across the public and private sectors. The council has reviewed governance arrangements for the implementation of the new Localism Act 2011 and Health and Social Care Act 2012. Haringey has a corporate Risk Management Policy and Strategy which is reviewed on an annual basis and, through a variety of processes and procedures, ensures that risk management is embedded across the organisation and its activities, including	and the reports are published on the council's website. A list of the equality impact assessments undertaken during 2012/13 is available on the website. No successful challenges were made to the equality impact assessments. The proposed areas to be scrutinised are agreed by the panels and the OSC at the beginning of the municipal year. Cabinet members attend the relevant scrutiny panels to answer questions. The reports are published on the council's website. By taking a detailed look at the council's decisions and policies, Overview and Scrutiny works to promote open decision making and democratic accountability in Haringey by holding the Cabinet to account, developing and reviewing policy in an inclusive cross-party manner that involves local communities and other interested parties, reviewing the performance of the council and scrutinising local services not provided by the council, such as health services. The reports and decisions of the committee are published on the council's website. • The council's programmes and projects identify and review risks in line with the council's project management framework. • The corporate risk register is reviewed on a quarterly basis by the Directors Group and annually by Corporate Committee. A copy of the risk register and the report to Corporate Committee is published on the council's website. The council's corporate risk management and emergency planning steering group met on a quarterly basis during 2012/13, chaired by a member of the Chief Executive's Director's Group. The group is comprised of senior officer representatives from each directorate. In addition to ensuring that the council complies with the risk management strategy, the steering group takes responsibility for managing the council's response to specific incidents and events. The corporate Emergency Planning and Business Continuity Team provide guidance and support to services and carry out regular audits of the business continuity service plans. No significant business

Code of Corporate Governance Principle	What processes the council has in place to meet the Corporate Governance Principle	How the council gets assurance that the Corporate Governance processes work in practice
	business planning and project management processes. The council has a corporate risk register and all departments and business units have risk registers in place. Haringey's business continuity planning is based on risk assessment and business impact analysis. Each service within a directorate produces a business continuity plan which is updated twice a year. Service continuity plans are incorporated into the council-wide Business Continuity Plan.	continuity incidents were reported in 2012/13.
Core Principle 5 **Developing the capacity and capability of Members and Officers to be effective**	The council provides a programme of training for members, and all members have access to the council's corporate training and development programme. All permanent staff within the council receive an annual performance review and appraisal, which is linked to the council's management standards and corporate competency framework, and results in individual work targets and development plans. Senior managers' performance targets include mandatory requirements for people and budget management.	Members who sit on the Corporate and Regulatory Committees were provided with training in 2012/13 specific to their responsibilities for these committees. Training sessions included planning, licensing, audit, finance, pensions and treasury. During 2012/13, the council provided a programme of learning events for managers and staff based on the council's vision and values, aims and objectives, and key service delivery requirements, as well as a series of senior manager seminars.
Core Principle 6 **Engaging with local people and other stakeholders to ensure robust public accountability**	Haringey Council's Consultation Charter sets out how the council ensures that its consultation is effective and what can be expected from its consultation. This, together with consultation principles, is published on the website. The council's publishes a residents magazine, Haringey People, six times per year containing information on council activities. As part of its budget consultation process, the council informed, consulted and engaged residents and businesses from November 2012 to January 2013. The consultation was undertaken using both an online and paper questionnaire which included factual information about the council's budget and its services. Local Area Committees have been operating during 2012/13. These have specific responsibilities and consultative powers and are a vital part of local democratic engagement. Standing partnership bodies exist for the shadow Health and Wellbeing Board, Children's Trust and the Community Safety	No significant governance or control issues were identified by APP's independently appointed internal auditors during 2012/13. The results of the budget consultation were published on the council's website. Hard copies of Haringey People are delivered to all residential addresses and the magazine is also available via the council's intranet and external website. Once a year it includes a summarised annual report and set of financial statements. 10 public meetings were held where residents were able to ask questions and make comments on the council's budget to the Cabinet Member, effectively influencing the budget process. The results of the budget consultation were used to inform the Medium Term Financial Plan (MTFP). A summary of the budget consultation findings was given to all councillors to inform the council budget setting with the consideration of the MTFP by the council. The complete results of the budget consultation will be published on the council's website.

Code of Corporate Governance Principle	What processes the council has in place to meet the Corporate Governance Principle	How the council gets assurance that the Corporate Governance processes work in practice
	Board. Public consultation was carried out on a proposal to close the John Loughborough School. The Education Commission, Outstanding for All, reported during the year on the results of its engagement. The council has continued to work with Alexandra Palace and Park (APP) to ensure that corporate governance arrangements and internal controls were adequate and this was continued during 2011/12. The council has a wholly-owned company, Homes for Haringey Limited (HfH) and is a trustee of APP under the terms of the current operating requirements. The council provides advice and services to HfH and APP, which have their own board, constitution, memorandum and articles. The accounts of HfH and APP are incorporated into the group accounts of the London Borough of Haringey. The assessment of governance and controls by the relevant officers included an assessment of the governance and controls of HfH and APP.	The MTFP was scrutinised by the four scrutiny panels and recommendations made by the OSC to Cabinet. The council produces a Scrutiny Annual Report which is available on its website.

Significant governance issues

During 2012/13, the council's closure of accounts process was identified as a significant governance issue. Although the accounts were signed off within the statutory deadline, and were unqualified by the external auditor, there were a high level of quality issues associated with the draft accounts submitted for audit in June 2012. The following actions have been undertaken:

- An independent review of the process was commissioned by the Chief Executive, which was presented to Corporate Committee in March 2013
- The team responsible for accounts closure has been restructured, and staff have been transferred to bolster resources and capabilities
- CIPFA have been commissioned to provide ongoing technical advice and support
- A robust project methodology has been established, with a project plan, risk register and issues log
- A governance framework has been approved that sets out roles, responsibilities and escalation procedures. External challenge is a key part of this framework, and a closure review board has been set up that includes external audit and senior expertise from another local authority
- Risk and issues are being managed more proactively at Corporate Finance Management Team, and the Assistant Director (Finance) has increased management oversight of the process through weekly update meetings.

In addition, the council identified some key areas where work would be undertaken in 2012/13 to ensure governance arrangements were in place and effective. An action plan was drawn up and progress on this is set out below.

Issue	Action	Progress Update
Implementation of the Localism Act 2011	Ensure that the requirements of the legislation are appropriately reviewed and implemented during 2012/13, with appropriate monitoring mechanisms in place to ensure that risks and relevant regulations are appropriately managed and addressed and relevant officers and members receive adequate training to enable them to carry out their responsibilities.	Completed and operating effectively. All requirements to ensure the council was compliant with the Act were put in place effectively in 2012/13.
Implementation of the Social Care Act 2012	Ensure that the requirements of the legislation are appropriately reviewed and implemented during 2012/13, with appropriate monitoring mechanisms in place to ensure that risks and relevant regulations are appropriately managed and addressed to enable the effective transfer of the public health function fully to the local authority.	Completed and operating effectively. The public health function was successfully transferred to the council on 1 April 2013. The Health and Wellbeing Board was formally established and is operational.
Evaluation of the Governance Review	Ensure that the recommendations of the Review Group are implemented following Full Council approval, with appropriate review mechanisms in place to ensure that the council's governance processes meet its objectives.	The recommendations were implemented following full Council approval and have since been reviewed by the member working group and reported to this year's full Council in May 2013 with subsequent minor changes.
Regeneration Programme following the riots	Ensure that the Regeneration Programme following the 2011 riots has appropriate governance structures, reporting and authorisation processes, and financial and resource monitoring processes in place in order to deliver the agreed outcomes and objectives.	Governance structures have been agreed, including sign off procedures to include Director's Group, a dedicated Programme Management Board and a Strategic Forum and with Cabinet/ member sign off as appropriate.
Children and Young People's Service	Formalise and implement the statutory responsibilities for the Children's Trust with the Health and Wellbeing Board.	Completed and operating effectively.
Shared Services arrangements	Agree the form of governance and ensure that there are effective operational arrangements in place between preferred partners.	Governance was established for a shared service programme with Waltham Forest. That programme has since paused while the Council considers broader transformational change.

The council has identified the following significant governance issues during 2012/13. It is proposed over the coming year to take steps to address the governance issues in these areas and these are set out in the action plan below. The action plan will be monitored during the year to ensure all issues are appropriately addressed.

Issue	Action	Responsibility	Due date
Council's closure of accounts processes	Ensure the recommendations of the independent review into the 2011/12 closure of accounts processes are fully implemented.	Assistant Director of Finance	June 2013

Issue	Action	Responsibility	Due date
Community Safety Strategy	Finalise the Community Safety Strategy 2011-14, based on updated information from the Community Safety Strategic Assessment.	Director of Place and Sustainability	The finalised Community Safety Strategy will be formally agreed by the Community Safety Partnership on 13 June 2013. It is scheduled to be considered by Overview and Scrutiny on 17 June, by Cabinet 9 July, and adopted by Full Council 15 July 2013.
Tottenham Regeneration Programme	Ensure that the Tottenham Regeneration Programme has appropriate governance structures, reporting and authorisation processes, and financial and resource monitoring processes in place in order to deliver the agreed outcomes and objectives.	Director of Place and Sustainability	The Programme Management Office will be launched on 3 June 2013. All associated programme management controls will be in place by 30 June 2013, including risk registers, issue logs, project summary meetings, budget forecasting and monitoring.

Review of effectiveness

Haringey Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the statements of assurance and annual governance self-assessments by each director and assistant chief executive, who have responsibility for the development and maintenance of the governance environment; the Head of Audit and Risk Management's annual report, and also by comments made by the council's external auditors and other review agencies and inspectorates.

The Director of Corporate Resources (the council's statutory s151 Officer), the Head of Legal Services, and the Head of Audit and Risk Management have also reviewed the work done by the council relating to governance issues in 2012/13. Their comments on the key governance issues are as follows:

- Director of Corporate Resources: There was a significant governance issue during 2012/13 relating to the closure of the 2011/12 accounts. Although the accounts were signed off within the statutory deadlines and were unqualified there were a high level of quality issues relating to the draft accounts. Actions are being taken to prevent this occurring in the closure of the 2012/13 accounts.
- Head of Legal Services: Significant changes were made to corporate governance arrangements as a result of the Localism Act 2011. A local Code of Conduct for members, reformed Standards Committee and local arrangements for dealing with complaints for members were adopted by the council in 2012/13. New procedures also had to be adopted by the council arising from other provisions of the Localism Act, including those relating to the community right to bid, community right to challenge, assets of community value and the registration of neighbourhood forums. All these were put in place effectively in 2012/13 and no external challenge to the new processes were made in 2012/13.
- Head of Audit and Risk Management: Although the closure of accounts processes highlighted some governance failings, this did not impact on the operating of the council's key financial systems which all received 'substantial' assurance ratings from internal audit in 2012/13. A higher proportion of

schools received 'limited' or 'nil' assurance ratings from internal audit in 2012/13, partly as a result of recommendations relating to governance issues. Internal Audit and Corporate Finance have started a programme of training aimed at school governors, head teachers, and school finance staff to assist in improving their performance. No other significant governance issues were raised by internal audit during 2012/13.

The Head of Audit and Risk Management has also provided an Annual Audit Report and opinion for 2012/13, which concluded that in most areas across the council there are sound internal financial control systems and corporate governance arrangements in place, and that risk management arrangements are satisfactory and compliant with best practice. All of the council's key financial systems received a 'substantial' assurance rating or higher in 2012/13. Five of the 48 completed system reviews and 13 of the 19 schools audits completed received a 'limited' assurance rating (including one school with 'nil' assurance), with the remaining reviews completed receiving 'substantial' or higher assurance ratings. The follow-up programme concluded that all but one high priority recommendation had been implemented, with one in the process of being implemented and with appropriate interim controls in place to manage the risk.

Directors have completed a statement of assurance covering 2012/13 which is informed by work carried out by departmental managers, internal audit, external assessments and risk management processes. The statements are used to provide assurance that any significant control issues that have been brought to their attention have been dealt with appropriately. One issue within the Children and Young People's Service was identified which fell outside routine audit and inspection processes, namely the failure to record decisions to seek or over-ride parental consent when sharing information, leading to a Judicial Review judgment against the council. Adjustment to the electronic social care recording database will be implemented as a result. New guidance has been issued to staff to ensure that practice is now compliant with the judgement. The Director of Corporate Resources identified the closure of accounts process as their main governance issue in 2012/13.

The Chartered Institute of Public Finance and Accountancy (CIPFA) statement on the role of the Chief Financial Officer (CFO) and the role of the Head of Internal Audit (HoA) in public service organisations have both been incorporated into the council's overall governance arrangements. During 2012/13, the council has been able to confirm that CFO and HoA fulfilled all the requirements set out within the CIPFA statements, and assurance on this was obtained via internal and external audit reviews. No gaps in compliance were identified for either role.

The Leader of the council and the Chief Executive have been advised of the implications of the result of the review of the effectiveness of the governance framework by the Corporate Committee, and a plan to implement enhancements and ensure continuous improvement of the system is in place.

The evidence provided with regards to the production of the Annual Governance Statement has been considered by the Chief Executive and Directors at the Directors Group meetings held on 16 April and 28 May 2013 and by the council's Corporate Committee on 27 June 2013, who concluded that the council has satisfactory governance systems in place and satisfactory plans to address the identified issues to ensure improvement. The Chief Executive and Directors' Group is committed to implementing the action plan, strengthening and improving controls and keeping the effectiveness of the council's corporate governance arrangements under review during the year.

Signed by:

Councillor Claire Kober	Nick Walkley
Leader of the council	Chief Executive

Date: September 2013

Section 3
Core Financial Statements and Explanatory Notes 2012/13

Movement in reserves statement

This statement shows the movement in the year on the different reserves held by the council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves'. Additional detail on these reserves is given in note 24 and note 25. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The 'Adjustments between Accounting Basis and Funding Basis under Regulations' accounts for this difference and is detailed in note 7. The "Net Increase /Decrease before Transfers to Earmarked Reserves line shows the increase or decrease on the General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

	Usable Reserves								
	• General Fund Balance	• Earmarked General Fund	• HRA Balance	➢ Capital Receipts Reserve	➢ Capital Grants Unapplied	➢ Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves of the Authority
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as At 1 April 2011	**10,617**	**49,477**	**7,958**	**4,729**	**21,613**	**0**	**94,394**	**404,650**	**499,044**
Movement in reserves during the year									
Surplus or (deficit) on the provision of services	(25,478)		215,528				**190,050**		**190,050**
Other Comprehensive Income and Expenditure	0			0			**0**	(106,941)	**(106,941)**
Total Comprehensive Income and Expenditure	**(25,478)**	**0**	**215,528**	**0**	**0**	**0**	**190,050**	**(106,941)**	**83,109**
Adjustments between accounting basis & funding basis under regulations (Note 7)	47,252		(211,872)	(3,989)	(8,023)	625	**(176,007)**	176,007	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	**21,774**	**0**	**3,656**	**(3,989)**	**(8,023)**	**625**	**14,043**	**69,066**	**83,109**
Transfers to or from earmarked reserves	(17,046)	17,046	0				**0**		**0**
Increase/Decrease in Year	**4,728**	**17,046**	**3,656**	**(3,989)**	**(8,023)**	**625**	**14,043**	**69,066**	**83,109**
Balance as at 31 March 2012 carried forward	**15,345**	**66,523**	**11,614**	**740**	**13,590**	**625**	**108,437**	**473,716**	**582,153**

	Usable Reserves								
	• General Fund Balance	• Earmarked General Fund	• HRA Balance	➢ Capital Receipts Reserve	➢ Capital Grants Unapplied	➢ Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves of the Authority
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 31 March 2012 brought forward	**15,345**	**66,523**	**11,614**	**740**	**13,590**	**625**	**108,437**	**473,716**	**582,153**
Movement in reserves during the year									
Surplus or (deficit) on provision of services	(91,604)		53,246				**(38,358)**		**(38,358)**
Other Comprehensive Income and Expenditure	0			0			**0**	(94,403)	**(94,403)**
Total Comprehensive Income and Expenditure	**(91,604)**	**0**	**53,246**	**0**	**0**	**0**	**(38,358)**	**(94,403)**	**(132,761)**
Adjustments between accounting basis & funding basis under regulations	99,598		(45,858)	11,749	(2,380)	(540)	**62,569**	(62,569)	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	**7,994**	**0**	**7,388**	**11,749**	**(2,380)**	**(540)**	**24,211**	**(156,972)**	**(132,761)**
Transfers to or from earmarked reserves	(7,994)	7,994	0				**0**		**0**
Increase/Decrease in Year	**0**	**7,994**	**7,388**	**11,749**	**(2,380)**	**(540)**	**24,211**	**(156,972)**	**(132,761)**
Balance Sheet As At 31 March 2013	**15,345**	**74,517**	**19,002**	**12,489**	**11,210**	**85**	**132,648**	**316,744**	**449,392**

- • = Usable Reserves that are held for Revenue Purposes.
- ➢ = Usable Reserves that are held for Capital Purposes.

Comprehensive income and expenditure statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this is different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2012/13				Note	2011/12		
£000 Gross Expend	**£000 Income**	**£000 Net Expend**			**£000 Gross Expend**	**£000 Income**	**£000 Net Expend**
41,842	(39,170)	2,672	Central services to the public		43,100	(40,922)	2,178
17,740	(6,822)	10,918	Cultural and related services		62,077	(24,111)	37,966
31,583	(10,091)	21,492	Environment and regulatory services		0	0	0
22,144	(5,354)	16,790	Planning Services		0	0	0
410,181	(265,826	144,355	Education and Children's services		367,769	(272,958)	94,811
35,845	(19,022)	16,823	Highways and transport services		35,696	(19,186)	16,510
66,432	(106,638)	(40,206)	Local authority housing - HRA		105,517	(112,402)	(6,885)
319,294	(304,881)	14,413	Other housing services		314,844	(301,452)	13,392
106,366	(18,138)	88,228	Adult Social Care		104,034	(16,387)	87,647
91,547	(65,127)	26,420	Corporate and democratic core		84,933	(67,156)	17,777
(5,458)	0	(5,458)	Non distributed costs		806	(680)	126
1,137,516	**(841,069)**	**296,447**	**Surplus/Deficit on Continuing Operations**		**1,118,776**	**(855,254)**	**263,522**
		38,515	Other Operating Expenditure	**09**			49,741
		29,085	Financing and Investment Income and Expenditure	**10**			49,594
		0	HRA Self financing settlement*				60,474
		(325,689)	Taxation and Non-Specific Grant Income: Other	**11**			(319,057)
		0	HRA self financing debt settlement*				(294,324)
		38,358	**(Surplus) or Deficit on Provision of Services**				**(190,050)**
		47,042	Surplus or deficit on revaluation of non current assets	**12**			41,199
		47,361	Actuarial gains / losses on pension assets / liabilities				65,741
		94,403	**Other Comprehensive Income and Expenditure**				**106,940**
		132,761	**Total Comprehensive Income and Expenditure**				**(83,110)**

* In 2011/12 the government abolished Housing Subsidy and council housing became self-financing through rental income. Part of this process was the repayment of debt associated with the previous subsidy system, which resulted in a net £233,850,000 credit in the income and expenditure account in 2011/12. This was a one-off transaction, and should be borne in mind when looking at comparator figures in the I&E, MiRS and associated notes.

The service descriptions set out above comply with the code for 2012/13. Comparative 2011/12 data has not been re-stated above to match 2012/13 descriptions.

Balance sheet

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the council. The net assets of the council (assets less liabilities) are matched by the reserves held by the council. Reserves are reported in two categories. The first category is usable reserves, i.e. those reserves that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category is unusable reserves, and includes reserves that hold unrealised gains or losses (for example the Revaluation Reserve) where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

	Notes	31st March 2013 £000	31st March 2012 £000
Property, Plant & Equipment	**12**	1,304,304	1,436,697
Heritage Assets	**13**	6,061	6,061
Investment Property	**14**	54,141	50,774
Intangible Assets	**15**	542`	1,086
Assets held for sale	**21**	0	5,603
Long Term Debtors	**19**	2,529	2,334
Long Term Assets		**1,367,577**	**1,502,555**
Short Term Investments	**16**	16,081	15,105
CRC Scheme allowances		55	
Inventories	**17**	36	44
Short Term Debtors	**19**	67,573	63,825
Cash and Cash Equivalents	**20**	9,616	17,152
Assets held for sale	**21**	3,143	0
Current Assets		**96,504**	**96,126**
Bank Overdraft	**20**	0	15,762
Short Term Borrowing	**16**	60,127	78,515
Other Short Term Liabilities	**16**	3,308	2,793
Short Term Creditors	**22**	73,572	66,410
Provisions	**23**	4,114	8,434
Current Liabilities		**141,121**	**171,914**
Provisions	**23**	6,854	2,804
Long Term Borrowing	**16**	310,558	325,130
Other Long Term Liabilities	**16/48**	549,682	502,644
Capital Grants received in advance	**38**	6,474	14,036
Long Term Liabilities		**873,568**	**844,614**
Net Assets		**449,392**	**582,153**
Usable reserves	**MiRS**	132,648	108,437
Unusable Reserves	**25**	316,744	473,716
Total Reserves		**449,392**	**582,153**

Cash flow statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the council during the reporting period. The statement shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the council are funded by way of taxation and grant income or from the recipients of services provided by the council. Investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to the council's future service delivery.

2012/13 £000		Notes	2011/12 £000
(38,358)	**Net surplus or (deficit) on the provision of services**		190,050
147,973	Adjustment to surplus or deficit on the provision of services for noncash movements	**26**	113,243
(69,066)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	**26**	(5,134)
40,549	**Net cash flows from operating activities**		**298,159**
(12,254)	**Net Cash flows from Investing Activities**	**27**	**(70,916)**
(20,069)	**Net Cash flows from Financing Activities**	**28**	**(245,146)**
8,226	**Net increase or decrease in cash and cash equivalents**		**(17,903)**
1,390	Cash and cash equivalents at the beginning of the reporting period		**19,293**
9,616	**Cash and cash equivalents at the end of the reporting period**		**1,390**

Notes to the Statements

1. Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2012/13 financial year and its position at the year-end of 31 March 2013. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which those Regulations require to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 and the Service Reporting Code of Practice (SERCOP) 2012/13 supported by International Financial Reporting Standards (IFRS) and Statutory guidance issued under section 12 of the 2003 Act.

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

1.2 Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- Where revenue and expenditure have been recognised but cash has not been received or paid a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Income and expenditure is accounted for in the year the activity it relates to takes place, not simply when cash is paid or received, i.e. on an accruals basis. This means income is recorded when it is earned not received and expenditure when it is incurred not when it is paid.

Exceptions include:

- Rents for council houses - these are due in full on the date the weekly debit is raised. No receipt in advance is recorded for any part of the debit raised in the last week of March that relates to a period after 31 March.
- Payroll Costs – expenses earned in March but not paid until April or later are not accrued for and are recognised in new financial year's accounts. These exceptions are applied consistently to ensure that 12 months costs are charged each year and there is no material impact on the reported account

1.3 Cash and Cash Equivalents

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

1.4 Exceptional Items

When items of income and expense are material their nature and amount is disclosed separately either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts depending on how significant the items are to an understanding of the Council's financial performance.

1.5 Jointly Controlled Operations

The Council has entered into an agreement with the London Borough of Waltham Forest to deliver services via a shared service agreement. Currently only a small number of 'enforcement' services are being undertaken under this agreement. Each Council accounts directly for it part of assets liabilities income expenditure and cash flows held within or arising from the structure.

1.6 Accounting for Council Tax

While the Council Tax income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and paid out to demand for the year plus or minus the Council's share of the surplus/deficit on the Collection Fund for the previous year.

The Council Tax income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement.

The cash collected by the Council from Council Tax payers belongs proportionately to all the major preceptors. The difference between the amounts collected on behalf of the other major preceptors and the payments made to them is reflected as a debtor or creditor balance as appropriate.

1.7 Accounting for NNDR

As the Council acts as an agent in the collection of NNDR income it does not include the financial position with regard to the rate payers and only reports the net cash position with Central Government in its Balance Sheet. The Council maintains records of NNDR arrears, impairment allowances, prepayments and overpayments in its underlying accounting records, however for final accounts purposes these balances are consolidated into a single agency account, with the figures netting down to the debtor/creditor to the national pool. The cost of collection allowance received by Haringey Council is the billing council's income and is included in the Comprehensive Income and Expenditure Statement.

1.8 Agency Income and Expenditure

Under various statutory powers, a Council may agree with other local authorities, water companies and government departments to do work on their behalf. The body carrying out agency services is reimbursed by the responsible body to the extent of approved expenditure together with any agreed contribution toward administrative costs.

Haringey Council has acted as an agent on behalf of:

- Major preceptors – Greater London Authority in the collection of Council Tax.
- Central Government - Collecting National Non-Domestic Rates (NNDR) and paying the sums collected over to Central Government less the amount retained in respect of the cost of collection allowance.

1.9 Community Infrastructure Levy

The Mayor of London has elected to charge a Community Infrastructure Levy (CIL), for which the Council acts as agent. The levy will be charged on new builds (chargeable developments within the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge on behalf of the Mayor of London, and pays the amounts over at specified dates throughout the year. This is an agency arrangement and therefore income and expenditure is not shown in the Council's primary statements beyond those costs incurred as part of collection, for which the Council can recover.

1.10 Overheads and Support Services

The costs of overheads and support services are allocated within the Net Cost of Service section of the Comprehensive Income and Expenditure Statement in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2012/13 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- corporate and democratic core – costs relating to the Council's status as a multifunctional, democratic organisation, and
- non distributed costs – the cost of discretionary benefits awarded to employees retiring early

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

1.11 Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance called Minimum Revenue Provision (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two

1.12 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period. Where changes to prior period are required, these will be set out in a separate note disclosing the impact and where material with comparative information.

1.13 Events after the Balance Sheet Date

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

a) Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and

b) Those that are indicative of conditions that arose after the reporting period – the SoA are not adjusted to reflect such events but where a category of events would have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.14 Employee Benefits

Benefits Payable during Employment

The Council recognises the cost of benefits received by current employees. These short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages, salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

Payments for Accumulated Compensated Absences are accounted and an accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees, but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year being the period in which the employee takes the benefit.

To prevent fluctuations from impacting on Council Tax, the year on year change in cost generated by this accrual is charged to Surplus or Deficit on the Provision of Services but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are usually payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service or where applicable to the non distributed cost line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

Post Employment Benefits

Employees of the Council are eligible to be members of one of two separate pension schemes:

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

Both schemes provide defined benefits to members (retirement lump sums and pensions) earned as employees worked for the Council. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

i. The Local Government Pension Scheme

All employees (other than teacher) and councillors, subject to certain qualifying criteria are able to join the Local Government Pension scheme. The Scheme is accounted for as a defined benefit scheme. The Scheme is known as the Haringey Pension Fund and is administered by Haringey Council in accordance with the Pension Regulations 2008 on behalf of all participating employers.

Under International Accounting Standard (IAS19) the Local Government Scheme is accounted for as a defined benefits scheme:

The liabilities of the Haringey pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate of 2.8% (based on the Boxx Sterling Corporates AA over 15 Years Index).

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

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

The change in the net pension's liability is analysed into seven components:

a) Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;

b) Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;

c) Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;

d) Expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return - credited to the Comprehensive Income and Expenditure Statement;

e) Gains or losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;

f) Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – are taken through the Comprehensive Income and Expenditure Statement and reversed via the Pensions Reserve; and

g) Contributions paid to the Haringey Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Components (a-f) are charged to the comprehensive Income and expenditure Statement in year, but to avoid changes in pensions liabilities from having a disproportionate impact on Council Tax, statutory provisions exist that restrict the amount charged against the General Fund to the amount payable to the Council to the Pension Fund (g). The difference between these two values is adjusted for in the Movement in Reserves Statement. In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year not the amount calculated according to the relevant accounting standards.

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

ii. Teachers' Pension Scheme

This scheme is administered by the Teachers' Pensions Agency (TPA), on behalf of the Department for Education (DfE). Although the scheme is unfunded, the Government operates a notional fund as the basis for calculating employers' contributions. This scheme is accounted for on a defined contribution basis – no liability for future payments is recognised in the Balance Sheet and the Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable in the year. In addition, the Council is responsible for any payments relating to early retirements outside of the standard scheme. This scheme holds no assets and is accounted for on a defined benefit basis, using the same policies that are applied to the Local Government Pension Scheme.

Discretionary Benefits

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

1.15 Financial Instruments

Financial Liabilities

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

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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

Financial Assets

Financial assets are classified into two types:

- Loan and Receivables - assets that have fixed or determinable payments but are not quoted in an active market.
- Available-for-Sale Assets - assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Council has made a limited number of loans to employees and voluntary organisations at less than market rates (soft loans). The Council has determined that the value of the notional interest foregone is negligible and so has not adjusted the entries to the Income and Expenditure in respect of these soft loans.

The Council has also made a number of loans to third party organisations at less than market rates (soft loans) where the loans are regarded as material (based on the criteria noted above). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available for Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following Principles:

- Instruments with quoted market prices – the market price;
- Other instruments with fixed and determinable payments – discounted cash flow analysis;
- Equity shares with no quoted market prices – independent appraisal of company; and
- Valuations.
- Fair Value – a price agreed between both parties.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31st March 2013. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

1.16 Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

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

1.17 Non- Current Assets

Expenditure on the acquisition, creation or enhancement of non-current assets is capitalised on an accruals basis, provided that it will yield benefits to the Council for more than one financial year. These include intangible assets, property, plant and equipment, heritage assets and investment properties. It would not typically include assets held for sale as they would normally be expected to be disposed of within twelve months.

The costs of these assets may include initial costs of acquisition and construction and subsequent costs to enhance or replace part of the asset. All other expenditure arising from day to day servicing of assets is recognised in the Comprehensive Income and Expenditure Statement as the costs are incurred.

a) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. The Council has a capitalisation threshold of £10,000. Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) to the Capital Receipts Reserve.

b) Investment property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds of £10,000 or above) the Capital Receipts Reserve.

c) Heritage assets

These are typically tangible assets which are held by the council for the benefit of residents of the Borough. Heritage Assets are held for their contribution to knowledge and culture and will include assets such as historic buildings, monuments, cultural artefacts or artistic exhibits. Where an asset meets these criteria but is also used extensively to deliver a service then it will be classified as property, plant and equipment

Heritage assets are initially measured at cost and subsequently at an approximation of fair value. Due to the historic or unique nature of heritage assets it is not always possible to determine a fair value based on market valuation. A hierarchy of valuation methods is therefore utilised:

- Market valuation
- Insurance valuation
- Depreciated historic cost
- In house valuation
- No valuation

The carrying amounts of heritage assets are reviewed where there is evidence of impairment e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's policy on impairment.

The Council's heritage assets include the following major categories:

Museum and art collections

The Council holds collections of exhibits which are considered to be significant in recording the social and history of the borough and its residents. These exhibits are held for the purpose of promoting knowledge, understanding and appreciation of the Council's history and are primarily held in the Bruce Castle Museum. The collections have been collected through donation, bequests and purchases since 1906 when the museum was opened to the public for the first time as the Tottenham Museum

The scope of the collections covers social and working histories fine and decorative arts archaeology photographic and film collections (this is not an exhaustive listing). The trustees of the Museum will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment.

Civic regalia

The Council has over the years amassed a number of items of historic or heritable value to the borough. Many of these predate to when the borough was made up of a number of constituencies. Additionally the Council has been gifted regalia from local governing bodies from across the world.

Historic street furniture

The Council has identified a number of assets located within the borough which are of historical and /or of cultural merit. The nature of these items of furniture are such they are not practical to ascertain a monetary value as the cost of which is deemed to be substantially in excess of the benefit derived from having this information.

d) Property, Plant and Equipment

These are tangible assets that have a physical substance and are held for operational reasons i.e. in the production or supply of goods and services or for administrative purposes. This category excludes properties which are held solely for the purpose of generating financial return (Investment and Assets for Sale) and those held primarily for their contribution to knowledge and culture (Heritage Assets).

Recognition

Assets are initially measured at the direct cost of bringing the asset into working condition for its intended use and subsequently reviewed using professional independent valuations. The valuations are based on professional guidance issued by the Royal Institution of Chartered Surveyors (RICS),and are based upon the RICS professional valuation professional standards (issued March 2012); CIPFA guidance and the IFRS Code.

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. The Council has a capitalisation threshold of £10,000 and allows the capitalisation of staffing costs that are directly associated with delivering of the capital schemes. The Council does not recognise Voluntary-aided or Foundation schools on its balance sheet.

The Council has no de minimis for recognising capital expenditure charged to specific resources available for existing capital purposes (borrowing, proceeds from the sales of assets, expenditure, and receipt of specified grants)

This expenditure is written out to the Income and Expenditure Account. If the amount of expenditure on an individual asset is above £100,000, details of the works are provided to the valuer with a request to revalue the asset. As the majority of non-dwelling assets are valued at Depreciated Historic cost (DHC), assets where there is spend between £1 and £100,000 are deemed to have been enhanced to this value and are re-valued as part of the rolling programme.

Measurement

Assets are initially measured at cost, comprising:

- any costs attributable to bringing the asset to the location and condition necessary the purchase price; and
- for it to be capable of operating in the manner intended by management

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

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account through the Movement in Reserves Statement.

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings at fair value, determined using the basis of existing use value for social housing (EUV-SH)
- all other assets at fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

Subsequent changes in value

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Depreciation of assets to reflect usage

Depreciation is charged to the Comprehensive Income and Expenditure Statement to reflect the usage of the asset over its economic life. It is provided for on all Property, Plant and Equipment; with the exception of:

- land or other assets without a determinable useful life
- assets under construction (as they are not been used yet)

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

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the Valuer.
- vehicles, plant, furniture and equipment – a range based on the useful economic life of the asset.
- Infrastructure – a range based on the useful economic life of the asset.
- In the case of council housing the depreciation charge by the major repairs allowance (MRA) annually.

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

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

Componentisation of valuations

Where beneficial to the accuracy of the accounts the council may opt to recognise each of the component parts of a material asset in their own right. This may be necessary to reflect the fact that some components may have an appreciably shorter useful life than the wider asset and will therefore need replacing sooner. Where assets are recognised as their component parts then each element is considered independently for future valuations, depreciation, replacement and disposal accounting. This council will recognise the following:

- Structure
- Roof
- Heating & associated systems
- Electrical
- Lift
- Externals

Property, Plant and Equipment (PPE) depreciation will be calculated using the weighted average remaining useful life of the structure and associated components provided by the council's Valuer on an annual basis. The weighted average remaining useful life satisfies the requirement for accounting for PPE assets on a component basis where each part of an item of PPE with a cost that is significant in relation to the total cost of the item is separately depreciated.

Where a component is replaced or restored, the carrying amount of the old component is derecognised to avoid double counting and the new component reflected in the carrying amount. This recognition and de-recognition takes place regardless of whether the replaced part had been depreciated separately. The de-minimis level for this recognition and de-recognition is £50,000 (based on the capital expenditure of the new component). Component accounting is to be applied from 1 April 2012.

There are a number of circumstances where componentisation will not apply; these are:

- Vehicles and Equipment will be considered immaterial and not subject to componentisation.
- Infrastructure assets are excluded pending the status of the Code of Practice on Transport Infrastructure Assets.
- Investment properties are not depreciated, but must be considered for componentisation where enhancement expenditure is incurred.
- Housing Revenue Account assets (dwellings)

Componentisation of housing revenue account (HRA) assets (dwellings) will be subject to a separate exercise within the five year transition period allowed by DCLG. The Council expects to use the major repairs allowance (MRA) as a proxy for depreciation until this transition period comes to an end, and demonstrate that this use will not represent a material difference to the fully componentised methodology within the transition timeframe.

Impairment

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

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the comprehensive income and expenditure statement.

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

1.18 Non current assets held for sale

These assets are actively marketed for sale and where the Council expects that sale will go through in the next twelve months. They are identified separately as the value in the Balance Sheet will be recovered principally through a sale transaction rather than future continued use; it is reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at this amount. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the comprehensive income and expenditure statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the costs of the provision of services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations (where material) that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

Disposals and non-current assets held for sale

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. This cost is subsequently transferred to the Capital Adjustment Account in the Movement in Reserves Statement.

Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

Treatment of school assets

Land and buildings of voluntary aided, academies and foundation schools are owned and controlled by the trustees of the schools or the foundation body and are therefore not shown on the balance sheet of the Council. The Chartered Institute of Public Finance and Accountancy (CIPFA) are currently reviewing the accounting treatment of those schools specifically in relation to whether they should be fully disclosed within the balance sheet of councils’; pending conclusion of this review the council continues with the previous practice of not including them on its balance sheet.

Capital expenditure on community schools is added to the balances for those schools. Capital expenditure on voluntary aided, controlled and foundation schools is treated as "REFCUS" (Revenue Expenditure Funded from Capital under Statute") and written off each year to the comprehensive income and expenditure statement within Education and Children's services.

Individual schools' balances at 31st March 2013 are included in the balance sheet of the Council as any unspent delegated schools budgets remain the property of the Council.

1.19 Inventories and long term contracts

Inventories (stock) are included in the Balance Sheet at the lower of cost and net realisable value. Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

1.20 Charges to revenue for non current assets

The comprehensive income and expenditure statement is charged with the following amounts to record the real cost of holding non-current assets during the year:

- Depreciation and Amortisation of assets used by the Service
- Revaluation and impairment losses on assets used by the Service
- Profit or loss on disposal of assets

The Council is not required to raise council tax to cover these costs. However it is required to set aside an annual contribution from revenue towards its overall borrowing requirement. These costs are therefore replaced by the Minimum Revenue Provision by way of an adjusting entry in the Movement is Reserves Statements.

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

1.21 Revenue expenditure funded from capital under statute (REFCUS)

REFCUS expenditure represents expenditure incurred during the year that may be capitalised under statutory provisions, but that does not result in a Council asset being created. The expenditure may support a third party's asset (e.g. home improvement grants) or may be being capitalised based on a capitalisation order from the Government.

This expenditure is charged to the relevant service within the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or borrowing a transfer is undertaken by charging to the Capital Adjustment Account and crediting the General Fund Balance in the Movement in Reserves Statement. The purpose of this is to enable the expenditure to be funded from capital resources rather than charged to the General Fund and impact on the level of council tax. This REFCUS expenditure does form part of the Council's Capital Financing Requirement.

1.22 Interests in companies and other entities

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost less any provision for losses.

The Council has a financial relationship with a number of companies and so is required to prepare group accounts. All the companies with which Haringey has a relationship have been assessed against the group account requirements and Homes for Haringey and Alexandra Park and Palace Charitable Trust are deemed to be within the Haringey group. Homes for Haringey Ltd is a wholly owned subsidiary and therefore group accounts have been prepared in accordance with the accounting standards. These have been produced using the acquisition method and all intra-group transactions have been removed.

1.23 Jointly controlled operations and jointly controlled assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other venture's that involve the use of the assets and resources of the ventures' rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure its incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other ventures', with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

1.24 Leases

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

The council as lessee

i. Finance Leases

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

Lease payments are apportioned between:

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

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

ii. Operating Leases

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

The council as lessor

i. Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Again, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal) matched by a lease (long-term debtor) asset in the Balance Sheet. Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement

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

ii. Operating Leases

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

1.25 PFI schemes

The Council has a number of schools subject to PFI contracts. The PFI buildings for maintained schools are shown on the Council's balance sheet. The buildings for the voluntary aided, controlled foundation and academy schools are derecognised as the control of the right to use the buildings has passed to the school trustees and foundation bodies. The PFI liabilities in respects of all PFI schools, regardless of the school's status, remain on the Council's balance sheet as the Council is the party to the contract with the PFI Operator. The council continues to receive government support in the form of grant which is used to meet current and future liabilities in respect of the PFI scheme(s). Note 42 gives further details.

Private Finance Initiative (PFI) and similar contracts

PFI and similar contracts are agreements to receive services where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment. The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

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

The amounts payable to the PFI operators each year are analysed into five elements:

a) Fair value of the services received during the year

   debited to the relevant service in the Comprehensive Income and Expenditure Statement

b) Finance cost

An interest charge of 5.13% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

c) Contingent rent

Increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

d) Payment towards liability

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

e) Lifecycle replacement costs

Proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

1.26 Provisions, Contingent Liabilities and Contingent Assets

a) Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation taking into account relevant risks and uncertainties.

When payments are eventually made they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made) the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim) this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the council settles the obligation.

Provision for Back Pay Arising from Unequal Pay Claims

The Council has made a provision for the costs of settling claims for back pay arising from discriminatory payments incurred before the Council implemented its equal pay strategy. However, statutory arrangements allow settlements to be financed from the General Fund in the year that payments actually take place, not when the provision is established. The provision is therefore balanced by an Equal Pay Back Pay Account created from amounts credited to the General Fund Balance in the year the provision was made or modified. The balance on the Equal Pay Back Pay Account will be debited back to the General Fund Balance in the Movement in Reserves Statement in future financial years as payments are made.

b) Contingent Liabilities

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

Material contingent liabilities are not recognised in the Balance Sheet but disclosed as a note in the accounts (Note 48). The disclosures set out both the scale of the potential costs and the likelihood of these being realised.

c) Contingent Assets

A contingent asset arises where a past event has taken place that gives the council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council. Material contingent assets are not recognised in the Balance Sheet, but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential (Note 49).

1.27 Reserves

The Council maintains a range of reserves, reflecting both the extent to which its overall assets exceed its liabilities and any restrictions either statutory or voluntary which are placed upon the usage of these balances. The Council has discretion to set aside specific amounts as reserves where they wish to earmark available funds for future policy purposes, to cover contingencies or manage cash flow. These are summarised in note 8.

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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

1.28 VAT

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

1.29 Carbon Reduction Commitment Allowances

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in its introductory phase which will last until 31 March 2014. The council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used) a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the council is recognised and reported in the costs of the council's services and is apportioned to services on the basis of energy consumption.

2. Prior Period Adjustments

A detailed reconciliation has been undertaken between the Council's fixed asset register and the associated balances in the Council's financial ledger/ Statement of Accounts. This highlighted imbalances affecting the cost or valuation, accumulated depreciation and accumulated impairment, that make up the net book value of non-current assets (it should be noted that the net book value of non-current assets were not affected). In addition there was an imbalance on the revaluation reserve.

The imbalances have occurred before the earliest prior period presented i.e. prior to 2011/12, and therefore the opening balances of the earliest period presented i.e. 1 April 2011 of the affected non-current assets and unusable reserves have been restated.

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom requires that an authority present a Balance Sheet at the beginning of the earliest comparative period when an authority makes a retrospective adjustment to the Balance Sheet. However, because the affected line items on the face of the Balance Sheet i.e. net book values of non-current assets and unusable reserves have not changed a restated additional Balance Sheet at the beginning of the earliest comparative period i.e. 1 April 2011, has not been presented.

The restatement did not affect the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement.

	1 April 2011 as Originally Stated £'000	1 April 2011 as Restated £'000	Change £'000		31 March 2012 as Originally Stated £'000	31 March 2012 as Restated £'000	Change £'000
Property Plant and Equipment							
Council Dwellings:							
Cost or Valuation	775,864	775,864	0		792,568	792,568	0
Accumulated Depreciation and Impairment	0	0	0		0	0	0
Net Book Value	775,864	775,864	0		792,568	792,568	0
Other Land & Buildings:							
Cost or Valuation	555,258	545,684	(9,574)		455,144	478,681	23,537
Accumulated Depreciation and Impairment	3,080	(24,336)	(27,416)		(13,388)	(36,925)	(23,537)
Net Book Value	558,338	521,348	(36,990)		441,756	441,756	0
Vehicles, Plant, & Equipment:							
Cost or Valuation	39,186	26,782	(12,404)		48,052	33,983	(14,069)
Accumulated Depreciation and Impairment	(25,786)	(11,841)	13,945		(29,810)	(15,741)	14,069
Net Book Value	13,400	14,941	1,541		18,242	18,242	0
Infrastructure:							
Cost or Valuation	177,185	177,184	(1)		185,121	185,120	(1)
) Accumulated Depreciation and Impairment	(44,742)	(44,743)	(1)		(49,796)	(49,795)	1
Net Book Value	132,443	132,441	-2		135,325	135,325	0
Community Assets:							
Cost or Valuation	8,239	8,239	0		12,509	12,509	0
Accumulated Depreciation and Impairment	0	0	0		0	0	0
Net Book Value	8,239	8,239	0		12,509	12,509	0
Surplus Assets:							
Cost or Valuation	1,376	6,655	5,279		3,963	3,336	(627)
Accumulated Depreciation and Impairment	5,275		(5,275)		(627)		627
Net Book Value	6,651	6,655	4		3,336	3,336	0
Assets under Constructions:							
Cost or Valuation	26,329	26,329	0		32,961	32,961	0
Accumulated Depreciation and Impairment	0	0	0		0	0	0
Net Book Value	26,329	26,329	0		32,961	32,961	0
Heritage Assets							
Cost or Valuation	4,056	4,056	0		6,061	6,061	0
Investment Property							
Net Book Value	52,706	52,706	0		50,774	50,774	0

Intangible Assets							
Gross Carrying Amounts	3,715	3,715	0		3,850	3,850	0
Accumulated Amortisation	(2,478)	(2,478)	0		(2,941)	(2,794)	177
Net Book Value	1,237	1,237	0		909	1,086	(177)
Assets Held for Sale							
Net Book Value	540	540	0		5,603	5,603	0
Capital Adjustment Account	(504,460)	(504,460)	0		(719,562)	(754,041)	(34,479)
Revaluation Reserve	(287,102)	(287,102)	0		(211,732)	(177,253)	34,479

3. Critical judgements in applying accounting policies

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

The critical judgements made in the statement of accounts are:

- The council has £27m deposited with Icelandic Banks. The predictions concerning recovery for amounts from two of the banks, Landsbanki and Glitnir, are based on legal advice that the Council's deposits have priority status.
- The Council has chosen to use the Major Repairs Allowance (MRA) as a proxy for depreciation in 2012/13. We have chosen to do so on the basis that the MRA is the most robust calculation of the underlying need to invest in our housing stock available to us. The Council is allowed to adopt this approach, for a maximum of five years from 2011, in accordance with guidance from by the Department for Communities and Local Government (DCLG) provided that it can demonstrate that the effect is not materially different from the approach specified in the Accounting Code of Practice of using a fully componentised depreciation calculation. The MRA is based on research undertaken on behalf of DCLG into the costs of renewal of the various elements of the thirteen "archetypes" – as such the calculation is based on an implicit componentisation approach. The Council has firstly assessed whether the MRA figure is appropriate for our housing stock, it has then estimated what depreciation might be based on a fully componentised model and compared this calculation to the MRA. This calculation suggests that a componentised depreciation figure of between £17m and £20m results. As a consequence the Council has concluded that a MRA figure of £19.4m does not differ materially from the estimated calculation and is therefore justified in continuing to adopt this approach.
- The council has determined that for all lease and lease type arrangements where the annual payment at lease inception is £50,000 or less, it would be immaterial in the accounts to distinguish between finance and operating leases. Thus any such arrangement will be treated as an operating lease and expensed as incurred.
- The bases of other critical judgements relating to PFI unitary charge allocation, provisions, accruals and bad debt provisions, are set out in the associated notes to the accounts.
- By 31 March 2013, thirteen Academies had been created from schools which were formerly maintained by Haringey Council. While the Council retains a responsibility for ensuring that the children attending these academies continue to receive a good quality education, it is no longer responsible for the operation of the academy. The academies are funded directly by the Education Funding Agency using grant allocations that are recouped from Haringey Council's Dedicated Schools Grant.
- All buildings that were formerly held by the Council have been leased over to the new Academies on long term leases for peppercorn rent; as such they have been removed from the Council's Non-Current Assets. The costs of this are shown as a loss on disposal in the Consolidated Income and Expenditure Statement. The transfer of assets to the Academy is recognised on the date that the Academy is formally created, not the date the school receives approval to become an academy.

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

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

The items in the Council's Balance Sheet at 31 March 2013 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pension Fund Liability

Items relating to the Pension Fund liability and reserve: the liability held on the balance sheet is subject to actuarial estimation; some of the detail behind the estimates used by the actuary are shown in notes 46 and 47.

Property, Plant and Equipment

In 2012/13 the Council instructed qualified external valuers Wilkes, Head & Eve to carry out valuations on its Property portfolio. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. From 2013/14 the Council will carry out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years, with one fifth of all assets being reviewed each year. It is possible that property values could fluctuate considerably within this five year timeframe. Valuations are based on assumptions about asset conditions, useful lives, residual values and market conditions. These judgements are underpinned by the best available information and made by qualified Valuers, but are still based on estimates.

A 1% fluctuation in property values would amount to £13m of the Non- Current Assets value on the Balance Sheet.

Impairment of debtors

At 31 March 2013 the Council had a debtors balance of £68.5m. A review of significant debtor balances has been undertaken and a debtors' impairment figure of £65.67m has been set aside in the accounts. This impairment allowance (debt provision) is based on patterns of collection in the Council. Should economic factors mean the impairment allowance is insufficient then any excess debt that proves uncollectable will result in a charge to the Comprehensive Income and Expenditure Statement. This cost may ultimately fall to the General Fund, HRA Balance or the Collection Fund depending on the nature of the debt. Should an additional 5% of debts prove to be uncollectible (over and above the amount set aside) there would be a cost of £1.01m to the Council.

5. Material items of income and expense

Housing Stock Transfer

A decision was made by Cabinet, on the 12th February 2013, to dispose of the Waltham Cross Estate to the preferred bidder, B3 Living. The decision followed an options appraisal that showed this was the optimal way of attracting the investment required to bring the estate up to the Decent Homes Standard. B3 Living has given an undertaking to carry out a range of capital works on the estate to bring the units up to a Decent Homes Standard. The transfer was completed on the 25th March 2013. A total of 73 units were transferred in exchange for a capital receipt of £2.96m plus the right to a share of the proceeds of future Right To Buy sales on the estate.

Academy Schools

During the course of 2012/13 nine primary schools, one secondary school and the Haringey Sixth Form Centre converted to academy status. As a result of these conversions and the two that took place in 2011/12, the Department for Education reduced the value of Haringey Council's Dedicated Schools Grant by £19m. The income and expenditure of academies are not reflected in the Council's Income and Expenditure account. The value of school assets transferred can be found within note 12

6. Post balance sheet events

Business Rates

New arrangements for the retention of business rates come into effect on the 1 April 2013. As a result the Council will assume liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list.

This will include amounts that were paid to central government in respect of 2012/13 and prior years. Previously, such amounts would not have been recognised as income by the Council, but would have been transferred to Government.

The Councils estimated share of this non-adjusting liability is £1m.

Schools

A further secondary school has converted to academy status with effect from 1 May 2013; a corresponding adjustment will be made to the council's Dedicated Schools Grant allocation to reflect the transfer of responsibility from the council to the Education Funding Agency.

The council has taken a decision to close the John Loughborough School with effect from the end of August 2013; this decision was referred to the schools adjudicator, who has now upheld the decision to close .

Heritable Bank plc

Included in the accounts is the sum of £2m due for repayment by Heritable Bank plc in two further tranches in 2013 and 2014. However, it is understood that Heritable's residential mortgage book, which constituted the largest asset remaining in the Administration, was sold to a third party on 15 May 2013. This is thought likely to impact on the amount and profile of future recoveries and, when the Administrators provide a more detailed update, adjustments to the carrying amount may be necessary.

7. Adjustments between accounting basis and funding basis under regulation

This note on the following pages details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following notes detail the adjustments for the financial years 2012/13 and 2011/12.

	Usable Reserves					
2012/13	**General Fund Balance £000**	**Housing Revenue Account £000**	**Capital Receipts Reserve £000**	**Major Repair Reserves £000**	**Capital Grants Unapplied £000**	**Movement in Unusable Reserves £000**
Adjustments involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non current assets	18,464	19,549				(38,013)
Amortisation of Intangible Assets	730					(730)
Revaluation losses on Property Plant and Equipment	81,917	(20,804)				(61,113)
Movements in the Fair Value of Investment Properties	(1,999)	0				1,999
Capital grants and contributions unapplied credited to the Comprehensive I&E Statement	(27,320)	(20,096)			964	46,452
Unapplied Capital Grants used in financing					(3,344)	3,344
Revenue expenditure funded from capital under statute (REFCUS)	9,833	1,379				(11,212)
Prior year costs re-classed as REFCUS)	5,289	851				(6,140)
Carrying amount of non current assets sold	44,370	6,990				(51,360)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory Provision for the Financing of Capital Investment	(23,332)					23,332
Capital expenditure charged against the General Fund and HRA balances	(2,706)	(175)				2,881
Adjustments involving the Capital Receipts Reserve:						
Use of the Capital Receipts Reserve to finance new capital expenditure			(8,306)			8,306
Proceeds From Sale of Non Current Assets	(9,413)	(12,669)	22,082			
Contribution from the Capital Receipts Reserve towards the administrative costs of non current asset disposals	187	245	(432)			
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	1,624		(1,624)			
Transfer to deferred capital receipts reserve upon receipt of cash			29			(29)

2012/13	Usable Reserves					
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repair Reserves £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA		(19,549)		19,549		
Excess Depreciation over Notional MRA		0		0		
Use of the Major Repairs Reserve to finance new capital expenditure				(20,089)		20,089
Adjustments involving the Financial Instruments Adjustment Account:						
Amounts by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.	134	(1,660)				1,526
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 47)	32,123	575				(32,698)
Employer's pensions contributions and direct payments to pensioners payable in the year	(29,041)	(467)				29,508
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(845)					845
Adjustment involving the Accumulating Compensated Absences Adjustment Account						
Adjustments in relation to Short-term compensated absences	(417)	(27)				444
Total Adjustments	**99,598**	**(45,858)**	**11,749**	**(540)**	**(2,380)**	**(62,569)**

2011/12	Usable Reserves					Movement in Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repair Reserves £000	Capital Grants Unapplied £000	
Adjustments involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non current assets	21,799	18,137				(39,936)
Amortisation of Intangible Assets	463					(463)
Revaluation losses on Property Plant and Equipment	16,951	22,183				(39,134)
Movements in the Fair Value of Investment Properties	(1,263)					1,263
Capital grants and contributions unapplied credited to the Comprehensive I&E Statement	(33,289)	0			0	33,289
Unapplied Capital Grants used in financing					(8,023)	8,023
Revenue expenditure funded from capital under statute	8,608	2,008				(10,616)
Carrying amount of non current assets sold	44,209	1,882				(46,091)
Housing Self Financing Payment / Receipt		(235,499)	0			235,499
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory Provision for the Financing of Capital Investment	(14,357)	0				14,357
Capital expenditure charged against the General Fund and HRA balances	(918)	0				918
Adjustments involving the Capital Receipts Reserve:						
Use of the Capital Receipts Reserve to finance new capital expenditure			(8,375)			8,375
Proceeds From Sale of Non Current Assets	(1,327)	(3,829)	5,156			
Contribution from the Capital Receipts Reserve towards the administrative costs of non current asset disposals	35	0	(35)			
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	735		(735)			
Transfer to deferred capital receipts reserve upon receipt of cash	96		0			0

2011/12	Usable Reserves					Movement in Unusable Reserves
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repair Reserves £000	Capital Grants Unapplied £000	£000
Adjustment involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA		(13,622)		13,622		
Use of the Major Repairs Reserve to finance new capital expenditure				(12,997)		12,997
Adjustments involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	135	(3,133)				2,998
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 47)	37,953	180				(38,133)
Employer's pensions contributions and direct payments to pensioners payable in the year	(33,599)	(179)				33,778
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1,934					(1,934)
Adjustment involving the Accumulating Compensated Absences Adjustment Account						
Adjustments in relation to Short-term compensated absences	(913)	0	0	0	0	913
Total Adjustments	**47,252**	**(211,872)**	**(3,989)**	**625**	**(8,023)**	**(176,007)**

8. Transfers to/from earmarked reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2012/13.

	Balance as At 1 April 2011	Transfers In	Transfers Out	Balance as at 31 March 2012	Transfers In	Transfers Out	Balance as at 31 March 2013
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Schools reserve	2,598	2,474	0	5,072	1,858	0	6,930
Services reserve	4,785	6,367	(2,734)	8,418	7,376	(5,309)	10,485
Insurance reserve	8,927	0	(701)	8,226	2,781	(2,588)	8,419
PFI reserve	7,181	1,437	(703)	7,915	1,431	0	9,346
Infrastructure reserve	2,384	28	0	2,412	1,084	(1,338)	2,158
Transformation reserve	1,800	4,581	0	6,381	5,500	(3,866)	8,015
Financing reserve	8,541	6,380	(83)	14,838	2,300	(1,853)	15,285
Debt repayment	13,261	0	0	13,261	0	(4,882)	8,379
Community infrastructure reserve	0	0	0	0	3,000	0	3,000
Urban renewal reserve	0	0	0	0	2,500	0	2,500
Total Earmarked Reserves	**49,477**	**21,267**	**(4,221)**	**66,523**	**27,830**	**(19,836)**	**74,517**

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

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

These requirements have been fully taken account of in Haringey's scheme for financing schools, and applied since April 2008. There was no claw-back of balances in 2012/13.

The services reserve - the council's cabinet may approve specific carry forwards for services where under or over spends have occurred in the financial year. This reserve earmarks those funds to be carried forward to the following financial year.

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

The PFI reserve - used to fund future years' capital investment in the schools that were part of the Haringey PFI scheme. In the early years of the scheme this reserve will increase year on year in order to fund capital investment in the later years of the scheme.

The infrastructure reserve - the council has built into base budgets limited provision for the planned maintenance and renewal of certain assets as, by their nature these costs are irregular in their occurrence. The infrastructure reserve spreads the charge to revenue for this type of expenditure.

The transformation reserve – this reserve is specifically earmarked for the costs associated with the Council's restructuring and savings programme. Specifically, the associated transition costs of redundancies, decommissioning, and investment necessary to deliver longer term efficiencies and change, as agreed by the Council as part of its Medium Term Financial Strategy.

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

Community Infrastructure and Growth Reserve - The council has recognised the need to grow its revenue base as government funding reduces; this will be achieved by increasing the Council Tax and Business Rate base. Resources are likely to be needed to support the community infrastructure and facilitate growth in housing and businesses and this reserve will be used to fund such developments.

Urban Renewal Reserve - It is beneficial for the council to support local businesses so they can share in the benefits of growth, this could include supporting town centres and business investment districts, and maintaining retail business; this reserve will be used to support this activity.

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

9. Other operating expenditure

The following table provides an analysis of the "Other Operating Expenditure" line in the comprehensive income and expenditure statement:

	2012/13 £000	2011/12 £000
Payments to the Government Housing Capital Receipts Pool	1,624	736
Gains/losses on the disposal of non current assets	29,632	41,072
Levies	7,259	7,933
Total	**38,515**	**49,741**

10.Financing and investment income and expenditure

The following table provides an analysis of the "Financing and Investment Income and Expenditure" line in the comprehensive income and expenditure statement:

	2012/13 £000	2011/12 £000
Interest payable and similar charges	23,710	103,521
Pensions interest cost and expected return on pensions assets	15,862	11,707
Interest receivable and similar income	(1,114)	(2,315)
Income and expenditure in relation to investment properties and changes in their fair value	(7,742)	(1,263)
Other investment income	(1,631)	(1,582)
Total	**29,085**	**110,068**

11.Taxation and non-specific grant income

The following table provides an analysis of the "Taxation and Non-Specific Grant Income" line in the comprehensive income and expenditure statement:

	2012/13 £000	2011/12 £000
Council Tax Income	**102,633**	**100,566**
Non Domestic Rates	**141,049**	**117,043**
Non-ring fenced government grants	**34,591**	**66,510**
Capital Grants	**47,416**	**34,938**
Total	**325,689**	**319,057**

In 2011/12 the council also received £294,324 capital grant from the government in respect of the HRA self financing debt settlement which is shown separately on the face of the 2011/12 comprehensive income and expenditure statement.

12.Property, plant and equipment

The value of non-current assets shown on the balance sheet represents the value of assets held by the council.

2012/13	**Council Dwellings**	**Land and Buildings**	**Infrastructure Assets**	**Vehicles, Plant & Equipment**	**Community Assets**	**Assets Under Construction**	**Surplus Assets**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or Valuation								
Balance as At 1 April 2012	792,568	478,681	185,120	33,983	12,509	32,961	3,336	**1,539,158**
Additions (Note 40)	40,151	19,622	5,819	2,462	1,731	298	142	**70,225**
Revaluation increases/decreases to Revaluation Reserve	(1,594)	(84,107)		0	0	0	0	**(85,701)**
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	20,914	(80,347)	0	0	0	0	0	**(59,433)**
Derecognition - Disposals	(6,788)	(42,732)	0	0	0	0	(68)	**(49,588)**
Derecognition - Other	0	0	0	0	0	(6,140)	0	**(6,140)**
Reclassifications & Transfers	1,481	15,158	449	195	850	(26,871)	7,517	**(1,221)**
Reclassified to Held for Sale	(164)	(2,980)	0	0	0	0	0	(3,144)
Balance as at 31 March 2013	**846,568**	**303,295**	**191,388**	**36,640**	**15,090**	**248**	**10,927**	**1,404,156**
Depreciation and Impairment								
Balance as At 1 April 2012	0	36,926	49,795	15,740	0	0	0	**102,461**
Depreciation Charge	19,405	7,455	5,371	5,672	0	0	0	**37,903**
Depreciation written out on Revaluation Reserve	(126)	(38,533)		0	0	0	0	**(38,659)**
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	110	0	0	0	0	0	0	**110**
Derecognition - Disposals	(109)	(1,828)	0	0	0	0	0	**(1,937)**
Reclassifications & Transfers	0	(26)	0	0	0	0	0	**(26)**
Balance as at 31 March 2013	**19,280**	**3,994**	**55,166**	**21,412**	**0**	**0**	**0**	**99,852**

Net Book Value								
As at 31 March 2013	**827,288**	**299,301**	**136,222**	**15,228**	**15,090**	**248**	**10,927**	**1,304,304**
As at 31 March 2012	**792,568**	**441,755**	**135,325**	**18,243**	**12,509**	**32,961**	**3,336**	**1,436,697**

2011/12	Council Dwellings	Land and Buildings	Infrastructure Assets	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total PP&E
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
Balance as At 1 April 2011*	**775,864**	**545,684**	**177,184**	**26,782**	**8,239**	**26,329**	**6,655**	**1,566,737**
Additions (Note 40)	33,459	16,321	7,743	7,881	4,244	13,198	40	**82,886**
Other	0	36,173	0	(1,665)	0	0	473	**34,981**
Revaluation increases/decreases to Revaluation Reserve	5,268	(67,093)	0	0	0	0	0	**(61,825)**
Revaluation decreases to Surplus/Deficit on the Provision of Services	(22,280)	(14,612)	0	0	0	0	(1,759)	**(38,651)**
Derecognition - Disposals	(724)	(43,069)	0	0	0	0	(2)	**(43,795)**
Reclassifications & Transfers	1,205	5,277	193	985	26	(6,566)	2,589	**3,709**
Reclassified to Held for Sale	(224)						(4,659)	**(4,883)**
At 31 March 2011	**792,568**	**478,681**	**185,120**	**33,983**	**12,509**	**32,961**	**3,336**	**1,539,159**
Depreciation and Impairment								
Balance as At 1 April 2011*	0	24,336	44,743	11,841	0	0	0	**80,920**
Depreciation Charge	17,958	12,757	5,054	4,024	0	0	0	**39,793**
Depreciation written out on Revaluation Reserve	(17,958)	(586)	0	0	0	0	0	**(18,544)**
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	(143)	0	0	0	0	0	**(143)**
Impairment reversals to Surplus/Deficit on the Provision of Services	0	500	0	0	0	0	0	**500**
Derecognition - Disposals	0	(1,586)	0	0	0	0	0	**(1,586)**
Reclassifications & Transfers	0	2,446	0	0	0	0	(472)	**1,974**
Other adjustments	0	(798)	(2)	(124)	0	0	472	**(452)**
At 31 March 2011	**0**	**36,926**	**49,795**	**15,741**	**0**	**0**	**0**	**102,462**

Net Book Value								
At 31 March 2011	**792,568**	**441,755**	**135,325**	**18,242**	**12,509**	**32,961**	**3,336**	**1,436,697**
Balance as at 31 March 2011	**775,864**	**521,348**	**132,441**	**14,941**	**8,239**	**26,329**	**6,655**	**1,521,264**

* Balances restated as per Note 2, Prior Period Adjustments

In 2012/13 the Council instructed external valuers Wilkes, Head & Eve (an independent partnership of Chartered Surveyors and Town Planners) to carry out full valuations (as at the 1st April 2013) on the Council's property portfolio. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. From 2013/14 the Council will carry out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is re-valued at least every five years.

Housing Revenue Account dwellings are valued at their existing use based on 'Beacon' valuation principles and then have a social housing adjustment made thus reducing the balance sheet value to 25% of the beacon value as directed by the Department of Communities and Local Government.

The value of assets that have been disposed of in year as a result of schools achieving Academy Status amounts to £32.083m.

Capital commitments

Description	2012/13	2011/12	Total Change		Explanation
	£'000	£'000	£'000	%	
Place & Sustainability	3,417	464	2,953	636%	£3.3m of 12/13 commitments relate to Transport for London 2nd Funding Agreement (Roads – Tottenham Gyratory works) signed June 2012.
Housing Services	6,482	3,555	2,927	82%	£4.7m of 12/13 commitments relate to the Decent Homes programme. Variance as a result of delays in awarding contracts due to Procurement procedures.
Adult Social Services	0	140	(140)	(100%)	£0.14m Community Care projects in 11/12.
Children and Young People's Services	7,859	10,103	(2,244)	(22%)	Reduction in commitments as a result of conclusion of Building Schools for the Future programme and major projects at Broadwater Inclusive Learning Campus and Rhodes Avenue School nearing completion
Total Expenditure	**17,758**	**14,262**	**3,496**		

At 31 March 2013, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2013/14 and future years budgeted to cost £18m. Similar commitments at 31 March 2012 were £14m. The major commitments are:

Tottenham Gyratory works– £3.3m

Decent Homes Programme – £4.7m

Welbourne Primary School Expansion – £2.5m

13.Heritage assets

Cost or Valuation	Civic Regalia	Bruce Castle	Total Assets
	£000	£000	£000
Balance as At 1 April 2011*	219	3,837	4,056
Additions	0	0	0
Disposals	0	0	0
Revaluations	198	1,808	2,006
Impairment (Losses)/Reversals recognised in the Revaluation Reserve	(1)	0	(1)
Impairment (Losses)/Reversals recognised in Surplus or Deficit on the Provision of Services	0	0	0
Balance as at 31 March 2012	**416**	**5,645**	**6,061**
Cost or Valuation			
Balance as At 1 April 2012	416	5,645	6,061
Additions	0	0	0
Disposals	0	0	0
Revaluations	0	0	0
Impairment (Losses)/Reversals recognised in the Revaluation Reserve	0	0	0
Impairment (Losses)/Reversals recognised in Surplus or Deficit on the Provision of Services	0	0	0
Balance as at 31 March 2013	**416**	**5,645**	**6,061**

* Balances restated as per Note 2, Prior Period Adjustments

Civic regalia

The Council has, over the years amassed a number of items of historic, cultural or heritable value to the borough. Many of these predate to when the borough was made up of a number of constituencies. Additionally, the Council has been gifted regalia from local governing bodies from across the world. The value of Civic Regalia are based on internal estimates and accounted for in line with the Council's accounting policies for tangible fixed assets.

Bruce castle museum

Bruce castle museum's historical collections cover most aspects of local history for the area and the history of its communities within the London Borough of Haringey, and date from prehistory to the present day. The collections have been collected through donation, bequest and purchase since 1906 when the museum opened to the public for the first time as the Tottenham Museum. The scope of the collections covers social and working histories, fine and decorative arts, archaeology, geology, photographic and film collections, oral history, archives, books and ephemera. The values are based on internal estimates, and accounted for in line with the Council's accounting policies concerning tangible fixed assets.

- Art – fine art collections of prints, drawings, watercolours, oil paintings, sculpture and ceramics – with the earliest paintings dating from c.1675 and other paintings and ceramics very much of a contemporary nature;
- Archive – the official archive covering all aspects of local administration under the London Borough of Haringey and its predecessor authorities (Hornsey, Wood Green and Tottenham); the Manorial Court rolls and rare manuscripts dating as early as the 13th century; books and rare books covering the

history of the local area; ephemera collections including local newspapers, directories and maps;

- Photographs, film & audio - local photographs – approximately 31,000 photographs - mainly of local interest which includes rare and early photography of George Shadbolt of the 1850s and an unusual collection of photography from the two World Wars; a recently-digitised collection of 16mm film showing the local area during the 1950s, 60s and 70s; an oral history collection that has been actively collected on tape and digital files since the early 1970s.

- Social History – there are approximately 4,000 objects of local interest ranging from domestic artefacts to sporting memorabilia for Spurs; the Postal History collection has c. 30,000 items, covering topics and including items that are of national importance; the costume and textiles collection comprises of approximately 1,000 items of local interest, including a comprehensive Victorian women's collection and smaller collections of applied art and samplers; there is also a small collection of archaeology dating from prehistory and the Roman periods.

- Geology – this is a small but unusual collection of field samples including many from the local area and fossils found on Tottenham Marshes.

Historic street furniture

"The Council has identified a number of assets located within the borough which are of historical and/or cultural merit. The nature of these items of street furniture, are such that it is not practicable to ascertain a monetary value, and the cost to do so is deemed to be substantially in excess of the benefit derived from having this information.

Further information on the Council's Historic Street furniture can be found on the Council's website: www.haringey.gov.uk

14.Investment properties

Investment properties are those assets held by the council solely for rental income and/or capital appreciation purposes:

	31/03/13 £000	31/03/12 £000
Rental income from investment property*	(5,821)	(5,829)

Changes in the value of investment properties are set out in the table below.

	31/03/13 £000	31/03/12 £000
Balance at start of the year**	50,774	52,706
Additions - Construction	474	40
Disposals	(78)	(603)
Net gains/losses from fair value adjustments	1,999	1,263
Transfers -to/from Property, Plant and Equipment	972	(2,632)
Balance at end of the year	**54,141**	**50,774**

* The Authority has 649 operation leases within the investment property portfolio.

** Balances restated as per Note 2, Prior Period Adjustments

15.Intangible assets

Intangible assets such as software and licences are amortised to the General Fund and/or Housing Revenue Account as appropriate over a five year term from the year of acquisition. The values of intangible assets are as follows:

	2012/13 £000	2011/12 £000
Balance at start of year*:		
Gross carrying amounts	3,850	3,715
Accumulated amortisation	(2,764)	(2,478)
Net carrying amount at start of year	**1,086**	**1,237**
Additions:		
Purchases	80	135
Sub total	**1,166**	**1,372**
Assets reclassified as held for sale	134	0
Other disposals	(28)	0
Amortisation for the period	(730)	(463)
Other changes	0	177
Net carrying amount at end of year	**542**	**1,086**
Comprising:		
Gross carrying amounts	4,036	3,850
Accumulated amortisation	(3,494)	(2,764)
	542	**1,086**

* Balances restated as per Note 2, Prior Period Adjustments

16.Financial instruments

The accounting standards in respect of financial instruments were incorporated into the Local Authority SORP in 2007. The 2011 Code of Practice notes that where they continue to be relevant, the transitional provisions of the UK standards adopted by the 2007 SORP remain.

The definition of a financial instrument is: 'Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity'.

The term 'financial instrument' covers both financial assets and financial liabilities. These range from straightforward trade receivables and trade payables to more complex transactions such as financial guarantees, derivatives and embedded derivatives. The Council's borrowing, service concession arrangements (PFI and finance leases), and investment transactions are classified as financial instruments.

Financial liabilities

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

The council's loan portfolio at year end consisted of PWLB, market debt and temporary borrowing. Under the 2011 Code of Practice these forms of borrowing are measured at amortised cost. This form of measurement does not change the amount of cash paid under the terms of the loan but can impact on the charge made to in the comprehensive income and expenditure statement.

Other types of financial liabilities the Council had were a PFI scheme, finance leases and trade payables (creditors). Further detail of these is disclosed in the relevant notes to the accounts.

Financial assets

A Financial Asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset.

The three classifications for financial assets under the Code of Practice are:

- Loans and Receivables;
- Available for Sale; and
- Fair Value through Profit and Loss.

The Council's portfolio of investments consists of fixed term deposits, money market funds and a call account. Term deposits and call accounts are classed as 'Loans and Receivables' and are measured at amortised cost. This form of measurement does not change the amount of cash received under the terms of the investment. Money Market Funds are classified as available for sale; however these funds are "Constant Net Asset Value" funds and therefore are not exposed to the risk of a change in the value of principal invested. Trade receivables (debtors) are also a financial asset and they are disclosed in detail in Note 19 to the Accounts.

Balances in money market funds and call accounts at 31st March 2012 are shown under 'cash and cash equivalents' in the balance sheet, as they represent highly liquid investments that are readily convertible to known amounts of cash.

The council does not have any investments required to be measured at fair value through the comprehensive income and expenditure statement.

Transaction costs

Measurement at amortised cost permits transactions costs related to financial instruments to be attached to the loan or investment and charged to the comprehensive income and expenditure statement over the life of the instrument. Where these are considered to be immaterial they can be charged in full to the comprehensive income and expenditure statement in the financial year in which they are incurred. The council has adopted this latter approach in 2012/13.

Financial instruments – balances

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

	Long Term		Short Term	
	31/03/13 £000	**31/03/12 £000**	**31/03/13 £000**	**31/03/12 £000**
Investments				
Loans and receivables	0	0	16,081	15,105
Total investments	**0**	**0**	**16,081**	**15,105**
Debtors				
Loans and receivables	2,529	2,334	0	0
Financial assets carried at contract amounts	0	0	24,940	7,700
Total Debtors	**2,529**	**2,334**	**24,940**	**7,700**
Borrowings				
Financial liabilities at amortised cost	310,558	325,130	60,127	78,515
Financial liabilities at fair value through profit and loss	0	0	0	0
Total borrowings	**310,558**	**325,130**	**60,127**	**78,515**
Other Long Term Liabilities				
PFI and finance lease liabilities	55,752	59,265	3,308	2,793
Total other long term liabilities	**366,310**	**384,395**	**63,435**	**81,308**
Creditors				
Financial liabilities carried at contract amount	0	0	53,262	45,916
Total creditors	**0**	**0**	**53,262**	**45,916**

The portion of long-term liabilities and investments due to be settled within 12 months of the balance sheet date are presented in the balance sheet under 'current liabilities' or 'current investments'. This includes accrued interest on long term liabilities and investments that is payable in 2013/14.

Where loans are advanced at below market rates they are classed as 'Soft Loans'. The 2012 Code of Practice sets out specific accounting requirements for soft loans. However no adjustment has been made in the accounts for these as they are very small in value. The table below shows the type and values of soft loans that Haringey Council has as at 31st March 2013.

Description of loan	**2012/13 £000**	**2011/12 £000**
Bernie grant arts centre	340	340
Haringey credit union	250	0
Total	590	340

Financial instruments – gains and losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consists of the following items:

	2012/13				2011/12			
	Liabilities measured at amortised cost £000	Financial Assets: Loans and receivables £000	Financial Assets Available-for-sale assets £000	Total £000	Liabilities measured at amortised cost £000	Financial Assets: Loans & receivables £000	Financial Assets: Available-for-sale assets £000	Total £000
Interest expense	(19,991)	0	0	**(19,991)**	(43,074)	0	0	**(43,074)**
Losses on derecognition	0	0	0	**0**	(60,474)	0	0	**(60,474)**
Total expense in Surplus or Deficit on the Provision of Services	**(19,991)**	**0**	**0**	**(19,991)**	**(103,548)**	**0**	**0**	**(103,548)**
Interest income	0	664	34	**698**	0	1,340	124	**1,464**
Interest income accrued on impaired financial assets	28	185	0	**213**	27	866	0	**893**
Total income in Surplus or Deficit on the Provision of Services	**28**	**849**	**34**	**911**	**27**	**2,206**	**124**	**2,357**
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment	0	34	0	**34**	0	(15)	0	**(15)**
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	**0**	**34**	**0**	**34**	**0**	**(15)**	**0**	**(15)**
Net gain/(loss) for the year	**(19,963)**	**883**	**34**	**(19,046)**	**(103,521)**	**2,191**	**124**	**(101,206)**

Financial instruments – fair values

The Council's long term financial assets and financial liabilities are carried in the balance sheet at amortised cost. The portion of borrowings and investments due to be settled within 12 months of the balance sheet date are presented in the balance sheet under short term borrowings or short term investments. This also includes accrued interest for long term investments and borrowings, as well as accrued interest for cash and cash equivalents.

The 2012 Code of Practice requires the fair values of these assets and liabilities to be disclosed for comparison purposes. Fair value is defined in the Code as the amount for which asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The fair value of a financial instrument on initial recognition is generally the transaction price. The council's debt outstanding at 31 March 2012 and 31 March 2013 consisted of loans from the Public Works Loan Board (PWLB), market loans and temporary borrowing. The council's treasury adviser has calculated the fair values based on equivalent swap rates at the balance sheet for the market loans and the rate for new borrowing for the PWLB loans. In addition the PWLB has provided the council with fair value amounts assessed by calculating the amounts the council would have had to pay to extinguish the loans on these dates (this amounts to £593.3m). The maturity date of the temporary borrowing was within 12 months of the balance sheet date and the contract does not permit premature redemption, therefore fair value is judged to be the same as amortised cost.

In the case of the council's investments, there was only one term deposit with a bank. The maturity date of this investment was within 12 months of the balance sheet date. The contracts of term deposits do not permit premature redemption.

	31st March 2012		31st March 2013	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial liabilities				
PWLB Maturity	205,544	234,764	195,653	227,159
PWLB Variable EIP	7,746	7,746	6,797	6,754
PWLB Fixed EIP	9,686	10,069	7,770	8,086
Market Loans	130,461	174,346	130,420	189,356
Temporary Borrowing	50,207	50,207	30,045	30,045
PFI Liability	38,957	38,957	36,884	36,884
Finance Lease liabilities	23,716	23,716	22,176	22,176
Trade Creditors	60,603	60,603	53,262	53,262
Cash & Cash Equivalents	15,762	15,762	9,135	9,135
Financial liabilities	**542,682**	**616,170**	**492,142**	**582,857**
Financial assets				
Trade Debtors	61,426	61,426	27,469	27,496
Short Term Investments	15,105	15,355	16,081	16,816
Cash & cash equivalents	17,152	17,152	18,751	18,751
Financial assets	**93,683**	**93,933**	**62,301**	**63,036**

17.Inventories

	2012/13 £000	2011/12 £000
Catering stocks	36	44
Total	**36**	**44**

18.Construction contracts

The Council has no construction contracts to disclose where the Council is undertaking construction work on behalf of its customers.

19.Debtors

The following table provides an analysis of money owed to the council by other bodies as at 31 March 2013 and which at that date was yet to be received. The council has considered the collectability of the debt and has impaired the debt for the amounts it may not recover.

	Long Term Debtors		Short Term Debtors	
	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
Central Government Bodies	0		12,480	15,233
Other Local Authorities	0	0	6,420	5,110
NHS Bodies	0	0	4,295	1,739
Public corporations and trading funds	1,971	1,971	15,991	3,059
Other entities and individuals	558	363	19,316	38,684
Finance lease debtors-	0	0	9,071	0
Total	**2,529**	**2,334**	**67,573**	**63,825**

Long term debtors

Long-term debts are those falling due after a period of at least one year.

Public sector debt

Debt with other public sector organisations is deemed to have a low level of risk in regard to non-payment and therefore bad debt provision is only made against some very specific debts.

Bad debt provisions

The provisions for bad debt within the accounts reflect past experience and are a matter of professional judgement based on the particular circumstances relating to each debt or debtor type.

20.Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash will also include bank overdrafts that are repayable on demand and that are integral to the council's cash management.

Balances classified as 'cash equivalents' fit the definition of being short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

	2012/13 £000	2011/12 £000
Cash and Bank balances	11,656	11,682
Short Term Investments	7,095	5,470
Bank Overdraft	(9,135)	(15,762)
Total	**9,616**	**1,390**

21.Assets held for sale

'Assets held for sale' are assets which satisfy strict criteria including being immediately available for sale, a high probability the sale will take place in the next year and being actively marketed. Other surplus assets that don't meet these criteria are held within property, plant and equipment

	Current		Non Current	
	31/03/13 £000's	31/03/12 £000's	31/03/13 £000's	31/03/12 £000's
Balance outstanding at start of year*	**0**	**0**	**5,603**	540
Additions	0	0	0	0
Transferred from Non-Current Assets during year	0	0	3,143	6,103
Revaluation Gains losses taken to Surplus or deficit on the provision of services	0	0	(2,000)	(500)
Revaluation gains losses other	0	0		0
Impairment losses	0	0	0	0
Assets declassified as held for sale:	0	0	0	0
Assets sold Cost	0	0	(3,603)	(540)
Other Disposals				
Transfers between non current and current	3,143	0	(3,143)	0
Balance outstanding at year-end	**3,143**	**0**	**0**	**5,603**

* Balances restated as per Note 2, Prior Period Adjustments

22.Creditors

The following table provides an analysis of money owed by the council as at 31 March 2013.

	2012/13 £000	2011/12 £000
Government Departments	9,919	7,083
Other Authorities	2,752	2,999
Other public sector	4,834	666
NHS	2,185	703
Pension funds	2,574	1,397
Sundry creditors	39,326	40,761
Accumulated Absences	4,658	5,102
Receipts in advance	7,324	7,699
Total Short Term Creditors	**73,572**	**66,410**

23.Provisions

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

	Balance as At 1 April 2012 £000	Increase in provision during year £000	Utilised during year £000	Unused Amounts Reversed £000	Unwinding of discounting £000	Balance as at 31 March 2013 £000
Insurance Claims	7,176	5	0	0	(7)	7,174
Redundancy	1,240	1,214	(1,240)	0	0	1,214
Property	713	55	0	0	0	768
Carbon Reduction Commitment	493	513	(405)	(87)	0	514
	0	0	0	0	0	0
Other	1,616	1,135	(1,427)	(26)	0	1,298
Total	**11,238**	**2,922**	**(3,072)**	**(113)**	**(7)**	**10,968**

Current Provisions	8,434	(1,128)	(3,072)	(113)	(7)	4,114
Long Term Provisions	2,804	4,050	0	0	0	6,854
	11,238	**2,922**	**(3,072)**	**(113)**	**(7)**	**10,968**

	Balance as At 1 April 2011 £000	Increase in provision during year £000	Utilised during year £000	Unused Amounts Reversed £000	Unwinding of discounting £000	Balance as at 31 March 2012 £000
Insurance Claims	6,759	336	0	0	81	7,176
Redundancy	13,807	0	(11,025)	(1,542)	0	1,240
Property	0	713	0	0	0	713
Carbon Reduction Commitment	0	493	0	0	0	493
	0	0	0	0	0	0
Other	2,994	1,185	(2,563)	0	0	1,616
Total	**23,560**	**2,727**	**(13,588)**	**(1,542)**	**81**	**11,238**

Current Provisions	21,174	2,309	(13,588)	(1,542)	81	8,434
Long Term Provisions	2,386	418	0	0	0	2,804
	23,560	**2,727**	**(13,588)**	**(1,542)**	**81**	**11,238**

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

The council provides for each outstanding insurance claim separately and may recognise a reimbursement if recovery is virtually certain if this is appropriate for the type of claim.

The **redundancy provision** relates to a number of planned changes due to ongoing restructures within the council.

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

The amounts above are estimates based on the best information available, in accordance with best practice.

24.Usable reserves (held for capital purposes)

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

Movements in the council's usable reserves are detailed in the movement in reserves statement and Earmarked Reserves are detailed in note 8.

Capital receipts reserve

These are receipts from the sale of Council assets, which have not yet been used to finance capital expenditure.

	31/03/2013 £000	31/03/2012 £000
Balance 1 April	**740**	**4,729**
Capital Receipts in year	21,650	5,026
Deferred Receipts realised	29	96
	22,419	**9,851**
Less:		
Capital Receipts Pooled	(1,624)	(735)
Capital Receipts used for financing	(8,306)	(8,376)
Balance 31 March	**12,489**	**740**

The Major Repairs Reserve

This reserve details the Major Repairs Allowance (MRA) received by the Council. The MRA is based on national average unit costs for each of the property types and represents the estimated long-term average amount of capital spending required to maintain a local council's stock in its current condition. The MRA received in the year totalled £19.6m all of which was used to finance capital spend in the Housing Investment Programme in 2012/13

	31/03/2013 £000	31/03/2012 £000
Balance on 1 April	**625**	**0**
Depreciation on Dwellings	19,549	17,958
Transfer to/from HRA Balance	0	(5,536)
HRA Capital Expenditure	(20,089)	(11,797)
Balance on 31 March	**85**	**625**

Capital grants unapplied

	31/03/2013 £000	31/03/2012 £000
Balance on 1 April	**13,590**	**21,613**
Unapplied Capital Grants received in year	964	0
Unapplied Capital Grants transferred to CAA in year	(3,344)	(8,023)
Balance on 31 March	**11,210**	**13,590**

25. Unusable reserves

	31/03/2013 £000	31/03/2012 £000
Capital Adjustment Account	711,001	719,562
Financial Instruments Adjustment Account	(4,166)	(5,692)
Revaluation Reserve	111,087	211,732
Available for Sale Financial Instruments Reserve	0	0
Pensions Reserve	(493,931)	(443,379)
Deferred Capital Receipts Reserve	214	242
Collection Fund Adjustment Account	(2,803)	(3,647)
Unequal Pay Back Pay Account	0	0
Accumulating Compensated Absences Adjustment Account	(4,658)	(5,102)
Total Unusable Reserves	**316,744**	**473,716**

Revaluation reserve

The revaluation reserve contains the gains made by the council arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are revalued downwards or impaired and the gains are lost, used in the provision of services and the gains are consumed through depreciation or disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1st April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the capital adjustment account.

	2012/13 £000	2011/12 £000
Balance at 1 April	**211,732**	**287,102**
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(47,042)	(41,199)
Difference between fair value depreciation and historical cost depreciation	(2,423)	(5,764)
Adjustment between CAA and RR	(34,480)	
Revaluation balances on assets scrapped or disposed of	(16,700)	(28,407)
Balance at 31 March	**111,087**	**211,732**

Accumulated absences reserve

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

	31/03/2013 £000	31/03/2012 £000
Balance at 1 April	**(5,102)**	**(6,015)**
Settlement or cancellation of accrual made at the end of the preceding year	5,102	6,015
Amounts accrued at the end of the current year	(4,658)	(5,102)
Balance at 31 March	**(4,658)**	**(5,102)**

Financial instruments adjustments account

The financial instruments adjustment account (FIAA) was established on 1 April 2007 when Financial Reporting Standards 25, 26 and 29 relating to financial instruments were adopted into the SORP (2007 SORP). The balance in the FIAA account at the end of the financial year represents the amount that should have been charged to the comprehensive income and expenditure statement in accordance with proper accounting practices under the Code of Practice, but which statutory provisions allow or require to be deferred over future years.

There is a requirement for all premiums and discounts arising from loan extinguishments from 1 April 2006 to be charged to income and expenditure in full. Where transactions meet the definition of a modification any premiums or discounts are added to the carrying value of the loan and are then amortised to the comprehensive income and expenditure statement over the life of the new loan. A modification exists where the terms of the new debt are not “substantially different” from those of the old debt.

In the case of premiums and discounts relating to transactions occurring prior to 1 April 2006, these are classified between those that are overhanging and those that are not overhanging. Overhanging premiums and discounts are those that cannot be associated with a continuing loan. These must be written off in full as an adjustment to the general fund balances brought forward at 1 April 2007.

In the case of overhanging premiums or discounts, or those relating to loan extinguishments, statutory provisions exist to override the provisions of the Code of Practice. The charges are reversed out in the statement of movements on balances and premiums and discounts are amortised to Revenue over a period of years. Where premiums and discounts are not overhanging or are linked to transactions meeting criteria of a loan modification the statutory provisions relating to the general fund do not apply.

Premiums amortised under statutory provisions can be charged to the general fund over either the remaining life of the original loan or the life of the replacement loan, whichever is the greater period. Discounts must be credited to the general fund over 10 years or the life of the original loan, whichever is the shorter period. In the case of the housing revenue account premiums and discounts are applied over a maximum 10 year period in all circumstances in accordance with statutory requirements.

The transactions reflected in the FIAA in 2012/13 are as follows:

	2012/13 £000	2011/12 £000
Balance at 1 April	**(5,692)**	**(8,690)**
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	1,526	2,998
Balance at 31 March	**(4,166)**	**(5,692)**

Pension fund reserve

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

	31/03/2013 £000	31/03/2012 £000
Balance at 1 April	**(443,379)**	**(373,284)**
Actuarial gains or losses on pensions assets and liabilities	(47,361)	(65,741)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(3,191)	(4,354)
Balance at 31 March	**(493,931)**	**(443,379)**

Collection fund adjustment account

The collection fund adjustment account manages the differences arising from the recognition of council tax income in the comprehensive income and expenditure statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the general fund from the collection fund.

	31/03/2013 £000	31/03/2012 £000
Balance at 1 April	**(3,647)**	**(1,714)**
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	844	(1,933)
Balance at 31 March	**(2,803)**	**(3,647)**

Capital adjustment account

The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the comprehensive income and expenditure statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the council as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the council.

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

Note 7 provides details of the source of all the transactions posted to the account, apart from those involving the revaluation reserve.

	31/03/13		31/03/12	
	£000	£000	£000	£000
Balance at 1 April		**719,562**		**504,460**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	(38,743)		(39,937)	
Revaluation losses on Property, Plant and Equipment	(61,113)		(39,597)	
Revenue expenditure funded from capital under statute	(17,352)		(10,616)	
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(51,360)	(168,568)	(46,091)	(136,241)
Adjusting amounts written out of the Revaluation Reserve		16,700		42,500
Net written out amount of the cost of non current assets consumed in the year		**(151,868)**		**(93,741)**
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	8,306		8,023	
Use of the Major Repairs Reserve to finance new capital expenditure	20,089		12,997	
Application of grants to capital financing from the Capital Grants Unapplied Account	3,344		2,497	
Adjustment between CAA and RR	36,904		233,850	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	46,452		34,938	
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	23,332		14,357	
Capital expenditure charged against the General Fund and HRA balances	2,881	**141,308**	918	**307,580**
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		**1,999**		**1,263**
Balance at 31 March		**711,001**		**719,562**

26.Cash flow statement – adjustment for non-cash transactions

	2012/13 £000	2011/12 £000
Adjustment to surplus or deficit on the provision of services for noncash movements		
Depreciation	38,013	39,936
Impairment & downward valuations	61,104	39,134
Amortisation	730	463
(Increase)/Decrease in Inventories	8	45
(Increase)/Decrease in Debtors	(16,264)	8,050
Increase/(Decrease) in Creditors	6,017	(6,604)
Movement in pension liability	3,190	(4,355)
Carrying amount of non-current assets sold	51,332	46,091
Movement in provisions	(298)	(8,254)
Movement in value of investment properties	(1,999)	(1,263)
2011/12 assets held for sale reclassified as REFCUS	6,140	0
Total	**147,973**	**113,243**

	2012/13	2011/12
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
Proceeds from the sale of PP&E, investment property and intangible assets	(21,650)	(5,134)
Capital grants included in "Taxation & non-specific grant income"	(47,416)	0
	(69,066)	**(5,134)**

27.Cash flow statement – investing activities

	2012/13 £000	2011/12 £000
Purchase of PP&E, investment property and intangible assets	(70,779)	(85,062)
Purchase of Short Term Investments (not considered to be cash equivalents)	(722,065)	(264,025)
Proceeds from the sale of PP&E, investment property and intangible assets	21,679	5,134
Proceeds from Short Term Investments (not considered to be cash equivalents)	721,895	273,037
Capital Grants and Contributions Received	37,240	0
Other Receipts from Investing Activities	(224)	0
Net Cash flows from Investing Activities	**(12,254)**	**(70,916)**

28.Cash flow statement – financing activities

	2012/13 £000	2011/12 £000
Cash Receipts from Short and Long Term Borrowing	63,000	55,000
Other Receipts from Financing Activities	14,510	0
Cash payments for the reduction of the outstanding liability relating to a finance lease and on-Balance Sheet PFI contracts	(2,793)	(3,098)
Repayment of Short and Long Term Borrowing	(94,786)	(297,048)
Net Cash flows from Financing Activities	**(20,069)**	**(245,146)**

29.Amounts reported for resource allocation decisions

The aim of the segment report is to disclose information to enable users of the statement of accounts to evaluate the nature and financial effects of the council’s activities and the economic environment in which it operates. The reportable segments shown in the analysis provided below are based on the council’s internal reporting arrangements

2012/13

Income and Expenditure	Net Budget £000's	Expenditure £000's	Income £000's	Net Expenditure £000's	Variance to budget (before transfers & c/fwds) £000's	Transfers to/(from) reserves £000's	Net Outturn £000's	Variance to budget (after transfers & c/fwds) £000's
General Fund								
Adults & Housing	96,027	146,692	(51,858)	94,834	(1,192)	1,171	96,005	(21)
Place & Sustainability	58,594	121,299	(65,502)	55,796	(2,798)	1,844	57,640	(954)
Public Health	916	2,597	(1,688)	909	(7)	0	909	(7)
Corporate Resources	9,364	354,320	(346,258)	8,062	(1,302)	300	8,362	(1,002)
Children and Young People	79,127	117,017	(39,278)	77,739	(1,388)	1,388	79,127	(0)
Chief Executive Services	360	17,893	(18,236)	(343)	(703)	600	257	(103)
Total Services	**244,387**	**759,817**	**(522,819)**	**236,998**	**(7,389)**	**5,303**	**242,301**	**(2,086)**
Non service revenue	**34,063**	**63,774**	**(12,877)**	**50,897**	**16,834**	**(14,422)**	**36,476**	**2,413**
External Funding	**(278,450)**	**0**	**(278,650)**	**(278,650)**	**(200)**	**0**	**(278,650)**	**(200)**
Total on General Fund	**0**	**823,591**	**(814,346)**	**9,245**	**9,245**	**(9,119)**	**126**	**126**
Housing Revenue Account	(7,514)	100,939	(108,326)	(7,388)	126	(126)	(7,514)	0
Transfer surplus to HRA reserve	0	0	0	0	0	7,388	7,388	7,388
Individual Schools	0	211,473	(213,330)	(1,857)	(1,857)	1,857	0	0
Total Council	**(7,514)**	**1,136,003**	**(1,136,003)**	**(0)**	**7,514**	**0**	**(0)**	**7,514**

Reconciliation between the deficit on the Provision of Services and the Council's Net Expenditure

	£000
(Surplus)/Deficit on Provision of Services	38,358
Depreciation, amortisation and impairment	(78,221)
Payments to the housing capital receipts pool	(1,624)
Gains/Losses on disposal of non-current assets	(29,450)
Pension Fund adjustments	(3,190)
Transfer to Reserves	7,993
Capital Financing	54,517
Other accounting adjustments	11,615
Total Net Expenditure	**0**

Expenditure	Employees £000's	Premises £000's	Transport £000's	Supplies & Services £000's	3rd Party Payments £000's	Transfer Payments £000's	Support Services £000's	Capital Costs £000's	Capital Financing £000's	Other £000's	Gross Expenditure £000's
General Fund											
Adults & Housing	29,749	19,437	781	9,231	80,944	46	6,574	169	0	(239)	146,692
Place & Sustainability	35,581	14,171	3,273	9,321	41,382	0	9,419	8,040	186	(74)	121,299
Public Health	451	3	1	104	1,846	1	192	0	0	0	2,597
Corporate Resources	25,224	182	55	13,170	616	304,096	9,138	1,923	0	(83)	354,320
Children and Young People	40,612	1,261	695	11,347	47,500	1,572	8,333	5,723	0	(26)	117,017
Chief Executive Services	9,394	78	16	4,455	524	0	3,421	0	0	5	17,893
Services	**141,011**	**35,132**	**4,821**	**47,627**	**172,812**	**305,714**	**37,077**	**15,855**	**186**	**(417)**	**759,817**
Non service revenue	9,095	(2,782)	0	1,826	8,558	0	12,262	5,526	32,036	(2,747)	63,774
Total on General Fund	**9,095**	**(2,782)**	**0**	**1,826**	**8,558**	**0**	**12,262**	**5,526**	**32,036**	**(2,747)**	**63,774**
Housing Revenue Account	2,922	11,297	66	3,386	42,922	1,841	3,472	19,723	14,903	407	100,939
Individual Schools	161,614	13,794	856	21,661	12,048	50	0	717	0	734	211,473
Total Council	**314,642**	**57,440**	**5,743**	**74,503**	**236,340**	**307,605**	**52,811**	**41,821**	**47,124**	**(2,023)**	**1,136,003**

Income	Govt Grants £000's	Other Grants & Contbtns £000's	Customer & Client Receipts £000's	Interest £000's	Recharges £000's	Gross Income £000's
General Fund						
Adults & Housing	(381)	(8,647)	(40,258)	0	(2,572)	(51,858)
Place & Sustainability	(5,216)	(918)	(41,686)	0	(17,683)	(65,502)
Public Health	(375)	(1,308)	(4)	0	0	(1,688)
Corporate Resources	(304,616)	(5,063)	(2,752)	0	(33,826)	(346,258)
Children and Young People	(24,748)	(4,288)	(4,201)	(0)	(6,040)	(39,278)
Chief Executive Services	(369)	74	(2,196)	0	(15,745)	(18,236)
Total Services	**(335,706)**	**(20,150)**	**(91,097)**	**(0)**	**(75,866)**	**(522,819)**
Non service revenue	(5,682)	0	(396)	(952)	(5,847)	(12,877)
Total on General Fund	**(5,682)**	**0**	**(396)**	**(952)**	**(5,847)**	**(12,877)**
Housing Revenue Account	(1,915)	0	(106,028)	(13)	(370)	(108,326)
Individual Schools	(192,674)	(882)	(10,514)	0	(9,260)	(213,330)
External Funding	(175,639)	0	(103,010)	0	0	(278,650)
Total Council	**(711,617)**	**(21,032)**	**(311,046)**	**(965)**	**(91,343)**	**(1,136,003)**

2011/12

Income and Expenditure	Net Budget £'000	Expenditure £'000	Income £'000	Net Expenditure £'000	Transfers to/(from) reserves £'000	Net Outturn £'000	Variance to budget £'000
General Fund							
Adults & Housing	98,966	147,010	(53,488)	93,522	3,415	96,937	(2,029)
Place & Sustainability	54,491	120,535	(66,405)	54,130	155	54,285	(206)
Public Health	932	4,027	(3,071)	956	0	956	24
Corporate Resources	11,850	347,418	(338,121)	9,297	2,510	11,807	(43)
Children and Young People	87,758	126,789	(39,728)	87,061	632	87,693	(65)
Chief Executive Services	969	20,085	(19,365)	720	30	750	(219)
Total Services	**254,966**	**765,864**	**(520,178)**	**245,686**	**6,742**	**252,428**	**(2,538)**
Non Service Revenue	**31,203**	**282,948**	**(254,052)**	**28,896**		**28,896**	**(2,307)**
Total Net Cost of Services	**286,169**	**1,048,812**	**(774,230)**	**274,582**	**6,742**	**281,324**	**(4,845)**
External Funding	(286,169)	-	(286,052)	(286,052)	0	(286,052)	117
Total General Fund	**0**	**1,048,812**	**(1,060,282)**	**(11,470)**	**6,742**	**(4,728)**	**(4,728)**
Housing Revenue Account	(291)	169,335	(172,991)	**(3,656)**	0	(3,656)	(3,365)
Individual Schools	0	218,741	(221,215)	(2,474)	2,474	0	0
Total Council	**(291)**	**1,436,888**	**(1,454,488)**	**(17,600)**	**9,216**	**(8,384)**	**(8,093)**

Reconciliation between the deficit on the Provision of Services and the Council's Net Expenditure

	£'000
(Surplus)/Deficit on Provision of Services	(190,050)
Depreciation, amortisation and impairment	(79,070)
Payments to the housing capital receipts pool	(735)
Gains/Losses on disposal of non-current assets	(46,091)
Pension Fund adjustments	(4,355)
Transfer to Reserves	17,046
Capital Financing	258,172
Other accounting adjustments	36,699
Total Net Expenditure	**(8,384)**

Expenditure	Employees £'000	Premises £'000	Transport £'000	Supplies & Services £'000	3rd Party Payments £'000	Transfer Payments £'000	Support Services £'000	Capital Costs £'000	Capital Financing £'000	Transfers to Reserves £'000	Gross Expenditure £'000
General Fund											
Adults & Housing	35,367	21,634	1,010	7,396	72,880	53	8,287	383		3,415	150,425
Place & Sustainability	38,551	14,795	2,813	7,172	38,733	0	10,743	7,220	508	155	120,690
Public Health	822	194	11	264	2,467	6	85	76	102	0	4,027
Corporate Resources	25,961	467	65	10,761	1,142	298,781	8,932	1,309	0	2,510	349,928
Children and Young People	44,394	1,240	668	6,845	51,844	1,579	10,037	10,182	0	632	127,421
Chief Executive Services	10,793	84	14	4,856	545	0	3,793	0	0	30	20,115
Total Services	**155,888**	**38,414**	**4,581**	**37,294**	**167,611**	**300,419**	**41,877**	**19,170**	**610**	**6,742**	**772,606**
Non service revenue	2,875	0	0	737	10,087	0	10,959	(10,989)	261,449	7,830	282,948
Total	**158,763**	**38,414**	**4,581**	**38,031**	**177,698**	**300,419**	**52,836**	**8,181**	**262,059**	**14,572**	**1,055,554**
Housing Revenue Account	2,909	12,263	84	1,552	41,663	1,899	3,555	0	105,410	0	169,335
Individual Schools	170,544	13,266	856	22,929	10,044	26	0	1,076	0	2,474	221,215
Total Council	**332,216**	**63,943**	**5,521**	**62,512**	**229,405**	**302,344**	**56,391**	**9,257**	**367,469**	**17,046**	**1,446,104**

Income	Govt Grants £'000	Other Grants / Contributions £'000	Customer & Client Receipts £'000	Interest £'000	Recharges £'000	Gross Income £'000
General Fund						
Adults & Housing	(106)	(393)	(50,393)		(2,596)	(53,488)
Place & Sustainability	(4,800)	(61)	(42,900)	0	(18,644)	(66,405)
Public Health	(427)	(909)	(1,735)	0	0	(3,071)
Corporate Resources	(299,678)	(4,529)	(2,950)	0	(30,964)	(338,121)
Children and Young People	(23,989)	(3,903)	(4,983)	0	(6,853)	(39,728)
Chief Executive Services	(283)	0	(2,069)	0	(17,013)	(19,365)
Total Services	**(329,283)**	**(9,795)**	**(105,030)**	**0**	**(76,070)**	**(520,178)**
Non service revenue	(239,624)	0	(4,852)	(2,201)	(7,375)	(254,052)
Total on General Fund	**(568,907)**	**(9,795)**	**(109,882)**	**(2,201)**	**(83,445)**	**(774,230)**
Housing Revenue Account	(73,203)	0	(99,315)	(114)	(359)	(172,991)
Individual Schools	(202,311)	0	(12,808)	0	(6,096)	(221,215)
External Funding	(183,552)	0	(102,500)	0	0	(286,052)
Total Council	**(1,027,973)**	**(9,795)**	**(324,505)**	**(2,315)**	**(89,900)**	**(1,454,488)**

30.Acquired and discontinued operations

The council has made no acquisitions nor has it discontinued any operations in 2012/13.

31.Trading operations

	2012/13			2011/12		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Industrial Estates	3,444	(4,812)	**(1,368)**	3,528	(4,888)	**(1,360)**
Markets	155	(167)	**(12)**	159	(153)	**6**
Catering	4,000	(4,176)	**(176)**	4,450	(4,582)	**(132)**
Off Street Parking	541	(404)	**137**	635	(470)	**165**
Pest Control	243	(317)	**(74)**	309	(342)	**(33)**
Building Control	483	(497)	**(14)**	574	(617)	**(43)**
Total	**8,866**	**(10,373)**	**(1,507)**	**9,655**	**(11,052)**	**(1,397)**

A number of operations that the Council undertakes are classified as trading operations. This is where the client can choose who provides the service and is not obliged to use the council run undertaking. The Council's trading operations provide services both to external clients and other parts of the council. The various trading accounts are described below:

Industrial Estates: Council owned/rented business premises are let to small and medium size enterprises.

Street Trading: The Council issues street trading licences for which income is received. These cover designated sites, footway displays as well as occasional sites.

School Catering: The provision of school meals by the Council is a non-statutory service available to all schools in the Borough through a Service Level Agreement (SLA).

Off Street Parking[1]: The Council operates one multi-storey and a number of surface car parks across Haringey. Income is derived from both Pay and Display users and season ticket holders.

Pest Control[1]: Pest Control advises and provides chargeable services on an individual or block treatment basis depending on the severity of the infestation.

Building Control[1]: The Building Control team provides a number of services, which include assisting residents and businesses by helping developers, architects and builders to meet Building Regulation standards. Certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities.

[1 *]The Place and Sustainability Service has carried out a thorough review to ensure that our operating activities reflect the Code relating to trading accounts. It was determined that these activities met the requirements of Trading Accounts and therefore have been included in this year’s accounts and as a result have included 2011 /12 for comparative purposes.

Agency services

There is a Service Level Agreement in place between London Borough of Haringey and London Borough of Enfield for Haringey Council to provide the provision of hearing impaired services to clients of Enfield Council to enable Enfield Schools and Children’s Services to meet its statutory requirements in terms of the education & support of deaf and hearing impaired children, through the provision of a specialist service from the Hearing Impaired Team within Children and Young People Services within Haringey Council

	2012/13 £000	2011/12 £000
Expenditure incurred in providing hearing impaired service	233	235
Management fee payable by the Enfield council	-223	-217
Net deficit arising on the agency arrangement	**10**	**18**

32.Road charging schemes under the transport act 2000

The council does not operate road charging schemes under the transport act 2000.

33.Pooled budgets

The Council has entered into two partnership agreements under Section 31 of the Health Act 1999. The first being with the NHS Haringey (NHSH) and the Barnet, Enfield and Haringey Mental Health Trust (MHT), in respect of the provision of services for people with Learning Disabilities. The second, also with the NHSH is for an integrated community equipment store. Haringey acts as the host council for both. The following are statements of the income and expenditure for all pooled budgets for the period 1 April 2012 to 31 March 2013.The overspends within the S31 Pool have been split between the partners and the council share of deficits have been absorbed within the overall council finances.

These pooled budgets are included within the adult social care line in the income and expenditure account.

2012/13 statement of income and expenditure of the Learning Disabilities Partnership

Funding provided to the pooled budget:	**2012/13 £000**	**2011/12 £000**
Haringey Council	5,093	6,637
The Trust	2,024	2,005
Other contributions	248	189
	7,365	**8,831**
Expenditure met from the pooled budget:		
Management and assessment	1,649	1,911
Day opportunities	3,658	3,618
LBH residential homes	1,618	2,843
Supported living	440	474
	7,365	**8,846**
Net deficit arising on the pooled budget during the year	**0**	**(15)**
Council share of 100% of the net deficit arising on the pooled budget	**0**	**(15)**

2012/13 statement of income and expenditure of the Physical Disabilities Partnership

Funding provided to the pooled budget:	**2012/13 £000**	**2011/12 £000**
Haringey Council	111	189
The Trust	120	116
	231	**305**
Expenditure met from the pooled budget:		
Integrated equipment store	259	305
	259	**305**
Net deficit arising on the pooled budget during the year	**(28)**	**0**
Council share of 100% of the net deficit arising on the pooled budget	**(28)**	**0**

34.Members allowances

The total of members' allowances paid in 2012/13 was £1.247m compared to £1.265m in 2011/12. This represents a decrease of 1.4%. These figures are included in the central services line of the income and expenditure account.

	2012/13 £000	2011/12 £000
Members allowances	1,247	1,265
Total	**1,247**	**1,265**

35.Officers remuneration

The number of employees whose gross pay (excluding employers' pension and national insurance contributions) and benefits were more than £50,000 but less than £150,000 in 2012/13 is detailed below.

Salary range £	Staff numbers					
	Officers	Teachers	2012/13 Total	Officers	Teachers	2011/12 Total
50 - 54,999	71	110	181	102	124	226
55 - 59,999	51	64	115	50	79	129
60 - 64,999	31	31	62	36	29	65
65 - 69,999	12	19	31	19	32	51
70 - 74,999	14	17	31	14	15	29
75 - 79,999	11	8	19	14	9	23
80 - 84,999	2	6	8	6	7	13
85 - 89,999	6	5	11	4	9	13
90 - 94,999	2	8	10	5	5	10
95 - 99,999	6	0	6	5	1	6
100 - 104,999	1	1	2	2	1	3
105 - 109,999	0	0	0	1	2	3
110 - 114,999	2	2	4	1	1	2
115 - 119,999	0	0	0	0	2	2
120 - 124,999	0	1	1	0	0	0
125 - 129,999	0	0	0	1	1	2
130 - 134,999	1	0	1	1	0	1
135 - 139,999	0	0	0	0	0	0
140 - 144,999	1	0	1	0	0	0
145 - 149,999	0	0	0	0	0	0
Total	**211**	**272**	**483**	**261**	**317**	**578**

The main factor in the reduction in teacher numbers is the transfer of School staff to Academies.

The following table sets out the remuneration disclosures for senior officers whose salary is more than £50,000 but less than £150,000 in 2012/13.

	Post	2012/13 Salary (inc fees & allowances) £	2012/13 Pension contributions £	2012/13 Total including pension contributions £	2011/12 Salary (inc fees & allowances) £	2011/12 Pension contributions £	2011/12 Total including pension contributions £
	Director of Place & Sustainability Services	136,538	30,697	167,235	101,302	22,775	124,077
*	Director of Corporate Resources	84,064	18,952	103,016	139,633	31,473	171,106
	Director of Adult & Housing Services	136,238	30,697	166,935	136,280	30,697	166,977
	Director of Children & Young People's Services	140,042	31,505	171,547	53,294	11,987	65,281
	Assistant Chief Executive - People & Organisational Development	112,134	25,155	137,289	106,411	23,866	130,277
	Head of Legal Services	98,671	22,031	120,702	95,446	21,337	116,783
	Lead Finance Officer	106,531	23,824	130,355	104,984	23,518	128,502
*	A period of unpaid leave which accounts for the decrease in salary						

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

Post	Post Holder	2012/13 Salary (inc fees & allowances) £	2012/13 Pension contributions £	2012/13 Total including pension contributions £	2011/12 Salary (inc fees & allowances) £	2011/12 Pension contributions £	2011/12 Total including pension contributions £
Director of Children & Young People's Services (Until 31 December 2011)	Mr P A Lewis	0	0	0	150,000	34,350	184,350
Chief Executive (Until 30 Sept 2012)[1]	Mr K Crompton	210,245	231,373	441,618	197,060	44,597	241,657
Chief Executive (Commenced 10 Dec 2012)[2]	Mr N Walkley	58,272	13,235	71,507	0	0	0

[1] Includes payments relating to loss of office.
[2] Total annualised salary is £189,440.

Pay Multiple Ratio

The table below shows the ratio between the highest paid officer in the Council and the median salary of all other officers, i.e. the highest paid officer is paid 6.7 times more, in 2012/13, than the median salary of all other officers.

_	2012/13	2011/12
Highest Paid Director's Total (£)	189,440	200,000
Staff Remuneration Median Total (£)	28,371	28,032
Pay Multiple Ratio	**6.7**	**7.1**

Exit Packages

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
					[(b) + (c)]			
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13
							£	£
£0 – £20,000	190	115	190	63	380	178	3,463,956	1,251,086
£20,001 – £40,000	32	26	153	26	185	52	5,110,632	1,464,488
£40,001 – £60,000	12	4	32	16	44	20	2,079,477	947,857
£60,001 – £80,000	0	1	4	3	4	4	284,950	304,682
£80,001 – £100,000	0	2	1	2	1	4	86,241	371,675
£100,000 or more	0	0	0	2	0	2	0	427,123
Total	**234**	**148**	**380**	**112**	**614**	**260**	**11,025,256**	**4,766,911**

36.External audit costs

The Council has incurred the following costs relating to the annual audit of the Statement of Accounts, certification of grant claims and other services provided by the Councils external auditors.

	2012/13 £000	**2011/12 £000**
Fees payable with regard to external audit services carried out by the appointed auditor for the year *	281	418
Fees payable in respect of statutory inspections	0	42
Fees payable for the certification of grant claims and returns for the year	87	139
Fees payable in respect of other services provided during the year	51	17
Total	**419**	**616**

*Within the fees payable for external audit services a payment of £32k is included which relates to work carried out relating to the previous financial year.

There were no other fees payable in respect of any other services provided by the appointed auditor over and above those described above (2011/12 £0).

37.Dedicated Schools Grant

The council's expenditure on schools is funded by the dedicated schools grant (DSG), a specific grant provided by the department for education. The DSG is ring-fenced and can only be applied to meet expenditure properly included in the schools budget. The schools budget includes elements of centrally retained services provided in direct support of pupils and the individual schools budget (ISB), which is divided into a budget share for each school. The ISB is deemed to be spent when the budget share is provided to a school. Over- and underspends on the central element are accounted for separately.

Details of the deployment of DSG receivable for 2012/13 are as follows:

	Central Expenditure £	Individual Schools Budget £	Total £
Final DSG for 2012-13 before Academy recoupment			211,000,635
Less Academy figure recouped for 2012-13			(19,008,863)
Total DSG after Academy recoupment for 2012-13			191,991,772
Brought Forward from 2011-12			1,626,854
Carry forward to 2013-14 agreed in advance			(1,184,854)
Agreed initial budgeted distribution in 2012-13	**20,258,849**	**172,174,923**	**192,433,772**
In year adjustments	0	0	0
Final budgeted distribution for 2012-13	20,258,849	172,174,923	192,433,772
Less Actual central expenditure	(20,353,159)		(20,353,159)
Less Actual ISB deployed to schools		172,174,923	(172,174,923)
Plus Local authority contribution for 2012-13	0	0	0
Carry forward to 2013-14 agreed in advance	(94,310)	0	1,090,544

38.Grant income

Credited to Taxation and Non-Specific Grant Income	2012/13 £000	2011/12 £000
Revenue Support Grant	2,734	36,178
National Non Domestic Rates	141,049	117,043
Early Intervention Grant	16,455	15,843
Learning Disability and Health Reform Grant	3,656	3,552
Personal Social Services Grant	2,831	2,970
Homelessness	925	925
Council Tax Freeze Grant	2,575	2,562
New Homes Bonus	1,861	956
Council Tax Administration	3,347	3,523
Local Flood Grant	206	0
HRA Self Financing	0	294,324
Capital Grants	47,416	34,938
Total	**223,055**	**512,814**

Credited to Services	2012/13 £000	2011/12 £000
Housing benefit	266,962	261,429
Dedicated schools grant	192,434	203,345
Council tax benefit	36,071	37,007
Other Grants	39,775	58,111
Donations		
Total	**535,242**	**559,892**

The council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at year end are as follows:

	2012/13 £000	2011/12 £000
Opening balance	**14,036**	**23,110**
Add: new capital grants received in advance (condition of use not met)	851	0
Less: amounts released to the Comprehensive Income and Expenditure Account (conditions met)	(8,413)	(9,074)
Total	**6,474**	**14,036**

	2012/13 £000	2011/12 £000
Current		
Building Schools for the future (BSF)	0	3,535
Education Funding Agency - LA capital Maintenance/Basic Needs/ Devolved Formula Capital	1,008	5,748
English Heritage - Recreation grounds	173	0
English Heritage - Myddleton Rd Scheme and Green Lanes shop fronts	164	0
Other	315	843
Total	**1,660**	**10,126**
Long Term		
S106	4,814	3,910
Total	**4,814**	**3,910**
Total Grants in advance	**6,474**	**14,036**

39.Related parties

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

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

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.

The council has two significant partnerships within the Health sector, with NHS Haringey (formerly Haringey Teaching Primary Care Trust) and the Barnet, Enfield and Haringey Mental Health Trust. The specific details of both these partnerships are shown in note 32. All other transactions between this council and health organisations are included within the adult's and children's social care lines in the comprehensive income and expenditure account.

Officers

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

The **pension fund's** accounts are set out in Section **5** of these statements. The pension fund operates a separate bank account and makes investments separately from the Council. The council owed the Pension Fund £ 2.574 million as at 31/3/13, mainly in relation to employer and employee contributions. The council charged the Fund £564kfor administering the fund in 2012/13.

Companies – the council has interests in a number of companies. These are disclosed below and in the group accounts. This includes details of the relationship with Homes for Haringey; the arms-length management organisation owned by the council with responsibility for the management of the council's housing stock.

Levies

The table below details the amounts paid to levying bodies:

	2012/13 £'000	2011/12 £'000
London Pensions Fund Authority	294	297
North London Waste Authority	6,212	6,800
Lee Valley Regional Park	250	257
Environment Agency	170	170
Financial Reporting Council	2	2
ALG Grants Committee	331	407
Total	**7,259**	**7,933**

Investments – related businesses and companies

The Council has interests in 4 companies. These companies operate as independent entities and following review of the nature of the Council's relationships with these entities, it has been determined that the results of two of these companies should not be reported alongside the Council's in a Group Account.

This judgement has been based on assessments of:

the materiality of the in year transactions and year end balances of the companies;

the degree of control or influence the Council exerted or could have exerted over their activities;

the level of risk that interest in these companies exposes the Council to;

whether exclusion of these balances would mean the reader of the account would not get a proper impression of the Council's activities from its accounts.

Summary information about each organisation has been included below.

The London Grid for Learning Trust (LGfL)

The Trust was incorporated on 25 April 2001 as a company limited by guarantee, comprising all 33 London Councils. The LGfL Trust is a consortium of the London local authorities and 2.500 schools working together to provide extensive and cost effective ICT services. Haringey Council holds 3% of the voting rights. Summary financial information for the company is shown below.

	31 March 2013 £'000	31 March 2012 £'000
Net assets / liabilities	309	(1,649)
Net Profit (loss) for the year	(2,683)	(1,958)

The 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. Summary financial information for the company is shown below.

	31 March 2013 £'000	31 March 2012 £'000
Net assets / liabilities	13,000	13,740
Net Profit (loss) for the year	(67)	(60)

Homes for Haringey Ltd

Homes for Haringey is a council controlled company. The company was created on 1st April 2006 and manages the housing stock and carries out the day to day repairs on properties, for which fees totalling £40.8m (£41.2m in 2011/12) were paid to the company. The Council has 5 Councillors on the Board of Homes for Haringey. The company forms part of the London Borough of Haringey Group and the accounts are shown in section 4 of these accounts.

Alexandra Park and Palace Charitable Trust

The Alexandra Park and Palace Charitable Trust is a council controlled company. The Council is a Trustee of the Trust. The Council delegates the entire function of the trustee to the Alexandra Park and Palace Board. The Council elects individual members to sit on the Board to act as charity trustees. The trust is a going concern due to the corporate Trustee the London Borough of Haringey. The group charitable trust accounts have been included within the Council's group accounts.

The Council has also identified a number of partnership arrangements where the Council through its officers, members or interests can exert influence; these are set out below.

North London Waste Authority (NLWA)

The Council is a member of the North London Waste Authority. The Waste Authority is made up of 14 councillors, two from each of the seven north London boroughs. It is these 14 councillors that ultimately make decisions relating to the disposal of north London's waste. No Authority has overall control in the decision making process. The Waste Authority does not have a scheme of paying councillor allowances and expenses The Council has a statutory duty to contribute towards the cost of certain organisations. These costs are treated as local expenditure and included within Other Operating Expenditure in the Comprehensive Income and Expenditure Account. The NLWA received £6.213m in 2012/13.

Adults Service

Health and Wellbeing Board

This is a statutory requirement from 1 April 2013 (Health and Social Care Act 2012). The Council hosts this Board. The lead within the Council is Public Health, specifically the Director of Public Health. The Health and Wellbeing Board is chaired by the Cabinet Member for Health and Social Care, and also includes partners from NHS.

Joint Strategic Needs Assessment Steering Group

Production of a JSNA is a statutory function (set out in the Local Government and Public Involvement in Health Act 2007 and retained in the Health and Social Care Act 2012). The Council hosts this Steering Group. The lead within the Council is Public Health, specifically the Director of Public Health.

Safeguarding Adults Board

The Safeguarding Adults Board gives direction, support, guidance and quality assurance to safeguarding adults' policies, procedures and practice in Haringey. It is a Multi-Agency Board established to promote, inform and support safeguarding adults work. The Board is chaired by the Director of Adult and Housing Services.

Adults Partnership Boards

There are three Adult Partnership Boards:

Adult Mental Health – chaired by Deputy Director Adult and Community Services

Older People – co chaired by Deputy Director Adult and Community Services and an Older Person

Carers – co chaired by Deputy Director Adult and Community Services and a Carer.

Learning Disabilities Partnership Board

This is a non-statutory board, and is chaired by a service user in Learning Disabilities. The Executive membership comprises of London Borough of Haringey Adults Social Care, Whittington Health NHS Trust and Barnet, Enfield and Haringey Mental Health Trust. The partners are established under Section 75 of the National Health Service Act 2006 and there is a pooled fund for the Learning Disability Partnership for which the London Borough of Haringey is the lead.

Children and Young Peoples Service

Local Safeguarding Children's Board (LSCB)

The LSCB is a statutory organisation which became a legal requirement for all local authorities in April 2006. In making LSCBs statutory bodies, awareness of the importance of child protection is placed high on everyone's agenda. LSCB includes senior representatives from: Children and Young People's Service, Adult & Housing Services with partners from the NHS / MHT, police, probation, and a wide range of agencies from the private and voluntary sectors. The independent Chair of the LSCB is Mr Graham Badman. In 2012/13, financial contributions were received from Tottenham Hotspur Football Club, Probation, Police and the Children and Family Court Advisory and Support Service. The net spend amounted to £185,000.

Sector Led Improvement Board

The purpose of the Board is to raise standards in Children's services. Membership includes officers from Children's services, Public Health, Cllrs. Kober, Waters and Goldberg, NHS representatives, and the London Borough of Lambeth. £75,000 was received from London Councils as a contribution to the work of the Board.

Haringey Families First Strategic Steering Group –

The Steering Group delivers the Governments 'Troubled Families' initiative in Haringey and is chaired by Libby Blake, Director of Children's Services, Membership comprises officers from Children's Services, Housing, Policy Intelligence and Partnerships, Public health, Corporate Finance and Place and Sustainability. Partnership members include Police, Job Centre Plus, the NHS / PCT / MHT, College of Haringey, Enfield and North East London and Probation. This initiative is grant funded and partnership members do not make any financial contributions.

North London Adoption Consortium (NLAC)

NLAC is a partnership of five local authority adoption agencies (Haringey, Barnet, Camden, Enfield and Islington) and the voluntary Agency Norwood as well as the post adoption centre. The aim of the NLAC is to work collaboratively to provide the very best possible service for children waiting to be adopted and for those wanting to adopt. Working in partnerships means that the Council is able to offer a greater range of choice for children and adopters. By sharing information the aim is to find new families for children in an efficient and timely manner. The Council has made payments amounting to £19,600 to the NLAC.

Children's Trust

The Haringey Children's Trust fulfils a statutory requirement, supporting both the Children Act 2004 (Section 10) and the subsequent amendments made in the Apprenticeships, Skills and Learning Act 2009, with a remit to ensure effective cooperation between partnership agencies to improve outcomes for children and young people in Haringey. The Trust will function through two distinct groups:

A Commissioning Board is made up of agencies with a significant budget for children and young people. It will look specifically at the planning and delivery of commissioning arrangements across the partnership. Membership of the Commissioning Group includes elected members, officers from Children's services and Public Health, Clinical Commissioning groups, Police, Schools, 16+ providers and the LSCB. The group also works to identify and monitor joint commissioning activities.

A Partnership Group. The Partnership group includes a wider range of stakeholders and focuses on consultation, partnership and information.. Membership of the Partnership Group includes elected members, officers from Children's services and YOS, Community Health services, voluntary and independent sector representatives, early years providers, hospitals, job centre plus and Probation Services.

54,000 Programme Board –

The board is the primary vehicle for driving forward co-ordinated transformational change to Children's Services and is chaired by Libby Blake, Director of Children's Services, who is also the Senior Responsible Owner of the programme. Membership comprises officers from Children's services, HR, Finance, Public Health and Strategy & Policy. Partner Agencies involved are the local Safeguarding Children's Board, Whittington Hospital and North Middlesex Hospital, the Metropolitan Police and voluntary organisations' representative. The board is strategically linked to the Children's Trust, which oversees implementation and sets the partnership strategic direction for services to children, young people and families in the borough. No financial contribution is made by partnership agencies.

Youth Offending Service Partnership Board (YOSB)

YOSPB is structured to deal with all aspects of youth crime, including the prevention of youth crime. It complies with guidance from the Youth Justice Board for England & Wales (YJB) regarding the role and purpose of a management board to oversee the operations of the Youth Offending Service. Membership comprises of officers from Children's services, Community safety, Public health and Councillor Joe Goldberg. Partner Agencies involved are the Probation service, the Magistrates Courts, Police, Crown prosecution service and the local mental Health Trust. No financial contribution is made by partnership agencies.

The Drug and Alcohol Partnership Board

The Drug and alcohol Partnership board is the strategic partnership board charged with overall responsibility for delivering the national drug and alcohol strategy at the local level. It is made up of senior managers from the NHS, Probation, Haringey Council and the Police. The NHS and Council both had significant influence and the Council contributed £1,308,000 in 2012/13 from transferred NHS resources.

Voluntary Organisations.

Alongside these individually significant relationships the Council works with a wide range of charitable and voluntary bodies who work in areas which are complementary to the Council's objectives. The contributions can be either a direct financial payment or non-financial contribution to support the running of the body.

The total direct financial contributions to such organisations for 2012 /13 amounted to £2.138m (£2.506m in 2011 /12). The largest payment in 2012/13 was a grant of £690,000 to Haringey Citizens Advice Bureaux. Details of total payments made to voluntary organisations (by type) can be found below.

Grants to voluntary organisations by type of organisation	**2012 /13 £000**	**2011 /12 £000**
Disabilities	129	169
Women & Children	178	271
Older People	66	86
Community Centres	533	661
Generic	79	99
Advice	808	808
New Initiative Development	2	15
Infrastructure	343	397
Total	**2,138**	**2,506**

40.Capital expenditure and capital financing

The council's capital expenditure must be financed each year. The financing of the 2012/13 expenditure is set out in the following table.

	2012/13 £000	2011/12 £000
Opening Capital Financing Requirement	**571,652**	**791,433**
Property, Plant and Equipment	70,225	82,886
Investment Properties	474	40
Intangible Assets	80	135
Heritage Assets	0	0
Other	0	0
Revenue Expenditure Funded from Capital under Statute	11,212	10,616
Sub Total	**81,991**	**93,677**
Sources of finance		
Capital receipts	(8,306)	(8,375)
Government grants and other contributions	(49,796)	(278,011)
Major Repairs Allowance	(20,089)	(11,797)
Sums set aside from revenue:		
General	(2,706)	(918)
HRA	(175)	0
HRA non dwelling charges	(407)	
[MRP/loans fund principal]	(23,332)	(14,357)
Sub Total	**(104,811)**	**(313,458)**
Closing Capital Finance Requirement	**548,832**	**571,652**

Explanation of movements in year		
Increase in underlying need to borrowing (supported by government financial assistance)	(10,827)	24,089
Increase in underlying need to borrowing (unsupported by government financial assistance)	(12,001)	(248,207)
Assets acquired under finance leases:	0	4,338
Increase/(decrease) in Capital Financing Requirement	**(22,828)**	**(219,780)**

41.Leases

Finance leases - leases where the council is the lessee

The council holds a number of assets under finance leases.

The assets acquired under these leases are carried as investment property or property, plant and equipment in the balance sheet at the following net amounts:

	Land and buildings £000	Investment Property	Vehicles, plant & equipment £000	TOTAL £000
Cost or Valuation				
Opening Balance	2,219	3,797	4,338	**10,354**
Additions	280	585	0	**865**
Revaluations	0	652	0	**652**
Disposals	(46)	0	0	**(46)**
Total	**2,453**	**5,034**	**4,338**	**11,825**
Depreciation				
Opening Balance	254	0	0	**254**
Disposals	0	0	0	**0**
Provided for year	100	0	868	**968**
Total	**354**	**0**	**868**	**1,222**
Net Book Value				
Balance as at 31 March 2013	**2,099**	**5,034**	**3,470**	**10,603**
Balance as at 31 March 2012	**1,965**	**3,797**	**4,338**	**10,100**

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

	Within 1 year £000	1 to 5 years £000	After 5 years £000	Total £000
31/03/13				
Finance leases payments	2,596	10,941	32,953	**46,490**
Less: finance charges	(1,051)	(3,154)	(20,491)	**(24,696)**
Net present value	**1,545**	**7,787**	**12,462**	**21,794**
31/03/12				
Finance leases payments	2,466	11,068	35,423	**48,957**
Less: finance charges	(1,131)	(3,416)	(20,526)	**(25,073)**
Net present value	**1,335**	**7,652**	**14,897**	**23,884**

Included in the Balance Sheet as:	31/03/13 £000	31/03/12 £000
Current liabilities	1,546	1,334
Long term liabilities	20,250	22,550
Total	**21,796**	**23,884**

Operating leases - leases where the council is lessee

Vehicles, plant and equipment – the council enters into operating lease agreements to acquire the use of plant, vehicles, equipment and computers.

The future minimum lease payments due under non-cancellable leases in future years are:

	2012/13		2011/12	
	Land and buildings £000	Vehicles, plant and equipment £000	Land and buildings £000	Vehicles, plant and equipment £000
Minimum lease rentals payable:				
No later than 1 year	741	7	741	27
Later than 1 year and no later than 5 years	3,152	11	3,301	25
Later than 5 years	4,284	0	4,875	0
Total	**8,177**	**18**	**8,917**	**52**

42.Private finance initiative and similar contracts

In 2000 the council entered into a PFI contract that encompassed major building work and ongoing facilities management for its eight secondary schools. In February 2007 the agreement was suspended and all of the assets were brought back onto the council's balance sheet. The remaining contract and liability that the council has with the contractor is for the repayment of the outstanding liability of debt. This accounting treatment is in accordance with IFRIC 12 "Service Concession Arrangements".

IFRIC 12 defines a service concession as one whereby an operator receives a financial asset, specifically an unconditional contractual right to receive a specified or determinable amount of cash or another financial asset in return for constructing or upgrading a public sector asset, and then operating and maintaining the asset for a specified period of time. Whilst the management of the schools under the PFI have returned to the ownership of the council, the associated debt is as a result of the contractor upgrading the assets. This contract is the only arrangement that the council has that falls under the requirements of IFRIC 12.

As stated above the council still has a liability under the PFI contract to cover the debt incurred when the original PFI works were first undertaken. This debt has also been recognised within the council's balance sheet. The council is required to repay this liability over the remaining period of the PFI arrangement which ends in September 2025.

When the suspension agreement was put in place the full rights of the properties returned to the council including access rights and rights to change the buildings as the council required. The contractor now has no rights over the buildings.

Income and Expenditure Account

The Council receives a £5.669m revenue grant annually from the Government to assist in financing the PFI scheme. After payments to contractors to cover the repayment and interest costs of the outstanding liability and administration costs (£4.232m) a contribution to the PFI lifecycle reserve was made of £1.437m, bringing the reserve up to £9.346m. The PFI reserve is one of the Council's usable reserves (see note 8). The lifecycle fund is used to fund 'wear and tear' repairs to the buildings during the course of the contract (ending September 2025) and will naturally be expected to build up in value in the first half of the contract period and gradually be used in the later part.

Future payments to be made

Future payments to be made in respect of the PFI arrangement are shown in the table below. These future payments do not take into account any future indexation of the cost that may be agreed between the provider and the Council from 1st April 2011 onwards, however the impact of any future indexation is minimal as the majority of the unitary charge is fixed and not subject to future indexation.

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total at 31/03 2013 £000	Total at 31/03 2012 £000
Payable in 2013/14	153	2,179	1,892	**4,224**	4,224
Payable within two to five years	614	9,894	6,390	**16,898**	16,898
Payable within six to ten years	767	15,503	4,852	**21,122**	21,122
Payable within eleven to fifteen years	384	9,308	870	**10,562**	14,786
Payable within sixteen to twenty years	0	0	0	**0**	0
Payable after twenty years	0	0	0	**0**	0
Total	**1,918**	**36,884**	**14,004**	**52,806**	**57,030**

The allocation of the unitary charge between fair value of services, finance lease interest, finance lease principal and contingent rental is an estimate based on allocation of cost as represented in each PFI financial model.

43.Impairment losses

The council is required to disclose, by class of assets, the amounts for impairment losses and impairment reversals charged to the surplus or deficit on the provision of services and to other comprehensive income and expenditure. These disclosures are consolidated in Notes 12 and 14.

44.Capitalisation of borrowing costs

The council does not capitalise any borrowing costs.

45.Termination benefits

The Council terminated the contracts of a number of employees in 2012/13 incurring liabilities of £4.8m in redundancy costs and payments to the pension fund. The council has also provided for a further £1.214m based on information about employees who were due to leave the council after the 31st March 2013.

46.Pension schemes accounted for as defined contribution schemes

Teachers

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

In 2012/13 the Council paid £7,901,485 (2011/12 £9,144,847) to Teachers' Pensions in respect of teachers' pension costs which represent 14.10% of teachers' pensionable pay. The Council is responsible for all pension payments relating to added years it has awarded, together with the related increases, amounting to £21,551 in 2012/13 (2011/12 £37,741) equivalent to 0.04% of pensionable pay

47.Defined benefit pension schemes

Retirement Benefits

Participation in the Local Authority Pension Scheme

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

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

Transactions relating to retirement benefits- CIES Charges:

The Council recognises the cost of retirement benefits in the Cost of Services on Continuing Operations when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge the Council is required to make against council tax is based on the cash payable in the year, and the real cost of retirement benefits is reversed out in the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement. The following transactions have been made in the CIES and the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement during the year:

	2012/13 £000	2011/12 £000
Net cost of services:		
Current service cost	20,476	22,159
Past service cost/(gain)	630	457
Gains and losses on settlements or curtailments	(4,270)	3,810
Net operating expenditure:		
Interest cost	51,285	54,022
Expected return on scheme assets	(35,423)	(42,315)
Net charge to the CIES	**32,698**	**38,133**
Adjustments between accounting basis & funding basis under regulations:		
Reversal of net charges made for retirement benefits in accordance with IAS 19	**(32,698)**	**(38,133)**
Actual amount charged against the general fund balance for pensions in the year:		
Employers' contributions payable to scheme	**29,508**	**33,778**
Net charge to the General Fund Summary	**(3,190)**	**(4,355)**

The service cost figures include an allowance for administration expenses of 0.5% of payroll.

In addition to the recognised gains and losses included in the CIES, actuarial losses of £47,361k (£65,741k loss in 2011/12) were included in other comprehensive income and expenditure in the CIES. The cumulative amount of actuarial gains and losses recognised in other comprehensive income and expenditure is a loss of £113,102k.

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	2012/13 £000	2011/12 £000
Balance as at 1 April	1,081,944	966,044
Current service cost	20,476	22,159
Interest cost	51,285	54,022
Contributions by members	6,958	7,657
Actuarial losses/(gains)	109,923	46,184
Past service costs/(gains)	630	457
Losses/(gains) on curtailments	1,284	5,478
Liabilities extinguished on settlements	(13,688)	0
Liabilities assumed in a business combination	0	18,196
Estimated unfunded benefits paid	(4,186)	(4,315)
Estimated benefits paid	(33,517)	(33,938)
Balance as at 31 March	**1,221,109**	**1,081,944**

Reconciliation of present value of the scheme assets:

	2012/13 £000	2011/12 £000
Balance as at 1 April	638,565	592,761
Expected return on assets	35,423	42,315
Contributions by members	6,958	7,657
Contributions by employer	25,322	29,463
Contributions in respect of unfunded benefits	4,186	4,315
Actuarial gains/(losses)	62,562	(19,557)
Liabilities assumed in a business combination	0	19,864
Assets distributed on settlements	0	0
Unfunded benefits paid	(4,186)	(4,315)
Benefits paid	(33,517)	(33,938)
Balance as at 31 March	**735,313**	**638,565**

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period (i.e. as at 31 March 2012 for the year to 31 March 2013, or date of joining the fund if later)

The actual return on scheme assets in the year was £98,113k (£20,788 in 2011/12).

Scheme history

Analysis of scheme assets and liabilities

	31/03/2013 £000	31/03/2012 £000
Fair Value of Assets in pension scheme	735,313	638,565
Present Value of Defined Benefit Obligation	(1,229,243)	(1,081,944)
Surplus/(deficit) in the Scheme	**(493,930)**	**(443,379)**

Amount recognised in other comprehensive income and expenditure:

	31/03/2013 £000	31/03/2012 £000
Actuarial gains/(losses) recognised in Other Comprehensive Income and Expenditure	47,361	65,741

The liabilities show the underlying commitments that the council has in the long run to pay retirement benefits. The total liability of £493,930k has a substantial impact on the net worth of the Council as recorded in the Balance Sheet.

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Local Government Pension Scheme will be made good by increased contributions over the remaining working life of employees, assessed by the scheme actuary.

Analysis of projected amount to be charged to the CIES for the year to 31 March 2014

	31/03/2014 £000	31/03/2014 %
Projected current cost	24,037	23.70
Interest on obligation	54,795	54.00
Expected return on assets	(32,643)	(32.20)
	46,189	

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2014 is £23,230k.

History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2013.

	31/03/2013	31/03/2012	31/03/2011	31/03/2010	31/03/2009
	%	%	%	%	%
Experience gains and (losses) on Assets	8.60	(3.06)	(3.12)	21.06	(35.09)
Experience gains and (losses) on liabilities	0.08	(1.39)	0.33	0.00	0.06

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The Council's Fund liabilities have been assessed by an independent firm of actuaries, estimates for the Council Fund being based on data pertaining to the latest full valuation of the scheme as at 31 March 2013.

	2012/13	2011/12
Long-term expected rate of return on assets in the scheme:		
Equity investments	4.50%	6.20%
Bonds	4.50%	3.50%
Property	4.50%	4.40%
Cash	4.50%	3.50%
Mortality assumptions:		
Longevity at 65 current pensioners:		
Men	21.90	21.90
Women	24.70	24.70
Longevity at 65 for future pensioners:		
Men	23.30	23.30
Women	26.10	26.10
Inflation/Pension Increase Rate	2.80%	2.50%
Salary Increase Rate	5.10%	4.80%
Expected Return on Assets	4.50%	5.60%
Discount Rate	4.50%	4.80%
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2009	50.00%	50.00%
Service post April 2009	75.00%	75.00%

Major categories of plan assets as percentage of total plan assets

The Pension Fund's assets consist of the following categories, by proportion of the total assets held:

-	31/03/13 %	31/03/12 %	31/03/11 %
Equity investments	75.0	72.0	75.0
Bonds	18.0	20.0	18.0
Property	6.0	7.0	7.0
Cash	1.0	1.0	.0
Total	**100.0**	**100.0**	**100.0**

48.Contingent liabilities

LAML

In 2007 Haringey Council joined London Authorities Mutual Ltd (LAML), a mutual company set up in partnership with other London boroughs for the purpose of providing insurance and risk management services. The company stopped trading on 9 June 2009 following the court judgment against LAML. The Council has a liability, in the form of a guarantee, with LAML of £177,000. The orderly wind down of the company has been ongoing during 2012/13 and is expected to be finalised in the near future and the remaining assets left after the closure of the company will be redistributed to member authorities.

It is expected that not all of the capital invested by the Council will be available for redistribution. This is as a result of legal and other costs incurred as part of the liquidation process to wind down the company. There is a risk of further case being taken by RMP against the individual members of LAML for the loss of profit and associated costs. The Council is currently considering its response.

Employment Tribunal Appeals

In 2008/09 and 2009/10 five staff were dismissed from the Council's employment in connection with an inspection undertaken by Ofsted and directions issued by the Secretary of State for Children & Families. The Council currently has outstanding legal claims in relation to these actions. These include two judicial review cases, one employment tribunal case and one as yet unserved High Court case. One judicial review case was dismissed initially. However leave was given for the case to be the subject of an appeal in the court of Appeal where judgment was given against the Council. The Council pursued an appeal to the Supreme Court which was rejected and the Council is liable for compensation and appropriate costs which will be determined when the case goes back to the original court. This case has now been consolidated with the other judicial review claim which is due to be heard at the first available date from October 2013. The related employment tribunal claim has been stayed pending the outcome of the judicial review cases. A further employment tribunal claim for unfair dismissal was dismissed in December 2012 and the Council is waiting to see whether this will be subject to an appeal to the Employment Appeal Tribunal. No provision has been made in the Council's accounts for compensation or damages arising from any successful claim.

Firoka (Alexandra Palace) Ltd and Firoka (Kings Cross) Ltd

In March 2009 a claim was submitted by Firoka (Alexandra Palace) Ltd and Firoka (Kings Cross) Ltd against the Council as trustee of Alexandra Park and Palace Charitable Trust for loss of income and damages as a result of the failure of the Charitable Trust to issue a license to Firoka. The value of this claim is £6.234 million. The substance of this claim continues to be disputed by the Council and the Trust. No Provision has been made in either the Council or the Trust accounts for the claim.

Single Status

Following the implementation of the single status pay agreement in 2009 a number of staff groups are considering whether to appeal against the outcome, which if won may result in the Council having to make a payment for back dated pay. No provision has been made in the Council's accounts for this.

Land Charges

A High Court proceeding has been actioned against the Council in relation to the refunding of local land charges payments due to an understanding by the claimants that these should be free of charge. Negotiations are ongoing with the LGA and its external solicitors who are acting on behalf of a number of Local Authorities. Whilst no agreed figures in respect of alleged losses has been produced, based on the best available data there may be a potential liability in the region of £300,000. The Council continues to cross check alleged losses against council records. Further claims may be made and the Council has not made any provision in the accounts for this.

Municipal Mutual Insurance

Municipal Mutual Insurance Limited ceased to write insurance business after 30 September 1992. After this date, a Scheme of Arrangement was entered into, which meant that if the Company could no longer pay agreed claims in full, a percentage levy based on claims payments would be triggered. Haringey Council is one of 729 creditors of the MMI Scheme of Arrangement and following the Supreme Court judgement, which was handed down on 28 March 2012, in the Employers Liability Policy relating to mesothelioma claims, the percentage levy on claims payments may be triggered.

Third Party Employer Pension Fund Contribution

Three Pension Fund employers have negotiated a cap on their employer contribution rate payable to the Fund with Haringey Council. With any additional cost over and above the cap will fall on the Council. The employer contribution is determined independently by the Pension Funds Actuary Consultant Hymans Robertson. Any increase in the employer contribution by 3% or more will have to be borne by the Council. However, due to the uncertainty in estimating a number of variables (such as future movement in the stock market; gilt valuations as well as future actuarial assumptions) it is not possible to accurately reflect the potential employers future contribution liability. However, an estimate increase of 3% in employer contributions would result in a potential financial liability of £123,000

Broadwater Farm Inclusive Learning Campus

A company was contracted to carry out school works, namely the demolition of the existing Broadwater Farm Primary School and William C Harvey and the construction, in three consecutive phases, of a two storey learning campus, associated external play areas and vehicle parking at Broadwater Farm School, Adams Road, Broadwater Farm, Haringey.

During the course of the Works, a number of disputes have arisen between the parties on extension of time claims and other compensation events. The most recent review of these costs were estimated in the region of £1.2m. This liability is not reflected in the Council's accounts due to the high degree of uncertainty as to the potential scale of these costs.

Lordship recreation ground contractual claims

As at 31st March the Council had received contractor claims for loss and expense in relation to the capital project to regenerate Lordship recreation ground of just under £0.7m. These claims are being scrutinised as part of the process of settling the final account for the project. There is uncertainty in relation to the validity of the claims and any liability is therefore contingent on the outcome of further advice received or action to be considered by the Council.

Barnet Enfield and Haringey Mental Trust (BEHMHT)

The Council contributed towards a crisis team managed by BEHMH Trust. The Council gave notice of cessation of funding in 2010. However, the Trust continued to provide the service, claiming that they had no formal communication regard ending the Service by the Council. The Council has accrued for funding for the period concerned to the cessation of the contract and has estimated a contingent liability of approximately £231,000 for the disputed period up to the June 2012.

Provision of Residential Care Costs

In 2011, the Adult Services directorate received a number of letters from other local authorities in respect of people they had been funding to live in residential care homes in Haringey and for whom they wished to transfer funding responsibility to Haringey. On the basis these residents had been re-detained under a relevant section of the Mental Health Act 1983 (as amended 2007) and their last known address was in Haringey. The

Council has requested further information with the Authorities concerned. However, with the one exception, Haringey has not received responses from the other Local Authorities since April 2012. The Council has taken the view that a challenge through the Courts will probably not materialise. There does however, remain a slight risk that the other local authorities will resurrect the claim against the Council and this would include backdating of any funding responsibility. At this stage it is estimated that the potential financial liability is approximately £570,000.

Potential Legal costs regarding dilapidation disputes

This has arisen as a result of two separate lease disputes between the Council (acting as a tenant) and two former landlords. The disputes relate to the level of dilapidations involved at the end of the lease contract, that is, the value of the repairs required at the end of a tenancy arrangement where the lessee (the Council) is required to make good wear and tear over and above normal usage expected during the lease period.

The landlords have refused the Council's offer of settlement and have indicated that they are only willing to consider an over and above value of the Council's settlement offer. The Council have decided to challenge their claims in court if the landlords take the Council to court. Whilst these potential court actions are at an early stage, the potential estimated of defending are likely to be in the region of £200,000.

49.Contingent assets

The Council has undertaken a construction project to expand a local primary school. The construction was undertaken in 3 phases under a traditional construction contract, for a fully designed scheme. Under its existing framework contract, the Council procured professional consultancy resources to undertake the full design and cost consultancy services related to the scheme. During Phases 1 and 2 various issues arose on the project which the Council considers may be the subject of a legitimate claim against the parties involved on the contract. The Council has employed claim consultants to assist with assembling the details and background to the case. Their interim report suggests a potential claim value of £1.5m

50.Nature and extent of risks arising from financial instruments

Nature and extent of risks arising from Financial Instruments

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

As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Council also maintains Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the Communities and Local Government Department's Investment Guidance for local authorities. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Strategy, together with its Treasury Management Practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

The main risks covered are:

Credit Risk: The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss for the other party.

Liquidity Risk: The possibility that a party will be unable to raise funds to meet the commitments associated with Financial Instruments.

Market Risk: The Council's main market risk exposure is interest rate risk. This is the possibility that the value of interest paid or received in respect of an instrument will fluctuate because of changes in interest rates. In addition, there is also an element of exchange rate risk exposure, due to the way in which distributions from the Icelandic bank winding up boards have been paid.

<u>Credit Risk</u>

The Council manages credit risk by restricting the counterparties with whom investments are placed to those having sufficiently high credit worthiness as set out in the Treasury Management Strategy. A minimum long term credit rating of A- or equivalent was set for 2012/13; however the Council also considers other market intelligence such as credit default swap prices, share prices, potential support from parent institutions and other corporate news when determining credit worthiness. Institutions are suspended from the lending list as soon as any concerns are brought to light. A maximum limit of £20m is placed on the amount of money that can be invested with a single counterparty. The Council also sets a total group investment limit for institutions that are part of the same banking group.

The types of counterparties the Council invested with during 2012/13 included the Debt Management Office, AAA-rated money market funds and UK Banks and Building Societies. All investments have been made in line with the Council's Treasury Management Strategy Statement for 2012/13, approved by Full Council on 28th February 2012. The 2012/13 Treasury Management Strategy can be found on the Council's website www.haringey.gov.uk.

The table below summarises the nominal value of the Council's investment portfolio at 31st March 2013, and confirms that all investments were made in line with the Council's approved credit rating criteria:

	Credit rating criteria met when investments placed?		**Credit rating criteria met on 31st March 2013?**		**Maturity period from 31st March 2013**		
	YES		YES		On Call	1 day to 1 month	Total
	Short Term	Long Term	Short Term	Long Term	£'000	£'000	£'000
Money Market Funds	N/A	AAAm	N/A	AAAm	7,095	0	7,095
Debt Management Account Deposit Facility	N/A	N/A	N/A	N/A	0	7,100	7,100
Total					7,095	7,100	**14,195**

No credit limits were exceeded during the financial year and the Council received full repayment on the due date of deposits placed with its counterparties. The exception to this is deposits with Icelandic banks which went into default during 2008/09. These are detailed in the table below along with the funds already recovered:

	Nominal value of original deposits £'000	**Distributions to LBH bank account by 31/03/2013 £'000**	**Distributions to escrow on 31/03/2013 £'000**	**Outstanding Deposits £'000**
Heritable Bank	19,800	15,373	0	4,427
Landsbanki Islands	15,157	7,451	111	7,595
Glitnir	2,000	1,678	386	0
Total	**36,957**	**24,502**	**497**	**12,022**

All monies with these institutions are currently subject to the respective administration and winding up processes. The amounts and timing of payments to depositors such as the Council are determined by the administrator in the case of Heritable Bank and the Winding up Boards of Glitnir and Landsbanki.

The table shows the distributions received directly into the Council's bank account up to 31st March 2013. In addition to these distributions, an element of the distribution due remained in escrow on 31st March 2013 – the nominal value of these are shown in the table above and under short term investments on the balance sheet.

The amount of the Icelandic related investments that will not be repaid to the Council under current predictions is £2.32m. However, accounting regulations require the Council to account for the fact that these funds have not and will not be available for the Council's use until dates in the future. The impairment required in the accounts has been reviewed and a reduction in the value of the impairment in relation to these deposits of £185k for 2012/13 has been calculated and included in the income and expenditure account. The Council capitalised £11.1m of the impairment in 2009/10 on receipt of a capitalisation direction for this amount.

Liquidity Risk

The Council has access to borrowing facilities via the Public Works Loan Board, commercial banks, and other local authorities. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The Council also has to manage the risk that it will not be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates.

The maturity analysis of the nominal value of the Council's debt at 31st March 2012 was as follows:

	31-Mar-12 £'000	31-Mar-13 £'000
Public Works Loans Board	222,976	210,221
Market debt	130,461	130,420
Local Authorities	50,207	30,045
Total	**403,644**	**370,686**
Less than 1 year	78,515	60,127
Between 1 and 2 years	24,543	13,094
Between 2 and 5 years	36,514	36,685
Between 5 and 10 years	40,231	39,913
Between 10 and 20 years	21,828	18,881
Between 20 and 30 years	12,103	12,103
Between 30 and 40 years	10,500	16,301
Between 40 and 50 years	103,239	97,414
More than 50 years	76,172	76,167
Total	**403,645**	**370,685**

This analysis includes £125m of LOBO loans, which are currently in their call period. These are shown according to their final maturity date as it is unlikely the lender will revise the terms of the loan in the next year.

Market Risk

Interest Rate Risk: The Council is exposed to risks arising from movements in interest rates. The Treasury Management Strategy aims to mitigate these risks by setting an upper limit of 40% on external debt that can be subject to variable interest rates. At 31 March 2013, 98% of the debt portfolio was held in fixed rate instruments, and 2% in variable rate instruments.

Investments are also subject to movements in interest rates. The Council is making significant use of money market funds which pay a variable rate of interest. This risk has to be balanced against actions taken to mitigate credit risk.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000	£'000
Increase in interest earned on variable rate investments	(417)	(223)
Increase in interest payable on variable rate borrowings	656	524
Impact on Income and Expenditure Account	239	302

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the 'Fair Value' disclosure note.

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

Foreign Exchange Risk: The Council currently has approximately £0.5m in Icelandic krona remaining in escrow in Iceland. The Council is currently working with the LGA, legal advisers and other affected authorities to research ways of converting the Icelandic krona into sterling. The Council is therefore exposed to the risk of adverse movements in the sterling/Icelandic krona exchange rate. The exchange rate gain in 2012/13 was £36k, following an exchange rate loss in 2011/12 of £15k.

A commentary on risk associated with debtors in included in note 19.

51.Trust funds

The council acts as trustee for a 32 trust funds which may be used for specific limited purposes as set out in the respective trust deeds. These accounts do not form part of the council's income & expenditure account or balance sheet. Details of the sums administered are shown below. All of these trust funds are for educational purposes and the figures below represent a number of smaller funds as documented below:

Trust Fund Accounts	**2011/12**	**2012/13**
	£	**£**
Income From Investments	(298)	(378)
Expenditure for Authorised Purposes	0	0
(Surplus)/Deficit	**(298)**	**(378)**
Balances:		
Fund Balance Brought Forward 1st April	(153,047)	(153,345)
(Surplus)/Deficit	(298)	(378)
Fund Balance Carried Forward	**(153,345)**	**(153,723)**
Represented by:		
Investments	(23,563)	(23,563)
Cash in Hand	(129,782)	(130,160)
Total	**(153,345)**	**(153,723)**

52.Accounting standards issued not adopted

Accounting Standards issued not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 will introduce a number of new requirements for Councils to comply with updated reporting standards that have been adopted. The relevant changes relate to the following standards all of which will be amended for Accounts produced for financial periods starting after 1st April 2013.

- IAS19 – Employee Benefits
- IAS1 – Presentation of Financial Statements
- IFRS 7 - Financial Instruments

The changes will be adopted retrospectively meaning the 2012/13 information included within these accounts will be restated in the 2013/14 accounts to reflect the new reporting requirements. This note sets out what the changes would have been if the new standards had already been in force.

The only material impact on the reported Council position is in relation to Employee Benefits. This change impacts on the way that pension and termination costs are reflected in the Council's Accounts.

The new IAS19 requirements will change the way in which the interest costs on the net pension liability are shown. At present the Financing and Investment Income line of the Surplus or Deficit on Provision of Service (SDPS) is credited with an expected return on assets based on an actuarial assessment of the likely long term returns the Pension Fund will achieve on the Council's assets. This is based on achieving different returns for different classes of assets (shares, bonds, property etc).

Following adoption of the new standard this will be replaced by a calculation of interest income on assets held. This presumes that the long term return on assets will instead be based solely on corporate bond yields at the time the Accounts are prepared.

As the basis of the calculation will change, the amount charged to the financing and investment line will also change. Any difference between the actual return on assets and the expected return on assets is recorded in the Other Comprehensive Income and Expenditure line of the CIES. The bottom line of the CIES would be unchanged and there would be no impact on the balance sheet.

Other changes to IAS19 relate to the point at which the Council recognises termination costs. Under the new standard recognition now takes place when the Council cannot withdraw an offer. This largely matches current recognition practices so there will be no material change.

Housing revenue account – income and expenditure statement

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

	2012/13 £000	2011/12 £000
Income		
Dwelling rents	79,907	74,310
Non-dwelling rents	966	2,381
Charges for services and facilities	22,321	21,293
Housing Revenue Account Subsidy Receivable	0	12,729
Contributions towards expenditure	3,444	1689
Total Income	**106,638**	**112,402**
Expenditure		
Repairs & Maintenance	23,024	21,734
Supervision & Management:	40,703	38,896
Rents, Rates, Taxes and other charges	1,250	1,774
Depreciation and impairments of non-current assets	(825)	41,971
Debt Management Costs	44	307
Increase in bad debt provision	2,236	835
Total Expenditure	**66,432**	**105,517**
Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	**(40,206)**	**(6,885)**
HRA Services Share of Corporate & Democratic Core	749	805
Net Expenditure of HRA Services	**(39,457)**	**(6,080)**
Gains(Cr)/loss on sale of HRA Fixed Assets	(5,434)	(1,947)
Interest Payable and Similar Charges	13,179	88,173
HRA Interest and Investment Income	(1,689)	(114)
Pensions interest cost and expected return on pensions assets	251	62
Capital Grants and Contributions	(20,096)	(295,622)
Surplus or (Deficit for Year) on HRA Services	**(53,246)**	**(215,528)**

Movement on the housing revenue account statement

	2012/13 £000	2011/12 £000
Balance on the HRA at the end of the previous year	**11,614**	**7,958**
Surplus or (Deficit) on the HRA Income and Expenditure Statement	53,246	215,528
Adjustments between accounting basis and funding basis under stature	(45,858)	(211,872)
Net Increase or (Decrease) before transfers to or from reserves	7,388	3,656
Increase or (decrease) on the HRA for the year	**7,388**	**3,656**
Balance on the HRA at the end of the current year	**19,002**	**11,614**

	2012/13 £000	2011/12 £000
Difference between interest payable and similar charges including amortisation of premiums and discounts determined in accordance with the Code and those determined in accordance with statute	(1,660)	(3,133)
Revaluation and Impairment of PPE	(1,255)	40,320
Capital Grants Reversed	(20,096)	0
HRA Self Financing	0	(235,499)
Gain or loss on sale of HRA non current assets	(5,434)	(1,946)
HRA Share of Contributions to or from the Pension Reserve	108	0
Transfers to/(from) Major Repairs Reserve	(19,549)	(17,958)
REFCUS	2,230	6,344
Short term absences	(27)	
Capital expenditure funded by the HRA	(175)	0
Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	**(45,858)**	**(211,872)**

53.Number and types of dwellings in the housing stock

Type of dwelling	31 March 2013	31 March 2012
Low rise flats	1,706	1,790
Medium rise flats	6,395	6,446
High rise flats	2,650	2,655
Houses	5,219	5,229
Demountables	10	16
Hostels	125	125
Shared Ownership	1	1
Total	**16,106**	**16,262**

54.Balance sheet valuation of HRA assets

	31 March 2013 £'000	31 March 2012 £'000
Operational assets:		
Dwellings	827,288	792,568
Other land and buildings	5,559	4,030
Non Operational assets	0	21,047
Total	**832,847**	**817,645**

55.Vacant possession

Vacant Possession Value	1 April 2013 £'000	1 April 2012 £'000
HRA dwellings and hostels	3,253,869	3,170,627

The difference between the vacant possession value and Balance Sheet value of dwellings within the HRA shows the economic cost to the government of providing council housing at less than market rents.

56.Major repairs reserve

	2012/13 £'000	2011/12 £'000
Balance at 1 April 2012	**(625)**	**0**
Transferred to Reserve	(19,549)	(13,622)
Transfer from Reserve to HRA	0	0
Applied to finance capital expenditure on Council Dwellings	20,089	12,997
Repayment of loan principal from Major Repairs Reserve	0	0
Balance at 31 March 2013	**(85)**	**(625)**

57.Capital expenditure and financing

	2012/13 £000	2011/12 £000
Expenditure		
Land, Houses and other property	40,673	35,239
Financing		
Borrowing	0	19,000
Capital Receipts Reserve	297	1,223
Revenue Contribution	191	2,019
Grants-Revenue	20,096	0
Major Repairs Reserve	20,089	12,997
Balance at 31 March 2013	**40,673**	**35,239**

58.Capital receipts

	2012/13 £000	2011/12 £000
Houses	8,104	978
Land and Other property	4,393	4,130
Balance at 31 March 2013	**12,497**	**5,108**

59.Depreciation

	2012/13 £'000	2011/12 £'000
Balance at 1 April 2012	**18,073**	**0**
Operational assets - dwellings	19,405	17,959
Operational assets - Land & Building	144	114
Balance at 31 March 2013	**37,622**	**18,073**

60.Impairment losses

An impairment loss has been identified relating to 5 dwellings due to fire / flooding damage. The valuer is of the opinion that any insurance claim of £10,000 or less will be de minimis having little or no effect on the value of the HRA property asset.

	2012/13 £'000	2011/12 £'000
Balance at 1 April 2012	**0**	**0**
Dwellings	110	62
Property, Plant and Equipment		0
Balance at 31 March 2013	**110**	**62**

61.Revenue expenditure funded from capital under statute

This expenditure is revenue for accounting purposes but can be financed form capital resources, and can be applied to items such as expenditure on assets not owned / controlled by the Council

	2012/13 £'000	2011/12 £'000
REFCUS	2,230	2,008

62.HRA share of contributions to the pensions reserve

In compliance with the statutory framework for local government, the movement in the IAS 19 pension liability relating to the HRA is processed through the HRA and the net amount is appropriated to the Pensions Reserve. This means that the bottom-line charge against rents is employer's contributions payable in the year. The amount applicable to the HRA is an apportionment of all pension contributions in the year, based on the number of employees within social services who are involved with supported housing work. The full disclosure of the pension related transactions is detailed in Note 47 to the primary statements.

The HRA share of contributions to the Pensions Reserve for 2012/13 is £467k

63.Gross rent income and rent arrears

This is the rent due for the year before rebates but after allowances for empty properties. The average weekly rent in 2012/13 was £95.46 compared to £88.83 in 2011/12 – a 7.5% increase.

Band of debt outstanding	Total Debt outstanding at 31 march 2013 (£'000)	Total Debt outstanding at 31 march 2012 (£'000)
< £100	124	112
< £250	238	210
< £500	494	406
< £750	462	372
< £1,000	370	326
> £1,000	5,441	4,655
Former Tenants	3,452	4,942
TOTAL	**10,581**	**11,023**

Collection fund

This account reflects the statutory requirements for all Billing Authorities, such as the Council, to maintain a separate Collection Fund Account. This shows the transactions of the Billing Authority in relation to Non-Domestic Rates and the Council Tax, and illustrates the way in which these have been distributed to preceptors (London Borough of Haringey & the Greater London Authority) and the General Fund.

Collection Fund	Notes	2012/13 £000	2011/12 £000
Amounts required by Statute to be credited to the Collection Fund			
Council Tax Income	**66**	(98,742)	(95,474)
Transfers from General Fund:			
Council Tax Benefit		(35,506)	(36,551)
Income collectable from Business Ratepayers		(63,768)	(58,991)
Income collectable in respect of Business Rate Supplements		(1,450)	(1,468)
Contributions:			
Towards Previous year's collection fund deficit		(2,007)	(1,695)
Total amounts to be credited		**(201,473)**	**(194,179)**
Amounts required by Statute to be debited to the Collection Fund			
Precepts and demands	**69**	129,689	129,320
Business Rates			
Payment to National Pool		63,456	58,675
Cost of Collection		311	316
Business Rate Supplement:			
Payment to levying authority's Business Rate Supplement Revenue Account		1,354	1,408
Administrative Costs		96	60
Impairment of Debts/Appeals:			
Write-offs of uncollectable amounts		7,621	0
Allowance for impairment		(2,571)	7,307
Total amounts to be debited		**199,956**	**197,086**
Opening Fund Balance		**5,070**	**2,163**
Closing Fund Balance		**3,553**	**5,070**
Movement on Fund Balance		**(1,517)**	**2,907**

Notes to the collection fund

64.Council Tax

The introduction of Council Tax on 1 April 1993 revised the method of accounting for the Council's Collection Fund. The main features of the arrangements may be summarised as follows:

Revenue Support Grant and amounts for distribution from the NNDR National Pool are paid directly to all Billing and Precepting Authorities and are disclosed in the Income and Expenditure Account

Interest is no longer payable between the General Fund and the Collection Fund on cash-flow deficits/surpluses. All interest is now payable directly to the General Fund, as shown on the Income and Expenditure Account

The year-end surplus or deficit on the Collection Fund is to be distributed between Billing and Precepting Authorities on the basis of estimates, made in January of each year-end balance. For 2012/13, the amount outstanding in January 2012 in respect of Council Tax when compared with the provision made by the Council for non-payment was below the level anticipated and therefore a deficit was declared.

London Borough of Haringey does not carry any debt relating to unpaid community charge in the balance sheet.

65.Council tax valuation bands

Most domestic Dwellings (including flats) whether rented or owned, occupied or not, are subject to Council Tax. Each Dwelling is allocated to one of eight bands according to their open market capital value at 1 April 1991.

Valuation Band Range of Values

		£		£
A	Up to & including	40,000		
B		40,001	-	52,000
C		52,001	-	68,000
D		68,001	-	88,000
E		88,001	-	120,000
F		120,001	-	160,000
G		160,001	-	320,000
H	More Than			320,001

66.Council tax income

The amount of Council Tax payable is calculated by establishing a 'Council Tax Base'. This is the Council's estimated number of chargeable dwellings expressed in relation to those dwellings in Band D. Once this has been determined, the Council Tax payable for each band is established as follows: (The actual amount payable for each property is also subject to discounts where applicable.)

Band	Calculated number of dwellings	Ratio to Band D	Equated number of dwellings	Council Tax Payable £000
A	5,099	6/9	3,400	4,865
B	14,624	7/9	11,374	16,281
C	28,082	8/9	24,963	35,733
D	23,172	9/9	23,173	33,170
E	9,710	11/9	11,868	16,989
F	5,052	13/9	7,298	10,446
G	4,383	15/9	7,305	10,457
H	611	18/9	1,222	1,749

67.Council tax required

The amount of Council Tax required for Band D was calculated on the following basis:

(i) Preceptor's Council Tax Requirements	103,010,495
(ii) Number of Band D equivalent Dwellings	86,979
Band D (i divided by ii)	1,184.31

The Council Tax required then forms part of the Income and Expenditure Account.

68.Non domestic rates

Non-Domestic Rates are organised on a national basis. The Government specifies an amount and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. In 2012/13 the amount was 45.8p (standard) and 45.0p (small business). The Council is responsible for collecting rates due from the ratepayers in its area but pays the proceeds into an NNDR Pool administered by the Government. The Government redistributes the sums paid into the Pool back to local authorities on the basis of a fixed amount per head of population. This is shown in the Income and Expenditure Account The total rateable value as at 31 March 2013 was £166m (31 March 2002 = £166m).

69.Precepts and demands

The following amounts were paid from the fund:

	2012/13 £000	2011/12 £000
London Borough of Haringey	103,010	102,500
Greater London Authority	26,678	26,820
Total	**129,688**	**129,320**

Section 4
The Group Statement of Accounts 2012/13

The following show the combined financial statements for the London Borough of Haringey group, comprising the Council itself, Homes for Haringey and Alexandra Park and Palace Charitable Trust.

Group movement in reserves statement 2012/13

2012/13	Total Usable Reserves £000	Unusable Reserves £000	Reserves of Group £000	Total Group £000
Balance At 31st March 2012	**157,630**	**473,717**	**(54,760)**	**576,588**
Surplus Or (Deficit) On Provision Of Services (accounting basis)	8,813	0	(46,807)	(37,994)
Other Comprehensive Expenditure And Income	0	(94,403)	(2,555)	(96,958)
Total Comprehensive Expenditure And Income	**8,813**	**(94,403)**	**(49,362)**	**(134,952)**
Adjustments Between Accounting Basis And Funding Basis Under Regulations	62,569	(62,569)	0	0
Net (Increase)/Decrease Before Transfers To Earmarked Reserves	**71,382**	**(156,972)**	**(49,362)**	**(134,952)**
(Increase)/Decrease In Year	**71,382**	**(156,972)**	**(49,362)**	**(134,952)**
Balance At 31st March 2013	**229,012**	**316,745**	**(104,122)**	**441,635**

	Total Usable Reserves £'000	Unusable Reserves £'000	Reserves of Group £'000	Total Group £'000
Balance At 31st March 2011	94,394	404,650	(2,141)	496,903
Surplus Or Deficit On Provision Of Services (accounting basis)	239,243	0	(49,350)	189,893
Other Comprehensive Expenditure And Income	0	(106,940)	(3,267)	(110,207)
Total Comprehensive Expenditure And Income	**239,243**	**(106,940)**	**(52,617)**	**79,686**
Adjustments Between Accounting Basis And Funding Basis Under Regulations	(176,007)	176,007	0	0
Net (Increase)/Decrease Before Transfers To Earmarked Reserves	**63,236**	**69,067**	**(52,617)**	**79,686**
(Increase)/Decrease In Year	**63,236**	**69,067**	**(52,617)**	**79,686**
Balance At 31st March 2012	**157,630**	**473,717**	**(54,758)**	**576,589**

Group comprehensive income and expenditure account

2012/13				2011/12		
Gross Expend £'000	Gross Income £'000	Net Expend £'000		Gross Expend £'000	Gross Income £'000	Net Expend £'000
41,842	(39,170)	2,672	Central Services	43,100	(40,922)	2,178
25,692	(13,253)	12,439	Cultural, Environmental and Planning Services	70,793	(29,233)	41,560
31,583	(10,091)	21,492	Environmental and Regulatory Services			
22,144	(5,354)	16,790	Planning Services			
410,181	(265,826	144,355	Education and Children's Services	367,769	(272,958)	94,811
35,845	(19,022)	16,823	Highways, Roads and Transport Services	35,696	(19,186)	16,510
62,170	(101,592)	(39,422)	Housing Services - Housing Revenue Account	100,192	(107,396)	(7,204)
319,294	(304,881)	14,413	Housing Services - General Fund	314,844	(301,452)	13,392
106,366	(18,138)	88,228	Adult Social Care	104,034	(16,387)	87,647
89,290	(65,127)	24,163	Corporate and Democratic Core	82,622	(67,156)	15,466
(5,458)	0	(5,458)	Non-Distributed Costs	806	(680)	126
1,138,949	(842,454)	296,495	**Cost of Services**	**1,119,856**	**(855,370)**	**264,486**
		38,515	Other Operating Expenditure			49,741
		28,673	Financing and Investment Income and Expenditure			109,261
		(325,689)	Taxation and Non-Specific Grant Income			(613,381)
		37,994	**(Surplus)/Deficit on Provision of Services**			**(189,893)**
		47,042	(Surplus)/Deficit on Reval'n of Fixed Assets			41,199
		49,916	Actuarial (Gains)/Losses on Pension Assets/Liabilities			69,008
		0	Other Comprehensive Income and Expenditure			0
		134,952	**Total Comprehensive Income and Expenditure**			**(79,686)**

Group balance sheet

31 March 2013 £'000		Notes	31 March 2012 £'000
1,307,946	Property, Plant and Equipment		1,440,011
6,061	Heritage Assets		6,061
54,061	Investment Property		50,774
669	Intangible Assets		1,086
0	Assets Held for Sale		5,603
604	Long Term Debtors		256
1,369,341	**Long Term Assets**		**1,503,791**
16,081	Short Term Investments		15,105
55	CRC scheme allowances		0
757	Inventories	1	776
67,491	Short Term Debtors	2	63,308
3,143	Assets Held for Sale		0
10,370	Cash and Cash Equivalents		7,572
97,897	**Current Assets**		**86,761**
(60,127)	Short Term Borrowing		(78,515)
(3,308)	Short Term Liabilities		0
(72,291)	Short Term Creditors	3	(74,334)
(5,323)	Provisions		(8,434)
(141,049)	**Current Liabilities**		**(161,283)**
(6,854)	Long Term Provisions		(2,804)
(310,558)	Long Term Borrowing		(325,130)
(560,667)	Other Long Term Liabilities		(510,710)
(6,474)	Capital Grants Receipts in Advance		(14,036)
(884,553)	**Long Term Liabilities**		**(852,680)**
441,636	**Net Assets**		**576,589**
171,772	Usable Reserves		102,868
269,864	Unusable Reserves		473,721
441,636	**Total Reserves**		**576,589**

Group cash flow statement

2012/13 £'000		2011/12 £'000
(37,994)	**Net surplus or (deficit) on the provision of services**	**189,893**
142,367	Adjustments to net surplus or deficit on the provision of services for non-cash movements	3,599
(69,000)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing or financing activities	107,735
35,373	Net cash flows from Operating Activities	**301,227**
(12,610)	Investing Activities	(72,757)
(19,965)	Financing Activities	(244,768)
2,798	**Cash inflow / (outflow)**	**(16,298)**
7,572	**Cash and cash equivalents at the beginning of the reporting period**	**23,870**
10,370	**Cash and cash equivalents at the end of the reporting period**	**7,572**

Notes to the group accounts

Basis of Consolidation

The group accounts of the London Borough of Haringey have been produced following the requirements of IAS 27 - Consolidated and Separate Financial Statements.

Company Limited by Guarantee

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

Charitable Trust

Alexandra Park and Palace is a registered charity with the London Borough of Haringey being the sole trustee, as stated under the Alexandra Park and Palace Act 1985. The Trust is governed by charities act regulations and its accounts are prepared under UK GAAP and the charities SORP.

Accounting Policies

The accounting policies of the London Borough of Haringey and Homes for Haringey are in line with those stated in note 1. Alexandra Park and Palace's accounts have been prepared under UKGAAP, not IFRS requirements. However there are not any material areas where this conflicts with the accounting policies adopted by the Council and therefore no adjustment shave been made.

Additional Disclosure Notes

No additional notes to the group accounts are included here as there are no material differences with those contained within section 3 of the Council's accounts, with the exception of officer remuneration, in the case of Homes for Haringey. An additional disclosure on this is shown below.

Homes for Haringey Accounts

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

Alexandra Park and Palace Charitable Trust Accounts

The Alexandra Park and Palace Charitable Trust accounts included as part of the group accounts. The accounts of the Trust are audited by their own independent auditor. Their accounts can be obtained from: Chief Executive, Alexandra Park and Palace, Alexandra Palace Way, Wood Green N22 7AY. The grouping of the Trust's accounts with the London Borough of Haringey does not affect the Trust's independence as a charity, governed by charity law and regulations. Alexandra Park and Palace's auditors are Deloitte and Touche LLP.

Note to the comprehensive income and expenditure statement

The notes to the Group Income and Expenditure Statement have been reproduced only where there is a material difference from those in the Council's Comprehensive Income and Expenditure Statement and Balance Sheet. The main changes from the Council's Comprehensive Income and Expenditure Statement are:-

- The netting off of LBH charges to the Group i.e. H f H and AP&PCT
- Inclusion of Group Income and Expenditure within Local Authority Housing (HRA)
- Inclusion of pension interest cost and return on pension assets for the Group
- The netting off of Group Income

The majority of the notes to the Income and Expenditure Account are not materially changed by the inclusion of the Group as a subsidiary in the accounts. The compilation of the notes are based on the requisite information held within the individual notes relating to group. As a result there instances where the disclosures reflect the different reporting requirements within each organisation; therefore the notes provided in the core LBH statements still apply with the exception of

note 1 Inventories

note 2 Short Term Debtors

note 3 Short Term Creditors

note 4 FRS17/IAS19 - Post Employment Benefits.

note 5 Senior Officer Disclosures

note 6 External Audit Fees and

note 7 Commitments under operating leases

1. Inventories

2012/13					2011/12			
LBH £'000	H f H £'000	AP&PCT £'000	Total £'000		LBH £'000	H f H £'000	AP&PCT £'000	Total £'000
0	0	68	68	Food and beverage	0	0	78	78
0	0	13	13	Disposables	0	0	17	17
36	0	2	38	Other	44	0	3	47
0	236	0	236	raw materials	0	213	0	213
	402	0	402	WIP	0	421	0	421
36	**638**	**83**	**757**	**Total**	**44**	**634**	**98**	**776**

2. Short term debtors

2012/13					2011/12			
LBH £'000	H f H £'000	AP&PCT £'000	Total £'000		LBH £'000	H f H £'000	AP&PCT £'000	Total £'000
12,480	0	0	12,480	Central Government bodies	8,536	0	0	8.536
6,420	0	0	6,420	Other local authorities	6,665	0	0	6,665
4,295	0	0	4,295	NHS bodies	1,739	0	0	1,739
15,991	0	0	15,991	Public corporations	2,999	0		2,999
18,523	94	617	19,234	Other	30,981	50	882	31,913
9,071	0	0	9,071	Finance lease	11,455	0	0	11,455
66,780	**94**	**617**	**67,491**	**Total**	**62,375**	**50**	**882**	**63,307**

3. Short term creditors

2012/13					2011/12			
LBH £'000	H f H £'000	AP&PCT £'000	Total £'000		LBH £'000	H f H £'000	AP&PCT £'000	Total £'000
9,919	1,347	17	11,283	Central Government bodies	6,562	449	129	7,140
2,752	0	0	2,752	Other local authorities	3,014	0	0	3,014
4,834	0	0	4,834	Other public sector	650	0	0	650
2,185	0	0	2,185	NHS bodies	703	0	0	703
2,574	41	0	2,615	Pension funds	1,397	162	0	1,559
33,402	1,633	1,109	36,144	Sundry creditors	41,644	3,435	1,423	46,502
4,658	0	0	4,658	Accumulated absences	5,102	0	0	5,102
7,324	0	496	7,820	Receipts in advance	7,699	0	1,965	9,664
67,648	**3,021**	**1,622**	**72,291**	**Total**	**66,771**	**4,046**	**3,517**	**74,334**

4. FRS17/IAS19 - Post Employment Benefits

In accordance with the requirement of FRS17/IAS19 - Retirement Benefits, the Council has included these costs within the financial statements and disclosed in the notes its share of assets and liabilities related to the pension fund for its employees. AP&PCT is an admitted body into Haringey Pension Fund. Whilst HfH is a scheduled body within the same Pension Fund the Actuary in both all cases are Hymans Robertson resource Consulting Limited have calculated the assets and liabilities relating to the Groups employees using the same assumptions as those used for Council employees. In 2012/13 the consolidated assets and liabilities of the schemes were:-

Group defined benefit obligation - reconciliation of present value of the scheme liabilities								
2012/13					2011/12			
LBH £'000	H f H £'000	AP&PCT £'000	Total £'000		LBH £'000	H f H £'000	AP&PCT £'000	Total £'000
1,081,944	**95,200**	**2,477**	**1,179,621**	**Balance at 1 April**	**966,044**	**87,100**	**2,274**	**1,055,418**
20,476	3,700	18	24,194	Current service cost	22,159	3,500	25	25,684
51,285	4,600	117	56,002	Interest on pension liabilities	54,022	4,900	124	59,046
6,958	1,200	5	8,163	Contributions by participants	7,657	1,100	7	8,764
109,923	11,300	255	121,478	Actuarial gains/(losses)	46,184	500	105	46,789
(4,186)	0	0	(4,186)	Unfunded benefits paid	(4,315)	0	0	(4,315)
(33,517)	(2,000)	(84)	(35,601)	Benefits paid	(33,938)	(1,900)	(58)	(35,896)
630	0	0	630	Past service costs / (gains)	457	0	0	457
0	0	0	0	Liabilities assumes in a business combination	18,196	0	0	18,196
(4,270)	400	0	(3.870)	Curtailments	5,478	0	0	5,478
1,229,243	**114,400**	**2788**	**1,346,431**	**Balance at 31 March**	**1,081,944**	**95,200**	**2,477**	**1,179,621**
Group defined asset Obligation - reconciliation of present value of the scheme assets								
2012/13					2011/12			
LBH £'000	H f H £'000	AP&PCT £'000	Total £'000		LBH £'000	H f H £'000	AP&PCT £'000	Total £'000
638,565	**87,600**	**2,011**	**728,176**	**Balance at 1 April**	**592,761**	**82,100**	**1,925**	**676,786**
35,423	5,000	112	40,535	Expected return on plan	42,315	5,700	133	48,148
62,562	8,800	200	71,562	Actuarial gains (losses)	(19,557)	(2,600)	(62)	22,219
25,322	3,300	59	28,681	Employer contributions	29,463	3,200	66	32,729
4,186	0	0	4,186	Unfunded contributions	4,315	0	0	4,315
6,958	1,200	5	8,163	Contributions by participants	7,657	1,100	7	8,764
0	0	0	0	Liabilities assumed in a business combination	19,864	0	0	19,864
(33,517)	(2,000)	(84)	(35,601)	Benefits paid	(33,938)	(1,900)	(58)	(35,896)
(4,186)	0	0	(4,186)	Unfunded benefits paid	(4,315)	0	0	(4,315)
735,313	**103,900**	**2,303**	**841,516**	**Balance at 31 March**	**638,565**	**87,600**	**2,011**	**728,176**
(493,930)	**(10,500)**	**(485)**	**(504,915)**	**Net Liability**	**(443,379)**	**(7,600)**	**(466)**	**(451,445)**

5. Group senior officer

Salary range £	2012/13 LBH Staff No's	H f H	AP&PCT	Total	2011/12 LBH	H f H	AP&PCT	Total
50 - 54,999	181	25	0	**206**	226	23	0	**249**
55 - 59,999	115	18	0	**133**	129	10	0	**139**
60 - 64,999	62	13	1	**76**	65	7	3	**75**
65 - 69,999	31	5	0	**36**	51	2	0	**53**
70 - 74,999	31	10	0	**41**	29	1	0	**30**
75 - 79,999	19	6	2	**27**	23	1	0	**24**
80 - 84,999	8	2	0	**10**	13	0	0	**13**
85 - 89,999	11	1	0	**12**	13	2	0	**15**
90 - 94,999	10	1	0	**11**	10	1	1	**12**
95 - 99,999	6	1	0	**7**	6	0	0	**6**
100 - 104,999	2	0	0	**2**	3	0	0	**3**
105 - 109,999	0	0	0	**0**	3	0	0	**3**
110 - 114,999	4	0	1	**5**	2	0	0	**2**
115 - 119,999	0	1	0	**1**	2	1	0	**3**
120 - 124,999	1	0	0	**1**	0	0	0	**0**
125 - 129,999	0	0	0	**0**	2	0	0	**2**
130 - 134,999	1	0	0	**1**	1	0	0	**1**
135 - 139,999	0	0	0	**0**	0	0	0	**0**
140 - 144,999	1	0	0	**1**	0	0	0	**0**
145 - 149,999	0	0	0	**0**	0	0	0	**0**
Total	**483**	**83**	**4**	**570**	**578**	**48**	**4**	**630**

6. Group Audit Fees

	2012/13 LBH £'000	H f H £'000	AP&PCT £'000	Total £'000	2011/12 LBH £'000	H f H £'000	AP&PCT £'000	Total £'000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	281	26	34	**341**	418	25	34	**477**
Fees payable in respect of statutory inspections	0	0	0	**0**	42	0	0	**42**
Fees payable for the certification of grant claims and returns for the year	87	0	0	**87**	139	0	0	**139**
Fees payable in respect of other services provided by the External Audit during the year	51	0	0	**51**	17	0	0	**17**
Total	**419**	**26**	**34**	**479**	**616**	**25**	**34**	**675**

7. Commitments under operating leases

Payments due within one year on leases expiring

Type of lease	2012/13				2011/12			
	LBH £'000	H f H £'000	AP&PCT £'000	Total £'000	LBH £'000	H f H £'000	AP&PCT £'000	Total £'000
Land and Buildings								
within 1 year	741	0	0	**741**	741	0	27	**768**
within 2 - 5 years	3,152	0	0	**3,152**	3,301	0	0	**3,301**
later than 5 years	4,284	0	0	**4,284**	4,875	0	0	**4,875**
Equipment								
within 1 year	7	513	0	**520**	27	515	8	**550**
within 2 - 5 years	11	0	0	**11**	25	0	0	**25**
later than 5 years	0	1,095	0	**1,095**	0	1,608	0	**1,608**

Section 5
The Pension Fund Accounts
2012/13

Scheme Advisers

Registration Number	00329316RX
Administering Authority	London Borough of Haringey
Secretary to the Committee	Head of Local Democracy and Member Services
Scheme Administrator	Chief Financial Officer
Actuary	Hymans Robertson
Investment Managers	Capital International (until May 2012) Fidelity International (until May 2012) BlackRock Investment Management (from May 2012) Legal & General Investment Management CBRE Global Investors Pantheon
Custodian	Northern Trust
Investment Consultants	Aon Hewitt Limited
Independent Adviser	John Raisin BA, MBA, CPFA , IMC (from 1 June 2012)
Bankers	Royal Bank of Scotland
Legal advisers	Head of Legal Services
AVC providers	Clerical and Medical Equitable Life Assurance Society Prudential Assurance
Internal Auditors	Deloitte & Touche Public Sector Internal Audit Limited
External Auditors	Grant Thornton UK LLP

Introduction

The financial statements have been prepared and audited in accordance with regulations made under the Audit Commission Act 1998. The Council publishes a separate Pension Fund Annual Report and Accounts and more detail about the Pension Fund can be found in this document.

Nature of the scheme

The Fund is a defined benefit scheme and was established on 1 April 1965 to provide retirement pensions and lump sum allowances, survivor dependants' and death benefits to all eligible employees of Haringey Council. Certain other organisations also participate in the Fund and details of these are set out below. The Fund's income is derived from employees, contributions from employing organisations and income from investments.

Management of the Fund

Haringey Council in its role as Administering Authority has delegated responsibility for administering the Pension Scheme to the Corporate Committee. Details of the Corporate Committee which served during 2012/13 are shown below.

The terms of reference for Corporate Committee are set out in the Council's constitution. The Committee consists of ten elected Councillors, with full voting rights and three representatives. Councillors are selected by their respective political Groups and their appointment was confirmed at a meeting of the full Council. They were not appointed for a fixed term but the membership is reviewed regularly by the political groups. The three representatives were appointed by their peer groups. The membership of the Committee during the 2012/13 year was:

Cllr George Meehan	Chair
Cllr Kaushika Amin	Vice Chair
Cllr Charles Adje	(from May 2012)
Cllr Isidoros Diakides	(from May 2012)
Cllr Robert Gorrie	(until May 2012)
Cllr Eddie Griffith	
Cllr Jim Jenks	
Cllr Gmmh Rahman Khan	
Cllr Stuart McNamara	(until May 2012)
Cllr Richard Watson	(until May 2012)
Cllr Monica Whyte	
Cllr Neil Williams	
Cllr Richard Wilson	(from May 2012
Roger Melling	Employee representative
Michael Jones	Pensioner representative
Keith Brown	Admitted and Scheduled Bodies representative

Investments and Statement of Investment Principles

The Pension Fund's investment strategy is formulated within the parameters of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009.

Corporate Committee was responsible for setting investment strategy with the aid of independent advice from the Pension Fund's advisers. Day to day investment decisions are delegated to fund managers.

The strategy is set out in detail in the Statement of Investment Principles (SIP), which is published in the Pension Fund Annual Report. The SIP is regularly updated to reflect any changes made to investment management arrangements and reports the extent of compliance with the Myners principles of investment. All investments are externally managed, with the exception of a small allocation of cash required for the payment of benefits, which is managed internally. During 2012/13 all of the Fund's equity and bond assets were moved to passive management, which means they are managed in line with the benchmark.

Fund administration and membership

At 31 March 2013, there were 6,168 (2012: 6,102) employees contributing to the Fund and 6,692 (2012: 6,473) pensioners and dependents receiving benefits. There were also 7,332 (2012: 7,293) deferred pensioners. Staff in the following organisations contribute to the fund and benefit accordingly.

Organisation name	Type of employer
Haringey Council	Administering Authority
Homes for Haringey	Scheduled Body
College of Haringey, Enfield & North East London	Scheduled Body
Greig City Academy	Scheduled Body
Fortismere School	Scheduled Body
John Loughborough School	Scheduled Body
Alexandra Park Academy	Scheduled Body
Woodside Academy	Scheduled Body
Eden Free School	Scheduled Body
Harris Academy Coleraine	Scheduled Body
Harris Academy Philip Lane	Scheduled Body
AET Trinity Primary	Scheduled Body
AET Noel Park	Scheduled Body
Haringey 6th Form Centre	Scheduled Body
St Paul's & All Hallows Infant Academy	Scheduled Body
St Paul's & All Hallows Junior Academy	Scheduled Body
St Michael's Academy	Scheduled Body
St Ann CE Academy	Scheduled Body
Holy Trinity CE Academy	Scheduled Body
Hartsbrook Academy	Scheduled Body
St Thomas More School Academy	Scheduled Body
Alexandra Palace Trading Co Ltd	Community Admission Body
Haringey Age Concern	Community Admission Body
Haringey Citizens Advice Bureau	Community Admission Body
Balfour Beatty Workforce	Transferee Admission Body
Churchill Contract Services	Transferee Admission Body
ESSL	Transferee Admission Body
Fusion Lifestyle	Transferee Admission Body
TLC Ltd	Transferee Admission Body
Urban Futures London Ltd	Transferee Admission Body
Veolia Environmental Services (UK) plc	Transferee Admission Body

Actuarial position

The Pension Fund is independently valued every three years by a firm of actuaries to assess the adequacy of the Fund's assets to meet its long term obligations.

The most recent triennial actuarial valuation of the Fund was carried out as at 31 March 2010 in a report dated 31 March 2011.

The 2010 valuation was carried out in accordance with the Fund’s Funding Strategy Statement and Guidelines GN9: Funding Defined Benefits – Presentation of Actuarial Advice published by the Board for Actuarial Standards. 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 active members and the level of funding for each employer’s past service liabilities.

The market value of the Fund at the time of the last triennial valuation as at 31 March 2010 was £664m. Against this sum liabilities were identified of £960m equivalent to a funding deficit of £296m. The movement in the actuarial deficit between 2007 and the last valuation in 2010 is analysed below:

Reason for change	£m
Interest on deficit	(32)
Investment returns lower than expected	(123)
Change in demographic assumptions	(25)
Experience items	63
Change in financial assumptions	(1)
Total	**(118)**
Deficit brought forward	**(178)**
Deficit carried forward	**(296)**

The level of funding on an ongoing funding basis reduced from 77.7% to 69.2% between the triennial actuarial valuations as at 31 March 2007 and as at 31 March 2010. The main reason for the reduction in the funding level was the lower than expected investment returns following the falls in world stock markets during the three years.

The funding objective of the Scheme is to be fully funded. As this objective had not been achieved at the last valuation date it was agreed with the actuary that the past service deficit would be recovered over a period not exceeding 20 years. Further information about the principles for achieving full funding is set out in the Pension Fund’s Funding Strategy Statement, which is published in the Pension Fund Annual Report.

Following the valuation as at 31 March 2010, the actuary agreed that the Council’s contribution rate could remain at the 2010/11 rate of 22.9% of pensionable salaries for the following three financial years. The 2012/13 contribution rate was split between 5.8% for the past service adjustment to fund the deficit over 20 years and the future service rate of 17.1%.

The main assumptions used in the 2010 valuation were:

Investments	Annual nominal rate of return %
Equities	6.1
Bonds	4.5
	Annual change %
Pay increases	5.3 *
Price Increases (pension increases)	3.3

* Assumed to be 5.3% in the long term, however an increase of 1% has been assumed for 2010/11 and 2011/12.

The next actuarial valuation will be carried out as at 31 March 2013.

Accounting Policies and Principles

The financial statements have been prepared in accordance with the Local Government Pension Scheme Regulations 2007 (as amended) and with the guidelines set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13, which is based on International Financial Reporting Standards and having regard to the Financial Reports of Pension Schemes – A Statement of Recommended Practice. The principal accounting policies of the Fund are set out below. The policies have remained unchanged from the previous year except where indicated.

<u>Contributions</u>

Employer and employee contributions are included on an accruals basis relating to wages and salaries payable for the financial year. Employers' capital cost payments are also accounted for on an accruals basis relating to the period in which the liability arises.

<u>Benefits</u>

Benefits are shown on an accruals basis relating to the date on which they become payable.

<u>Transfers in and out</u>

Transfers in and out are accounted for on a cash basis whenever the transfer value is paid or received.

<u>Administrative expenses</u>

Administrative expenses are shown on an accruals basis. A proportion of relevant Council officers' time, including related on-costs, has been charged to the Fund on the basis of actual time spent on scheme administration and investment related matters. Charges paid to HMRC in respect of scheme members breaching the Pensions Lifetime allowance are disclosed under administrative expenses.

<u>Investment income</u>

Dividends are shown on an accruals basis by reference to the ex-dividend date. Withholding tax, which is recoverable, is accrued on the same basis as the income to which it relates. Interest on fixed interest investments, index linked securities, cash and short term deposits is accounted for on an accruals basis. Distributions from equity and bond pooled funds are recognised on the date of payment. Distributions from property unit trusts are shown on an accruals basis by reference to the ex-dividend date.

<u>Taxation</u>

The Fund is exempt from UK income tax on interest received and capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as an expense as it arises.

Derivative contracts

In relation to income from forward foreign exchange contracts, all realised and unrealised gains and losses are included within change in market value. All interest receivable is accrued on a daily basis. The Pension Fund holds no other types of derivative contract.

Investment management expenses

Fund managers' fees are based on the market values of the portfolios under management. Where managers invest in in-house investment vehicles, e.g. unit trusts where management fees are covered in the price of the units, the market value of such holdings are deducted from the portfolio value before calculating chargeable fees. All the Investment Management expenses are shown on an accruals basis.

Investments – market values

Investments are stated at fair value on the final working day of the financial year as follows:

- Listed securities are stated at bid value;
- Unquoted securities are stated at the estimate of fair value provided by the investment manager;
- Units in managed funds and pooled investment vehicles are stated at bid value; and
- Forward foreign exchange contracts are valued by establishing the gain or loss that would arise on closing out the contract at the accounting date by entering into an equal and opposite contract on that date.

There are no published price quotations available to determine the fair value of the Fund's private equity holdings. The value of these holdings is therefore assessed by the Private Equity Fund Manager on a fair value basis as determined at 31 December 2012 adjusted for drawdowns paid and distributions received in the period 1 January 2013 to 31 March 2013.

The valuation of foreign equities is calculated by using the overseas bid 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.

Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary and a roll forward approximation is applied in the intervening years. This is done in accordance with the requirements of IAS19 and relevant actuarial standards. As permitted under IAS26, the Fund has opted to disclose the actuarial present value of promised retirement benefits as an annex to the financial statements.

Additional Voluntary Contributions ("AVCs")

Members of the Fund are able to make AVCs in addition to their normal contributions. The related assets are invested separately from the main fund, and in accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, are not accounted for within the financial statements. If on retirement members opt to enhance their Scheme benefits using their AVC funds, the amounts returned to the Scheme by the AVC providers are disclosed within transfers-in.

Further details about the AVC arrangements are disclosed in note 19 to the financial statements.

Critical Judgements applied

There are two areas in the accounts where critical judgements are applied which are materially significant to the accounts:

Actuarial present value of promised retirement benefits – the figure of net liability to pay pensions is based on a significant number of assumptions including the discount rate, mortality rates and expected returns on fund assets. The Pension Fund's qualified actuary calculates this figure to ensure the risk of misstatement is minimised. The liability is calculated on a three yearly basis with annual updates in the intervening years. The Actuary has advised that this has provided a reasonable estimate of the actuarial present value of promised retirement benefits.

Private Equity valuations – the value of the Fund's private equity holdings is calculated by the General Partners of the fund on the basis of their Valuation Policy, which follows best practice in the industry. However as there is no active market for these holdings, there is an element of professional judgement involved in the valuation of these holdings.

Pension Fund Account

2012/13 £'000		Notes	2011/12 £'000
	Dealings with members, employers and others directly involved in the scheme		
40,762	Contributions receivable	1	44,481
4,258	Transfers In	2	9,072
(40,077)	Benefits payable	3	(42,001)
(5,128)	Payments to and on account of leavers	4	(4,232)
(876)	Administrative Expenses	5	(651)
(1,061)	**Net additions from dealings with members**		**6,669**
	Returns on Investments:		
3,603	Investment Income	6	12,365
107,377	Change in market value of investments	9	18,389
(33)	Taxes on Income	7	(94)
(1,642)	Investment management expenses	8	(3,333)
109,305	**Net returns on investments**		**27,327**
108,244	**Net increase in the Fund during the year**		**33,996**
754,948	**Add: Opening net assets of the scheme**		**720,952**
863,192	**Closing net assets of the scheme**		**754,948**

Net Asset Statement

The Net Asset Statement sets out the assets and liabilities for the Fund as at 31 March 2013. The Fund is separately managed by the Council acting in its role as Administering Authority and its accounts are separate from the Council's.

31/03/13 £'000		Notes	31/03/12 £'000
860,379	Investment assets		754,512
0	Investment liabilities		(2,680)
860,379		9	751,832
3,802	Current Assets	12,13	4,025
(989)	Current Liabilities	13,14	(909)
863,192	**Total Assets**		**754,948**

Notes to Pension Fund Account

1. Contributions Receivable

2012/13 £'000		2011/12 £'000
23,127	Employers' normal contributions	23,959
6,661	Employers' deficit funding contributions	6,979
2,155	Employers' other contributions	4,179
31,943	**Sub Total**	**35,117**
8,819	Members' normal contributions	9,364
40,762	**Total**	**44,481**

Employers' deficit funding contributions include lump sum payments and the deficit element of the employers' contribution rate. In addition, payments resulting from cessation valuations are also included.

Employers' other contributions relate to capital cost payments and cover the cost to the Fund of members awarded early retirement before age 60 or otherwise after age 60, but before their normal protected retirement date.

Contributions are further analysed in the following note:

1a. Analysis of Contributions Receivable

2012/13 £'000		2011/12 £'000
31,599	Administering authority	36,455
7,937	Scheduled bodies	6,765
1,226	Admitted bodies	1,261
40,762	**Total**	**44,481**

Haringey Council is the administering authority. Scheduled bodies are public bodies required by law to participate in the LGPS. Admitted bodies are in the LGPS either because services have been outsourced or because they have sufficient links with the Council to be regarded as having a community interest.

2. Transfers In

2012/13 £'000		2011/12 £'000
4,258	Individual transfers in from other schemes	4,980
0	Bulk transfers in from other schemes	4,092
4,258	**Total**	**9,072**

3. Benefits Payable

2012/13 £'000		2011/12 £'000
31,380	Pensions	28,525
7,771	Commutation of pensions & lump sum retirement benefits	12,956
926	Lump sum death benefits	520
40,077	**Total**	**42,001**

Benefits payable are further analysed in the following note.

3a. Analysis of Benefits Payable

2012/13 £'000		2011/12 £'000
36,183	Administering authority	37,719
2,995	Scheduled bodies	3,308
899	Admitted bodies	974
40,077	**Total**	**42,001**

4. Payments to and on account of leavers

2012/13 £'000		2011/12 £'000
1	Refunds of contributions	1
4,052	Individual transfers out to other schemes	4,231
1,075	Bulk transfers out to other schemes	0
5,128	**Total**	**4,232**

5. Administrative Expenses

2012/13 £'000		2011/12 £'000
646	Administration and processing	572
87	Legal and professional fees	79
143	HMRC Charges	0
876	**Total**	**651**

Other than costs disclosed, all administrative costs of running the Scheme are borne by the Administering Authority.

6. Investment Income

2012/13 £'000		2011/12 £'000
19	Interest from fixed interest securities	77
1,008	Dividends from equities	4,136
53	Income from index-linked securities	569
2,437	Income from pooled investment vehicles	7,215
86	Interest on cash deposits	368
3,603	**Total**	**12,365**

7. Taxes on Income

2012/13 £'000		2011/12 £'000
33	Irrecoverable withholding tax on investment income	94
33	**Total**	**94**

8. Investment management expenses

2012/13 £'000		2011/12 £'000
1,462	Fund managers fees	3,150
60	Custodian fees	86
81	Investment consultant fees	80
20	Independent adviser fees	1
19	Other	16
1,642	**Total**	**3,333**

9. Reconciliation of movements in Investment assets & liabilities

2012/13	Value as at 1 April 2012 £'000	Purchases at Cost & Derivative payments £'000	Sales Proceeds & derivative receipts £'000	Net Security Movements £'000	Changes in market value £'000	Value as at 31 March 2013 £'000
Fixed Interest securities	0	1,107	(2,258)	1,163	(12)	0
Equities	131,453	0	(5,056)	(114,181)	(12,216)	0
Index-linked securities	53,316	714	(9,112)	(37,647)	(7,271)	0
Pooled Investment vehicles	529,585	324,583	(274,340)	150,665	118,079	848,572
Derivative Contracts	(1)	10	(14)	0	5	0
Sub total	**714,353**	**326,414**	**(290,780)**	**0**	**98,585**	**848,572**
Cash Deposits	38,684	5,385	(32,793)	0	34	11,310
Other Investment Balances	(1,205)	2,554	(840)	0	(12)	497
Sub total	**37,479**	**7,939**	**(33,633)**	**0**	**22**	**11,807**
Net Investment Assets	**751,832**	**334,353**	**(324,413)**	**0**	**98,607**	**860,379**

2011/12	Value as at 1 April 2011 £'000	Purchases at Cost & Derivative payments £'000	Sales Proceeds & derivative receipts £'000	Changes in market value £'000	Value as at 31 March 2012 £'000
Fixed Interest securities	10,453	0	(10,834)	381	0
Equities	133,811	51,790	(50,258)	(3,890)	131,453
Index-linked securities	16,844	41,490	(12,825)	7,807	53,316
Pooled Investment vehicles	489,752	255,234	(229,528)	14,127	529,585
Derivative Contracts	0	58	(87)	28	(1)
Sub total	**650,860**	**348,572**	**(303,532)**	**18,453**	**714,353**
Cash Deposits	66,637	1,627	(29,510)	(70)	38,684
Other Investment Balances	470	(875)	(806)	6	(1,205)
Sub total	**67,107**	**752**	**(30,316)**	**(64)**	**37,479**
Net Investment Assets	**717,967**	**349,324**	**(333,848)**	**18,389**	**751,832**

The changes in market value during the year comprise all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the Fund such as fees, commissions, stamp duty and other fees. Transaction costs incurred during the year amounted to £2k (2011/12: £132k). In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Fund.

9a. Analysis of investment assets excluding derivatives and other investment balances

31/03/13 £'000		31/03/12 £'000
	Equities	
0	UK quoted	34,109
0	Overseas quoted	97,344
0	**Sub total**	**131,453**
	Index Linked Securities	
0	UK Public sector quoted	53,316
0	**Sub total**	**53,316**
	Pooled Investment Vehicles	
	Unit Trusts:	
44,053	- Property - UK	46,989
0	- Other - Overseas	14,088
	Unitised Insurance Policies	
342,400	- UK	120,109
423,661	- Overseas	63,629
	Other managed funds	
3,702	- Property - Overseas	5,571
0	- Other - UK	136,589
34,756	- Other - Overseas	142,610
848,572	**Sub total**	**529,585**
	Cash Deposits	
10,823	Sterling	38,384
487	Foreign Currency	300
11,310	**Sub total**	**38,684**

The managed funds in which the Scheme has invested are all operated or managed by companies registered in the United Kingdom.

9b. Derivative Contracts

31/03/13 £'000		31/03/12 £'000
	Forward Foreign exchange:	
0	Pending forward foreign exchange purchases (asset)	128
0	Pending forward foreign exchange sales (liability)	(129)
0	**Total**	**(1)**

The Pension Fund investment managers were using forward foreign exchange contracts to reduce currency risk when undertaking investment transactions in foreign currencies in the early part of the financial year. At the end of the financial year, there were no such contracts outstanding.

In addition to forward foreign exchange contracts, the Pension Fund investment managers are permitted to use certain other derivatives in managing their portfolios, including warrants, futures, convertible securities and swaps. The use of all these derivatives is in line with the investment management agreements in place between the Fund and the investment managers. The Pension Fund did not hold any derivative contracts, other than forward foreign exchange contracts, as at 31 March 2013 or 31 March 2012.

9c. Investment Assets – Other Investment Balances

31/03/13 £'000		31/03/12 £'000
495	Outstanding dividend entitlements	1,193
2	Interest receivable	11
0	Outstanding trade sales proceeds	62
0	Pending foreign exchange purchases - spot deals	80
497		**1,346**

9d. Investment Liabilities – Other Investment Balances

31/03/13 £'000		31/03/12 £'000
0	Pending foreign exchange sales - spot deals	(80)
0	Unsettled investment trade purchases	(2,471)
0		**(2,551)**

9e. Analysis of Investments by fund manager

31/03/2013 £'000	%	Fund Manager	31/03/2012 £'000	%
516,158	60.0	BlackRock Investment Mngt	0	0.0
0	0.0	Capital International	203,301	27.1
0	0.0	Fidelity International	250,142	33.3
249,906	29.1	Legal & General	183,738	24.4
54,046	6.3	CBRE Global Investors	52,060	6.9
34,756	4.0	Pantheon	29,485	3.9
5,513	0.6	In house cash deposits	33,106	4.4
860,379	**100.0**	**Total**	**751,832**	**100.0**

9f. Investments exceeding 5% of Net Assets

31/03/2013 £'000		Name of holding	31/03/2012 £'000	
193,256	22.4%	BlackRock Aquila Life UK Equity Index Fund	0	0.0%
139,082	16.1%	BlackRock Aquila Life US Equity Index Fund	0	0.0%
102,848	11.9%	BlackRock Aquila Life Over 5 Years Index Linked	0	0.0%
84,242	9.8%	Legal & General World Emerging Equity Index	0	0.0%
47,589	5.5%	Legal & General Europe ex UK Equity Index	0	0.0%
43,563	5.0%	BlackRock Aquila Life European Equity Index Fund	0	0.0%
21,364	2.5%	Legal & General UK Equity Index	120,110	15.9%
0	0.0%	Legal & General World Equity Index	63,629	8.4%
0	0.0%	Fidelity Institutional Index Linked Bond Fund	68,671	9.1%
0	0.0%	Fidelity Institutional Exempt America	41,029	5.4%
0	0.0%	Fidelity UK Institutional UK Equities	38,889	5.2%

10a. Classification of Financial Instruments

The majority of the Fund's financial assets and liabilities are classified as "fair value through profit and loss". This means that the assets can be exchanged between parties at a market price. The Accounting Policies describe how fair value is measured. Assets which have fixed payments and are not quoted in an active market are classified as "Loans and Receivables". The only financial assets in this class held by the Fund are cash deposits and debtors. Creditors to the Fund are classified as financial liabilities at amortised cost because they are not held for trading. No assets or liabilities have been reclassified.

31/03/13			31/03/12	
Carrying Value £'000	Fair Value £'000		Carrying Value £'000	Fair Value £'000
FINANCIAL ASSETS				
Financial Assets at Fair Value through Profit or Loss				
0	0	Fixed Interest securities	0	0
0	0	Equities	119,711	131,453
0	0	Index-linked securities	45,294	53,316
714,929	848,572	Pooled Investment vehicles	417,211	529,586
0	0	Derivative Contracts	128	128
497	497	Other Investment Balances	1,347	1,346
715,426	**849,069**		**583,691**	**715,829**
Loans & Receivables				
11,310	11,310	Cash Deposits	38,684	38,684
3,802	3,802	Debtors	4,025	4,025
0	0	Cash at Bank	0	0
15,112	**15,112**		**42,709**	**42,709**
FINANCIAL LIABILITIES				
Financial Liabilities at Fair Value through Profit or Loss				
0	0	Derivative Contracts	(129)	(129)
0	0	Other Investment Balances	(2,727)	(2,551)
0	**0**		**(2,856)**	**(2,680)**
Financial Liabilities at Amortised Cost				
(897)	(897)	Creditors	(891)	(891)
(92)	(92)	Cash overdrawn	(18)	(18)
(989)	**(989)**		**(909)**	**(909)**
729,549	**863,192**	**Net Assets**	**622,635**	**754,949**

10b. Net gains and losses on financial instruments

The table below analyses gains and losses according to financial instrument classification.

31/03/13 £'000		31/03/12 £'000
Financial Assets		
98,431	Fair Value through profit or loss	18,429
34	Loans & receivables	(70)
Financial Liabilities		
142	Fair Value through profit or loss	30
0	Financial Liabilities at Amortised Cost	0
98,607	**Total**	**18,389**

11. Nature and extent of risks arising from Financial Instruments

The Pension Fund's investment objective is to achieve a return on Fund assets, which is sufficient, over the long term, to meet the funding objectives. The Pension Fund's investment strategy has an inherent degree of risk which is taken in order to achieve this objective.

a) Management of risk

The Pension Fund is invested in a range of different types of asset – equities, bonds, property, private equity and cash. This is done in line with the Local Government Pension Scheme (Management & Investment of Funds) Regulations 2009, which require pension funds to invest any monies not immediately required to pay benefits. These regulations require the formulation of a Statement of Investment Principles, which sets out the Fund's approach to investment including the management of risk. The latest version can be found in the Pension Fund Annual Report & Accounts

The majority of the Pension Fund's assets are managed by external fund managers and they are required to provide an audited internal controls report regularly to the Council which sets out how they ensure the Fund's assets are managed in accordance with the Investment Management Agreement the Council has signed with each fund manager.

Prior to 2012-13 the Council had become increasingly concerned about the performance of its active fund managers and the volatility in returns that this style of management can produce. To seek to improve performance and the management of risk the Council decided to alter its strategy and to invest 90% of its funds with managers who are required to manage on a passive basis and produce consistent performance closely aligned to defined indices.

b) Market price risk

The key risk for the Pension Fund is market risk, which is the risk that the value of the investments fluctuates due to changes in market prices. The majority of the Fund is invested in pooled funds with underlying assets which can fluctuate on a daily basis as market prices change e.g. equities and bonds. The Fund's investments increased in value during 2012/13 by £107m, equivalent to around 14.2%. To demonstrate the impact of this volatility, the table below shows the impact a 10% movement up and down in market prices would have had on the portfolio in 2012/13 and for the previous year.

	Market Value at 31/03/13 £'000	% change	Value on increase £'000	Value on decrease £'000
Fixed Interest securities	0	10%	0	0
Equities	0	10%	0	0
Index-linked securities	0	10%	0	0
Pooled Investment vehicles	848,572	10%	933,429	763,714
Derivative Contracts	0	0%	0	0
Cash Deposits	11,310	0%	11,310	11,310
Other Investment Balances	497	0%	497	497
Net Investment Assets	**860,379**		**945,236**	**775,521**

	Market Value at 31/03/12 £'000	% change	Value on increase £'000	Value on decrease £'000
Fixed Interest securities	0	10%	0	0
Equities	131,453	10%	144,598	118,308
Index-linked securities	53,316	10%	58,648	47,984
Pooled Investment vehicles	529,585	10%	582,544	476,627
Derivative Contracts	(1)	0%	(1)	(1)
Cash Deposits	38,684	0%	38,684	38,684
Other Investment Balances	(1,205)	0%	(1,205)	(1,205)
Net Investment Assets	**751,832**		**823,268**	**680,397**

A number of controls have been put in place to minimise this risk. A key method to reduce risk is to diversify the Pension Fund's investments. This is achieved through the setting of a benchmark, which incorporates a wide range of asset classes and geographical areas. A range of investment managers have been appointed to further diversify the Pension Fund's investments and lower risk. In addition to diversification, parameters have been set for the investment managers to work within to ensure that the risk of volatility and deviation from the benchmark are within controlled levels.

Investment values and performance of the fund managers is measured on a quarterly basis through reporting to Corporate Committee.

c) Exchange rate risk

The Pension Fund holds assets in currencies other than sterling, which made up 54% of the Fund value on 31st March 2013. There is a risk that due to exchange rate movements that the sterling equivalent value of the investments falls. The table below shows the impact a 10% movement up and down of the pound against foreign currencies would have had on the portfolio in 2012/13 and for the previous year.

	Market Value at 31/03/13 £'000	% change	Value on increase £'000	Value on decrease £'000
Overseas exposure in				
Pooled Investment vehicles	462,119	10%	508,331	415,907
Foreign Currency	487	10%	536	438
Total	**462,606**		**508,867**	**416,345**

	Market Value at 31/03/12 £'000	% change	Value on increase £'000	Value on decrease £'000
Overseas Equities	97,344	10%	107,078	87,610
Overseas exposure in				
Pooled Investment vehicles	225,898	10%	248,488	203,308
Foreign Currency	300	10%	330	270
Total	**323,542**		**355,896**	**291,188**

The external fund managers are required to consider the potential impact of currency movements when selecting investments. The cash balances managed internally are only permitted to be in sterling.

d) Interest Rate risk

Movements in interest rates affect the income earned by the Fund and can have an impact on the value of net assets, in particular bonds. To demonstrate this risk, the table below shows the impact on income earned of a 1% increase and decrease in interest rates.

	Interest earned 2012/13 £'000	Interest if rates 1% higher £'000	Interest if rates 1% lower £'000
Fixed Interest securities	19	30	8
Index-linked securities	53	97	8
Cash Deposits	86	215	0
	158	**342**	**16**

	Interest earned 2011/12 £'000	Interest if rates 1% higher £'000	Interest if rates 1% lower £'000
Fixed Interest securities	77	181	0
Index-linked securities	569	1,041	97
Fixed Interest exposure in			
Pooled Investment vehicles	2,063	3,015	1,110
Cash Deposits	368	864	9
	3,077	**5,101**	**1,216**

e) Credit risk and counterparty risk

Credit risk is the risk a counterparty fails to fulfil a transaction it has committed to entering into. This risk is particularly relevant to the Council's bond and cash investments.

The Investment Management Agreements the Council has signed with the external fund managers set out limits on the types of bonds the fund managers can purchase for the Fund in order to limit the possibility of default. The table below shows the split of the bond investments by credit rating at 31st March 2013 and 31st March 2012.

	Market Value at 31/03/2013 £'000	AAA %	AA %	A %	BBB %	Below BBB %
Bond exposure in Pooled Investment vehicles	127,780	100.0	0.0	0.0	0.0	0.0
Total / Weighted Average	**127,780**	**100.0**	**0.0**	**0.0**	**0.0**	**0.0**

	Market Value at 31/03/2012 £'000	AAA %	AA %	A %	BBB %	Below BBB %
Index-linked securities	53,316	100.0	0.0	0.0	0.0	0.0
Bond exposure in Pooled Investment vehicles	97,700	70.0	3.5	13.3	10.2	3.0
Total / Weighted Average	**151,016**	**80.6**	**2.3**	**8.6**	**6.6**	**1.9**

The cash that the Council manages internally on behalf of the Pension Fund is invested in line with the Council's Treasury Management Strategy, which sets out very strict limits on the counterparties which can be used and the amounts that can be invested with them. The amount of cash held by fund managers is kept to a minimum and when held for a period of time is invested in the custodian bank's AAAm rated money market fund. The table below details the credit ratings of the institutions the cash was held with.

	Credit rating on 31/03/13	Exposure £'000
Northern Trust	AA-	521
Money Market Funds	AAAm	10,789
Total		**11,310**

	Credit rating on 31/03/12	Exposure £'000
Debt Management Office	N/A	15,570
Northern Trust	AA-	107
Money Market Funds	AAAm	23,007
Total		**38,684**

The limits for both bonds and cash are kept under constant review to be able to respond quickly to changes in the creditworthiness of counterparties which may increase risk.

<u>f) Liquidity risk</u>

Liquidity risk is the risk that monies are not available to meet the Pension Fund's obligation to pay pension benefits on time. Maintaining a level of internally managed cash balances enables the Pension Fund to ensure liquidity is not an issue. All of the internally managed cash held on 31 March 2013 was in instant access money market funds, ensuring cash is available as required. Monitoring of the cashflow position daily assists with maintaining this position.

The majority of the Council's non cash investments are in publicly listed stock exchanges, which ensure it is possible to realise the investments easily if necessary.

12. Debtors

31/03/13 £'000		31/03/12 £'000
	Local Authorities	
	Contributions due from :	
2,100	Administering Authority in respect of the Council	2,457
523	Administering Authority in respect of members	587
2,623	**Sub Total**	**3,044**
3	Administering Authority - other	26
3	**Sub Total**	**26**
	Central Government Bodies	
14	HM Revenue & Customs	39
14	**Sub Total**	**39**
	Other entities and individuals	
	Contributions due from :	
102	Admitted Bodies in respect of employers	80
29	Admitted Bodies in respect of members	20
959	Scheduled Bodies in respect of employers	430
59	Scheduled Bodies in respect of members	155
0	Other - Reimbursement of Fund management expenses	228
13	Other	3
1,162	**Sub Total**	**916**
3,802	**Total**	**4,025**

All contributions due to the Scheme were paid in full to the Scheme. All were paid within the timescales required by the Scheme Rules, with the exception of two employers, whose contributions were received late.

13. Cash at bank

31/03/13 £'000		31/03/12 £'000
(92)	Cash at bank / (Cash Overdrawn)	(18)
(92)	Total	**(18)**

14. Creditors

31/03/13 £'000		31/03/12 £'000
	Local Authorities	
27	Administering Authority	0
	Central Government Bodies	
320	HM Revenue & Customs	283
	Other entities and individuals	
205	Unpaid benefits in respect of the Administering Authority	164
345	Fund manager and adviser fees	437
0	Other	7
897	**Total**	**891**

15. Contingent assets

Five admitted bodies in the London Borough of Haringey Pension Fund hold bonds to protect the Fund against the possibility of being unable to meet their pension obligations. The bonds would only be payable to the Fund in the event of default on the part of the admitted body. There were four bonds in place on 31st March 2012.

16. Contingent liabilities

The Fund had the following outstanding commitments to invest at the balance sheet date:

31/03/13 £'000		31/03/12 £'000
18,250	Pantheon - Private Equity	21,400
0	CBRE Global Investors - Property	852
18,250	**Total**	**22,252**

The commitments relate to outstanding call payments due in relation to the private equity and property portfolios.

17. Related party transactions

Haringey Council

In 2012/13 the Pension Fund paid £0.564m to the Council for administration and legal services (£0.502m in 2011/12). As at 31 March 2013 a net £2.599m was due from the Council to the Fund (£3.07m in 2011/12), mainly in relation to employer and employee contributions.

Governance

During 2012/13 five council members who served on the Corporate Committee were also members of the Pension Fund. Committee members are required to declare their interests at the beginning of each Committee meeting.

Key Management Personnel

Local Authorities are exempt from the key management personnel requirements of IAS24, on the basis of the disclosures required by the Accounts and Audit (England) Regulations. This also applies to the Haringey Pension Fund. The disclosures prepared in line with the Regulations can be found in the main accounts of Haringey Council. There were no other material related party transactions.

18. Actuarial present value of promised retirement benefits

Annex 1 to the Financial Statements is a report from the Fund's Actuary setting out this information.

The figures included in this note are for the purpose of accounting under International Accounting Standard 19 only. It is the results of the formal funding valuation that are used to determine the funding strategy and employer contribution rates for the Pension Fund. Details of the results of the formal funding valuation can be found in the Actuarial Position section.

19. Additional Voluntary Contributions ("AVCs")

Separately invested AVCs are held with the Equitable Life Assurance Society, Prudential Assurance, and Clerical Medical in a combination of With Profits, Unit Linked and Building Society accounts, securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions.

Movements by provider are summarised below:

2012/13 £	Equitable Life Assurance Society	2011/12 £
333,145	Value as at 6 April	453,980
2,891	Contributions received	7,636
(12,565)	Retirement benefits and charges	(132,212)
19,645	Change in market value	3,741
343,116	**Value as at 5 April**	**333,145**
158,724	Equitable With Profits	165,288
70,733	Equitable Deposit Account Fund	69,191
113,659	Equitable Unit Linked	98,666
343,116	**Total**	**333,145**
24	Number of active members	26
22	Number of members with preserved benefits	23

2012/13 £	Clerical and Medical	2011/12 £
66,735	Value as at 1 April	56,901
2,894	Contributions received	5,279
5,354	Change in market value	4,555
74,983	**Value as at 31 March**	**66,735**
4,838	Clerical Medical With Profits	4,593
70,145	Clerical Medical Unit Linked	62,142
74,983	**Total**	**66,735**
4	Number of active members	4
2	Number of members with preserved benefits	2

2012/13 £	Prudential Assurance	2011/12 £
1,095,650	Value as at 1 April	1,117,023
175,664	Contributions received	217,025
(322,964)	Retirement benefits and charges	(299,646)
42,130	Change in market value	61,248
990,480	**Value as at 31 March**	**1,095,650**
779,091*	Prudential With Profits Cash accumulation	718,643
87,394	Prudential Deposit Fund	53,656
123,995	Prudential Unit Linked	323,351
990,480	**Total**	**1,095,650**
75*	Number of active members	84
24*	Number of members with preserved benefits	19

20. Post Balance Sheet Events

There have been no material post balance sheet events that would require disclosure or adjustment to these financial statements.

Annex 1 to the Financial Statements

As referred to in note 18 to the Financial Statements, the following actuarial report has been provided by Hymans Robertson.

Pension Fund Accounts Reporting Requirement

Introduction

CIPFA's Code of Practice on Local Authority Accounting 2012/13 requires administering authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits.

The actuarial present value of promised retirement benefits is to be calculated similarly to the defined benefit obligation under IAS19. There are three options for its disclosure in pension fund accounts:

- showing the figure in the Net Assets Statement, in which case it requires the statement to disclose the resulting surplus or deficit;
- as a note to the accounts; or
- by reference to this information in an accompanying actuarial report.

If an actuarial valuation has not been prepared at the date of the financial statements, IAS26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation should be carried out using assumptions in line with IAS19 and not the Pension Fund's funding assumptions.

I have been instructed by the Administering Authority to provide the necessary information for the London Borough of Haringey Pension Fund which is in the remainder of this note.

Balance Sheet

31/03/13 £'000		**31/03/12 £'000**
1,389,000	Present Value of Promised Retirement Benefits	1,186,000
1,389,000	**Total**	**1,186,000**

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31st March 2010. I estimate this liability at 31st March 2013 comprises £693m in respect of employee members, £314m in respect of deferred pensioners and £382m in respect of pensioners. The approximation involved in the roll forward model means that the split of scheme liabilities between the three classes of member may not be reliable. However, I am satisfied the aggregate liability is a reasonable estimate of the actuarial present value of benefit promises. I have not made any allowance for unfunded benefits.

The above figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. It should be noted that the figures are appropriate for the Administering Authority only for preparation of the accounts of the Pension Fund. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report as required by the Code of Practice. These are given below. I estimate the impact of the change of assumptions to 31st March 2013 is to increase the actuarial present value by £120m.

Financial Assumptions

My recommended financial assumptions are summarised below:

31/03/13 % p.a.		31/03/12 % p.a.
2.8%	Inflation / Pension Increase Rate	2.5%
5.1%*	Salary Increase Rate	4.8%*
4.5%	Discount Rate	4.8%

** Salary increases are 1% p.a. until 31 March 2016, reverting to the long term rate thereafter*

Longevity Assumption

The life expectancy assumption is based on the standard SAPS tables with improvements from 2007 in line with the Medium Cohort and a 1% per annum underpin. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	21.9 years	24.7 years
Future Pensioners (assumed to be currently aged 45)	23.3 years	26.1 years

This assumption is the same as at 31st March 2012.

Commutation Assumption

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre April 2008 service and 75% of the maximum tax-free cash for post 2008 service.

Professional Notes

This paper accompanies my covering report titled "Actuarial Valuation as at 31st March 2013 for the purposes of International Accounting Standard 19 dated April 2013". The covering report identifies the appropriate reliances and limitations for the use of the figures in this paper together with further details regarding the professional requirements and assumptions. This report is available from the Administering Authority on request.

Douglas Green FFA

For and on behalf of Hymans Robertson LLP

30th April 2013.