London Borough of Haringey

Statement of Accounts 2013/14

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Haringey Council

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EXPLANATORY FOREWORD

This document sets out the financial statements for Haringey Council, the Group Accounts and the Pension Fund. This explanatory foreword provides a review of the financial year 2013/14 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 the responsibilities of the Council's Chief Financial Officer.

The purpose of this foreword is to provide an understandable guide of the most significant aspects of the Council's financial performance, year-end financial position and cash flows. It is not intended to comment on the policies of the Council.

Introduction to the Council's Statement of Accounts

The Statement of Accounts for the London Borough of Haringey provides a picture of the Council's financial position as at 31st March 2014 and a summary of its income and expenditure for the year to 31st March 2014.

This foreword seeks to identify those issues most likely to be of interest to the non technical reader of the accounts. The Council's accounts are subject to a statutory external audit process which confirms that they present fairly the financial position of the Council.

Review of the Year

The year 2013/14 saw the continuation of major reforms and spending reductions in Local Government. It also saw significant changes to the way that council finances operate with the introduction of a new system for funding Local Government through the Business Rate Retention Scheme.

The Council's vision and priorities for 2013/14 are set out in the Council Plan http://www.haringey.gov.uk/corporateplan which is available on the Council's website. 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 opportunities of residents, especially those who are the most vulnerable.

The Corporate Plan sets out the outcomes that the Council is seeking to achieve and which, together with the priorities within each outcome, are set out 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

The Council regularly reviews its performance against a range of agreed indicators. The following are some performance highlights for 2013/14:

- All eleven Secondary Schools continue to be rated good or outstanding.
- The educational achievement of Looked After Children is now in the top quartile nationally for children at both KS2 and GCSE.
- There have been 64 successful adoptions and Special Guardianship Orders in the year to 31st March 2014 – exceeding the annual target of 45 for 2013/14.
- The number of cases being worked within the Integrated Offender Management cohort has significantly exceeded the 2013/14 target of 95 (209 to Quarter 3).
- The placement stability of Looked After Children remains in line with our statistical neighbours but is better than, and improving against, local targets.
- All of the indicators in support of the Council's priority to provide a cleaner, greener, safer environment are showing performance above the 2013/14 targets – of particular note is that 67% of our parks inspected have been graded A or B standard.
- Many of the priority 6 indicators – Support health and wellbeing for all – are showing performance in the third quartile or better.
- All of the indicators relating to the processing of planning applications are above the target time.

The following key financial issues have impacted on 2013/14 and many provide challenges for the Council going forward:

The Business Rates Retention Scheme

The Business Rates Retention Scheme was introduced in April 2013 and provides a direct link between business rates 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 (30%) of the business rates revenue, there is a risk that any shortfalls will also have to be met.

Public Health

The integration of public health into local government on 1st 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 10th January 2013 provided the following ring fenced public health grant allocations for Haringey:

- 2013/14 grant of £17.587 million (baseline £16.254 million plus 8.2% increase).
- 2014/15 grant of £18.189 million (plus 3.4% increase).

Council Tax

The transfer of Council Tax benefit at a reduced level to councils and the consequent need to implement a locally determined Council Tax Reduction Scheme has passed the cost to Councils of supporting those residents who need assistance with meeting the cost of Council Tax.

The Council's finances in 2013/14

Revenue Expenditure

In 2013/14 the Council planned net expenditure of £288.1 million; this figure excludes amounts which are fully supported by the Dedicated Schools Grant (£227 million). The General Fund revenue outturn position is summarised below. There is a net surplus on the fund of £5.489 million after proposed transfers to reserves: the variance represents 1.9% of the net approved budget.

Directorate	Approved budget	Budget variance
	£m	**£m**
Adults and Housing (excluding HRA)	98.531	(828)
Chief Executive, Strategy & Performance	10.952	(145)
Corporate Resources	0.133	(164)
Children and Young People's Service	74.602	(227)
Place and Sustainability	58.431	(240)
Public Health	18.268	(2)
Non-Service Revenue	27.159	(3.883)
Total – General Fund	**288.076**	**(5.489)**

Housing Revenue Account (HRA)

The revised budget for the HRA provided for a planned revenue surplus of £10.9 million that would fund future capital expenditure, including an expanded Decent Homes programme. The outturn figure for the HRA is a surplus of £7.573 million which will be transferred to the HRA Reserve.

Dedicated Schools Grant (DSG)

The ring-fenced DSG covers both schools' delegated budgets and centrally retained services for pupils and schools. Schools collectively underspent their delegated budgets by £4.789 million in 2013/14 which is largely attributable to the additional resources that they received following the successful campaign to more appropriately recognise area costs in schools.

The centrally retained elements of the DSG underspent by a further £2.311 million; a large element of which relates to provision for two year olds.

The Collection Fund

Following the implementation of the Business Rates Retention Scheme, the Collection Fund now reflects the position on both Business Rate and Council Tax collection activities.

The risk on collection activities now rests wholly with the Council and the GLA, with surpluses and deficits relating to both Council Tax and Business Rates being shared between them. In 2013/14 the Collection Fund shows a surplus of £8.578 million, which is shared between the Council and the GLA. The Council's share of the surplus is therefore £7.075 million which is consistent with previous estimates and the latest Medium Term Financial Plan.

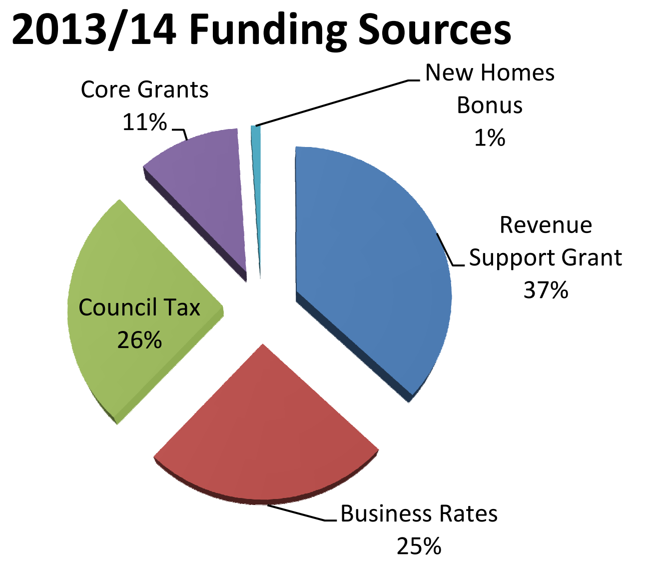
Capital Expenditure

The final approved capital programme for 2013/14 was £97.8 million. The net underspend, including slippage, is £18.7 million as summarised below (19.2% of the approved budget).

Directorate	Approved Budget	Outturn Variance
	£m	£m
Children & Young People	21.134	(4.792)
Adults and Housing	4.039	(0.621)
Corporate Resources	6.351	(4.777)
Place and Sustainability	32.447	(6.821)
Housing Revenue Account	33.802	(1.729)
Total	**97.773**	**(18.740)**

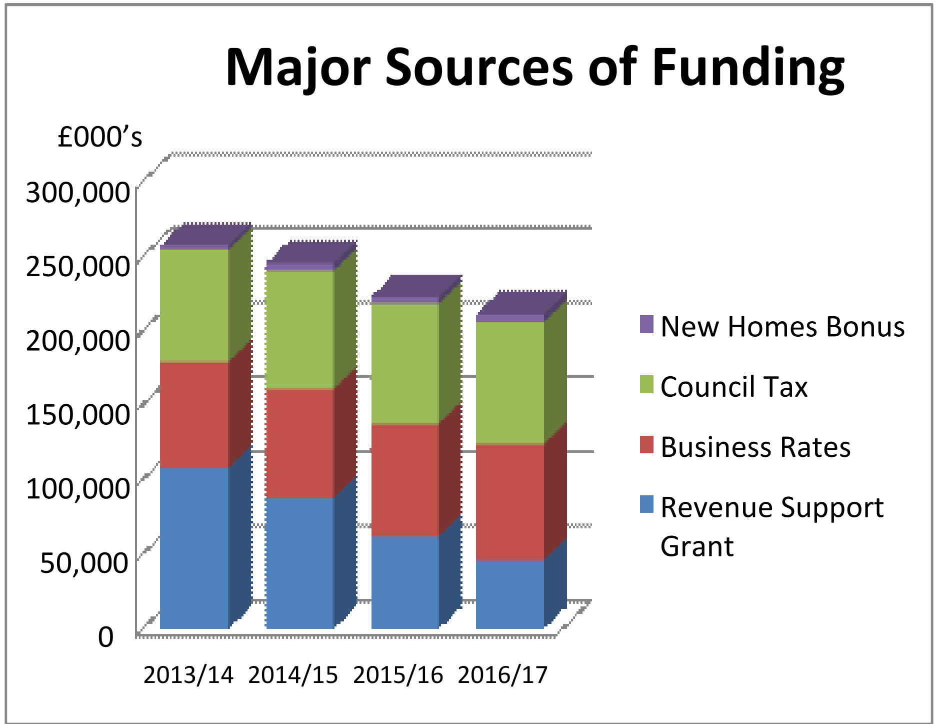
2013/14 Sources of Revenue Funding

The graph below shows the major revenue funding sources for the Council's spending in 2013/14 which consists of Revenue Support Grant (RSG), Business Rates (National Non-Domestic Rates), Council Tax and Core Grants. The Dedicated Schools Grant which is a ring-fenced grant wholly used to support spending on pupils and schools in Haringey has been removed from the analysis as it is largely used to support schools' delegated budgets.



As can be seen from the graph, of the main sources of income, Council Tax currently funds around 26% of the Council's services. In future years locally generated sources of income such as Council Tax and Retained Business Rates will form an ever increasing proportion of the Council's income. The graph below demonstrates how the Council's income from these sources of funding is projected to change over forthcoming years. By 2016/17 it is projected that RSG will form 22% of the Council's income (from 37% in 2013/14).

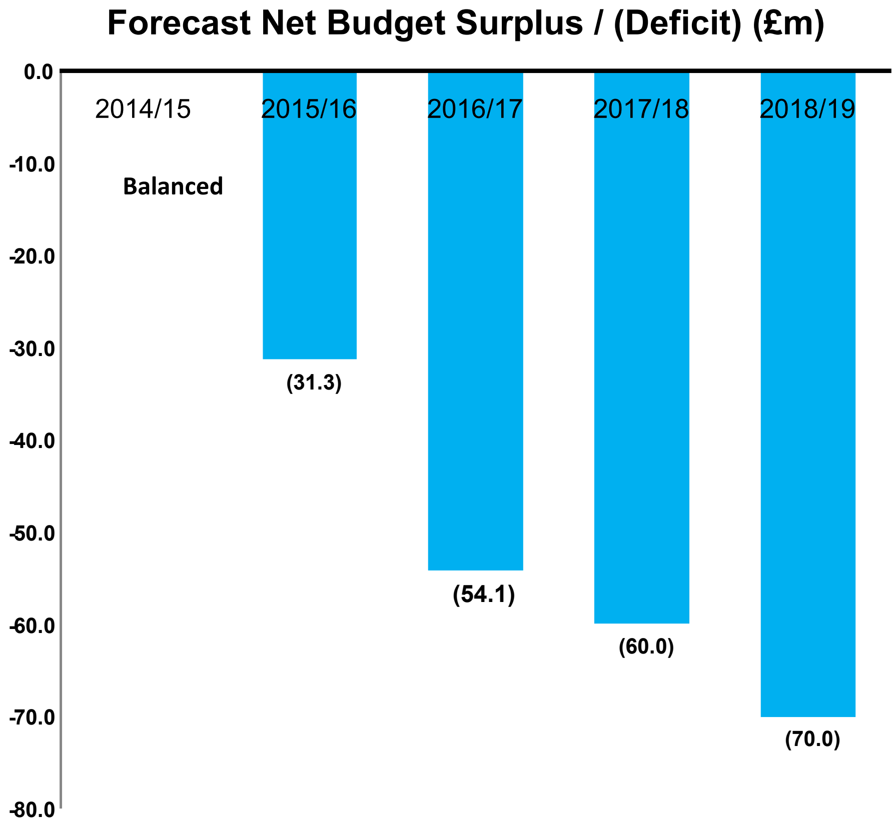
This demonstrates the extent to which central government funding from Revenue Support Grant will continue to reduce as the national austerity measures affect local government funding levels.



Looking forward

The Council has outlined its plans for the issues faced in its strategy report "Medium Term Financial Planning 2014/15 to 2016/17" that was presented to the full Council in February 2014. This showed a balanced budget for 2014/15 but a shortfall of circa £54 million over the period to 2016/17.

The government's financial settlements since 2010/11 represent the biggest reductions in financial resources the Council has ever known and these reductions have continued into 2013/14 and beyond. Over the period since 2010 the Council has implemented cuts in excess of £100 million and the most recent financial projections outlined in the graph below suggest that by 2019 further reductions in expenditure of £70 million may be necessary.



Despite these challenges the Council has continued to freeze its Council Tax – for the fifth successive year in 2014/15. The level of both general reserves that the Council holds (£20 million) and earmarked reserves held for specific purposes (£92 million) remain healthy.

A copy of the Council's Statement of Accounts is available on the website www.haringey.gov.uk and upon request from Kevin Bartle, Assistant Director for Finance kevin.bartle@haringey.gov.uk.

The financial statements included in this Statement of Accounts are as detailed below.

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 Society of Local Authority Chief Executives (SOLACE) recommends that the review be reported in the Annual Governance Statement.

Statement of Responsibilities

This section documents both the Council's and Assistant Director for Finance's procedural and financial responsibilities in the preparation of the Statement of Accounts. As the Section 151 Officer, the Assistant Director for Finance 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, by no later than 30th September.

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 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 (CIES). 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.

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. Tax is, however, 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 MiRS.

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 is 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 MiRS 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.

Housing Revenue Account

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 HRA Statement.

Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority (the Council) in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and non-domestic rates.

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

The Pension Fund Statement shows the contribution made to the Council's final salary pension fund in 2013/14 and the benefits paid to its former employees. The Net Asset Statement sets out the position of the Fund as at 31st March 2014. 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.

Glossary

The Glossary of Terms provides an explanation of the technical terms used throughout the financial statements.

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 2014 under the Audit Commission Act 1998. The financial statements comprise the [Movement in Reserves Statement, the Group Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Group Comprehensive Income and Expenditure Statement, the Balance Sheet, the Group Balance Sheet, the Cash Flow Statement, the 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 2013/14.

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 Assistant Director of Finance and auditor

As explained more fully in the Statement of the Assistant Director of Finance's Responsibilities, the Assistant Director of Finance 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 Assistant Director of Finance; 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 2014 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 2013/14 and applicable law.

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 October 2013, 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 2014.

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 October 2013, 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 2014.

Certificate

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

29 September 2014

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 Assistant Director for Finance;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and,
- approve the Statement of Accounts.

The Chief Financial Officer's responsibilities

The Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/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:

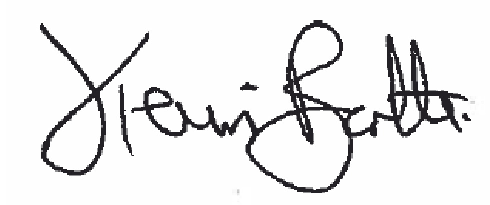
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code of Practice.

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.

Certification by Chief Financial Officer

I certify that the accounts give a true and fair view of the financial position of the Council at 31st March 2014 and its income and expenditure for the year then ended.



Kevin Bartle CPFA
Assistant Director for Finance

29th September 2014

ANNUAL GOVERNANCE STATEMENT

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 2014 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:

ANNUAL GOVERNANCE STATEMENT

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 implementing a vision for the area
	• The Council Plan 2013-15 sets out the vision and priorities for the Council. The plan identifies five key principles which underpin all the Council's priorities and work including during 2013/14:
	  • A one borough focus - serving all residents in the borough with high quality services.
	  • Investing in prevention and early help - improving the life chances of residents and reducing costs.
	  • Promoting equality - tackling the barriers facing the most disadvantaged, enabling them to achieve their potential.
	  • Empowering communities - enabling people to do more for themselves.
	  • Working in partnership - leading local partnership so that we achieve more, together.
	• The Medium Term Financial Plan (MTFP) sets out the Council's spending plans for 2014 to 2017 and is linked to its vision and priorities, within reduced resources and takes into account residents' views from area forums and budget consultations.
	• The 2014/15 budget is balanced with £54 million of savings still to be found for 2015/16 and 2016/17.As a result of the Council's Senior Management restructure announced in late 2013 accountabilities have now been clearly placed with newly empowered Assistant Directors.
	• The four main corporate programmes (Haringey 54k; Business Infrastructure Programme, Customer Services Programme and Tottenham Regeneration) will work to identify necessary savings.
	• The consultation process with residents has been
		• The 2012-2014 Council Plan received endorsement from Cabinet in June 2012 and was agreed by Council on 16 July 2012 and is published on the Council's website.
		• The quarterly performance report provides an update on the progress that has been made during 2013/14 against the key indicators and activity identified in the Council Plan.
		• The performance reports are received by Cabinet quarterly, with agendas, reports and minutes made available on the website.
		• Area Forum and Committee agendas and minutes are available on the Council's website.
		• The Council's Corporate Programme Board governs the delivery of the four major transformation programmes.
		• After the 2014 election, it is envisaged that further corporate programmes will be put in place. Appropriate governance arrangements will be put in place.
		• In 2013, the Council established a Corporate Delivery Unit. Its remit is to provide challenge and support to the organisation to deliver on priorities in the corporate plan and in doing so, build organisational capability to continue to deliver. 'Stocktakes' are held with the Chief Executive, Deputy Chief Executive and Leader of the Council every two months, to provide assurance on progress with delivering key

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
	enhanced and is now known as 'Haringey: where next?' It was launched in 2013/14 and will continue in 2014/15, to ensure the Council delivers what the residents want as well as what they need. • 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. • On 1 April 2013 the Council took on the public health function to take such steps as it considers appropriate for improving the health of the people in its area. In carrying out this duty the Council is now responsible for commissioning and collaborating on a range of public health services and for advising the commissioners of local NHS services. The Council has established a new committee under s102 of the Local Government Act 1972, the Health and Wellbeing Board, responsible for preparing comprehensive joint strategic needs assessments, joint health and wellbeing strategies, and to have a role in commissioning plans that take those assessments and strategies properly into account. The committee membership reflects the provisions of the Health and Social Care Act 2012 and comprises elected members of the Council, partners from the NHS clinical commissioning group and local Healthwatch and others. • The Council has a Director of Public Health. Together the	corporate plan priorities. • All mandated public health services that transferred to the Council on 1 April 2013 are being provided either under existing NHS contracts or on the Council's contract. The Health and Wellbeing Board approved the joint strategic needs assessment and health and wellbeing strategy at its meeting of 9 July 2013. The Health and Wellbeing Board approved the Health and Social Care Implementation Plan, for the integration of the Better Care Fund, at its meeting of 11 February 2014. **Actions:** ➢ **Ensure that the 'Getting to Good' Board develops, implements and monitors the Action Plan following the Ofsted inspections; ensures improvement in the quality of practice in specific areas as identified in the action plan; and develops and agrees actions and solutions to achieve the milestones set out in the action plan.**

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
	Director of Public Health and the Health and Wellbeing Board have worked on improving the health and wellbeing of children and adults in the borough and reducing health inequalities between the east and the west of the borough. • The Health and Wellbeing Board is currently working closely with the Cabinet and with Health partners to prepare for the introduction of the Better Care Fund, which will see £957,000 funding transfer to the Council in 2014/15 and £18.061m in 2015/16 for the integration of health and social care. • In January 2013, the Council reinstated a Children's Trust. At the Children's Trust meeting on 16.09.2014 its continued role and purpose in the context of the various other Children's Strategic boards, is being discussed, as all boards must demonstrate its ability to make a difference and shape the children's agenda. • Following consultation with the local community and the completion of a Community Safety Strategic Assessment, the Community Safety Partnership prepared a revised Community Safety Strategy for the period 2013-2017 to demonstrate how it and its partners intend to reduce crime and disorder, substance misuse and re-offending in the borough. The Community Safety Strategy 2013-2017 was scrutinised by Overview and Scrutiny Committee on 17 June 2013, presented at Cabinet on 9 July 2013 and approved by Full Council on 15 July 2013. • In May 2014, Haringey's Children's Service was subject to an unannounced Ofsted inspection which concluded on 11 June 2014. The Ofsted report judged Haringey Children's	

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
	Services to be comfortably within the 'Requires Improvement' grade and the report and recommendations have been welcomed by the Council. A number of key strengths across the inspection domains were noted and 11 recommendations were provided, all of which have been accepted. Children's Services have developed an Improvement/Action Plan to be submitted to Ofsted by 18 October 2014 to address recommendations and a 'Getting to Good' Board has been established.	
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 was updated to reflect the new Senior Management Structure in July 2014. • 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 constitution is reviewed on an ongoing basis and updated to reflect functional and organisational changes to the Council. • 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 2013/14. All of the Council's key financial systems received a 'substantial' assurance rating in 2013/14. • The independent review of the 2011/12 closure of accounts process which confirmed the gaps in governance arrangements was presented to Corporate Committee in March 2013. All recommendations were implemented in advance of the 2012/13 closure of accounts with the Council receiving an unqualified audit opinion.

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 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 Statement 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. • In September 2013 the Corporate Committee agreed to the Chief Executive's proposals for significant change to the Council's senior leadership structure. During the period September - December 2013, the Chief Executive implemented his proposals resulting in a new senior management structure which saw a move away from functions being Directorate led and where delegated decision making is now Assistant Director (second tier) focussed. Officers in Legal Services and others are working on an in-depth review of the constitution to reflect the new structure.	

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 3
 	
Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour
	• 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 (Assistant Director of Corporate Governance) Services is the Monitoring Officer and is responsible for ensuring that the Council acts lawfully and in accordance with the constitution:
	  ○ Directors and Assistant Directors have the primary responsibility for ensuring that decisions in their business areas 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 Council requires all members to formally acknowledge receipt of their code of conduct on an annual basis. No exceptions were noted in 2013/14.
		• Members are provided with briefings on the code of conduct as part of the member induction and training programme. Key statutory training was provided to new Members within the first two weeks of June 2014.
		• Articles are included in staff newsletters, which are published on the Council's intranet, outlining expected standards of behaviour in specific areas and these continued in 2013/14. Internal audit undertake investigations into allegations of financial irregularity and report the outcomes to the Corporate Committee on a quarterly basis.
		• The Council's complaints policy is publicised on the Council's external website and at various public places across the borough. The Council monitors responses to complaints on a weekly basis and reports to Cabinet on the outcomes on a regular basis.

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 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 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 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 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 in relation to the closure of accounts processes but no other significant governance issues were raised by either report. • 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 2013/14. • Through the financial year 2013/14 the counter fraud team successfully led the recovery of more than 50 Council properties where fraudulent tenancy issues were proven. • The Council's anti-fraud and corruption policy was updated in June 2014 and publicised to all staff via newsletters and the intranet. • Publication of successfully investigated local and national fraud cases demonstrate the consequences of committing fraud are included in the staff newsletter, press releases and the Haringey website. • Full compliance is achieved with CIPFA's statements on the role of both the Chief Financial Officer and the Head of Internal Audit. • A list of the equality impact assessments undertaken during 2013/14 is available on 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
	• The functions of an audit committee, as recommended in guidance by the Chartered Institute of Public Finance (CIPFA), are contained within the remit of the Council's Corporate Committee. • The mandatory UK Public Sector Audit Standards (PSIAS) were introduced from April 2013. Self assessment and peer reviews take place annually to confirm the Council fully complies with the requirements of PSIAS. No exceptions were noted in 2013/14. • 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 use of the whistle-blowing and fraud reporting procedures are reported on a quarterly basis to Corporate Committee and the reports are published on the Council's website. • The Council has a dedicated counter-fraud resource which undertakes reactive and pro-active fraud reviews based on an assessment of the corporate fraud risk register, Audit Commission and CIPFA guidance and emerging risks across the public and private sectors. • In March 2013, the Council's pension functions were extracted from the Corporate Committee into a newly created Pensions Committee, in order to afford the	Council 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 produces a Scrutiny Annual Report which is available on its 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 (Statutory Officers' Group) and annually by

ANNUAL GOVERNANCE STATEMENT

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
	Corporate Committee the opportunity for greater focus on audit and governance matters. • 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 business planning and project management processes. • The Council has a corporate risk register and business areas have risk registers in place. • Haringey's business continuity planning is based on risk assessment and business impact analysis. Each service area produces a Business Continuity Plan which is updated twice a year. Service continuity plans are incorporated into the Council-wide Business Continuity Plan.	Corporate Committee. A copy of the risk register and the report to Corporate Committee is published on the Council's website. During 2013/14, no significant issues arose out of the identified risks. • The corporate Emergency Planning and Business Continuity Team proved guidance and support to services and carry out regular audits of the business continuity service plans. No significant business continuity incidents were reported in 2013/14.
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. • From 1 August 2013, Legal Services started providing quarterly briefings to members covering legislative and case law updates. The briefings are designed to ensure	• Members who sit on the Corporate and Regulatory Committees were provided with training in 2013/14 specific to their responsibilities for these committees. Training sessions included planning, licensing, audit, finance, pensions and treasury. • During 2013/14, the Council provided a development programme for senior managers based on the Council's vision and values and individual development plans to ensure that the Council's aims and objectives are delivered. • Member learning development programme commenced in June 2014.

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
	that members are kept abreast of developments of legal and political significance in local government on all matters including children and adult social services, education, health, housing, planning and licensing and any other areas of relevance. This enables members to better serve their constituents - at ward surgeries, through informed debate at committees and in their strategic role in developing Council policies.	• All members have been offered an extensive training programme on matters relating to standards and ethics; children and adults' safeguarding; public health; freedom of information/data protection and member's enquiries; scrutiny and the way the Council operates. Members have been further trained as appropriate on matters relating to planning; licensing; financial and treasury management; audit and pensions.
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 publishes a resident's 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 December 2013 to March 2014. 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 2013/14. These have specific responsibilities and consultative powers and are a vital part of local democratic engagement. • Standing partnership bodies exist for the Children's Trust and the Community Safety Partnership Board.	• 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. In addition, the Council produces Haringey People Extra, a weekly electronic newsletter for residents. • The results of the budget consultation were published on the Council's website. • 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). • The results of the budget consultation were published on the Council's website. • The MTFP was scrutinised by the four scrutiny panels and recommendations made by the OSC

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	• The Council also has a statutory committee, the Health and Wellbeing Board, made up of members of the Council and health partners. • 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 2013/14. • 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.	to Cabinet. • The Council reviews annually the independent audit reports for both APP and HfH.

Significant governance issues

The Council identified some key areas where work would be undertaken in 2013/14 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
Council’s closure of accounts processes	Ensure the recommendations of the independent review into the 2011/12 closure of accounts processes are fully implemented.	Complete.

Issue	Action	Progress Update
Community Safety Strategy	Finalise the Community Safety Strategy 2011-14, based on updated information from the Community Safety Strategic Assessment.	Complete.
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.	Complete.

The Council has identified the following significant governance issues during 2013/14. 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
The Senior Management Restructure necessitates revised governance arrangements to be put in place.	In September 2013, the Chief Executive implemented a new senior management structure resulting in a move away from functions being Directorate led and where delegated decision making is Assistant Director (second tier) focussed. The Council's Constitution and Officer Scheme of Delegation are being reviewed, and revised following the restructure to ensure that it reflects the new structure and that relevant officers are empowered with all appropriate delegated powers and financial responsibilities.	Assistant Director of Corporate Governance (Monitoring Officer)/Chief Financial Officer	July 2014 (complete)
Adult social care managers identified that control processes had broken down	A full reconciliation of all clients and care plans was undertaken to ensure that payments to authorised clients had been made in accordance with their	Director for Adult Social Services	March 2015

Issue	Action	Responsibility	Due date
within the service responsible for direct payments.	assessed needs. All clients were confirmed as receiving the correct levels of care and no safeguarding issues were identified. Managers implemented new procedures and Internal audit completed a review to confirm that the new control processes were operating effectively. A peer review of the service was also undertaken and the recommendations following the review will be implemented during 2014/15.		
The introduction of the Better Care Fund to integrate health and social care from April 2015. The Council needs to ensure robust governance arrangements.	Implement the actions as set out in the Better Care Fund Implementation Plan as agreed by the Health and Wellbeing Board, Haringey CCG, the Cabinet and NHS England in April 2014. Audit review of the implementation of the Better Care Fund will be undertaken.	Director for Adult Social Services	March 2015
Homes for Haringey (HfH) Board commissioned a governance review in 2013/14 which recommended changes to the HfH governance arrangements and the way in which the Board is constituted.	The Council considered the HfH governance report and proposed that interim changes to operational and management arrangements were put in place for a period of two years while further work could take place. This further work to consider options on the future delivery of housing services will continue in 2014/15 with a report to Cabinet by the Chief Operating Officer in September 2015.	Chief Operating Officer	September 2015
The Corporate Programmes are key to the successful transformation of the Council and to the delivery	A Corporate Programme Board has been established to oversee the due diligence of the Corporate Programmes. The Board will provide the Senior Leadership Team with confidence that the	Chief Operating Officer	September 2014 - completed

Issue	Action	Responsibility	Due date
of the Corporate Plan. Good governance of the programmes is essential.	Corporate Programmes are being run effectively and will deliver the planned improvements and benefits. Corporate Programmes are now being aligned very clearly against the Corporate Plan as it is being developed.		
Regeneration of Tottenham and the funding to support the programme will need to have effective oversight and monitoring functions in place to manage the significant sums of money involved.	Governance structures, reporting and authorisation processes, and financial and resource monitoring processes have been put in place to deliver the agreed outcomes and objectives. The programme will be subject to independent assurance and external challenge processes at key stages throughout the project lifecycle, which will be reported to programme boards and members accordingly.	Director of Regeneration, Planning and Development	March 2015

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 Director, 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 Assistant Director for Finance (the Council's statutory section 151 Officer), the Assistant Director of Corporate Governance (the Council's Monitoring Officer), and the Head of Audit and Risk Management have also reviewed the work done by the Council relating to governance issues in 2013/14. Their comments on the key governance issues are as follows:

- Assistant Director for Finance: There were no significant governance issues during 2013/14 with the exception of the Adult Social Care control issue highlighted above. The Director for Adults Social Services will be implementing any process changes proposed to enhance controls following the peer review during 2014/15.
- Assistant Director of Corporate Governance: The Senior Management Restructure was completed in 2013/14 and this included a movement to services led by Assistant Directors. This has triggered a Governance Review in particular in relation the scheme of officer delegation but also looking at other related issues such as Committee terms of reference. This work has been completed and will be going to full Council in July for approval. This will lead to significantly improved constitutional arrangements going forward.
- Head of Audit and Risk Management: The Council's key financial systems all received 'substantial' assurance ratings from internal audit in 2013/14. A higher proportion of schools received 'limited' or 'nil' assurance ratings from internal audit again in 2013/14, partly as a result of recommendations relating to governance issues. Internal Audit delivered some workshop style sessions during 2013/14 for 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 2013/14.

The Head of Audit and Risk Management has also provided an Annual Audit Report and opinion for 2013/14, 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 in 2013/14. Eight of the 59 planned system reviews and nine of the 18 schools received a 'limited' assurance rating; one school received a 'nil' assurance rating; with the remaining reviews which were completed receiving 'substantial' assurance ratings. All high priority recommendations were confirmed as being implemented when internal audit completed the follow up reviews.

Directors and Assistant Directors have completed a statement of assurance covering 2013/14 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. No significant governance issues, apart from those identified above were recorded.

The CIPFA statements 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 2013/14, 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 officers at the Statutory Officers' Group meetings on 8 April and 3 June 2014 and by the Council's Corporate Committee on 26 June 2014, 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 the Statutory Officers' Group are committed to implementing the action plan, strengthening and improving controls and keeping the effectiveness of the Council's corporate governance arrangements under review during the year.

Signed by:

Councillor Claire Kober	**Nick Walkley**
Leader of the Council	**Chief Executive**

Date:

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £'000	Earmarked GF Reserves £'000	Housing Revenue Account £'000	Earmarked HRA Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Major Repairs Reserve £'000	**Total Usable Reserves** £'000	Unusable Reserves £'000	**Total Single Entity Reserves** £'000	Group Reserve £'000	**Total Group Reserves** £'000
Balance as at 31/03/2013	(15,345)	(74,517)	(19,002)	0	(12,489)	(11,210)	(85)	(132,648)	(316,744)	(449,392)	19,837	(429,555)
Movement in reserves during 2013/14												
(Surplus) or deficit on the provision of services	(733)	0	(171,128)	0	0	0	0	(171,861)	0	(171,861)	50,496	(121,365)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(24,707)	(24,707)	(32)	(24,739)
Total Comprehensive Income and Expenditure	(733)	0	(171,128)	0	0	0	0	(171,861)	(24,707)	(196,568)	50,464	(146,104)
Adjustments between group and single entity accounts	0	0	0	0	0	0	0	0	0	0	(48,409)	(48,409)
Adjustments between accounting basis and funding basis under regulations (Note 9)	(22,178)	0	159,317	0	(3,950)	164	(1,761)	131,592	(131,592)	0	0	0
Net Increase / Decrease before Transfers to Earmarked Reserves	(22,911)	0	(11,811)	0	(3,950)	164	(1,761)	(40,269)	(156,299)	(196,568)	2,055	(194,513)
Transfers to / from Earmarked Reserves (Note 10)	17,422	(17,422)	4,238	(4,238)	0	0	0	0	0	0	0	0
Increase / Decrease in 2013/14	(5,489)	(17,422)	(7,573)	(4,238)	(3,950)	164	(1,761)	(40,269)	(156,299)	(196,568)	2,055	(194,513)
Balance as at 31/03/2014	(20,834)	(91,939)	(26,575)	(4,238)	(16,439)	(11,046)	(1,846)	(172,917)	(473,043)	(645,960)	21,892	(624,068)
Of which;												
Schools Balances	0	(11,719)	0	0	0	0	0	(11,719)	0	(11,719)	0	(11,719)
LB Haringey Revenue	(20,834)	(91,939)	(26,575)	(4,238)	0	0	0	(143,586)	549,224	405,638	21,892	427,530
LB Haringey Capital	0	0	0	0	(16,439)	(11,046)	(1,846)	(29,331)	(1,022,267)	(1,051,598)	0	(1,051,598)

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £'000	Earmarked GF Reserves £'000	Housing Revenue Account £'000	Earmarked HRA Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Major Repairs Reserve £'000	**Total Usable Reserves £'000**	Unusable Reserves £'000	**Total Reserves £'000**	Group Reserve £'000	**Total Group Reserves £'000**
Balance as at 31/03/2012	(15,345)	(66,523)	(11,614)	0	(740)	(13,590)	(625)	(108,437)	(473,716)	(582,153)	17,646	(564,507)
Movement in reserves during 2012/13												
(Surplus) or deficit on the provision of services	91,604	0	(53,246)	0	0	0	0	38,358	0	38,358	46,807	85,165
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	94,403	94,403	2,555	96,958
Total Comprehensive Income and Expenditure	91,604	0	(53,246)	0	0	0	0	38,358	94,403	132,761	49,362	182,123
Adjustments between group and single entity accounts	0	0	0	0	0	0	0	0	0	0	(47,171)	(47,171)
Adjustments between accounting basis and funding basis under regulations (Note 9)	(99,598)	0	45,858	0	(11,749)	2,380	540	(62,569)	62,569	0	0	0
Net Increase / Decrease before Transfers to Earmarked Reserves	(7,994)	0	(7,388)	0	(11,749)	2,380	540	(24,211)	156,972	132,761	2,191	134,952
Transfers to / from Earmarked Reserves (Note 10)	7,994	(7,994)	0	0	0	0	0	0	0	0	0	0
Increase / Decrease in 2012/13	0	(7,994)	(7,388)	0	(11,749)	2,380	540	(24,211)	156,972	132,761	2,191	134,952
Balance as at 31/03/2013	(15,345)	(74,517)	(19,002)	0	(12,489)	(11,210)	(85)	(132,648)	(316,744)	(449,392)	19,837	(429,555)
Of which;												
Schools Balances	0	(6,930)	0	0	0	0	0	(6,930)	0	(6,930)	0	(6,930)
LB Haringey Revenue	(15,345)	(74,517)	(19,002)	0	0	0	0	(108,864)	505,558	396,694	19,837	416,531
LB Haringey Capital	0	0	0	0	(12,489)	(11,210)	(85)	(23,784)	(822,302)	(846,086)	0	(846,086)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Single Entity	2013/14 Gross Expenditure £'000	2013/14 Gross Income £'000	2013/14 Net Expenditure £'000	2012/13 Gross Expenditure £'000	2012/13 Gross Income £'000	2012/13 Net Expenditure £'000
Adult social care	111,699	(19,879)	91,820	104,048	(16,453)	87,595
Central services to the public	7,501	(22,498)	(14,997)	41,842	(39,170)	2,672
Children's and education services	331,735	(273,548)	58,187	410,181	(265,826)	144,355
Corporate and democratic core	30,325	(14,691)	15,634	91,547	(65,127)	26,420
Cultural and related services	18,130	(5,633)	12,497	17,740	(6,822)	10,918
Environmental and regulatory services	29,493	(9,981)	19,512	31,583	(10,091)	21,492
Highways and transport services	41,716	(20,070)	21,646	35,845	(19,022)	16,823
Local authority housing (HRA)	83,229	(249,561)	(166,332)	66,432	(106,638)	(40,206)
Other housing services	317,741	(308,119)	9,622	319,294	(304,881)	14,413
Planning services	14,477	(6,548)	7,929	22,144	(5,354)	16,790
Public Health	3,052	(10)	3,042	2,318	(1,685)	633
Non distributed costs	3,498	0	3,498	(5,458)	0	(5,458)
Cost of Continuing Services	**992,596**	**(930,538)**	**62,058**	**1,137,516**	**(841,069)**	**296,447**
Acquired Operations						
- Public Health services transfer from NHS	14,997	(17,760)	(2,763)	0	0	0
Other operating expenditure (Note 6)	43,875	(14,566)	29,309	60,165	(21,650)	38,515
Financing and investment income and expenditure (Note 7)	58,099	(12,490)	45,609	37,651	(8,566)	29,085
Taxation and Non-Specific Grant Income (Note 8)	0	(306,074)	(306,074)	0	(325,689)	(325,689)
(Surplus) or Deficit on Provision of Services			**(171,861)**			**38,358**
(Surplus) or deficit on revaluation of fixed assets			(56,413)			47,042
(Surplus) or deficit on revaluation of available for sale financial assets			0			0
Actuarial (gains) / losses on pension assets / liabilities			31,706			47,361
Other Comprehensive Income and Expenditure			**(24,707)**			**94,403**
Total Comprehensive Income and Expenditure			**(196,568)**			**132,761**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Group Amounts	2013/14 Gross Expenditure £'000	2013/14 Gross Income £'000	2013/14 Net Expenditure £'000	2012/13 Gross Expenditure £'000	2012/13 Gross Income £'000	2012/13 Net Expenditure £'000
Adult social care	111,699	(19,879)	91,820	106,366	(18,138)	88,228
Central services to the public	7,501	(22,498)	(14,997)	41,842	(39,170)	2,672
Children's and education services	331,735	(273,548)	58,187	410,181	(265,826)	144,355
Corporate and democratic core	30,325	(14,691)	15,634	89,290	(65,127)	24,163
Cultural and related services	26,279	(12,698)	13,581	25,692	(13,253)	12,439
Environmental and regulatory services	29,493	(9,981)	19,512	31,583	(10,091)	21,492
Highways and transport services	41,716	(20,070)	21,646	35,845	(19,022)	16,823
Local authority housing (HRA)	79,413	(244,742)	(165,329)	62,170	(101,592)	(39,422)
Other housing services	317,741	(308,119)	9,622	319,294	(304,881)	14,413
Planning services	14,477	(6,548)	7,929	22,144	(5,354)	16,790
Public Health	3,052	(10)	3,042	0	0	0
Non distributed costs	3,498	0	3,498	(5,458)	0	(5,458)
Cost of Continuing Services	**996,929**	**(932,784)**	**64,145**	**1,138,949**	**(842,454)**	**296,495**
Acquired Operations						
- Public Health services transfer from NHS	14,997	(17,760)	(2,763)	0	0	0
Other operating expenditure (Note 6)	43,875	(14,566)	29,309	60,165	(21,650)	38,515
Financing and investment income and expenditure (Note 7)	58,099	(12,490)	45,609	37,651	(8,978)	28,673
Taxation and Non-Specific Grant Income (Note 8)	0	(306,074)	(306,074)	0	(325,689)	(325,689)
(Surplus) or Deficit on Provision of Services			**(169,774)**			**37,994**
(Surplus) or deficit on revaluation of fixed assets			(56,413)			47,042
(Surplus) or deficit on revaluation of available for sale financial assets			0			0
Actuarial (gains) / losses on pension assets / liabilities			31,674			49,916
Other Comprehensive Income and Expenditure			**(24,739)**			**96,958**
Total Comprehensive Income and Expenditure			**(194,513)**			**134,952**

BALANCE SHEET

	Notes	Single Entity 31st March 2014	Single Entity 31st March 2013	Group Amounts 31st March 2014	Group Amounts 31st March 2013
		£'000	£'000	£'000	£'000
Property, Plant and Equipment	11	1,497,741	1,304,304	1,502,142	1,307,993
Heritage Assets	12	6,081	6,061	6,081	6,061
Investment Property	13	59,045	54,141	59,045	54,141
Intangible Assets	14	1,048	542	1,048	542
Long Term Debtors	16	2,356	2,529	645	604
Long Term Assets		**1,566,271**	**1,367,577**	**1,568,961**	**1,369,341**
Assets Held for Sale	18	3,541	3,143	3,541	3,143
Short Term Investments		10,496	16,081	10,496	16,081
Inventories		126	91	587	812
Debtors	16	67,802	67,573	68,995	67,491
Cash and Cash Equivalents	17	20,170	9,616	17,458	10,370
Current Assets		**102,135**	**96,504**	**101,077**	**97,897**
Short Term Borrowing		(18,056)	(60,127)	(18,056)	(60,127)
Creditors	19	(93,264)	(76,880)	(90,535)	(75,599)
Revenue Grants Receipts in Advance	38	(187)	0	(187)	0
Capital Grants Receipts in Advance	38	(152)	(1,660)	(152)	(1,660)
Provisions	20	(6,460)	(4,114)	(7,538)	(5,323)
Current Liabilities		**(118,119)**	**(142,781)**	**(116,468)**	**(142,709)**
Long Term Creditors	19	(1,027)	0	(1,027)	0
Provisions	20	(5,042)	(6,854)	(5,042)	(6,854)
Long Term Borrowing		(297,435)	(310,558)	(297,435)	(310,558)
Other Long Term Liabilities		(596,102)	(549,682)	(621,277)	(560,667)
Capital Grants Receipts in Advance	38	(4,721)	(4,814)	(4,721)	(4,814)
Long Term Liabilities		**(904,327)**	**(871,908)**	**(929,502)**	**(882,893)**
Net Assets		**645,960**	**449,392**	**624,068**	**441,636**
Usable Reserves	21	(172,917)	(132,648)	(150,458)	(142,302)
Unusable Reserves	22	(473,043)	(316,744)	(473,610)	(299,334)
Total Reserves		**(645,960)**	**(449,392)**	**(624,068)**	**(441,636)**

CASH FLOW STATEMENT

	Single Entity		Group Amounts	
	31st March 2014	31st March 2013	31st March 2014	31st March 2013
	£'000	£'000	£'000	£'000
Net (surplus) or deficit on the provision of services	(171,861)	38,358	(169,774)	37,994
Adjustments to net surplus or deficit on the provision of services for non-cash movements	33,660	(147,973)	35,162	(142,367)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	45,978	69,066	49,286	69,000
Net cash flows from Operating Activities	**(92,223)**	**(40,549)**	**(85,326)**	**(35,373)**
Investing Activities (Note 25)	22,343	12,254	18,902	12,610
Financing Activities (Note 26)	59,326	20,069	59,336	19,965
Net increase or (decrease) in cash and cash equivalents	**10,554**	**8,226**	**7,088**	**2,798**
Cash and cash equivalents at the beginning of the reporting period	9,616	1,390	10,370	7,572
Cash and cash equivalents at the end of the reporting period (all comprised of cash and bank balances)	**20,170**	**9,616**	**17,458**	**10,370**

1. Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2013/14 financial year and its position at the year-end of 31st March 2014. 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 2013/14 and the Service Reporting Code of Practice (SERCOP) 2013/14 supported by International Financial Reporting Standards 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 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.

1.3 Acquired Operations

Acquired Operations are shown separately on the face of the Consolidated Income & Expenditure Statement in the year of acquisition. In subsequent accounting periods these are shown within the relevant service expenditure line.

1.4 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.

1.5 Prior Period Adjustments (PPA), Changes in Accounting Policies and Estimates and Errors

PPA 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 PPA.

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. There were no PPA for 2013/14.

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.

1.6 Charges to Revenue for Non-Current Assets

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

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

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

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

1.7 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 for 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 MiRS 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 CIES at the earlier of when the Council can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

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

Post Employment Benefits

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

- the Local Government Pensions Scheme, administered by Haringey Council and
- the Teachers' Pension Scheme, administered by Capita Business Services Ltd. on behalf of the Department for Education (DfE)
- the NHS Pension Scheme, administered by the NHS Business Services Authority (BSA).

All three schemes provide defined benefits to members (retirement lump sums and pensions) earned as employees worked for the Council. However, the arrangements for the teachers' and NHS schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. These schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet.

i. The Local Government Pension Scheme

All employees (other than teachers) 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 (IAS) 19 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 4.3% (based on the iBoxx 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 six components:

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the CIES to the services for which the employees worked
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to yrs of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non Distributed Costs
- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the Haringey Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year not the amount calculated according to the relevant accounting standards.

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

ii. Teachers' Pension Scheme

This scheme is administered by Capita Business Services Ltd., 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 CIES is charged with the employer's contributions payable in the year. In addition, the Council is responsible for any payments relating to early retirements outside of the standard scheme. This scheme holds no assets and is accounted for on a defined benefit basis, using the same policies that are applied to the Local Government Pension Scheme.

iii. NHS Pension Scheme

This scheme is accounted for as if it were a defined contribution plan, on the recommendation of CIPFA Local Authority Accounting Panel because it is not possible to identify the underlying scheme assets and liabilities for staff transferred who are in the NHS pensions plan.

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.

1.8 Events after the Balance Sheet Date

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

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

1.9 Financial Instruments

Financial Liabilities

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

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

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 CIES 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 CIES 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 CIES regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the MiRS.

Financial Assets

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 CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES 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 CIES (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 CIES 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 CIES 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 MiRS.

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 CIES. 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 de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

1.10 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 2014. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the CIES.

1.11 Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the CIES until conditions attached to the grant or 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 CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the MiRS.

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

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, which the Council can recover.

1.12 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.

1.13 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).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

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 CIES. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the CIES.

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 MiRS and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) to the Capital Receipts Reserve.

1.14 Interests in companies and other entities

The Council has a material financial relationship with a number of companies and so is required to prepare group accounts. All the companies with which the Council has a relationship have been assessed against the group account requirements and Homes for Haringey Limited (HfH) and Alexandra Park and Palace Charitable Trust are deemed to be within the Haringey group. These have been produced using the acquisition method and all intra-group transactions have been removed.

1.15 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.

1.16 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 CIES. The same treatment is applied to gains and losses on disposal.

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

1.17 Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other ventures 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 CIES 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 ventures. 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.

1.18 Leases

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

The Council as lessee

i. Finance Leases

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

Lease payments are apportioned between:

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

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

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

ii. Operating Leases

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

The Council as lessor

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 CIES 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 CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal) 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 CIES).

The gain credited to the CIES 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 MiRS. 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 MiRS

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

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 CIES. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged over the lease term on the same basis as rental income.

1.19 Overheads and Support Services

The costs of overheads and support services are allocated within the Net Cost of Service section of the CIES in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SeRCOP) 2013/14. 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 CIES, as part of Net Expenditure on Continuing Services.

1.20 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
.
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.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

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

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

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 CIES, 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 CIES, they are reversed out of the General Fund Balance to the Capital Adjustment Account through the MiRS.

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 CIES where they arise from the reversal of a loss previously charged to a service.

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

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

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

Impairment

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

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

- Council Dwellings and operational buildings – straight-line allocation over the useful life of the property as estimated by the Valuer, within the range of 20 to 60 years.
- Vehicles, plant and equipment – based on the useful economic life of the asset, within the range of 3 to 7 years.
- Infrastructure – based on the useful economic life of the asset, within the range of 10 to 100 years.

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

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

Componentisation of valuations

Where 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 £150,000 (based on the capital expenditure of the new component).

There are a number of circumstances where componentisation will not apply, including:

- 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.
- HRA assets (dwellings)

Componentisation of 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 guide 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.

Disposals and non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. 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 CIES. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on 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 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.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is 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 MiRS.

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

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. 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 CIES within Education and Children's services.

Individual schools' balances at 31st March 2014 are included in the balance sheet of the Council as any unspent delegated schools budgets remain the property of the Council.

1.21 Service Concession Arrangements

PFI and similar contracts are agreements to receive services where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor.

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

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 CIES
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 CIES.
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 CIES.
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.

1.22 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 CIES in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation 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.

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 to the accounts. 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.

1.23 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.

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

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

1.24 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 CIES in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or borrowing a transfer is undertaken by charging to the Capital Adjustment Account and crediting the General Fund Balance in the MiRS. The purpose of this is to enable the expenditure to be funded from capital resources rather than charged to the General Fund and impact on the level of Council Tax. This REFCUS expenditure does form part of the Council's Capital Financing Requirement.

1.25 Carbon Reduction Commitment Allowances

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. The introductory phase of the scheme ended on 31st 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.

1.26 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.

1.27 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 and the GLA less the amount retained in respect of the cost of collection allowance.

1.28 Exceptional Items

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

2. Critical judgements in applying accounting policies

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

The Council has judged that the Major Repairs Allowance (MRA) is suitable for use as a proxy for depreciation in 2013/14, on the basis that the MRA is the most robust calculation of the underlying need to invest in Council housing stock. The Council is allowed to adopt this approach for a maximum of five years, from 2011, in accordance with guidance issued by the Department for Communities and Local Government (DCLG). This is on the proviso that it can demonstrate that the resulting 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 assessed whether the MRA figure is appropriate for its' housing stock and 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 £17 million and £20 million results. As a consequence the Council has concluded that an MRA figure of £19.2 million does not differ materially from the estimated calculation and is therefore justified in continuing to adopt this approach.

3. 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 item in the Council's Balance Sheet at 31st March 2014 for which there is a significant risk of material adjustment in the forthcoming financial year is as follows.

Pension Fund Liability

During 2013/14, the Council's actuaries advised that the net pensions liability had increased by £52.023 million as a result of estimates being revised and the updating of the assumptions. The liability held on the balance sheet is subject to actuarial estimation; some of the detail behind the estimates used by the actuary is shown in notes 42 and 43.

4. Material items of income and expense

In 2013/14 a revaluation gain of £157 million was credited to the HRA to reflect the increase in value of Council Dwellings.

5. Events after the balance sheet date

These financial statements replace the unaudited financial statements certified by the Chief Financial Officer on 27th June 2014. This version of the Statement of Accounts was authorised for issue on 29th September 2014.

The Council's Pupil Referral Unit (PRU) has converted to academy status with effect from April 2014. 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 final net book value of the PRU will be written out of the Council's Balance Sheet in 2014/15. The net book value of the PRU as at 31st March 2014 was £2.003 million.

6. Other operating expenditure

The following table provides an analysis of the "Other Operating Expenditure" line in the CIES:

	2013/14	2012/13
	£'000	£'000
Levies		
- North London Waste Authority (NLWA)	6,452	6,212
- Others	614	1,047
Payments to the Government Housing Capital Receipts Pool	4,193	1,624
Losses on the disposal of non-current assets	18,050	29,632
	29,309	**38,515**

7. Financing and investment income and expenditure

The following table provides an analysis of the "Financing and Investment Income and Expenditure" line in the CIES:

	2013/14	2012/13
	£'000	£'000
Interest payable and similar charges	21,629	23,710
Pensions interest cost and expected return on pensions	22,140	15,862
Interest receivable and similar income	(777)	(1,114)
Income and expenditure in relation to investment properties and changes in Fair Value	(7,712)	(7,742)
Other investment income and expenditure	10,329	(1,631)
	45,609	**29,085**

8. Taxation and non-specific grant income

The following table provides an analysis of the "Taxation and Non-Specific Grant Income" line in the CIES:

	2013/14	2012/13
	£'000	£'000
Council tax income	(82,534)	(102,633)
Non domestic rates	(72,563)	(141,049)
Non-ringfenced government grants	(120,970)	(31,244)
Capital grants and contributions	(30,007)	(47,416)
	(306,074)	**(322,342)**

9. Adjustments between accounting basis and funding basis under regulation

This note details the adjustments that are made to the total comprehensive income and expenditure recognised in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to meet future capital and revenue expenditure.

General Fund Balance

The General Fund is the statutory fund into which all the Council's receipts are paid and out of which all liabilities are to be met, except to the extent that statutory rules provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund, which is not necessarily in accordance with proper accounting practice. The balance summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Housing Revenue Account (HRA) Balance

The HRA Balance reflects the statutory obligation to maintain a revenue account for local authority Council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure that is available to fund future expenditure in connection with the Council's landlord function or, where in deficit, that is required to be recovered from tenants in future years.

Capital Receipts Reserve (CRR)

The CRR holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied Reserve (CGUR)

The CGUR holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Major Repairs Reserve (MRR)

The Council is required to maintain the MRR, which controls the application of the resource arising from depreciation on HRA assets. The balance shows the resource that has yet to be applied at the year-end.

Movement during 2013/14	Usable Reserves: General Fund Balance	Usable Reserves: Housing Revenue Account	Usable Reserves: Capital Receipts Reserve	Usable Reserves: Capital Grants Unapplied	Usable Reserves: Major Repairs Reserve	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive I&E Statement						
- Charges for depreciation and impairment of non-current assets	(16,055)	(19,345)	0	0	0	35,400
- Revaluation losses on Property, Plant and Equipment	(3,219)	136,839	0	0	0	(133,620)
- Movement in the market value of Investment Properties	974	0	0	0	0	(974)
- Amortisation of intangible assets	(226)	0	0	0	0	226
- Capital grants and contributions applied	0	0	0	31,099	0	(31,099)
- Revenue expenditure funded from capital under statute	(3,713)	0	0	0	0	3,713
- Donated assets	516	0	0	0	0	(516)
- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive I&E Statement	(24,734)	(7,881)	0	0	0	32,615
Insertion of items not debited or credited to the Comprehensive I&E Statement						
- Statutory provision for the financing of capital investment	16,705	0	2,639	0	0	(19,344)
- Capital expenditure charged against the General Fund and HRA balances	4,174	7,223	0	0	0	(11,397)
Adjustments primarily involving the Capital Grants Unapplied Account:						
- Capital grants and contributions unapplied credited to the CIES	20,432	10,503	0	(30,935)	0	0
- Capital expenditure charged against the General Fund and HRA balances	0	0	0	0	0	0
Adjustments primarily involving the Deferred Capital Receipts Reserve:						
- Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive I&E Statement	0	0	0	0	0	0
Adjustments primarily involving the Capital Receipts Reserve:						
- Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	(36)	0	0	36
- Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive I&E Statement	1,591	13,577	(15,168)	0	0	0
- Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	1,009	0	0	(1,009)
	(3,555)	140,916	(11,556)	164	0	(125,969)

Movement during 2013/14	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Movement in Unusable Reserves
	Usable Reserves					
	£'000	£'000	£'000	£'000	£'000	£'000
Carried forward from above table:	(3,555)	140,916	(11,556)	164	0	(125,969)
- Contribution from the Capital Receipts Reserve towards administration costs of non-current asset disposals	(13)	(589)	602	0	0	0
- Use of capital receipts to fund lease premium payment	0	0	2,811	0	0	(2,811)
- Contributions to finance the payments to the Government capital receipts pool	(4,193)	0	4,193	0	0	0
Adjustments primarily involving the Major Repairs Reserve:						
- Reversal of Major Repairs Allowance credited to the HRA	0	19,345	0	0	(19,345)	0
- Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	0	17,584	(17,584)
Adjustments primarily involving the Financial Instruments Adjustment Account:						
- Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(2,944)	(189)	0	0	0	3,132
Adjustments primarily involving the Pensions Reserve:						
- Reversal of items relating to retirement benefits debited or credited to the CIES	(45,566)	(460)	0	0	0	46,026
- Employers' pension contributions and direct payments to pensioners payable in the year	25,408	300	0	0	0	(25,709)
Adjustments primarily involving the Collection Fund Adjustment Account:						
- Amount by which council tax income credited to the Comprehensive I&E Statement is different from council tax income calculated for the year in accordance with statutory requirements	9,877	0	0	0	0	(9,877)
Adjustments primarily involving the Accumulated Absences Account:						
- Amount by which officer remuneration charged to the Comprehensive I&E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,197)	(6)	0	0	0	1,203
Other adjustments	5	0	0	0	0	(3)
Total Adjustments	**(22,178)**	**159,317**	**(3,950)**	**164**	**(1,761)**	**(131,592)**

Movement during 2012/13	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Movement in Unusable Reserves
	Usable Reserves					
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive I&E Statement						
- Charges for depreciation and impairment of non-current assets	(18,464)	(19,549)	0	0	0	38,013
- Revaluation losses on Property, Plant and Equipment	(81,917)	20,804	0	0	0	61,113
- Movement in the market value of Investment Properties	1,999	0	0	0	0	(1,999)
- Amortisation of intangible assets	(730)	0	0	0	0	730
- Capital grants and contributions applied	0	0	0	3,344	0	(3,344)
- Revenue expenditure funded from capital under statute	(15,122)	(2,230)	0	0	0	17,352
- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive I&E Statement	(44,370)	(6,990)	0	0	0	51,360
Insertion of items not debited or credited to the Comprehensive I&E Statement						
- Statutory provision for the financing of capital investment	23,332	0	0	0	0	(23,332)
- Capital expenditure charged against the General Fund and HRA balances	2,706	175	0	0	0	(2,881)
Adjustments primarily involving the Capital Grants Unapplied Account:						
- Capital grants and contributions unapplied credited to the CIES	27,320	20,096	0	(964)	0	(46,452)
- Capital expenditure charged against the General Fund and HRA balances	0	0	0	0	0	0
Adjustments primarily involving the Deferred Capital Receipts Reserve:						
- Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive I&E Statement	0	0	0	0	0	0
Adjustments primarily involving the Capital Receipts Reserve:						
- Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	(29)	0	0	29
- Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive I&E Statement	9,413	12,669	(22,082)	0	0	0
- Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	8,306	0	0	(8,306)
	(95,833)	24,975	(13,805)	2,380	0	82,283

Movement during 2012/13	Usable Reserves: General Fund Balance	Usable Reserves: Housing Revenue Account	Usable Reserves: Capital Receipts Reserve	Usable Reserves: Capital Grants Unapplied	Usable Reserves: Major Repairs Reserve	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Carried forward from above table:	(95,833)	24,975	(13,805)	2,380	0	82,283
- Contribution from the Capital Receipts Reserve towards administration costs of non-current asset disposals	(187)	(245)	432	0	0	0
- Contributions from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(1,624)	0	1,624	0	0	0
Adjustments primarily involving the Major Repairs Reserve:						
- Reversal of Major Repairs Allowance credited to the HRA	0	19,549	0	0	(19,549)	0
- Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	0	20,089	(20,089)
Adjustments primarily involving the Financial Instruments Adjustment Account:						
- Amount by which finance costs charged to the Comprehensive I&E Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(134)	1,660	0	0	0	(1,526)
Adjustments primarily involving the Pensions Reserve:						
- Reversal of items relating to retirement benefits debited or credited to the Comprehensive I&E Statement	(32,123)	(575)	0	0	0	32,698
- Employers' pension contributions and direct payments to pensioners payable in the year	29,041	467	0	0	0	(29,508)
Adjustments primarily involving the Collection Fund Adjustment Account:						
- Amount by which council tax income credited to the Comprehensive I&E Statement is different from council tax income calculated for the year in accordance with statutory requirements	845	0	0	0	0	(845)
Adjustments primarily involving the Accumulated Absences Account:						
- Amount by which officer remuneration charged to the Comprehensive I&E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	417	27	0	0	0	(444)
Total Adjustments	**(99,598)**	**45,858**	**(11,749)**	**2,380**	**540**	**62,569**

10. 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 2013/14.

	Note	Balance at 01/04/12	Transfer In 2012/13	Transfer Out 2012/13	Balance at 31/03/2013	Transfer In 2013/14	Transfer Out 2013/14	Balance at 31/03/14
		£'000	£'000	£'000	**£'000**	£'000	£'000	**£'000**
General Fund:								
Schools reserve	i	(5,072)	(1,858)	0	**(6,930)**	(4,789)	0	**(11,719)**
Services reserve	ii	(8,418)	(7,376)	5,309	**(10,485)**	(5,096)	5,326	**(10,255)**
Insurance reserve	iii	(8,226)	(2,781)	2,588	**(8,419)**	(2,543)	1,933	**(9,029)**
PFI lifecycle reserve	iv	(7,915)	(1,431)	0	**(9,346)**	(1,425)	1,229	**(9,542)**
IT infrastructure reserve	v	(2,412)	(493)	1,338	**(1,567)**	(1,152)	251	**(2,468)**
Accommodation strategy reserve	vi	0	(591)	0	**(591)**	0	0	**(591)**
Transformation reserve	vii	(6,381)	(5,500)	3,866	**(8,015)**	0	0	**(8,015)**
Financing reserve	viii	(14,838)	(2,300)	1,853	**(15,285)**	(552)	899	**(14,938)**
Debt repayment reserve	ix	(13,261)	0	4,882	**(8,379)**	(105)	3,351	**(5,133)**
Community infrastructure reserve	x	0	(3,000)	0	**(3,000)**	0	0	**(3,000)**
Urban renewal reserve	xi	0	(2,500)	0	**(2,500)**	0	0	**(2,500)**
Public health reserve	xii	0	0	0	**0**	(501)	0	**(501)**
Unspent grants reserve	xiii	0	0	0	**0**	(3,396)	0	**(3,396)**
Collection fund equalisation reserve	xiv	0	0	0	**0**	(8,367)	0	**(8,367)**
Labour market growth resilience reserve	xv	0	0	0	**0**	(2,000)	0	**(2,000)**
NHS social care agreement reserve	xvi	0	0	0	**0**	(485)	0	**(485)**
Sub-Total		**(66,523)**	**(27,830)**	**19,836**	**(74,517)**	**(30,411)**	**12,989**	**(91,939)**
Housing Revenue Account:								
HRA Smoothing reserve	xvii	0	0	0	**0**	(4,238)	0	**(4,238)**
Sub-Total		**0**	**0**	**0**	**0**	**(4,238)**	**0**	**(4,238)**
Total Single Entity Earmarked Reserves		(66,523)	(27,830)	19,836	(74,517)	(34,649)	12,989	(96,177)
Group Entity Reserves		17,646	(47,171)	49,362	19,837	(48,409)	50,464	21,892
Total Group Amounts		**(48,877)**	**(75,001)**	**69,198**	**(54,680)**	**(83,058)**	**63,453**	**(74,285)**

i. 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 permitted purposes, 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 2013/14 or the preceding year.

ii. It is Council policy that service under and over spends are retained by the relevant service subject to approval by the Cabinet in the year-end financial outturn report. This reserve earmarks those funds to either be carried forward to the following financial year or retained.

iii. The Council self-insures a number of risks including liability, property and theft. Insurance claims are erratic in their timings and so the Council maintains a reserve 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.

iv. The PFI reserve is 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.

v. 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 IT infrastructure reserve spreads the charge to revenue for this type of expenditure.

vi. This reserve is used in support of the Council's smart working policy which seeks to maximise the efficiency of operational buildings.

vii. This reserve is specifically earmarked for the costs associated with the Council's restructuring and savings programme, namely 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.

viii. 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.

ix. 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.

x. 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.

xi. 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 improvement districts, and maintaining retail business; this reserve will be used to support this activity.

xii. The Health and Social Care Act 2012 transferred substantial health improvement duties to local authorities from 2013/14 and the Council received a ring-fenced public health grant to discharge its' new public health responsibilities. This reserve represents the unspent part of that grant which is to be used to:

- improve significantly the health and wellbeing of local populations
- carry out health protection functions delegated from the Secretary of State
- reduce health inequalities across the life course, including within hard to reach groups
- ensure the provision of population healthcare advice.

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

xiv. This reserve will deal with the volatility around the collection of Council Tax and Business Rates leading to annual surpluses and deficits in the Collection Fund; this reserve is designed to equalise these fluctuations.

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

xvi. The Council received funding from the NHS Commissioning Board via an agreement under Section 256 of the 2006 NHS Act to support adult social care services that also have a health benefit. This reserve represents the unspent amount of the grant which the Council intends to use to finance relevant expenditure in future years.

xvii. Under HRA Self financing any downward or upward revaluations of fixed assets charged or credited to the HRA, which can be volatile movements, have a bottom line effect as currently there is no legislation to reverse them out, as was the case in the past; this reserve is designed to equalise these fluctuations.

11. Property, plant and equipment

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

	Council Dwellings	Other Land and Buildings	Infrastructure Assets	Vehicles, Plant, Furniture and Equipment	Community Assets	Assets Under Construction	Surplus Assets	**Total Property, Plant and Equipment**	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**	£'000
Cost or Valuation									
At 1st April 2013	846,568	303,295	191,388	36,640	15,090	248	10,927	**1,404,156**	53,257
Additions	34,186	20,625	12,091	3,143	1,159	157	139	**71,500**	1,302
Donations	0	0	0	0	0	0	0	**0**	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(18,160)	20,152	0	0	0	0	6,269	**8,261**	342
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	136,761	5,527	0	0	0	0	(8,094)	**134,194**	3,820
Derecognition - disposals	(7,844)	(18,885)	0	(20,039)	0	0	0	**(46,768)**	0
Derecognition - other	0	0	0	0	0	0	0	**0**	0
Reclassifications & Transfers	(1,274)	(3,452)	43	1,546	226	(244)	2,821	**(334)**	(295)
Assets reclassified (to) / from Held for Sale	0	(3,591)	0	0	0	0	2,180	**(1,411)**	0
Other movements in cost or valuation	0	0	0	0	0	0	0	**0**	0
At 31st March 2014	**990,237**	**323,671**	**203,522**	**21,290**	**16,475**	**161**	**14,242**	**1,569,598**	**58,426**

	Council Dwellings	Other Land and Buildings	Infrastructure Assets	Vehicles, Plant, Furniture and Equipment	Community Assets	Assets Under Construction	Surplus Assets	**Total Property, Plant and Equipment**	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**	£'000
Accumulated Depreciation and Impairment									
At 1st April 2013	(19,280)	(3,994)	(55,166)	(21,412)	0	0	0	**(99,852)**	0
Depreciation charge	(19,202)	(6,918)	(6,696)	(2,584)	0	0	0	**(35,400)**	(1,345)
Depreciation written out to the Revaluation Reserve	38,256	9,890	0	0	0	0	0	**48,146**	1,345
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	**0**	0
Impairment losses / (reversals) recognised in the Surplus/Deficit on the Provision of Services	79	0	0	0	0	0	0	**79**	0
Derecognition - disposals	127	428	0	14,561	0	0	0	**15,116**	0
Derecognition - other	0	0	0	0	0	0	0	**0**	0
Other movements in depreciation and impairment	20	64	0	0	0	0	(30)	**54**	0
At 31st March 2014	**0**	**(530)**	**(61,863)**	**(9,435)**	**0**	**0**	**(30)**	**(71,857)**	**0**
Net Book Value at 31st March 2014	**990,237**	**323,141**	**141,660**	**11,855**	**16,475**	**161**	**14,212**	**1,497,741**	**58,426**

	Council Dwellings	Other Land and Buildings	Infrastructure Assets	Vehicles, Plant, Furniture and Equipment	Community Assets	Assets Under Construction	Surplus Assets	**Total Property, Plant and Equipment**	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**	£'000
Cost or Valuation									
At 1st April 2012	792,568	478,681	185,120	33,983	12,509	32,961	3,336	**1,539,158**	107,506
Additions	40,151	19,622	5,819	2,462	1,731	298	142	**70,225**	1,787
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(1,594)	(84,107)	0	0	0	0	0	**(85,701)**	(33,650)
in the Surplus/Deficit on the Provision of Services	20,914	(80,347)	0	0	0	0	0	**(59,433)**	(18,047)
Derecognition - disposals	(6,788)	(42,732)	0	0	0	0	(68)	**(49,588)**	(4,692)
Derecognition - other	0	0	0	0	0	(6,140)	0	**(6,140)**	0
Transfers	1,481	15,158	449	195	850	(26,871)	7,517	**(1,221)**	353
Assets reclassified (to) / from Held for Sale	(164)	(2,980)	0	0	0	0	0	**(3,144)**	0
At 31st March 2013	**846,568**	**303,295**	**191,388**	**36,640**	**15,090**	**248**	**10,927**	**1,404,156**	**53,257**

	Council Dwellings	Other Land and Buildings	Infrastructure Assets	Vehicles, Plant, Furniture and Equipment	Community Assets	Assets Under Construction	Surplus Assets	**Total Property, Plant and Equipment**	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**	£'000
Accumulated Depreciation and Impairment									
At 1st April 2012	0	(36,926)	(49,795)	(15,740)	0	0	0	**(102,461)**	20,136
Depreciation charge	(19,405)	(7,455)	(5,371)	(5,672)	0	0	0	**(37,903)**	1,288
Depreciation written out to the Revaluation Reserve	126	38,533	0	0	0	0	0	**38,659**	(21,346)
Impairment losses / (reversals) recognised in the Surplus/Deficit on the Provision of Services	(110)	0	0	0	0	0	0	**(110)**	0
Derecognition - disposals	109	1,828	0	0	0	0	0	**1,937**	(78)
Reclassifications and Transfers	0	26	0	0	0	0	0	**26**	0
At 31st March 2013	**(19,280)**	**(3,994)**	**(55,165)**	**(21,412)**	**0**	**0**	**0**	**(99,852)**	**0**
Net Book Value at 31st March 2013	**827,288**	**299,301**	**136,222**	**15,228**	**15,090**	**248**	**10,927**	**1,304,304**	**53,257**

In 2013/14 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 whole of 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.

HRA dwellings are valued at their existing use based on 'Beacon' valuation principles and then have a social housing adjustment made thus reducing the balance sheet value to 25% of the beacon value as directed by the Department 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 £14.935 million (£32.083 million in 2012/13).

Capital commitments

At 31st March 2014, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2014/15 and future years budgeted to cost £20 million. Similar commitments at 31st March 2013 were £18 million. The major commitments in 2013/14 are:

- Leisure Services Investment with Fusion– £11.5 million
- Decent Homes Programme – £3.5 million
- Upgrade and enhancement of SAP – £2.0 million

12. Heritage assets

	Civic Regalia	Bruce Castle	Total Assets
	£'000	£'000	**£'000**
Cost or Valuation			
Balance at 1st April 2013	416	5,645	**6,061**
Additions	0	14	**14**
Revaluations	6	0	**6**
Balance at 31st March 2014	**422**	**5,659**	**6,081**
Cost or Valuation			
Balance at 1st April 2012	416	5,645	**6,061**
Movements during the year	0	0	**0**
Balance at 31st March 2013	**416**	**5,645**	**6,061**

There have not been any significant movements in valuations, acquisitions, impairments or disposals of the Council's heritage assets over the last 5 years.

The Council reviews the carrying amounts of heritage assets for impairment annually. These assets are deemed to have indeterminate lives and therefore depreciation has not been charged.

Civic Regalia

The Council has acquired 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. Civic regalia were externally valued, by Haughtons, in April 2012 based on insurance replacement values.

Bruce Castle Museum

Bruce Castle museum's historical collections cover most aspects of local history for the area and the history of its communities and date from prehistory to the present day. The collections have been acquired 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 either internal estimates or at cost of purchase.

Art – fine art collections of prints, drawings, watercolours, oil paintings, sculpture and ceramics with the earliest paintings dating from circa 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.
- Film, audio and approximately 31,000 photographs (mainly of local interest) which include rare and early photography by George Shadbolt from circa 1850 and an unusual collection of photography from the two World Wars; a recently-digitised collection of 16mm film showing the local area during the 1950-1970 era; an oral history collection that has been actively collected on tape and digital files since around 1970.
- 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, Public Art & Other Items of Interest

The Council has a large collection of street furniture (including monuments, cattle troughs and signage) and art collections located within the borough which are of historical and/or cultural merit and other items of interest. These are not recognised in the Council's balance sheet as the nature of these items means it is not practicable to ascertain a monetary value.

Further information on the Council's historic street furniture can be found on the Council's website www.haringey.gov.uk

13. Investment properties

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

	2013/14	2012/13
	£'000	£'000
Rental income from investment property	(5,590)	(5,821)
Direct operating expenses arising from investment property	2,444	0
Net (gain) / loss	**(3,146)**	**(5,821)**

The following table summarises the movements in fair value of investment properties over the year.

	2013/14	2012/13
	£'000	£'000
Balance at start of the year	54,141	50,774
Additions - Purchases	258	474
Disposals	0	(78)
Net gain/losses from FV adjustments	4,567	1,999
Transfers (to) / from PPE	79	972
Balance at the end of the year	**59,045**	**54,141**

14. Intangible assets

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

	2013/14	2012/13
	£'000	£'000
Balance at start of the year		
- Gross carrying amount	4,036	3,850
- Accumulated amortisation	(3,494)	(2,764)
Net carrying amount at start of the year	542	1,086
Additions - Purchases	490	80
Assets reclassified from Assets Under Construction	242	134
Other disposals	0	(28)
Amortisation for the period	(226)	(730)
Other changes	0	0
Net carrying amount at the end of year	**1,048**	**542**
Comprising:		
- Gross carrying amounts	4,504	4,036
- Accumulated amortisation	(3,456)	(3,494)
	1,048	**542**

15. Financial instruments

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 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 and market debt. Under the 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 CIES.

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. Trade receivables (debtors) are also a financial asset and they are disclosed in detail in Note 16 to the Accounts.

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

	Current	
	31/03/2014	31/03/2013
	£'000	£'000
- Loans and receivables	10,496	16,081
- Available-for-sale assets	0	0
Total investments	**10,496**	**16,081**
- Loans and receivables	0	0
- Assets carried at contract amounts	25,717	24,940
Total debtors	**25,717**	**24,940**
- Liabilities at amortised cost	(18,056)	(60,127)
Total borrowings	**(18,056)**	**(60,127)**
- Liabilities carried at contract amounts	(26,020)	(53,262)
Total Creditors	**(26,020)**	**(53,262)**
- PFI liabilities	(2,291)	(3,308)
- Finance lease liabilities	(1,905)	0
Total Other Liabilites	**(4,196)**	**(3,308)**

	Long Term	
	31/03/2014	31/03/2013
	£'000	£'000
- Loans and receivables	0	2,529
- Assets carried at contract amounts	2,356	0
Total debtors	**2,356**	**2,529**
- Liabilities at amortised cost	(297,435)	(310,558)
Total borrowings	**(297,435)**	**(310,558)**
- Liabilities carried at contract amounts	(1,027)	0
Total Creditors	**(1,027)**	**0**
- PFI liabilities	(32,414)	(55,752)
- Finance lease liabilities	(17,804)	0
Total Other Liabilites	**(50,218)**	**(55,752)**

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 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 31st March 2014 and 31st March 2013 consisted of loans from the Public Works Loan Board (PWLB), market loans and, for 2012/13, 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 sum is £19.776 million above carrying value. 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.

	Fair Value		Carrying Amount	
	31/03/2014 £'000	31/03/2013 £'000	31/03/2014 £'000	31/03/2013 £'000
Borrowings	(371,969)	(461,400)	(315,491)	(370,685)
PFI liability	(34,705)	(36,884)	(34,705)	(36,884)
Cash and Cash Equivalents	0	(9,135)	0	(9,135)
Other liabilities	(26,020)	(75,438)	(26,020)	(75,438)
Total	**(432,694)**	**(582,857)**	**(376,216)**	**(492,142)**

In the case of the Council's investments, there was only one instant access 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.

	Fair Value		Carrying Amount	
	31/03/2014 £'000	31/03/2013 £'000	31/03/2014 £'000	31/03/2013 £'000
Trade debtors	25,717	27,496	25,717	27,469
Short term investments	10,496	16,816	10,496	16,081
Cash and Cash Equivalents	20,170	18,751	20,170	18,751
Total	**56,383**	**63,063**	**56,383**	**62,301**

Financial instruments – gains and losses

The gains and losses recognised in the CIES in relation to financial instruments consists of the following items.

	Liabilities measured at amortised cost	Assets, Loans and receivables	Assets Available for sale	Total	Liabilities measured at amortised cost	Assets, Loans and receivables	Assets Available for sale	Total
		2013/14				2012/13		
	£'000	£'000	£'000	**£'000**	£'000	£'000	£'000	**£'000**
Interest expense	17,931	0	0	**17,931**	19,991	0	0	**19,991**
Losses on derecognition	0	0	0	**0**	0	0	0	**0**
Impairment losses	0	0	0	**0**	0	0	0	**0**
Fee expense	0	0	0	**0**	0	0	0	**0**
Total expense in Surplus/Deficit on the Provision of Services	17,931	0	0	**17,931**	19,991	0	0	**19,991**
Interest and investment income	0	(510)	(55)	**(565)**	0	(664)	(34)	**(698)**
Interest income accrued on impaired financial assets	29	(1,753)		**(1,724)**	(28)	(185)	0	**(213)**
Total income in Surplus/Deficit on the Provision of Services	29	(2,263)	(55)	**(2,289)**	(28)	(849)	(34)	**(911)**
Gains / Losses on revaluation	0	(2)	0	**(2)**	0	0	0	**0**
Amounts recycled to the Surplus/Deficit on the Provision of Services after impairment	0	0	0	**0**	0	(34)	0	**(34)**
Total income in Surplus/Deficit on the Provision of Services	0	(2)	0	**(2)**	0	(34)	0	**(34)**
Net (gain) / loss for the year	**17,960**	**(2,265)**	**(55)**	**15,640**	**19,963**	**(883)**	**(34)**	**19,046**

16. Debtors

The following table provides an analysis of money owed to the Council by other bodies as at 31st March 2014 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		Short Term	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	£'000	£'000	£'000	£'000
Central Govt bodies	0	0	17,387	12,480
Other local authorities	0	0	9,869	6,420
NHS bodies	0	0	2,295	4,295
Public corporations and trading funds	0	1,971	0	15,991
Other entities and individuals	2,356	558	38,251	28,387
Total	**2,356**	**2,529**	**67,802**	**67,573**

	Single Entity		Group Amounts	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	£'000	£'000	£'000	£'000
Central Govt bodies	17,387	12,480	16,854	12,480
Other local authorities	9,869	6,420	10,402	6,420
NHS bodies	2,295	4,295	2,295	4,295
Public corporations and trading funds	0	17,962	0	17,962
Other entities and individuals	40,607	28,945	40,089	26,938
Total	**70,158**	**70,102**	**69,640**	**68,095**

Doubtful debt provisions

Where recovery of debt is doubtful provisions are created within the accounts to reflect past experience and professional judgement based on the particular circumstances relating to each debt or debtor type.

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

17. 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.

	31/03/2014	31/03/2013
	£'000	£'000
Cash held by the Council	152	11,656
Short-term investments	0	7,095
Bank accounts	20,018	(9,135)
Total	**20,170**	**9,616**

18. Assets held for sale

These 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.

	2013/14	2012/13
	£000	£000
Balance at start of year	3,143	5,603
PPE assets newly reclassified	3,541	3,143
Revaluation losses taken to surplus or deficit on the provision of services	0	(2,000)
Assets declassified as held for sale	(2,179)	0
Assets sold	(964)	(3,603)
Balance at end of year	**3,541**	**3,143**

19. Creditors

The following table provides an analysis of money owed by the Council as at 31st March 2014.

	Long Term		Short Term	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	£'000	£'000	£'000	£'000
Central Govt bodies	0	0	(11,085)	(9,919)
Other local authorities	0	0	(4,387)	(2,752)
NHS bodies	0	0	(3,497)	(2,185)
Public corporations and trading funds	0	0	0	(4,834)
Other entities and individuals	(1,027)	0	(74,295)	(57,190)
Total	**(1,027)**	**0**	**(93,264)**	**(76,880)**

	Single Entity		Group Amounts	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	£'000	£'000	£'000	£'000
Central Govt bodies	(11,085)	(9,919)	(11,085)	(9,919)
Other local authorities	(4,387)	(2,752)	(4,387)	(2,752)
NHS bodies	(3,497)	(2,185)	(3,497)	(2,185)
Public corporations and trading funds	0	(4,834)	0	(4,834)
Other entities and individuals	(75,322)	(57,190)	(72,593)	(52,601)
Total	**(94,291)**	**(76,880)**	**(91,562)**	**(72,291)**

20. Provisions

Provisions are analysed on the face of the Balance Sheet as either short term or long term. The amounts above are estimates based on the best information available, in accordance with best practice.

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 **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 following table details total provisions held.

	Insurance	Redundancies	Property	Carbon Reduction Commitment	Other Provisions	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1st April 2013	(7,174)	(1,214)	(768)	(514)	(1,298)	(10,968)
Provisions made in 2013/14	0	(1,551)	0	(370)	(1,637)	(3,558)
Amounts used in 2013/14	200	1,040	0	442	200	1,882
Unused amounts reversed	0	147	467	71	402	1,087
Unwinding of discount	55	0	0	0	0	55
Balance at 31st March 2014	**(6,919)**	**(1,578)**	**(301)**	**(371)**	**(2,333)**	**(11,502)**
Of which:						
Long Term	(4,842)	0	(200)	0	**0**	(5,042)

21. Usable reserves

Movements in the Council's usable reserves are detailed in the MiRS and in Notes 9 and 10.

22. Unusable reserves

	31/03/2014	31/03/2013
	£'000	£'000
Financial Instruments Adjustment Account	4,486	4,166
Revaluation Reserve	(162,110)	(111,087)
Accumulated Absences	5,861	4,658
Collection Fund Adjustment	(7,074)	2,803
Deferred Capital Receipts	(140)	(214)
Pensions Reserve	545,952	493,931
Capital Adjustment Account	(860,018)	(711,001)
Total	**(473,043)**	**(316,744)**

Financial instruments adjustments account

The balance in the FIAA account at the end of the financial year represents the amount that should have been charged to the CIES in accordance with proper accounting practices under the Code of Practice, but which statutory provisions allow or require to be deferred over future years.

	2013/14	2012/13
	£'000	£'000
Balance as at 1st April	**4,165**	**5,692**
Amounts by which finance costs charged to the CIES differ from finance costs chargeable in the year in accordance with statute	321	(1,527)
Balance as at 31st March	**4,486**	**4,165**

Revaluation reserve

The revaluation reserve contains the gains made by the Council since April 2007 arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are revalued downwards or impaired and the gains are lost, used in the provision of services and the gains are consumed through depreciation or disposed of and the gains are realised.

	2013/14	2012/13
	£'000	£'000
Balance as at 1st April	**(111,087)**	**(211,732)**
Upward revaluation of assets	(60,358)	0
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on Provision of Services	3,945	47,042
Difference between fair value depreciation and historical cost depreciation	2,097	2,423
Adjustments between Capital Adjustment Account and Revaluation Reserve	0	34,480
Revaluation balances on disposed assets	3,293	16,700
Balance as at 31st March	**(162,110)**	**(111,087)**

Accumulated absences account

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 31st March 2014. Statutory arrangements require that the impact on the general fund balance is neutralised by transfers to or from the account.

	General Fund		HRA	
	2013/14	2012/13	2013/14	2012/13
	£'000	£'000	£'000	£'000
Balance as at 1st April	**4,633**	**5,102**	**24**	**0**
Settlement / cancellation of accrual made at the end of the preceding year	(4,633)	(5,102)	(24)	0
Amounts accrued at the end of the current year	5,830	4,633	31	24
Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from charges in accordance with statute	1,197	(469)	7	24
Balance at 31st March	**5,830**	**4,633**	**31**	**24**

Collection fund adjustment account

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

	2013/14	2012/13
	£'000	£'000
Balance as at 1st April	**2,803**	**3,647**
Movement in year	(9,877)	(844)
Balance as at 31st March	**(7,074)**	**2,803**

Deferred capital receipts reserve

This reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	2013/14	2012/13
	£'000	£'000
Balance as at 1st April	**(214)**	**(242)**
Transfer to the Capital Receipts Reserve upon receipt of cash	34	29
Other adjustments	40	(1)
Balance as at 31st March	**(140)**	**(214)**

Pension reserve

The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to the pension fund or eventually pay any pensions for which it is directly responsible. The debit balance on the pensions reserve therefore shows a 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.

	2013/14	2012/13
	£'000	£'000
Balance as at 1st April	**493,931**	**443,379**
Remeasurements recognised in Other Comprehensive Income and Expenditure	31,706	47,361
Reversal of items relating to retirement benefits debited or credited to the Surplus/Deficit on Provision of Services	20,315	3,191
Balance as at 31st March	**545,952**	**493,931**

Capital adjustment account

The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account therefore represents amounts set aside to finance expenditure on fixed assets or for the repayment of external loans and certain other financing transactions.

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

	2013/14		2012/13	
	£'000	£'000	£'000	£'000
Balance as at 1st April		**(711,001)**		**(719,562)**
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	35,400		38,013	
- revaluation losses and reversals of losses on Property, Plant and Equipment	(133,620)		61,113	
- amortisation of intangible assets	226		730	
- revenue expenditure funded from capital under statute	3,713		17,352	
- amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	32,615		51,360	
		(61,666)		168,568
Adjusting amounts written out of the Revaluation Reserve		(5,390)		(53,604)
Net written out amount of the cost of non-current assets consumed in the year		(67,056)		114,964
Capital financing applied in the year				
- use of the Capital Receipts Reserve to finance new capital expenditure	(1,009)		(8,306)	
- use of the Major Repairs Reserve to finance new capital expenditure	(17,584)		(20,089)	
- application of grants to capital financing from Capital Grants Unapplied account	(31,099)		(49,796)	
- statutory provision for financing of capital investment charged against General Fund and HRA balances	(19,344)		(23,332)	
- capital expenditure charged against the General Fund and HRA balances	(11,397)		(2,881)	
		(80,433)		(104,404)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		(974)		(1,999)
Movements in the donated assets account credited to the Comprehensive Income and Expenditure Statement		(516)		0
Other adjustments		(38)		0
Balance as at 31st March		**(860,018)**		**(711,001)**

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

	2013/14	2012/13
	£'000	£'000
Adjustment to surplus or deficit on the provision of services for non-cash movements		
Depreciation	(35,400)	(38,013)
Impairment & revaluations	133,620	(61,104)
Amortisation	(226)	(730)
Adjustments for movements in fair value of investments	1,753	0
Adjustments for effective interest rates	493	0
(Increase)/Decrease in Inventories	35	(8)
(Increase)/Decrease in Debtors	(2,035)	16,264
Increase/(Decrease) in Creditors	(12,088)	(6,017)
Movement in pension liability	(20,317)	(3,190)
Carrying amount of non-current assets sold	(32,615)	(51,332)
Movement in provisions	(534)	298
Movement in value of investment properties	974	1,999
Assets held for sale reclassified as REFCUS	0	(6,140)
Total	**33,660**	**(147,973)**

	2013/14	2012/13
	£'000	£'000
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 PPE, investment property and intangible assets	14,528	21,650
Capital grants credited to surplus or deficit on the provision of services	31,450	47,416
Total	**45,978**	**69,066**

24. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following interest related items.

	2013/14	2012/13
	£'000	£'000
Interest received	(313)	(494)
Interest paid	23,088	1,358
Total	**22,775**	**864**

25. Cash Flow Statement - Investing Activities

The cash flows for investing activities include the following items.

	2013/14	2012/13
	£'000	£'000
Purchase of PPE, investment property and intangible assets	73,113	70,779
Purchase of investments	2,470	722,065
Proceeds from the sale of PPE, investment property and intangible assets	(13,811)	(21,679)
Proceeds from investments	(10,279)	(721,895)
Capital grants and contributions received	(29,150)	(37,240)
Other receipts from investing activities	0	224
Total	**22,343**	**12,254**

26. Cash Flow Statement - Financing Activities

The cash flows for financing activities include the following items.

	2013/14	2012/13
	£'000	£'000
Cash receipts from borrowing	(3,800)	(63,000)
Other receipts from financing activities	(2,148)	(14,510)
Cash payments for the reduction of finance lease and PFI outstanding liabilities	6,931	2,793
Repayments of borrowing	58,343	94,786
Total	**59,326**	**20,069**

27. Amounts reported for resource allocation decisions

The analysis of income and expenditure by service on the face of the CIES is that specified by SERCOP. However decisions about resource allocation are taken by the Council's Chief Executive on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure which is assumed to be at budgeted levels
- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- Expenditure on some support services is budgeted for centrally and not charged to directorates

The Council reports income and expenditure for each directorate as a separate operating segment, regardless of its' actual level of income or expenditure. This is to reflect each type of service provided by that directorate. Full details of services provided by each directorate are shown in the 2013/14 Budget Book, available on the Council's website – http://www.haringey.gov.uk/index/Council/performance_and_finance/budget.htm.

The subjective analysis reconciliation of directorates' income and expenditure to cost of services gives a clear indication of where each directorate derives its revenue.

Reconciliation of Directorate Income and Expenditure to Cost of Service in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of directorate income and expenditure, shown further below, relate to the amounts included in the CIES.

	Single Entity		Group Amounts	
	2013/14	2012/13	2013/14	2012/13
	£'000	£'000	£'000	£'000
Net expenditure in directorate analysis	(14,758)	0	(14,758)	0
Net expenditure of subsidiaries not included in	0	0	2,087	48
Amounts not reported to management	(135,350)	0	(135,350)	0
Amounts included in the analysis not included in the Comprehensive I&E	212,166	296,447	212,166	296,447
Cost of Services	**62,058**	**296,447**	**64,145**	**296,495**

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the CIES.

The income and expenditure of the Council's principal directorates for the year is as follows.

2013/14	Adults and Housing	Place and Sustainability	Public Health	Corporate Resources	Children and Young People	Chief Executive Services	Non Service Revenue	HRA	Individual Schools	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Directorate Income and Expenditure										
Fees, charges and other service income	(46,708)	(57,784)	(16)	(12,326)	(8,410)	(41,307)	(108,893)	(110,207)	(30,100)	**(415,751)**
Government Grants & Contributions	(8,459)	(8,335)	(141)	(735)	(44,317)	(279,831)	(201,220)	0	(172,717)	**(715,755)**
Total Income	(55,167)	(66,119)	(157)	(13,061)	(52,727)	(321,138)	(310,113)	(110,207)	(202,817)	**(1,131,506)**
Employee Expenses	27,797	32,558	1,972	7,348	37,455	26,728	8,481	2,569	146,805	**291,713**
Other Service Expenses	117,824	71,570	15,502	3,328	60,949	289,514	10,486	61,547	47,813	**678,533**
Precepts & Levies	0	0	0	0	0	0	7,066	0	0	**7,066**
Capital & Financing Charges	170	9,675	0	0	5,495	1,052	4,699	31,352	305	**52,748**
Interest Payable	0	0	0	0	0	0	21,629	0	0	**21,629**
Support Service Recharges	5,992	8,973	448	1,663	21,119	10,428	11,451	3,908	1,076	**65,058**
Total Expenditure	151,783	122,776	17,922	12,339	125,018	327,722	63,812	99,376	195,999	**1,116,747**
Net Expenditure	**96,616**	**56,657**	**17,765**	**(722)**	**72,291**	**6,584**	**(246,301)**	**(10,831)**	**(6,818)**	**(14,759)**

2012/13	Adults and Housing	Place and Sustainability	Public Health	Corporate Resources	Children and Young People	Chief Executive Services	Non Service Revenue	HRA	Individual Schools	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Directorate Income and Expenditure										
Fees, charges and other service income	(42,830)	(59,369)	(4)	(36,578)	(10,241)	(17,941)	(110,208)	(106,411)	(19,774)	**(403,356)**
Government Grants & Contributions	(9,028)	(6,134)	(1,683)	(309,679)	(29,036)	(295)	(181,321)	(1,915)	(193,556)	**(732,647)**
Total Income	(51,858)	(65,503)	(1,687)	(346,257)	(39,277)	(18,236)	(291,529)	(108,326)	(213,330)	**(1,136,003)**
Employee Expenses	29,749	35,581	451	25,224	40,612	9,394	9,095	2,922	161,614	**314,642**
Other Service Expenses	110,200	68,073	1,955	318,036	62,349	5,078	(2,408)	59,919	49,143	**672,345**
Precepts & Levies	0	0	0	0	0	0	7,259	0	0	**7,259**
Capital & Financing Charges	169	8,226	0	1,923	5,723	0	13,852	34,626	717	**65,236**
Interest Payable	0	0	0	0	0	0	23,710	0	0	**23,710**
Support Service Recharges	6,574	9,419	192	9,138	8,333	3,421	12,262	3,472	0	**52,811**
Total Expenditure	146,692	121,299	2,598	354,321	117,017	17,893	63,770	100,939	211,474	**1,136,003**
Net Expenditure	**94,834**	**55,796**	**911**	**8,064**	**77,740**	**(343)**	**(227,759)**	**(7,387)**	**(1,856)**	**0**

2013/14 Reconciliation to Subjective Analysis	Service Analysis	Not reported to management	Not included in Net Cost of Services	Net Cost of Services	Net cost of Group not in analysis	Group Total
	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(436,744)	0	5,587	(431,157)	(60,374)	(491,531)
Interest and investment income	0	0	(9,550)	(9,550)	(7)	(9,557)
Income from council tax	0	0	82,534	82,534	0	82,534
Pension Related	0	0	0	0	0	0
Government grants and contributions	(694,762)	0	193,533	(501,229)	(692)	(501,921)
Total Income	(1,131,506)	0	272,104	(859,402)	(61,073)	(920,475)
Employee expenses	291,713	1,203	0	292,916	29,414	322,330
Other service expenses	685,599	0	(33,957)	651,642	27,972	679,614
Support Service recharges	65,058	10	0	65,068	5,341	70,409
Depreciation, amortisation and impairment	74,377	(136,563)	4,567	(57,619)	433	(57,186)
Interest Payments	0	0	(21,658)	(21,658)	0	(21,658)
Precepts & Levies	0	0	(7,066)	(7,066)	0	(7,066)
Pension Related	0	0	(1,823)	(1,823)	0	(1,823)
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	0	0
Total Expenditure	1,116,747	(135,350)	(59,937)	921,460	63,160	984,620
Surplus or deficit on the provision of services	**(14,759)**	**(135,350)**	**212,167**	**62,058**	**2,087**	**64,145**

2012/13 Reconciliation to Subjective Analysis	Service Analysis	Not reported to management	Not included in Net Cost of Services	Net Cost of Services	Net cost of Group not in analysis	Group Total
	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(424,386)	0	5,821	(418,565)	(1,373)	(419,938)
Interest and investment income	0	0	2,745	2,745	(12)	2,733
Income from council tax	0	0	102,633	102,633	0	102,633
Pension Related	0	0	175,640	175,640	0	175,640
Government grants and contributions	(711,617)	0	0	(711,617)	0	(711,617)
Total Income	(1,136,003)	0	286,839	(849,164)	(1,385)	(850,549)
Employee expenses	314,642	0	0	314,642	434	315,076
Other service expenses	679,605	0	(26,709)	652,896	28	652,924
Support Service recharges	52,811	0	0	52,811	590	53,401
Depreciation, amortisation and impairment	88,945	0	80,140	169,085	381	169,466
Interest Payments	0	0	(23,710)	(23,710)	0	(23,710)
Precepts & Levies	0	0	(7,259)	(7,259)	0	(7,259)
Pension Related	0	0	(12,672)	(12,672)	0	(12,672)
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0
Gain or Loss on Disposal of Fixed Assets	0	0	(182)	(182)	0	(182)
Total Expenditure	1,136,003	0	9,608	1,145,611	1,433	1,147,044
Surplus or deficit on the provision of services	**0**	**0**	**296,447**	**296,447**	**48**	**296,495**

28. Acquired operations

On 1st April 2013 public health staff and services were transferred from Haringey Primary Care Trust to the Council. Expenditure incurred in 2013/14 was funded by a new grant of £17.587 million from the Department of Health. Transactions in respect of this acquired operation are shown on the face of the CIES.

29. Trading operations

The Council undertakes a number of trading operations where it operates in a commercial environment. The significant trading operations during 2013/14 were as follows:

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). In 2013/14, the Council incurred expenditure of £3.577 million and generated income of £3.766 million, resulting in a surplus of £0.209 million (£4.000 million, £4.176 million and £0.176 million respectively in 2012/13).

Off Street Parking: 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. In 2013/14, the Council incurred expenditure of £0.587 million and generated income of £0.487 million resulting in a deficit of £0.100 million (£0.541 million, £0.404 million and £0.137 million respectively in 2012/13).

Building Control: 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. In 2013/14, the Council incurred expenditure of £0.490 million and generated income of £0.491 million resulting in a minor surplus (£0.483 million, £0.497 million and £0.015 million respectively in 2012/13).

30. Agency Services

There is a Service Level Agreement in place for Haringey Council to provide hearing impaired services to clients of Enfield Council. This enables Enfield Council to meet its statutory requirements in terms of the education and support of deaf and hearing impaired children.

During 2013/14 the Council received £0.230 million from Enfield Council in respect of these services (£0.223 million in 2012/13)

31. Members allowances

The total of Members' allowances paid in 2013/14 was £1.073 million compared to £1.078 million in 2012/13. These figures are included in the central services line of the CIES.

32. Pooled budgets

The Council has entered into a partnership agreement under Section 75 of the Health Act 2006. This partnership consists of Haringey Clinical Commissioning Group, Whittington Health and the Barney, Enfield and Haringey Mental Health Trust for the provision of services for people with Learning Disabilities. Any variance within the S75 Pool is split between the partners and the Council's share of surpluses/ deficits are absorbed within the Council finances.

The partnership spent £8.312 million in 2013/14 (£7.365 million in 2012/13) of which £6.360 million was met by the Council and £1.952 million by partners (£5.341 million and £2.024 million respectively in 2012/13).

33. Officers remuneration

The following table sets out the remuneration disclosures for senior officers whose salary is more than £50,000 but less than £150,000 in 2013/14.

Post Holder Details	Note	Salary, Fees and Allowances		Compensation for Loss of Office		**Remuneration (excluding employer pension contribution)**		Employer Pension Contribution		**Total Remuneration**	
		2013/14 £	2012/13 £	2013/14 £	2012/13 £	**2013/14 £**	**2012/13 £**	2013/14 £	2012/13 £	**2013/14 £**	**2012/13 £**
Director of Children's Services (DCS)	1	106,890		0	0	**106,890**	**0**	23,955		**130,845**	**0**
Assistant Director Corporate Governance (Monitoring Officer)		99,177	98,671	0	0	**99,177**	**98,671**	22,188	22,031	**121,365**	**120,702**
Assistant Director - Finance (Chief Financial Officer)		105,723	106,531	0	0	**105,723**	**106,531**	23,687	23,824	**129,410**	**130,355**
Director of Public Health		116,148		0	0	**116,148**	**0**	15,133		**131,281**	
Director of Children's Services (Until 4th October 2013)	2	71,527	140,042	173,244	0	**244,771**	**140,042**	16,089	31,505	**260,860**	**171,547**
Director of Place and Sustainability Services		136,538	136,538	0	0	**136,538**	**136,538**	30,697	30,697	**167,235**	**167,235**
Director of Adults and Housing Services		136,538	136,538	0	0	**136,538**	**136,538**	30,697	30,697	**167,235**	**167,235**
Director of Corporate Resources (Until 31st Dec 2013)	3	110,842	84,064	74,902	0	**185,744**	**84,064**	23,926	18,952	**209,670**	**103,016**
Assistant Chief Executive (Until 31st Dec 2013)	4	85,560	112,134	95,500	0	**181,060**	**112,134**	17,893	25,155	**198,953**	**137,289**

Notes

(1) The 2013/14 salary reflects a number of posts held by the post holder in 2013/14 culminating in appointment as DCS w.e.f. 1st Jan 2014.
(2) Annualised salary is £140,042.
(3) Annualised salary is £141,797; the reduced salary in 2012/13 was due to a period of unpaid leave.
(4) Annualised salary is £106,661.

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

Post Holder Details	Note	Salary, Fees and Allowances		Compensation for Loss of Office		Remuneration (excluding employer pension contribution)		Employer Pension Contribution		Total Remuneration	
		2013/14	2012/13	2013/14	2012/13	**2013/14**	**2012/13**	2013/14	2012/13	**2013/14**	**2012/13**
		£	£	£	£	**£**	**£**	£	£	**£**	**£**
Chief Executive - N Walkley	1	189,440	58,272	0	0	189,440	58,272	42,812	13,235	**232,252**	**71,507**

Notes

(1) The 2012/13 figures reflect a start date of 10th December 2012.

The table above excludes the sums paid in 2013/14 under a settlement agreement reached with the former Director of Children's Services arising out of a legal dispute in relation to her exit from the Council. The settlement was reached following the decision of the Court of Appeal in favour of former Director of Children's Services and the Court's direction that the parties seek to resolve the issue of compensation. Payments under the settlement agreement fell into three parts: payments of salary, fees & allowances (£377,266); payments for compensation for loss of office (£217,367) and payments of employer pension contributions (£84,819).

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

Exit Package Cost Band (including special payments)	Number of compulsory redundancies		Number of other agreed departures		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2013/14	2012/13	2013/14	2012/13	**2013/14**	**2012/13**	**2013/14**	**2012/13**
							£	**£**
£0 - £20,000	21	115	106	63	**127**	**178**	**1,008,978**	**1,251,086**
£20,001 - £40,000	5	26	36	26	**41**	**52**	**1,072,934**	**1,464,488**
£40,001 - £60,000	3	4	13	16	**16**	**20**	**779,828**	**947,857**
£60,001 - £80,000	3	1	4	3	**7**	**4**	**486,565**	**304,682**
£80,001 - £100,000	1	2	4	2	**5**	**4**	**446,421**	**371,675**
£100,001 - £150,000	1	0	1	2	**2**	**2**	**201,330**	**427,123**
£150,000 or more	4	0	1	0	**5**	**0**	**968,890**	**0**
Total	**38**	**148**	**165**	**112**	**203**	**260**	**4,964,946**	**4,766,911**

The number of employees whose gross pay (excluding employers' pension and NI contributions) and benefits were more than £50,000 but less than £150,000 in 2013/14 is detailed in the table below.

	2013/14	2012/13
	No. of employees	No. of employees
£50,000 - £54,999	218	181
£55,000 - £59,999	119	115
£60,000 - £64,999	70	62
£65,000 - £69,999	40	31
£70,000 - £74,999	25	31
£75,000 - £79,999	25	19
£80,000 - £84,999	8	8
£85,000 - £89,999	10	11
£90,000 - £94,999	7	10
£95,000 - £99,999	6	6
£100,000 - £104,999	2	2
£105,000 - £109,999	6	0
£110,000 - £114,999	2	4
£115,000 - £119,999	1	0
£120,000 - £124,999	1	1
£125,000 - £129,999	2	0
£130,000 - £134,999	0	1
£135,000 - £139,999	5	0
£140,000 - £144,999	2	1
Total	**549**	**483**

34. Termination Benefits

The Council terminated the contracts of a number of employees in 2013/14 incurring liabilities of £4.965 million in redundancy costs and payments to the pension fund (£4.767 million in 2012/13). Included in this amount is a provision of £1.551 million (£1.214 million in 2012/13) based on information about employees who were due to leave the Council after the 31st March 2014.

35. 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 Council's external auditors.

	2013/14	2012/13
	£'000	£'000
Fees payable with regard to external audit services carried out by the appointed auditor for the year (including a £37k rebate from the Audit Commission)	238	281
Fees payable in respect of statutory inspections	0	0
Fees payable for the certification of grant claims and returns for the year	38	87
Fees payable in respect of other services provided by Grant Thornton during the year	0	51
Total	**276**	**419**

36. 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 for a range of educational services provided on an authority-wide basis and the Individual Schools Budget (ISB), which is divided into a budget share for each school.

Details of the deployment of DSG receivable for 2013/14 are as follows.

	Central Expenditure	ISB	Total
	£'000	£'000	**£'000**
Final DSG for 2013/14			**227,009**
Academy figure recouped for 2013/14			**34,937**
Total DSG after academy recoupment for 2013/14			**192,072**
Brought forward from 2012/13			**1,091**
Carry forward to 2014/15 as agreed in advance			**(1,091)**
Agreed initial budget distribution in 2013/14	39,383	152,689	**192,072**
In year adjustment	1,227	(1,227)	**0**
Final budgeted distribution for 2013/14	**40,610**	**151,462**	**192,072**
Less actual central expenditure	38,502		**38,502**
Less actual ISB deployed to schools		151,462	**151,462**
Plus Council contribution for 2013/14	0	0	0
Carry forward to 2014/15 agreed in advance	**2,108**	**0**	**3,199**

37. 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 N22 8HQ.

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 £2.984 million as at 31st March 2014, mainly in relation to employer and employee contributions. The Council charged the Fund £0.485 million for administering the fund in 2013/14.

The Council has a number of interests in companies or other organisations; where these have been considered as material, these are either disclosed below or, in the case of Homes for Haringey Ltd. and The Alexandra Park and Palace Charitable Trust Ltd have been consolidated into the Council's Group Accounts. The Council's relationship with the North London Waste Authority (NLWA) is disclosed within the Other Operating Expenditure note.

In deciding whether to disclose as a related party the Council has considered:

- 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 organisations where it has been concluded that a related party disclosure is needed, has been included below.

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. Unaudited results are net assets of £13.726 million as at 31st March 2014 (£13.734 million as at 31st March 2013) and a minor loss in 2013/14 (£0.060 million loss in 2012/13).

Alexandra Palace Trading Ltd

The Council's former Director of Corporate Resources, Julie Parker, was a Director of Alexandra Palace Trading Ltd during the time she was employed by the Council. She was not remunerated for this role.

Councillor Cooke and Councillor Hare are both Directors of Alexandra Palace Trading Ltd. Neither is remunerated for this role.

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 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.

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 Sir Paul Ennals . In 2013/14, financial contributions were received from The NHS, Tottenham Hotspur Football Club, Probation, Police and the Children and Family Court Advisory and Support Service.

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.

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 2013/14 amounted to £1.942 million (£2.138 million in 2012/13). The largest payment in 2013/14 was a grant of £689,600 to Haringey Citizens Advice Bureaux. Details of total payments made to voluntary organisations (by type) can be found below.

Grants to voluntary organisations	2013 /14 £000	2012 /13 £000
Disabilities	100	129
Women & Children	93	178
Older People	52	66
Community Centres	498	533
Generic	70	79
Advice	808	808
New Initiative Development	0	2
Infrastructure	321	343
Total	**1,942**	**2,138**

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.

Partnership members include Cllrs Kober, Waters, Officers from Children's Services, Commissioning, Deputy Chief Executive, Public Health, NHS, Schools, Police, HAVCO, DWP and Probation Service.

38. Grant income

The Council credited the following grants and contributions and donations to the CIES in 2013/14.

	2013/14 £'000	2012/13 £'000
Credited to Taxation and Non-Specific Income		
Revenue Support Grant	(108,230)	(2,734)
Early Intervention Grant	0	(16,455)
Local Services Support	(75)	(1,132)
Personal Social Services Grant	(4,110)	(2,831)
Learning Disability and Health Reform Grant	0	(3,656)
Education Services Grant	(3,957)	0
New Homes Bonus	(3,095)	(1,861)
IER section 31 Grant	(493)	0
Council Tax Freeze	(1,010)	(2,575)
Capital Grants	(29,491)	(47,416)
Donations	(516)	0
Total	**(150,977)**	**(78,660)**

	2013/14	2012/13
	£'000	£'000
Credited to Services		
Benefit Subsidy	(267,609)	(266,962)
Dedicated Schools Grant	(192,275)	(192,434)
Council Tax Benefit Subsidy	0	(36,071)
Council Tax Admin Grant	(3,058)	(3,347)
Pupil Premium	(10,369)	(8,137)
Public Health	(17,587)	0
PFI Revenue	(5,669)	(5,669)
TFL Revenue	(1,180)	0
Discretionary Housing Payments	(3,005)	(826)
Adult Learning Grant	(2,422)	(2,415)
16 + Grant	(4,597)	(12,272)
Social Fund	(1,366)	0
Worlessness related grants	(1,479)	0
Tackling Troubled Families	(1,150)	0
Communities for Local Government grants	(1,400)	(947)
Department for Education grants	(2,337)	(2,929)
Home Office miscellaneous grants	(1,332)	(1,196)
Other miscellaneous revenue grants	(5,055)	(5,384)
Capital Grants treated as revenue	(1,444)	0
Other contributions and reimbursements	(72,896)	0
Total	**(596,230)**	**(538,589)**

The Council has received a number of capital grants and contributions that have yet to be recognised as income as they have unmet conditions attached to them that will require the money or property to be returned. The balances at the year-end are as follows.

Current liabilities

	31/03/2014	31/03/2013
	£'000	£'000
Capital Grants Receipt in Advance		
Community Infrastructure Levy (CIL)	(123)	0
S278	(29)	(29)
Other capital	0	(1,631)
Total	**(152)**	**(1,660)**

The balances held in respect of revenue grants received in advance at the year-end are as follows.

	31/03/2014	31/03/2013
	£'000	£'000
Revenue Grants Receipt in Advance		
SFA: Adult Learning Grant	(166)	0
Art Council - Enterprising Libraries	(21)	0
Total	**(187)**	**0**

Long term liabilities

	31/03/2014	31/03/2013
	£'000	£'000
Capital Grants Receipt in Advance		
S106	(4,721)	(4,814)
Total	**(4,721)**	**(4,814)**

39. Capital expenditure and capital financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the Council's underlying need to borrow to fund capital expenditure.

	2013/14		2012/13	
	£'000	£'000	£'000	£'000
Opening Capital Financing Requirement		548,832		571,652
Capital investment				
- Property, Plant and Equipment	69,123		70,225	
- Investment Properties	258		474	
- Intangible Assets	490		80	
- Revenue Expenditure Funded from Capital under Statute	3,713		11,212	
- Assets acquired under finance leases	1,876	75,460	0	81,991
Sources of finance				
- Capital receipts	(1,009)		(8,306)	
- Government grants and other contributions	(31,099)		(49,796)	
- Major Repairs Allowance	(17,584)		(20,089)	
- Direct revenue contributions	(11,397)		(26,620)	(104,811)
- Minimum Revenue Provision	(19,344)	(80,433)		
Closing Capital Financing Requirement		**543,859**		**548,832**
Explanation of movements in year				
Increase / (decrease) in underlying need to borrow (supported by government financial assistance)		(6,849)		(10,827)
Increase / (decrease) in underlying need to borrow (unsupported by government financial assistance)				(12,001)
Assets acquired under finance leases		1,876		0
Increase / (decrease) in Capital Financing Requirement		**(4,973)**		**(22,828)**

40. Leases

Authority as Lessee

Finance leases

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.

	31/03/14	31/03/13
	£'000	£'000
Other Land and Buildings	9,392	7,133
Vehicles, Plant, Furniture and Equipment	4,479	3,470
Total	**13,871**	**10,603**

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

	31/03/14	31/03/13
	£'000	£'000
Finance lease liabilities (NPV of minimum lease payments)		
- current	1,905	1,545
- non-current	17,805	20,249
Finance costs payable in future years	25,430	24,696
Total	**45,140**	**46,490**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	2013/14	2012/13	2013/14	2012/13
	£'000	£'000	£'000	£'000
Less than one year	2,823	2,596	1,905	1,051
Between one and five years	9,011	10,491	6,325	3,154
Later than five years	33,306	32,953	11,480	20,491
Total	**45,140**	**46,040**	**19,710**	**24,696**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. No contingent rents are payable on either of the leased properties and the rents for vehicles, plant and equipment have not changed from the original agreements.

Operating leases

The Council enters into operating lease agreements to acquire the use of plant, vehicles, equipment and computers.

The future minimum lease payments due under non-cancellable leases in future years are as follows.

	31/03/14	31/03/13
	£'000	£'000
Not later than one year	573	741
Later than one year and not later than five years	2,200	3,152
Later than five years	1,100	4,284
Total	**3,873**	**8,177**

There are no material contingent rents or sub-leases in relation to these operating leases. There were no subleases in relation to these operating leases at the Balance Sheet date

The expenditure on the minimum lease payments were re-charged to the CIES during the year; predominantly to Children's and Education Services and Adults Social Care.

Authority as Lessor

Finance leases

The Council has leased out a number of assets on a finance lease basis. In most cases, the Council received a lease premium upon inception such that the gross investment in the lease has been settled in full. The minimum lease payments are negligible.

Operating leases

The Council leases out property and equipment under operating leases for the following purposes:

- For the purposes of community services, such as sports facilities, tourism services and community centres
- For economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are as follows.

	31/03/14	31/03/13
	£'000	£'000
Not later than one year	1,339	1,194
Later than one year and not later than five years	5,024	4,493
Later than five years	39,323	36,318
Total	**45,686**	**42,005**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

41. Service Concession Arrangements

In 2000 the Council entered into a PFI contract that encompassed major building work and ongoing facilities management for its eight secondary schools. In February 2007 the agreement was suspended and all of the assets were brought back onto the Council's balance sheet. The remaining contract and liability that the Council has with the contractor is for the repayment of the outstanding liability of debt.

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.

The Council receives a £5.669 million 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 (£4.244 million) a contribution to the PFI lifecycle reserve was made of £1.424 million and costs were funded by a drawdown from the PFI reserve of £1.229 million, bringing the reserve balance up to £9.542 million.

Future payments to be made

Future payments to be made in respect of the PFI arrangement are shown 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	Reimbursement of Capital Exp	Interest	**Total**
	£'000	£'000	£'000	**£'000**
Payable in 2014/15	153	2,291	1,781	**4,225**
Payable within 2 to 5 years	614	10,401	5,883	**16,898**
Payable within 6 to 10 years	767	16,299	4,057	**21,123**
Payable within 11 to 15 years	230	5,714	392	**6,336**
Total	**1,764**	**34,705**	**12,113**	**48,582**

42. 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 2013/14 the Council paid £6.483 million (2012/13 £7.901 million) to Teachers' Pensions in respect of teachers' pension costs which represent 14.10% of teachers' pensionable pay. The Council is responsible for additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in note 43.

Ex-NHS Staff

Under the new arrangements for Public Health, some staff performing public health functions were compulsorily transferred from Primary Care Trusts to the Council. Those who had access to the NHS Pension Scheme on 31st March 2013 retained access to that Scheme on transfer at 1st April 2013.

The NHS pension scheme is an unfunded defined benefit scheme but is accounted for as if it were a defined contribution scheme. During 2013/14 the Council made employer contributions of £0.125 million to the NHS pension scheme which represents a 14.0% contribution rate.

43. Defined benefit pension schemes

In June 2011 the International Accounting Standards Board issued a new version of IAS 19, effective for 2013/14. The key change is that the Council now combines the interest cost and expected return on assets into a net figure. Where appropriate, the 2012/13 comparative disclosures in this note have been restated to comply with the revised standard. The amendments are however deemed immaterial and have therefore not been made to the 2012/13 core statements or any other disclosure note.

Retirement Benefits

Participation in the Local Government Pension Scheme (LGPS)

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

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

Where appropriate, the following disclosures include group amounts in respect of Homes for Haringey and some employees of Alexandra Palace and Palace Charitable Trust. Homes for Haringey is an admitted body of the Council's Pension Fund and pension obligations were transferred to the limited company on 1st April 2006.

Discretionary post-retirement benefits

Discretionary post-retirement benefits on early retirement (added years) are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities. Included within the present value of unfunded liabilities detailed in the following notes is £20.561 million (£21.535 million in 2012/13) in respect of Teachers unfunded pensions. At 31st March 2014 the Scheme had 1,410 members in respect of LGPS and 522 members in respect of Teachers unfunded pensions (1,432 and 528 respectively as at 31st January 2013).

Transactions relating to post retirement benefits

The Council recognises the cost of retirement benefits in the Cost of Services on Continuing Operations when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, and the real cost of retirement benefits is reversed out in the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement.

The following transactions have been charged to the Surplus or Deficit on the Provision of Services in the CIES during the year.

	LGPS		Unfunded	
	2013/14	2012/13	2013/14	2012/13
	£'000	£'000	£'000	£'000
Cost of Services				
- current service cost	23,311	20,476	0	0
- past service cost	575	1,914	0	0
- (gain) / loss from settlements	0	(5,554)	0	0
Total	**23,886**	**16,836**	**0**	**0**
Financing and Investment Income and Expenditure				
Total	**19,476**	**18,137**	**2,664**	**2,785**
Other Comprehensive Income and Expenditure				
- return on plan assets	9,339	(67,622)	0	0
- actuarial gains / losses (changes in demographic assumptions)	(2,884)	0	(413)	0
- actuarial gains / losses (changes in financial assumptions)	30,179	109,101	552	1,818
- other	(2,775)	(1,752)	(902)	755
Total	**33,859**	**39,727**	**(763)**	**2,573**

The following transactions have been made in the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement during the year.

	2013/14	2012/13
	£'000	£'000
Reversal of net IAS 19 charges	(46,026)	(37,758)
Actual amount charged for pensions in the year	25,709	29,508

Pensions assets and liabilities recognised in the balance sheet

The amount included in the balance sheet arising from the Council's obligation in respect of its defined benefit plans is as follows.

	LGPS		Unfunded	
	2013/14	2012/13	2013/14	2012/13
	£'000	£'000	£'000	£'000
Present value of the defined benefit obligation	(1,227,984)	(1,159,856)	(58,984)	(61,253)
Fair value of plan assets	741,016	727,180	0	0
Net liability	**(486,968)**	**(432,676)**	**(58,984)**	**(61,253)**

	Single Entity		Group Amounts	
	2013/14	2012/13	2013/14	2012/13
	£'000	£'000	£'000	£'000
Present value of the defined benefit obligation	(1,286,968)	(1,221,109)	(1,422,279)	(1,338,297)
Fair value of plan assets	741,016	727,180	851,153	833,383
Net liability	**(545,952)**	**(493,929)**	**(571,126)**	**(504,914)**

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

	LGPS		Unfunded	
	2013/14	2012/13	2013/14	2012/13
	£'000	£'000	£'000	£'000
Opening fair value of scheme assets	727,180	638,566	0	0
Interest income	32,493	30,363	0	0
Remeasurement gain / (loss)				
- the return on plan assets	(9,339)	67,622	0	0
Employer contributions	22,929	25,322	4,170	4,186
Contributions from employees into the scheme	6,578	6,958	0	0
Benefits paid	(38,825)	(33,517)	(4,170)	(4,186)
Other	0	(8,134)	0	0
Closing fair value of scheme assets	**741,016**	**727,180**	**0**	**0**

	Single Entity		Group Amounts	
	2013/14	2012/13	2013/14	2012/13
	£'000	£'000	£'000	£'000
Opening fair value of scheme assets	727,180	638,566	833,383	728,177
Interest income	32,493	30,363	32,493	30,363
Remeasurement gain / (loss)				
- the return on plan assets	(9,339)	67,622	(3,894)	72,734
Employer contributions	27,099	29,508	30,039	32,867
Contributions from employees into the scheme	6,578	6,958	7,628	8,163
Benefits paid	(42,995)	(37,703)	(45,720)	(39,787)
Other	0	(8,134)	(2,776)	866
Closing fair value of scheme assets	**741,016**	**727,180**	**851,153**	**833,383**

Reconciliation of the Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	LGPS		Unfunded	
	2013/14	2012/13	2013/14	2012/13
	£'000	£'000	£'000	£'000
Opening balance as at 1st April	(1,159,856)	(1,021,864)	(61,253)	(60,081)
Current service cost	(23,311)	(20,476)	0	0
Past service cost	(575)	(1,914)	0	0
(Losses) / gains on curtailments	0	13,688	0	0
Interest cost	(51,969)	(48,500)	(2,664)	(2,785)
Contributions from scheme participants	(6,578)	(6,958)	0	0
Remeasurement gain / (loss)				
- actuarial gains / losses arising from changes in demographic assumptions	2,884	0	413	0
- actuarial gains / losses arising from changes in financial assumptions	(30,179)	(109,101)	(552)	(1,818)
- other experience changes	2,775	1,752	902	(755)
Benefits paid	38,825	33,517	4,170	4,186
Closing balance as at	**(1,227,984)**	**(1,159,856)**	**(58,984)**	**(61,253)**

	Single Entity		Group Amounts	
	2013/14	2012/13	2013/14	2012/13
	£'000	£'000	£'000	£'000
Opening balance as at 1st April	(1,221,109)	(1,081,945)	(1,338,297)	(1,179,622)
Current service cost	(23,311)	(20,476)	(27,114)	(24,194)
Past service cost	(575)	(1,914)	(575)	(1,914)
(Losses) / gains on curtailments	0	13,688	(104)	13,288
Interest cost	(54,633)	(51,285)	(59,953)	(56,002)
Contributions from scheme participants	(6,578)	(6,958)	(7,628)	(8,163)
Remeasurement gain / (loss)				
- actuarial gains / losses arising from changes in demographic assumptions	3,297	0	(7,274)	(11,555)
- actuarial gains / losses arising from changes in financial assumptions	(30,731)	(110,919)	(30,731)	(110,919)
- other experience changes	3,677	997	3,677	997
Benefits paid	42,995	37,703	45,720	39,787
Closing balance as at	**(1,286,968)**	**(1,221,109)**	**(1,422,279)**	**(1,338,297)**

Analysis of Scheme Assets

The Local Government Pension Scheme assets are comprised as follows.

2013/14	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets
	£'000	£'000	**£'000**	%
Cash and cash equivalents	4,894	0	**4,894**	1
Private Equity	0	28,724	**28,724**	4
Investment Funds and Unit Transfers				
- equities	562,099	0	**562,099**	76
- bonds	98,135	0	**98,135**	13
- other	0	47,164	**47,164**	6
Sub-total	660,234	47,164	**707,398**	95
Total assets	**665,128**	**75,888**	**741,016**	**100**

2012/13	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets
	£'000	£'000	**£'000**	%
Cash and cash equivalents	9,560	0	**9,560**	1
Private Equity	0	29,375	**29,375**	4
Investment Funds and Unit Transfers				
- equities	539,885	0	**539,885**	74
- bonds	107,998	0	**107,998**	15
- other	0	40,362	**40,362**	6
Sub-total	647,883	40,362	**688,245**	95
Total assets	**657,443**	**69,737**	**727,180**	**100**

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc.

The Council's Pension Scheme liabilities as at 31st March 2014 have been assessed by Hymans Robertson, an independent firm of actuaries, and are projections based on data pertaining to the latest full valuation of the scheme as at 31st March 2013.

There are risks and uncertainties associated with whatever assumptions are adopted as these are in effect projections of future investment returns and demographic experience many years into the future. The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and HRA the amounts required by statute as described in the accounting policies note.

The significant assumptions used by the actuary are as follows.

	2013/14	2012/13
Mortality assumptions		
- Longevity at 65 for male current pensioners	21.9 years	21.9 years
- Longevity at 65 for female current pensioners	24.1 years	24.7 years
- Longevity at 65 for male future pensioners	24.2 years	23.3 years
- Longevity at 65 for female future pensioners	26.5 years	26.1 years
Rate of increase in salaries	4.6%	5.1%
Rate of increase in pensions	2.8%	2.8%
Rate for discounting scheme liabilities	4.3%	4.5%

An allowance is included within the above assumptions 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-April 2008 service.

The estimate of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assumes that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

The impact on the liability of these changes would be as follows.

	Approximate increase to liability	Approximate value
	%	£'000
0.5% decrease in real discount rate	9	117,914
1 year increase in member life expectancy	3	38,609
0.5% increase in salary increase rate	2	27,996
0.5% increase in pension increase rate	7	88,883

Investment Strategy

The Corporate Committee of London Borough of Haringey has implemented an investment strategy that is designed to generate a return sufficient to pay the promised benefits and to address the accrual deficit. The strategy is 85% invested in growth assets, which are assets anticipated to achieve a return in excess of that on UK index linked gilts. This is balanced with a need to maintain the liquidity of the fund to ensure that it is able to make current payments. As is required by the pensions and (where relevant) investment regulations the suitability of various types of investment have been considered, as has the need to diversify investments to reduce the risk of being invested in too narrow a range. A large proportion of the assets relate to equities (60% of scheme assets) and bonds (15%). The equity allocation within the strategy has been reduced by 10% in the year with the creation of two credit mandates, to be funded after the year-end. The scheme also invests in properties as a part of the diversification of the scheme's investments.

Impact on the Council's Cash Flows

The objectives of the scheme are to achieve and maintain full funding on an ongoing basis and to seek stability of employers' contributions. The Council has agreed a strategy designed to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed as at 31st March 2016.

The Council anticipates paying contributions of £24.048 million for the period to 31st March 2015. The weighted average duration of the funded defined benefit obligation for scheme members is 18.5 years for both 2013/14 and 2012/13.

44. Contingent liabilities

Council Tax Reduction Scheme (CTRS)

A challenge has been made by a recipient of council tax benefit to the legality of the Council's 2013/14 CTRS. It is alleged that the consultation exercise conducted before the CTRS was implemented was flawed.

The Council has successfully defended the CTRS in judicial review proceedings in the High Court and on appeal to the Court of Appeal. However, a further appeal to the Supreme Court was made on 19th June 2014. The outcome is awaited. Were the Council to lose the case, then legal costs in the estimated sum of £0.250 million is likely to be payable.

NNDR Appeals

The Council has made provision for known liabilities in respect of NNDR appeals based on the number of appeals received, successes and historic payments. No provision has been made for any unknown appeals not yet received. The value of any such appeals is estimated to be immaterial.

London Authorities Mutual Limited (LAML)

In 2007 Haringey Council joined 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 £0.177 million. 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.

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 figure in respect of alleged losses has been produced, based on the best available data there may be a potential liability in the region of £0.300 million. 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 Limited (MMIL)

MMIL 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 MMIL 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 has currently been set at 15% although could in future change dependent on claims made.

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 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 £0.123 million.

Barnet Enfield and Haringey Mental Trust (BEHMHT)

The Council contributed towards a crisis team managed by BEHMHT. 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 of approximately £0.231 million for the period concerned to the cessation of the contract and has estimated a contingent liability of approximately £0.273 million for the disputed period up to June 2012.

45. 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 £1.5 million.

46. Nature and extent of risks arising from financial instruments

The Council's activities expose it to a variety of financial risks as follows.

Credit Risk is the possibility that other parties might fail to pay amounts due to the Council.

Liquidity Risk is the possibility that the Council might not have funds available to meet its commitments to make payments.

Market Risk is the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

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

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 2013/14 Treasury Management Strategy can be found on the Council's website www.haringey.gov.uk.

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.

<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 2013/14; 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. A maximum limit of £20 million is placed on the amount of money that can be invested with a single counterparty other than the Debt Management Office. The Council also sets a total group investment limit for institutions that are part of the same banking group.

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 except for 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	Distributions to LBH bank account by 31/03/2014	Distributions to escrow on 31/03/2014	Outstanding Deposits
	£000	£000	£000	£000
Heritable Bank	19,800	(18,702)	0	1,098
Landsbanki Islands	15,157	(14,400)	0	757
Glitnir	2,000	(1,678)	(386)	(64)
	36,957	**(34,780)**	**(386)**	**1,791**

The nominal value of the Council's investment portfolio at 31st March 2014 was £10.496 million of which £9.570 million was deposited with UK bank. All investments were made in line with the Council's approved credit rating criteria.

The outstanding claim relating to Landsbanki was sold via an auction during 2013/14 and no further proceeds will be received. Glitnir escrow balances are held in Iceland due to exchange control restrictions.

The table shows the distributions received directly into the Council's bank account up to 31st March 2014, in addition to which an element of the distribution due remained in escrow on 31st March 2014 – 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 £1.26 million. 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 £1.793 million for 2013/14 has been calculated and included in the income and expenditure account. On receipt of a capitalisation direction the Council capitalised £11.1 million of the impairment in 2009/10.

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 31st March 2014, 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 as follows.

	£'000
Increase in interest recievable on variable rate investments	(525)
Impact on Surplus or Deficit on Provision of Services	595
Decrease in fair value of fixed rate borrowing liabilties	1,120

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 £0.4 million 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 2013/14 was £2k, following an exchange rate gain in 2012/13 of £36k.

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 2014 was as follows.

Maturing within (years)	31/03/2014	31/03/2013
	£'000	£'000
Public Works Loans Board	185,101	210,221
Market debt	130,390	130,420
Local Authorities	0	30,045
	315,491	**370,686**
Less than 1 year	21,426	60,127
Between 1 and 2 years	10,832	13,094
Between 2 and 5 years	35,535	36,684
Between 5 and 10 years	46,933	39,913
Between 10 and 20 years	2,179	18,881
Between 20 and 30 years	22,103	12,103
Between 30 and 40 years	51,619	16,301
Between 40 and 50 years	49,865	97,414
More than 50 years	75,000	76,167
	315,491	**370,686**

This analysis includes £125 million 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, as PWLB rates are currently below LOBO interest rates.

47. Trust funds

The Council acts as trustee for a number of funds which may be used for specific limited purposes as set out in the respective trust deeds. These accounts do not form part of the Council's Income and Expenditure account or Balance Sheet.

All of these Trust Funds are for educational purposes and the figures represent a number of funds. The Rhodes Trust Fund represents the biggest fund which provides assistance with securing training and employment in practical mechanical, electrical or similar engineering trades and to assist with tools or other equipment for such trades.

	Rhodes Trust Fund		Other Trust Funds	
	2013/14	2012/13	2013/14	2012/13
	£	£	£	£
Balance as at 1st April	114,703	114,400	39,020	38,945
Receipts	301	303	74	75
Balance as at 31st March	115,004	114,703	39,094	39,020

48. Accounting standards issued not adopted

The 2014/15 Code of Practice on Local Government Accounting has introduced several changes in accounting policies which will be required from 1st April 2014. If these had been adopted for the financial year 2013/14 there would be no material changes as detailed below.

- IFRS 10 Consolidated Financial Statements – This standard introduces a new definition of control, which is used to determine which entities are consolidated for the purposes of group accounts. The Council has two subsidiaries which it has consolidated into its Group Accounts this financial year. A brief analysis of other associated entities shows that this accounting standard is unlikely to have an impact on the Council's financial statements.

- IFRS 11 Joint Arrangements – This standard addresses the accounting for a 'joint arrangement', which is defined as a contractual arrangement over which two or more parties have joint control. These are classified as either a joint venture or a joint operation. In addition proportionate consolidation can no longer be used for jointly controlled entities. The Council has no material joint venture arrangements.

- IFRS 12 Disclosures of Involvement with Other Entities – This is a consolidated disclosure standard requiring a range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'. The Council has voting rights in the Bernie Grant Centre Partnership and the London Grid for Learning but neither of these confer significant influence and there will be no change in the Council's accounting for them

- IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures – These statements have been amended to conform with the changes in IFRS 10, IFRS 11 and IFRS 12. Given that there would be no impact on the financial statements due to the changes to IFRS 10, IFRS 11 and IFRS 1, the IAS 27 and IAS 28 changes would also have no impact.

- IAS 32 Financial Instruments Presentation – The Code references to amended application guidance when offsetting a financial asset and a financial liability. The gains and losses are separately identified on the CIES and therefore no further disclosure is required.

- IAS 1 Presentation of the Financial Statements – The change clarifies the disclosure requirements in respect of comparative information of the preceding period. The Statement of Accounts fully discloses comparative information for the preceding period therefore these changes will not have a material impact on the Statement of Accounts.

49. Adjustments between group and single entity accounts

The Council uses different forms of service delivery and in some cases it has created separate companies with its partners to deliver those services. The use of separate companies and Trusts means that the Council's single entity financial statements on their own may not fully reflect the assets and liabilities or income and expenditure associated with all of its activities. The aim of the Group Accounts is to give an overall picture of the activities of the Council and the resources used to carry out those activities. The Group Accounts also provide further information on the material financial risks and benefits of all entities over which the Council exercises control, significant influence or joint control.

The Group Accounts have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

To give a full picture of the financial activities of the Council, Group Accounts have been prepared which include those organisations where the Council's interest is considered material. This information is still subject to audit by each organisation's own auditor. Accordingly the Group Accounts consolidate the Council's accounts with the following subsidiaries:

- Homes for Haringey Ltd; and
- Alexandra Park and Palace Charitable Trust.

Both entities have prepared their accounts in line with UK GAAP (and the Charity SORP 2005, as amended, in the case of Alexandra Park and Palace Charitable Trust). However there are no material areas where this conflicts with the Council's accounting policies. Consequently no adjustments have been required to realign the accounts of the Group entities with those of the Council. The accounting policies applied to the Group financial statements are consistent with those set in Note 1 to the single entity statements.

Both subsidiaries have been consolidated on a full line by line basis with the financial transactions and balances of the Council.

Results of subsidiaries

Key information on a group basis has been included alongside the single entity disclosure notes for reserves, debtors, creditors, segmental reporting and defined benefit schemes. The following notes provide additional details of the Council's involvement in the entities consolidated to form the Group Accounts.

Homes for Haringey Ltd (Registered Company No. 05749092)

HfH Limited is an Arms Length Management Organisation (ALMO) set up in March 2006 to manage the Council's stock of council dwellings including carrying out improvements. The ALMO also provides amenities and services for residents and carries out activities contributing to regeneration and development of the area. The ALMO is wholly owned by the Council. The company has no share capital and is limited by guarantee. The Council can appoint one third of the board, with the balance of directors being drawn from Council tenants (including leaseholders) and members of the wider community.

The financial performance of Homes for Haringey Limited is summarised below.

	2013/14	2012/13
	£000	£000
Turnover	(51,299)	(50,180)
(Surplus)/Deficit for the year	871	384
Accumulated deficit	24,002	9,916

The accumulated deficit largely reflects the pension deficit of £24.590 million (£10.500 million in 2012/13).

A full copy of the company's accounts can be obtained from The Executive Director of Corporate Services, Homes for Haringey Ltd, 6th Floor River Park House, Wood Green, London N22 8HQ. The accounts are audited by PricewaterhouseCoopers LLP.

Alexandra Park and Palace Charitable Trust

The principal activity of Alexandra Park and Palace Charitable Trust is to maintain and operate the park and palace for the free use and recreation of the public forever as defined in the Alexandra Park and Palace Act 1985. The Council is custodian trustee of the charity. The accounts have been consolidated on the basis that the Council has the power to govern the financial and operating policies of the entity so as to benefit from its activities.

The financial performance of the Trust is summarised below.

	2013/14	2012/13
	£000	£000
Turnover	(9,774)	(8,921)
(Surplus)/Deficit for the year	1,184	1,334
Accumulated deficit	46,638	45,454

A full copy of the Trust's accounts can be obtained from the Chief Executive, Alexandra Park and Palace, Alexandra Palace Way, Wood Green, London N22 7AY. The accounts are audited by Deloitte LLP.

HRA Statements

31st March 2013	HRA Income & Expenditure Statement	31st March 2014	
£'000		£'000	£'000
	Expenditure		
23,024	Repairs and maintenance	20,918	
40,703	Supervision and management	40,917	
1,250	Rents, rates, taxes and other charges	1,088	
(825)	Depreciation and impairment of non-current assets	19,274	
44	Debt Management Costs	32	
2,236	Movement in the allowance for bad debts	1,000	
66,432	**Total Expenditure**		**83,229**
	Income		
(79,907)	Dwelling rents	(82,322)	
(966)	Non-dwelling rents	(357)	
(22,321)	Charges for services and facilities	(23,173)	
(3,444)	Contributions towards expenditure	(2,632)	
0	Reversal of revaluation losses	(141,077)	
(106,638)	**Total Income**		**(249,561)**
(40,206)	**Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement**		**(166,332)**
749	HRA service share of Corporate and Democratic Core	695	
0	HRA share of other amounts included in the whole authority Cost of Services but not allocated to specific services		
(39,457)	**Net (Income) / Cost for HRA Services**		**(165,637)**
	HRA share of operating income and expenditure included in the Comprehensive I&E Statement		
(5,434)	(Gain) or loss on sale of HRA non-current assets	(5,107)	
13,089	Interest payable and similar charges	11,975	
(1,689)	Interest and investment income	(2,148)	
251	Net interest on the net defined benefit liability	221	
(20,096)	Capital grants and contributions receivable	(10,432)	
(53,336)	**(Surplus) or deficit for the year on HRA services**		**(171,128)**

HOUSING REVENUE ACCOUNT

31st March 2013	Movement on the HRA Statement	31st March 2014	
£'000		£'000	£'000
(11,614)	**Balance on the HRA at the end of the previous year**		**(19,002)**
(53,336)	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		(171,128)
	Adjustments between accounting basis and funding basis under statute		
1,660	- Difference between interest payable and similar charges determined in accordance with the Code and those determined in accordance with statute	(189)	
19,258	- Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements	147,336	
5,434	- Gain or (loss) on sale of HRA non-current assets	5,107	
(108)	- HRA share of contributions to or from the Pensions Reserve	(160)	
175	- Capital expenditure funded by the HRA	7,223	
19,549	- Transfer to/(from) Major Repairs Reserve	19,345	
0	- Transfer to/(from) Capital Adjustment Account	(19,345)	
0	- Sums directed by the Secretary of State to be debited or credited to the HRA that are not expenditure or income in accordance with the Code	0	
(7,368)	Net (increase) or decrease before transfers to or from reserves		159,317
	Transfers to or (from) reserves		
0	- HRA Smoothing Reserve		4,238
(7,388)	(Increase) or decrease in year on the HRA		
(19,002)	**Balance on the HRA at the end of the year**		**(26,575)**

1. Vacant possession

As at 31st March 2014, the vacant possession value of dwellings within the HRA was £3,960.948 million (£3,309.152 million as at 31st March 2013). The difference of £2,970.711 million between vacant possession value and the Balance Sheet value of dwellings within the HRA shows the economic cost to Government of providing Council housing at less than open market rents, net of the impairment to the value of the Housing Stock.

2. Number and types of dwellings in the housing stock

	2013/14 No.	2012/13 No.
Hostels	127	125
Houses and bungalows	5,188	5,219
Flats and maisonettes	10,602	10,762
Stock at 31st March	**15,917**	**16,106**

3. Value of assets held on the balance sheet

	2013/14	2012/13
Value of assets	£'000	£'000
Dwellings	990,236	827,288
Other land and buildings	7,771	5,559
Vehicles, plant, furniture and equipment	0	0
Infrastructure and community assets	0	0
Assets under construction	0	0
Surplus assets not held for sale	1,253	0
Investment properties	25,987	22,261
Assets held for sale	0	0
Values at 31st March	**1,025,247**	**855,108**

4. Rent Arrears

The arrears as at 31st March 2014 are set out below.

	2013/14	2012/13
	£'000	£'000
Type of tenancy		
Permanent (including licences)	10,431	10,004
Temporary	680	577
Total arrears	11,111	10,581
Less Provision for bad and doubtful debts	9,568	8,860
Net Arrears	**1,543**	**1,721**

The average rent for permanent tenants was £98.23 per week in 2013/14, an increase of £2.77 (2.9%) over the 2012/13 average rent of £95.46 per week.

The total provision included in the Balance Sheet in respect of all HRA uncollectable debts is £11.5 million (£10.7 million as at 31st March 2013).

5. Capital receipts

The following is a summary of capital receipts from disposals of land, dwellings and other property within the HRA during the financial year.

	2013/14	2012/13
	£'000	£'000
Dwellings	(13,301)	(8,104)
Land and other property	(276)	(4,393)
	(13,577)	**(12,497)**

6. Capital expenditure

The following summarises HRA capital expenditure on land, houses and other property during the financial year and the sources of funding used.

	Dwellings	Other Property
	2013/14	2012/13
	£'000	£'000
Expenditure	33,273	40,673
	33,273	**40,673**
Funded by		
Borrowing	0	0
Usable capital receipts	0	297
Revenue contributions	7,223	191
Grants and contributions	8,466	20,096
Major Repairs Reserve	17,584	20,089
	33,273	**40,673**

7. Depreciation

	2013/14	2012/13
	£'000	£'000
Operational assets		
Dwellings	19,202	19,405
Other land and buildings	143	144
	19,345	**19,549**

8. Major repairs reserve

The HRA capital asset charges are based on building values and asset lives of the property held. The voluntary credit is the difference between the notional Major Repairs Allowance (now abolished) calculation and the actual depreciation charge.

	2013/14	2012/13
	£'000	£'000
Balance at 1st April	**(85)**	**(625)**
Amount transferred to Major Repairs Reserve during financial year	0	0
Transfer to the HRA for amount of depreciation on non-dwellings	0	0
Voluntary credit	(19,345)	(19,549)
Capital expenditure on houses during financial year	17,584	20,089
Balance at 31st March	**(1,846)**	**(85)**

COLLECTION FUND

2012/13		Note	2013/14
£000			£000
	Amounts required by statute to be credited to the Collection Fund		
(98,742)	Council Tax (net of benefits, discounts and transitional relief)		(107,240)
	Transfers from General Fund		
(35,506)	- Council tax benefit		0
0	- Transitional relief		5
(63,768)	Non-domestic rates (NDR) (net of discretionary and mandatory reliefs)		(64,920)
(1,450)	Income collectable in respect of Business Rate Supplements		(1,485)
(2,007)	Contributions towards previous year's Collection Fund deficit - Council Tax		(4,040)
	Amounts required by statute to be debited to the Collection Fund		
63,456	Payment to national pool		0
312	Cost of collection		0
	Precepts and demands from major preceptors and the Council - council tax		
103,010	- London Borough of Haringey		75,240
26,678	- Greater London Authority		19,250
	Shares of non-domestic rating income to major preceptors and the Council - NDR		
0	- London Borough of Haringey		18,577
0	- Greater London Authority		12,385
0	- Central Government		30,962
0	Non-domestic rates transitional protection payments		229
	Business Rates Supplement		
1,354	- Payment to levying authorities revenue account		1,310
96	- Administration costs		175
	Impairment of debts and appeals - council tax		
7,621	- Write-offs of uncollectable amounts		4,161
(2,571)	- Allowance for impairment		5
	Impairment of debts and appeals - NDR		
0	- Write-offs of uncollectable amounts		1,212
0	- Allowance for impairment		1,734
0	Charge to General Fund for allowable collection costs for NDR		309
(1,517)	**Movement on fund balance**		**(12,131)**
5,070	Accumulated balance brought forward at 1st April	1	3,553
3,553	**Accumulated balance at 31st March**	1	**(8,578)**

1. Fund Balance

The balances on the Collection Fund at the start and the end of the year are comprised as follows.

	Council Tax	Non-domestic Rates	Business Rates Supplement	Total
	£'000	£'000	£'000	£'000
Balance as at 1st April 2013	3,553	0	0	3,553
Movement on fund balance	(12,619)	488	0	(12,131)
Balance as at 31st March 2014	**(9,066)**	**488**	**0**	**(8,578)**

2. Income from Business Rates

From 1st April 2013 the government introduced the Business Rates Retention Scheme under which Councils keep a proportion of the business rates collected locally.

Under the scheme, the rates collected by the Council will be distributed so that the government will receive 50 per cent, the Council will receive 30 per cent and the GLA will receive 20 per cent.

The Council collects business rates for its area based on local rateable values and multipliers set by central government. There are two multipliers:

(i) The small business multiplier was 46.2 pence (45.0 pence in 2012/13); and
(ii) The standard multiplier was 47.1 pence (45.8 pence in 2012/13).

The total business rateable value for the Authority at 31st March 2014 was £167.321 million (£166.490 million in 2012/13) of which £48.642 million related to small businesses. The gross rateable value of the Authority increased primarily due a new Sainsbury's supermarket adjacent to White Hart Lane.

Business Rates Supplement – Crossrail

Business Rates Supplement (BRS) was levied by the Greater London Authority for the first time in 2010/11 on non-domestic properties with a rateable value of £55,000 or more.

The aggregate rateable value of properties liable for BRS at 31st March 2014 was £85.142 million (£85.195 million at 31st March 2013). The multiplier was 2.0 pence (2.0 pence in 2012/13) giving a possible BRS income of £1.703 million (£1.704 million in 2012/13). The actual collectable income reported in the Collection Fund is slightly less due to deduction of allowances permitted under legislation.

3. Council Tax

From 1st April 2013 Council Tax and Housing Benefits legislation changed in line with the Welfare Reform Act 2012. This allowed Councils to determine the levels of discounts or premiums to be applied to certain exemptions and properties through setting a Council Tax Reduction Scheme at a local level.

COLLECTION FUND

For 2013/14 there were an estimated 65,599 (90,733 in 2012/13) chargeable residential properties in Haringey which were allocated to one of eight valuation bands based on capital value assessed by the Listing Officer of the Government's Valuation Office Agency. Chargeable dwellings are those houses within the borough which are liable for Council Tax.

The totals for each band are converted by use of appropriate multipliers and expressed in terms of an equivalent number of band D dwellings to give a tax base. The 28% reduction in the number of chargeable dwellings between 2012/13 and 2013/14 reflects the introduction of the Authority local Council tax reduction scheme which replaced Council tax benefit in 2013/14.

In 2013/14 the tax base for Haringey was 63,530 properties (86,979 in 2012/13) which was used to calculate the Band D Council tax of £1,487.32, sufficient to generate the income required to cover the net expenditure of the two authorities which precept on the Collection Fund. The table below shows the number of properties in each band and the number of Band D equivalent properties after allowing for non-collection (the tax base).

Band	**Ranges from/to**		**No. Of Chargeable Dwellings**		**Proportion**	**Band D Equivalent No.**	
	£	£	2013/14	2012/13		2013/14	2012/13
A	up to	40,000	2,910	5,099	0.67	1,940	3,400
B	40,001	52,000	8,829	14,624	0.78	6,867	11,374
C	52,001	68,000	19,727	28,082	0.89	17,535	24,963
D	68,001	88,000	17,070	23,172	1.00	17,070	23,173
E	88,001	120,000	7,820	9,710	1.22	9,558	11,868
F	120,001	160,000	4,458	5,052	1.44	6,439	7,298
G	160,001	320,000	4,183	4,383	1.67	6,972	7,305
H	320,001	and above	602	611	2.00	1,204	1,222
			65,599	90,733		67,585	90,603
Collection rate after allowance for non-collection						94%	96%
Council Tax base						**63,530**	**86,979**

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	BlackRock Investment Management Legal & General Investment Management CBRE Global Investors Pantheon
Custodian	Northern Trust
Investment Consultants	Mercer (from September 2013) Aon Hewitt Limited (to September 2013)
Independent Adviser	John Raisin Financial Services Limited
Bankers	Barclays (from September 2013) and Royal Bank of Scotland
Legal advisers	Head of Legal Services
AVC providers	Clerical and Medical Equitable Life Assurance Society Prudential Assurance
Internal Auditors	Mazars Public Sector Internal Audit Ltd. (from February 2014) Deloitte and Touche Public Sector Internal Audit Ltd. (to February 2014)
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 1st 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 2013/14 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 2013/14 year was:

Cllr George Meehan	-	Chair
Cllr Kaushika Amin	-	Vice Chair
Cllr Charles Adje	-	Member
Cllr Isidoros Diakides	-	Member
Cllr Eddie Griffith	-	Member
Cllr Jim Jenks	-	Member
Cllr Gmmh Rahman Khan	-	Member
Cllr Monica Whyte	-	Member
Cllr Neil Williams	-	Member
Cllr Richard Wilson	-	Member
Roger Melling	-	Employee representative
Michael Jones	-	Pensioner representative
Keith Brown	-	Admitted and Scheduled Bodies representative

Responsibility for pension matters was transferred from June 2014 to the Pensions Committee.

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 2013/14 the investment strategy was revised to reduce the allocation to equities by 10% and create two new credit mandates. These changes were implemented post year end.

Fund administration and membership

At 31st March 2014, there were 5,838 (2013: 6,168) employees contributing to the Fund and 6,891 (2013: 6,692) pensioners and dependents receiving benefits. There were also 8,336 (2013: 7,332) deferred pensioners. In addition to the Administering Authority (Haringey Council), staff in the following organisations contribute to the fund and benefit accordingly.

Transferee Admission Bodies
Cofely Workplace Ltd
Churchill Contract Services
Europa Facilities Services Ltd
Fusion Lifestyle
TLC Ltd
Urban Futures London Ltd
Veolia Environmental Services (UK) plc

Community Admission Bodies
Alexandra Palace Trading Co Ltd
Haringey Age Concern
Haringey Citizens Advice Bureau

Scheduled Bodies
Homes for Haringey
College of Haringey, Enfield & North East London
Greig City Academy
Fortismere School
John Loughborough School
Alexandra Park Academy
Woodside Academy
Eden Free School
Harris Academy Coleraine
Harris Academy Philip Lane
AET Trinity Primary
AET Noel Park
Haringey 6th Form Centre
St Paul's & All Hallows Infant Academy
St Paul's & All Hallows Junior Academy
St Michael's Academy
St Ann CE Academy
Holy Trinity CE Academy
Heartlands High School
Hartsbrook Academy
St Thomas More School Academy

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 31st March 2013 in a report dated 17th March 2014.

The 2013 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 31st March 2013 was £863 million. Against this sum liabilities were identified of £1,232 million equivalent to a funding deficit of £369 million. The movement in the actuarial deficit between 2010 and the last valuation in 2013 is analysed below:

Reason for change	£m
Interest on deficit	(58)
Contributions greater than cost of accrual	23
Investment returns higher than expected	51
Change in demographic assumptions	(4)
Experience items	51
Change in financial assumptions	(136)
Total	**(73)**
Deficit brought forward	**(296)**
Deficit carried forward	**(369)**

The level of funding on an ongoing funding basis increased to 70.0% from 69.2% between the triennial actuarial valuations as at 31st March 2010 and as at 31st March 2013. The main reason for the increase in deficit was the lower discount rate reflecting decreases in government bond yields in the period.

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 31st March 2013, the actuary agreed that the Council's contribution rate could increase by 2% over a three year period from April 2014, from 22.9% of pensionable salaries to 24.9%. The actuary specified a minimum level of contributions in monetary terms to cover the past service deficit. The 2013/14 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 2013 valuation were:

- Discount rate (annual nominal rate of return) - 4.6%
- Pay increases (annual change) – 4.3%
- Price increases (pension increases) – 2.5%

The next actuarial valuation will be carried out as at 31st March 2016.

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 2013/14, 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.

<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. Income retained within pooled funds is accounted for as part of the change in the market value of investments.

Taxation
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.

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.

Financial assets and liabilities
Financial assets and liabilities are included in the net assets statement on a fair value basis as at the reporting date. A financial asset or liability is recognised in the net assets statement on the date the fund became party to the contractual acquisition of the asset or party to the liability. From this date any gains or losses from changes in the fair value of the asset or liability are recognised by the fund.

Investments – valuation
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
- Property held in pooled investment vehicles is valued by each underlying fund manager in accordance with local market practice, for UK property this is The Royal Institute of Chartered Surveyor's Valuation Standards.

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 based on the Fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers adjusted for draw-downs paid and distributions received in the period from the date of the private equity financial statements to 31st March 2014.

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.

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 investments that mature in no more than a three month period from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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 the fund using valuations provided by the underlying partnerships. The variety of valuation bases adopted and quality of the underlying investments in the partnership means that there are inherent difficulties in determining the value of these investments. Given the long term nature of these investments, amounts realised on the sale of these investments may differ from the values reflected in these financial statements and the difference may be material.

The Net Asset Statement sets out the assets and liabilities for the Fund as at 31st March 2014. The Fund is separately managed by the Council acting in its role as Administering Authority and its accounts are separate from the Council's accounts.

2013/14	Pension Fund Account	Note	2012/13
£000			£000
	Dealings with members, employers and others directly involved in the scheme		
39,015	Contributions receivable	1	40,762
2,435	Transfers In	2	4,258
(40,411)	Benefits payable	3	(40,077)
(3,283)	Payments to and on account of leavers	4	(5,128)
(802)	Administrative Expenses		(876)
(3,046)	**Net additions from dealings with members**		**(1,061)**
	Returns on Investments:		
2,577	Investment Income	6	3,603
38,279	Change in market value of investments	9	107,377
0	Taxes on Income	7	(33)
(1,658)	Investment management expenses	8	(1,642)
39,198	**Net returns on investments**		**109,305**
36,152	**Net increase in the Fund during the year**		108,244
863,192	Add: Opening net assets of the scheme		754,948
899,344	**Closing net assets of the scheme**		**863,192**

31/03/2014	Net Asset Statement	Note	31/03/2013
£000			£000
893,758	Investment assets		860,379
(12,606)	Investment liabilities	9	0
881,152			**860,379**
19,332	Current assets	12, 13	3,802
(1,140)	Current liabilities	13, 14	(989)
899,344	**Total Assets**		**863,192**

Notes to Pension Fund Account

1. Contributions Receivable

2013/14		2012/13
£000		£000
22,729	Employers' normal contributions	23,127
6,692	Employers' deficit funding contributions	6,661
1,040	Employers' other contributions	2,155
30,461	**Sub Total**	**31,943**
8,554	Members' normal contributions	8,819
39,015	**Total**	**40,762**

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

2013/14		2012/13
£000		£000
28,718	Administering authority	31,599
8,805	Scheduled bodies	7,937
1,492	Admitted bodies	1,226
39,015	**Total**	**40,762**

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

Individual transfers in from other schemes were £2.435 million in 2013/14 (2012/13: £4.258 million). There were no bulk transfers in from other schemes in either year.

3. Benefits Payable

2013/14		2012/13
£000		£000
32,824	Pensions	31,380
7,054	Commutation of pensions & lump sum retirement benefits	7,771
533	Lump sum death benefits	926
40,411	**Total**	**40,077**

Benefits payable are further analysed in the following note.

3a. Analysis of Benefits Payable

2013/14		2012/13
£000		£000
36,471	Administering authority	36,183
2,900	Scheduled bodies	2,995
1,040	Admitted bodies	899
40,411	**Total**	**40,077**

4. Payments to and on account of leavers

2013/14		2012/13
£000		£000
6	Refunds of contributions	1
3,277	Individual transfers out to other schemes	4,052
0	Bulk transfers out to other schemes	1,075
3,283	**Total**	**5,128**

5. Administrative Expenses

2013/14		2012/13
£000		£000
656	Administration and processing	646
136	Legal and professional fees	87
10	HMRC Charges	143
802	**Total**	**876**

Other than costs disclosed, all administrative costs of running the Scheme are borne by the Administering Authority. Included within professional fees are audit fees of £21k paid to Grant Thornton LLP.

6. Investment Income

2013/14		2012/13
£000		£000
0	Interest from fixed interest securities	19
(4)	Dividends from equities	1,008
0	Income from index-linked securities	53
2,510	Income from pooled investment vehicles	2,437
71	Interest on cash deposits	86
2,577	**Total**	**3,603**

7. Taxes on Income

There was no irrecoverable withholding tax on investment income in 2013/14 (2012/13: £0.033 million).

8. Investment management expenses

2013/14		2012/13
£000		£000
1,378	Fund managers fees	1,462
89	Custodian fees	60
142	Investment consultant fees	81
25	Independent adviser fees	20
24	Other	19
1,658	**Total**	**1,642**

9. Reconciliation of movements in Investment assets & liabilities

2013/14	Value at 1st April 2013	Purchases at Cost & Derivative	Sales Proceeds & derivative receipts	Net Security Movements	Changes in market value	Value at 31st March 2014
	£000	£000	£000	£000	£000	£000
Pooled Investment vehicles	848,572	88,243	(86,803)	0	38,392	888,404
Cash Deposits	11,310	781	(6,698)	0	(111)	5,282
Other Investment assets	497	6	(429)	0	(2)	72
Other Investment liabilities	0	0	(12,606)	0	0	(12,606)
Total	**860,379**	**89,030**	**(106,536)**	**0**	**38,279**	**881,152**

2012/13	Value at 1st April 2012	Purchases at Cost & Derivative	Sales Proceeds & derivative receipts	Net Security Movements	Changes in market value	Value at 31st March 2013
	£000	£000	£000	£000	£000	£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	315,813	(274,340)	150,665	126,849	848,572
Derivative Contracts	(1)	10	(14)	0	5	0
	714,353	**317,644**	**(290,780)**	**0**	**107,355**	**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
	37,479	**7,939**	**(33,633)**	**0**	**22**	**11,807**
Net Investment Assets	**751,832**	**325,583**	**(324,413)**	**0**	**107,377**	**860,379**

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.

9a. Analysis of investment assets excluding derivatives and other investment balances

31/03/2014		31/03/2013
£000		£000
	Pooled Investment Vehicles	
	Unit Trusts:	
67,568	- Property - UK	44,053
	Unitised Insurance Policies	
295,336	- UK	342,400
489,280	- Overseas	423,661
	Other managed funds	
887	- Property - Overseas	3,702
35,333	- Other - Overseas	34,756
888,404		**848,572**
	Cash Deposits	
4,288	Sterling	10,823
994	Foreign Currency	487
5,282		**11,310**

The managed funds in which the Scheme has invested are all operated or managed by companies registered in the United Kingdom.

9b. Derivative Contracts

The Pension Fund did not hold any derivative contracts as at 31st March 2014 or 31st March 2013.

9c. Investment Assets – Other Investment Balances

31/03/2014		31/03/2013
£000		£000
44	Outstanding dividend entitlements	495
0	Interest receivable	2
28	Pending foreign exchange purchases - spot deals	0
72	**Total**	**497**

9d. Investment Liabilities – Other Investment Balances

There were £12.606 million (2013: nil) of unsettled investment trade purchases as at 31st March 2014.

9e. Analysis of Investments by fund manager

31/03/2014		Fund Manager	31/03/2013	
£000	%		£000	%
535,935	60.0	BlackRock Investment Mngt	516,158	60.0
248,963	27.9	Legal and General	249,906	29.0
70,478	7.9	CBRE Global Investors	54,046	6.3
36,633	4.1	Pantheon	34,756	4.0
1,749	0.2	In house cash deposits	5,513	0.6
893,758	**100.0**	**Total**	**860,379**	**100.0**

9f. Investments exceeding 5% of Net Assets

31/03/2014		Name of holding	31/03/2013	
£000	%		£000	%
150,150	16.7	BlackRock Aquila Life UK Equity Index Fund	193,256	22.4
210,961	23.5	BlackRock Aquila Life US Equity Index Fund	139,082	16.1
98,356	10.9	BlackRock Aquila Life Over 5 Years Index Linked	102,848	11.9
88,730	9.9	Legal & General World Emerging Equity Index	84,242	9.8
39,692	4.4	Legal & General Europe ex UK Equity Index	47,589	5.5
38,796	4.3	BlackRock Aquila Life Europe Equity Index Fund	43,563	5.0

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.

31/03/2014		Name of holding	31/03/2013	
Carrying Value	Fair Value		Carrying Value	Fair Value
£000	£000		£000	£000
		Financial assets at fair value through profit or loss		
888,404	888,404	- Pooled investment vehicles	848,572	848,572
72	72	- Other investment balances	497	497
888,476	**888,476**		**849,069**	**849,069**
		Loans and receivables		
5,282	5,282	- Cash deposits	11,310	11,310
4,448	4,448	- Debtors	3,802	3,802
14,884	14,884	- Cash at bank	0	0
24,614	**24,614**		**15,112**	**15,112**
		Financial liabilities at amortised cost		
(13,746)	(13,746)	- Creditors	(897)	(897)
0	0	- Cash overdrawn	(92)	(92)
(13,746)	**(13,746)**		**(989)**	**(989)**
899,344	**899,344**	**Net Assets**	**863,192**	**863,192**

10b. Net gains and losses on financial instruments

The table below analyses gains and losses according to financial instrument classification.

31/03/2014		31/03/2013
£000		£000
	Financial Assets	
38,392	Fair value through profit or loss	107,201
(113)	Loans and receivables	34
	Financial Liabilities	
0	Fair value through profit or loss	142
0	Financial liabilities at amortised cost	0
38,279		**107,377**

10c. Valuation of Financial Instruments carried at Fair Value

In accordance with IFRS 7 Financial Instruments, the valuation of financial instruments has been classified into three levels according to the quality and reliability of information used to determine fair values. Criteria utilised in the instrument classifications are detailed below.

Level 1
Financial instruments at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities, cash and short term investment debtors and creditors and pooled funds whose value is derived wholly in such investments.

Level 2
Financial instruments at level 2 are those where quoted market prices are not available; for example, where an investment is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data. Property is treated as level 2.

Level 3
Financial instruments at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The following table provides an analysis of the financial assets of the pension fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

31/03/2014		31/03/2013
£000		£000
784,688	Quoted market price - level 1	766,061
68,455	Using observable inputs - level 2	47,755
35,333	With significant unobservable inputs - level 3	34,756
888,476		**848,572**

All financial liabilities (loans and receivables with a quoted market price of £24.614 million as at 31st March 2014 and £15.112 million as at 31st March 2013) are categorised as level 1.

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 fully meet the cost of benefits and to ensure stability of employer's contribution rates. Achieving the investment objectives requires a high allocation to growth assets in order to improve the funding level without increasing contribution rates, although this leads to a potential higher volatility of future funding levels and contribution rates.

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 all listed equities 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%. During 2013/14 the change in value was equivalent to 4.4% of the opening value. 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 2013/14 and for the previous year. Ten percent has been used to demonstrate risk as it represents the average return over the past two years.

	Market value at 31/03/2014	**% change**	**Value on increase**	**Value on decrease**
	£000	%	£000	£000
Pooled investment vehicles	888,404	10.0	977,244	799,564
Cash deposits	5,282	0.0	5,282	5,282
Other investment balances	(12,534)	0.0	(12,534)	(12,534)
Net Investment Assets	**881,152**		**969,992**	**792,312**

	Market value at 31/03/2013	**% change**	**Value on increase**	**Value on decrease**
	£000	%	£000	£000
Pooled investment vehicles	848,572	10.0	933,429	763,714
Cash deposits	11,310	0.0	11,310	11,310
Other investment balances	497	0.0	497	497
Net Investment Assets	**860,379**		**945,236**	**775,521**

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 59% of the Fund value on 31st March 2014, equivalent to £526 million. These arise from passive pooled equities, private equity, property and cash. Foreign currency exposures are not hedged.

The main non-sterling currency exposures as at 31st March 2014 were US dollars (£263 million), Euro (£94 million) and Yen (£29 million). The remaining exposures arise from a wide range of Asian, emerging market countries and the Canadian $.

There is a risk that due to exchange rate movements 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 2013/14 and for the previous year. On average sterling's effective rate has changed by 4% per annum over the last 30 years.

	Market value at 31/03/2014	% change	Value on increase	Value on decrease
	£000	%	£000	£000
Overseas exposure in Pooled investment vehicles	525,500	10.0	578,050	472,950
Foreign currency	994	10.0	1,093	895
Total	**526,494**		**579,143**	**473,845**

	Market value at 31/03/2013	% change	Value on increase	Value on decrease
	£000	%	£000	£000
Overseas exposure in Pooled investment vehicles	462,119	10.0	508,331	415,907
Foreign currency	487	10.0	536	438
Total	**462,606**		**508,867**	**416,345**

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 2013/14	Interest rate if 1% higher	Interest rate if 1% lower
	£000	£000	£000
Cash deposits	71	210	0
Total	**71**	**210**	**0**

	Interest earned 2012/13	Interest rate if 1% higher	Interest rate if 1% lower
	£000	£000	£000
Fixed interest securities	19	30	8
Index-linked securities	53	97	8
Cash deposits	86	215	0
Total	**158**	**342**	**16**

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 2014 and 31st March 2013. All bonds are UK Government index linked. The UK Government has an AA+ credit rating.

	Market value at 31/03/2014	AAA	AA	A	BBB	Below BBB
	£000	%	%	%	%	%
Bond exposure in Pooled investment vehicles	122,200	0	100	0	0	0
Total / Weighted Average	**122,200**	**0**	**100**	**0**	**0**	**0**

	Market value at 31/03/2013	AAA	AA	A	BBB	Below BBB
	£000	%	%	%	%	%
Bond exposure in Pooled investment vehicles	127,780	100	0	0	0	0
Total / Weighted Average	**127,780**	**100**	**0**	**0**	**0**	**0**

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 AAA highest rated money market fund. The table below details the credit ratings of the institutions the cash was held with.

31/03/2014			31/03/2013	
Exposure	Credit rating		Exposure	Credit rating
£000			£000	
3,547	AA-	Northern Trust	521	AA-
1,735	AA-	Barclays Bank	0	-
0	-	Money Market Funds	10,789	AAAm
5,282			**11,310**	

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.

f) Liquidity risk

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 2014 was in accounts with the main bank or custodian, 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 pooled funds whose underlying holdings are listed equities or bonds. These funds have regular, at least monthly dealing dates, which ensure it is possible to realise the investments easily if necessary.

12. Debtors

31/03/2014		31/03/2013
£000		£000
	Local Authorities	
	Contributions due from:	
2,642	- Administering Authority in respect of the Council	2,100
526	- Administering Authority in respect of members	523
3,168		2,623
318	- Administering Authority - others	3
318		3
	Central Government Bodies	
10	HM Revenue & Customs	14
10		14
	Other entities and individuals	
	Contributions due from:	
75	- Admitted Bodies in respect of employers	102
22	- Admitted Bodies in respect of members	29
674	- Scheduled Bodies in respect of employers	959
151	- Scheduled Bodies in respect of members	59
30	- Other	13
952		1,162
4,448		**3,802**

All contributions due to the Scheme 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

Cash at bank as at 31st March 2014 was £14.884 million (2013: £0.092 million cash overdrawn).

14. Creditors

31/03/2014		31/03/2013
£000		£000
	Local Authorities	
(320)	Administering Authority	(27)
(320)		(27)
	Central Government Bodies	
(321)	HM Revenue & Customs	(320)
(321)		(320)
	Other entities and individuals	
(48)	Unpaid benefits in respect of the Administering Authority	(205)
(451)	Fund manager and adviser fees	(345)
0	Other	0
(499)		(550)
(1,140)		**(897)**

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.

16. Commitments

The Fund had outstanding commitments to invest of £12.708 million with Pantheon – Private Equity at 31st March 2014 (2013: £18.250 million). The commitments relate to outstanding call payments due in relation to the private equity and property portfolios.

17. Related party transactions

Haringey Council

In 2013/14 the Pension Fund paid £0.480 million to the Council for administration and legal services (£0.564 million in 2012/13). As at 31st March 2014 a net £3.166 million was due from the Council to the Fund (£2.599 million in 2012/13), mainly in relation to employer and employee contributions.

Governance

During 2013/14 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 IAS 24, 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. The key management person is Kevin Bartle, Chief Financial Officer, who is "Scheme Administrator".

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:

31/03/2014	Equitable Life Assurance Society	31/03/2013
£		£
343,116	Value as at 6 April	333,145
2,919	Contributions received	2,891
(28,694)	Retirement benefits and changes	(12,565)
14,341	Changes in market value	19,645
331,682	**Value as at 5 April**	**343,116**
141,323	Equitable with profits	158,724
69,514	Equitable with deposit account fund	70,733
120,845	Equitable unit linked	113,659
331,682	**Total**	**343,116**
23	Number of active members	24
20	Number of members with preserved benefits	22

31/03/2014	Prudential Assurance	31/03/2013
£		£
990,480	Value as at 1 April	1,095,650
150,729	Contributions received	175,664
(297,500)	Retirement benefits and changes	(322,964)
47,956	Changes in market value	42,130
891,665	**Value as at 31 March**	**990,480**
611,447	Prudential with profits cash accumulation	779,091
136,417	Prudential deposit fund	87,394
143,801	Prudential unit linked	123,994
891,665	**Total**	**990,479**
74	Number of active members	75
25	Number of members with preserved benefits	24

31/03/2014	Clerical and Medical	31/03/2013
£		£
74,983	Value as at 1 April	66,735
2,492	Contributions received	2,894
(43,099)	Retirement benefits and changes	0
1,053	Changes in market value	5,354
35,429	**Value as at 31 March**	**74,983**
5,216	Clerical Medical with profits	4,838
30,213	Clerical Medical unit linked	70,145
35,429	**Total**	**74,983**
3	Number of active members	4
2	Number of members with preserved benefits	2

20. Post Balance Sheet Events

From 1st April 2014 the benefit structure of the scheme changed from a final salary basis to career average earnings with CPI revaluations and an improved accrual rate as part of the Government's plan to manage the cost of public sector pensions.

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 2013/14 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

Year ended	31 Mar 2014 £m	31 Mar 2013 £m
Present value of Promised Retirement Benefits	1,434	1,389

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2013. I estimate this liability at 31 March 2014 comprises £551 million in respect of employee members, £348 million in respect of deferred pensioners and £535 million 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 the above 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 that the impact of the change of assumptions to 31 March 2014 is to increase the actuarial present value by £37 million.

Financial assumptions

My recommended financial assumptions are summarised below:

Year ended	31 Mar 2014 % p.a.	31 Mar 2013 % p.a.
Inflation/Pensions Increase Rate	2.80%	2.80%
Salary Increase Rate	4.60%	5.10%*
Discount Rate	4.30%	4.50%

***Salary increases are assumed to be 1% p.a. until 31 March 2016 reverting to the long term assumption shown thereafter.**

Longevity assumption

As discussed in the accompanying report, the life expectancy assumption is based on the Fund's VitaCurves with improvements in line with the CMI_2010 model, assuming the current rate of improvements has reached a peak and will converge to long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	21.9 years	24.1 years
Future Pensioners*	24.2 years	26.5 years

*Future pensioners are assumed to be currently aged 45
Please note that the assumptions have changed since the previous IAS26 disclosure for the Fund.

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-April 2008 service.

Professional notes

This paper accompanies my covering report titled ‘Actuarial Valuation as at 31 March 2014 for IAS19 purposes’ dated April 2014. 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.

Prepared by:-

Douglas Green FFA
9 May 2014
For and on behalf of Hymans Robertson LLP

GLOSSARY

Accounting Policies are those principles, bases, conventions, rules and practices that specify how the effects of transactions and other events are to be reflected in financial statements. Accounting policies define the process whereby transactions and other events are reflected in the financial statements.

Assets are all items of significant economic value owned by the Council, including those which can be converted to cash and those held for cultural and other reasons (heritage assets).

Capital expenditure is expenditure on the purchase, construction and enhancement of Council assets such as houses, offices, schools and roads. Expenditure can only be treated as 'capital' if it meets statutory definitions and is in accordance with accounting practice and regulations.

Capital financing describes the method of financing capital expenditure, the principal methods now being loan and revenue financing and government grants.

Creditors are amounts owed by the Council for goods and services supplied, but for which payment has not been made at the end of the financial year

Debtors are amounts owed to the Council but not received at the end of the financial year.

Defined benefit pension scheme is a type of pension scheme which promises a certain level of retirement income to its members. The amount of retirement income is usually a fraction of the worker's yearly earnings for each year they have been a member of the scheme. For example, it might be 1/60th of final pay for each year.

Defined contribution pension scheme is a type of pension scheme where the retirement income a member gets depends on how much has been contributed, investment returns and the amount of charges over time.

Depreciation is the loss in value of a tangible asset due to age, wear and tear, deterioration or obsolescence through technological or other changes. Depreciation is a 'non-cash' charge as it merely reflects accounting assessments of the loss in value.

Events after the balance sheet date are those events, favourable or unfavourable, that occur between the balance sheet date and the date when the Statement of Accounts is authorised for issue.

Finance and Operating Leases are financing arrangements with a third party. A finance lease substantially transfers all of the risks and rewards of ownership of a fixed asset to the lessee. Such assets have been valued and included under non-current assets in the Balance Sheet. With an operating lease, the ownership of the asset remains with the leasing company and the annual rent is charged to the relevant service account.

General Fund is the Council's main revenue account that covers the net cost of all services other than the provision of Council housing for rent.

Impairment describes a reduction in the value of a non current asset below its carrying amount on the Balance Sheet.

International Financial Reporting Standards (IFRS) are the accounting standards adopted by the International Accounting Standards Board (IASB). Councils are required to produce their accounts using IFRS.

Materiality of an item is determined by whether its omission, non-disclosure or misstatement in the financial statements could be expected to lead to a distortion of the view given by the financial statements.

Medium Term Financial Strategy (MTFS) is the Council's document which sets out the estimated financial impact of changes to our resources and costs of service provision, taking into account agreed principles and priorities. Typically spanning 3 to 5 years it allows the Council to adopt a strategic approach to planning its finances in the context of significant change.

Minimum Revenue Provision (MRP) is the minimum amount that the Council must charge to the revenue account in the year in respect of the repayment of principal of borrowing for capital purposes. In the accounts the MRP is included within capital financing charges.

Non-Domestic Rate (NDR) is a levy on businesses, based on a national rate in the pound set by the Government, multiplied by the 'rateable value' of the premises they occupy. It is also known as 'business rates'. The new Business Rate Retention Scheme allows Council's to retain a proportion of the income received.

Outturn is the actual income and expenditure in a financial year.

Precept is an amount which the Council is required to collect from the Council Tax on behalf of other (non-billing) authorities, such as the Greater London Authority in London, to finance their net expenditure.

Provision is an amount, which is set aside for a liability or loss in respect of a past event, which is likely to be incurred, but where the exact amount and date on which it will arise is uncertain.

Reserves (Unusable) are reserves that cannot be released to spend on services. For example, the Revaluation Reserve records the effect of revaluing fixed assets and is not available for general use in the financing of capital expenditure.

Reserves (Usable) are those reserves that can be released to spend on services or added to for future spending on services.

Service Reporting Code of Practice (SeRCOP) sets out the financial reporting guidelines for Councils. It supplements the principles and practice set out in the Code of Practice on Local Authority Accounting (known as the Code), by establishing practice for consistent reporting.

Soft Loans are loans made by the Council at less than the prevailing market rate of interest.