

# London Borough of Haringey

# Statement of Accounts 2021/22

10 December 2024

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# NARRATIVE REPORT



**Statement from Taryn Eves, Director of Finance  
(Section 151 Officer)**

## THE COUNCIL'S STATEMENT OF ACCOUNTS

The Statement of Accounts for the London Borough of Haringey summarises the Council's financial transactions for 2021/22 and its position as at 31<sup>st</sup> March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit

Regulations 2015 in accordance with proper accounting practices.

Proper practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code), supported by International Financial Reporting Standards (IFRS). The format and content of the accounts is largely prescribed and is, in some parts, complex, although we try to balance the statutory reporting requirements with the desire to make them clear and understandable to all interested parties. The Statement of Accounts has been prepared on a going concern basis in advance of the conclusion of the 2020/21 audit.

The Narrative report provides the reader with key contextual information about the authority including its main objectives and strategies, the principal risks that it faces and plans in place to manage and mitigate these. It also provides a commentary on how the Council (including the Group Accounts) has used its resources to achieve its desired outcomes in line with its objectives and strategies.

## INTRODUCTION TO HARINGEY

Haringey is a place of great opportunity, with enormous potential for growth – a growing economy, more and better housing and flourishing communities. We are part of one of the world's greatest cities and benefit hugely from that – but more than this, we believe that, with our potential for growth, we are the future of London. We are already home to institutions of national and international significance, including Tottenham Hotspur and Alexandra Palace.

There are many great businesses, fast transport links into central

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London and to the M11 corridor. We are home to some of London's most desirable neighbourhoods, but the variety of housing available means that people who cannot afford other parts of the city have been able to make Haringey their home. All of this means Haringey is already a great place for families. Haringey has a young, ethnically diverse population. The total resident population in Haringey is 263,400 and BME or Other White ethnic groups account for 67% of the resident population. Children between the ages of 0-17 years account for 21% of the population.

Over 180 languages are spoken by Haringey residents, and 30% of Haringey residents do not speak English as their main language. Haringey's population is expected to increase by 6.3% in the next 10 years, to 280,100, with the largest percentage growth in older age groups (65+), Other ethnic groups and Other White ethnic groups. The borough is the 4th most deprived borough in London, with deprivation more concentrated in the northeast. Relative deprivation has reduced since 2015, though Haringey's London ranking has not shifted significantly.

Despite this, we embrace change and transformation, and we are keen to engage in best practice and actively seek out opportunities to make Haringey a better place to live for our residents. There are several examples where we are working innovatively with partners to improve service delivery and to create better pathways of support for our residents and businesses.

## **POLICY AND ACHIEVEMENTS IN 2021/22**

Haringey, like all Councils, is still dealing with the aftermath of coronavirus. This has had a massive impact on the borough. It has been a devastating health crisis that has taken loved ones and affected every area of our lives.

In the past year, Haringey Council has made real progress on its key

priorities. We have done so while continuing to do the vital work that councils are responsible for, from safeguarding children and vulnerable adults and preventing homelessness to maintaining our parks and running our libraries.

In 2021/22, 96% of the safeguarding cases concluded had their risks either removed or reduced. This was 1% above the target and remains above the national average (89%), our statistical neighbours (92%), and London (91%) based on the latest available published data.

## **Strong Communities**

Haringey adopted a wider approach to early help and to strengthen our communities by promoting and collaborating with the range of voluntary organizations and partners that operate in the borough whilst helping families and residents become more self-sufficient, avoid crisis, and get the right help at the right time.

Our Early Intervention, Prevention & Dementia programme supported people to remain as independent as possible for as long as possible. The programme is made up of four workstreams to ensure delivery, these are information & communication, community navigation & social prescribing, Community asset approach to commissioning, and Dementia.

## **Safer Borough**

Despite post-pandemic increases in robbery and non-domestic violence with injury (VWI) across London, Haringey has maintained significant reductions year on year, as well as long term, particularly in robbery offending, which is a testament to the effective partnership working established within the borough, to reduce both victims and perpetrators of these offences. With respect to VWI, our reductions

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continue to outperform our neighbouring and comparator boroughs, leading to an overall long-term improvement in our London-wide ranking for violence (previously in top 5 highest volume, now 13th).

The Council has continued to work with the Metropolitan police and other partners to make the borough a safer place, taking actions such as extensive and ongoing partnership and police operations, including a dedicated town centre team deployed around Wood Green High Road as well as a focus around Northumberland Park, Tottenham Hale, Seven Sisters Market to respond to increases in robberies and violence. This contributed to reducing robberies in these key locations, several suspects being arrested, and robbery incidents have continued to remain low.

## Affordable Homes

We put in place one of the most ambitious council-house building programmes in the country and as at the end of March 2022, our housing delivery programme had a cumulative total completion of 173 units, planning permissions of 835 and starts on site of 1,402.

The Housing Delivery Team worked hard to mitigate some of the impact of both COVID and Brexit; and minimise delays to the programme, meaning we have now physically started work on a range of sites across the borough that will collectively deliver 1000 new Council Rented homes since programme inception. This is important progress towards our aim of building 3,000 new council homes at council rents over a decade.

We have exceeded the target for the borough plan to improve the living conditions of 9000 households living in Houses in Multiple occupation (HMO) through the HMO licensing programme. The number currently stands at 9,104 homes in improved conditions. The HMO licensing scheme is due to run until May 2024, so this project

will continue to issue licences and ensure through licence conditions that properties are improved and are well managed.

They are a much-needed source of private rented accommodation and serve a growing demand within the private rental market. It is essential that these properties are managed effectively to ensure the safety and wellbeing of the tenants living in them.

Finally, Haringey is open for business, and we continue our commitment to building wealth in the community by steering more council spending into local suppliers. We have continued to expand the council's apprenticeship scheme, hiring young people from the borough, paid at least at London Living Wage.

## PERFORMANCE OVERVIEW

March 2022 marked the end of the 3rd year of our Borough Plan (2019-2023). We are now in the last year of the Borough plan and as things are gradually moving back to some form of normality, we are currently reviewing how we report our performances. Our performance is measured against the five borough plan priorities, including the financial reporting in the Council's Statement of Accounts.

Our Plan is centred on five core priority areas, and each is underpinned by a series of ambitious targets. The following section graphically presents our latest performance against these indicators:

**Priority 1 - Housing** - Our vision is for a safe, stable, and affordable home for everyone, whatever their circumstances.

### Outcome: New Homes

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## **Number of new council homes provided: planning consents, starts on site and completions:**

Since the beginning of the Housing Delivery Programme the cumulative totals as of the end of March 2022 are as follows: Completions 173, Planning Permissions 835 and Starts On-Site 1,402.

## **Outcome: A safe, stable, and affordable home**

### **Number of additional households living in improved conditions as a result of HMO Licensing schemes:**

HMOs (Houses of Multiple Occupation) are buildings that are occupied by more than one household. They are a much-needed source of private rented accommodation and serve a growing demand within the private rental market. Overall, we have exceeded the target for the borough plan to improve the living conditions of 9000 households living in Houses in Multiple occupation through the HMO licensing programme: the number currently stands at 9,104 homes in improved conditions.

**Priority 2 - People** – Our vision is a Haringey where strong families, strong networks and strong communities nurture all residents to live well and achieve their potential.

## **Outcome: Best start in life, Happy Childhood and Pathway to success**

This is positive and most targets have been achieved or shown significant improvement overtime at end of March 2022.

## **Outcome: Pathway to success**

### **Young People in Education, Employment, or Education:**

94% of young people in Haringey were in Education Employment or Training (EET). This is slightly lower than the London average (96%) but above national figures (93%). Our ambition is to be equal to or

above the London average in 2022 with the aim of reaching 96% of young people in EET.

## **Outcome: Healthy & Fulfilling lives**

### **Proportion of adult safeguarding cases with risks removed or reduced at the end of the case:**

96% of the safeguarding cases concluded had their risks either removed or reduced in 2021/22. This was 1% above the target and remains above the national average (89%), our statistical neighbours (92%), and London (91%) based on the latest available published data.

## **Outcome - Strong Communities**

Data from April 2021 to March 2022 shows a combined social value of £12.8 million with the largest social values attributed to supporting residents in that period within the following groupings:

strengthening communities c£6m<sup>1</sup> (e.g., accessing the internet, reducing anxiety, introducing residents to voluntary and community sectors, helping residents to increase their confidence and live more independently, joining community groups or feeling better connected with the community)

Employment support c£2.6m

Enablement c£1.5m<sup>1</sup>

Council tax queries and support c£1.7m (to claim CT reduction, payments, reducing arrears and related issues)

## **Outcome: Reduction in Domestic abuse- Violence with Injury:**

Data from the Metropolitan Police indicates that in 2021/22, 811 incidents of domestic abuse were recorded in Haringey, an annual equivalent rate of 350 per 100,000 of the 16+ population. After a spike in domestic abuse offenses earlier in the year the rate has now reduced below the target.



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**Priority 3 - Place** – Our vision is for a place with strong, resilient, and connected communities where people can lead active and healthy lives in an environment that is safe, clean and green.

## **Outcome: A Net Zero Carbon Borough**

### **Reduction in Carbon Emissions from the borough as reported by national government:**

This indicator measures the amount of greenhouse gases produced in Haringey in kilo tonnes per year. In this context CO<sub>2</sub> refers to Carbon Dioxide, while CO<sub>2</sub>e stands for "Carbon Dioxide Equivalent" which includes CO<sub>2</sub> and other greenhouse gases. Haringey's most recent performance is 636.82 (kt CO<sub>2</sub>/ CO<sub>2</sub>e). Due to way this data is produced these figures from 2018 are the most up to date available to us at this time.

## **Outcome: A safer borough**

### **Violence with injury (VWI) / robbery (personal property):**

Despite post-pandemic increases in robbery and non-domestic VWI across London, Haringey has maintained significant reductions year on year, as well as long term, particularly in robbery offending, which is a testament to the effective partnership working established within the borough, to reduce both victims and perpetrators of these offences. With respect to VWI, our reductions continue to outperform our neighbouring and comparator boroughs, leading to an overall long-term improvement in our London-wide ranking for violence (previously in top 5 highest volume, now 13th).

## **Outcome: A cleaner, accessible, and attractive place**

### **Percentage of streets assessed as having unacceptable levels of cleanliness and litter:**

In Quarter 4 of 2021/22, overall performance was within target for all elements, with improvements in comparison to Quarter 3 recorded

for litter and graffiti. Performance between wards varied with the highest number of streets rated unacceptable for litter and cleanliness recorded in Bruce Grove and Haringay wards. Detritus (build-up of dust / earth / other particles) was consistent across all wards with Bruce Grove recording the lowest number of below acceptable scores. Similarly, graffiti was consistent across the wards apart from Crouch End which recorded the lowest number of fails.

**Priority 4 - Economy** – Our vision is for a growing economy that provides opportunities for all our residents and supports our businesses to thrive.

## **Outcome: Supported into work**

### **Haringey Residents Supported into Employment:**

In 2021/22 Haringey Works registered 1,057 residents and helped 576 residents with job starts. Haringey Works team have achieved the Employment Start target set for the year. Haringey Works has been able to engage positively with employers and carving out opportunities for local residents.

## **Outcome: A growing economy**

Haringey provided targeted support for businesses to get online and to encourage owners to sell online, provided advice to save costs (pilot achieved £80k+ worth of savings to 30 businesses) and navigate the impact of Covid-19 and Brexit, as well as scoping a programme for food start-up businesses and resumption of the Business Crime Reduction Partnership supporting Global Entrepreneurship Week in November.

We supported the Tottenham Green Market operator to successfully reopen and extended the contract to 2022.

**Priority 5 – Your Council** – The way the council works.

## **Outcome: Effective Engagement**

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## Commitment to developing deeper understanding of resident perception, trust, and engagement:

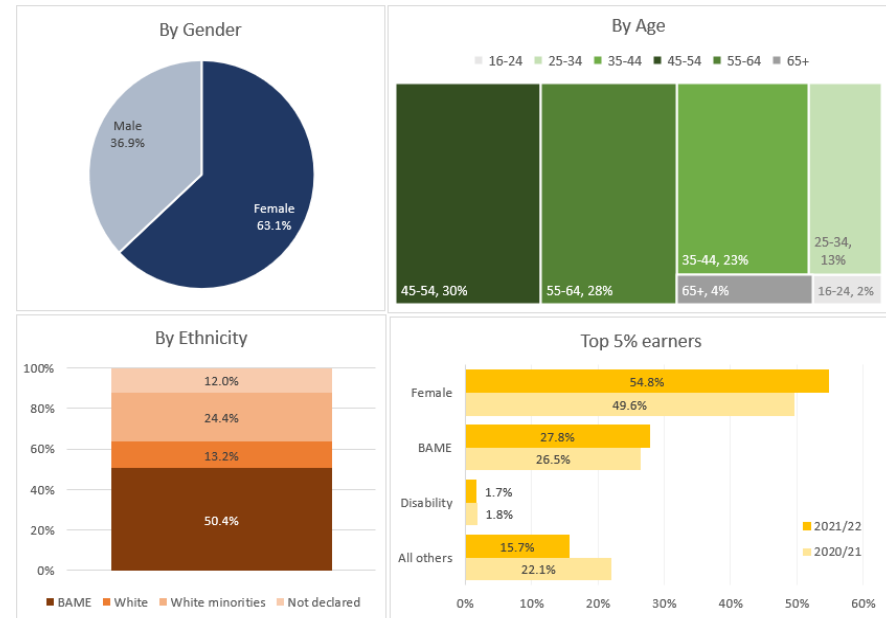
We have an existing commitment to enabling greater involvement by residents, businesses, and other stakeholders in decisions about local issues. The commitment to greater participation is reflective of

public opinion. Recent research from the Residents' Survey demonstrates a latent appetite for greater involvement in decision making in the Borough. Only 23% of residents overall agreed with the statement 'I feel like I am able to influence decisions made by my local Council'. However, 50% of residents overall agreed with the statement 'I would like to get more involved with decisions made by my local council'

## HARINGEY WORKFORCE

The Council employs 2,547 people on full and part time contracts, equating to a full-time equivalent of 2,305 as at the end of 2021/22. This represents a 6% increase in the workforce compared with the staff headcount at the end of 2020/21. Filling of vacant positions and insourcing of services are the main driving factors behind this increase.

The Haringey Council Employment Profile gives an overview of the organisation's workforce covering the various diversity strands such as disability, gender, ethnicity, and age. The profile helps us to understand the impact of people management practices on employees; to review and implement policy; and to enable the council to fulfil its obligations under the Equality Act 2010.



## FINANCIAL PERFORMANCE

### Overview

Haringey Council is responsible for managing cash flows and assets totalling over £5bn. Key figures for 2021/22 include:

- Gross revenue expenditure (spending on day-to-day services) of around £1.1bn;
- Income from fees, charges and grants of £781m;
- Billing of around £197m in council tax and business rates;
- Maintenance of fixed assets with a value over £3bn, including capital investment of £226m in housing, schools, highways and regeneration projects;
- Management of the £1.8bn Haringey Pension Fund.

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The Council aims to minimise financing costs and maximise returns from surplus cash balances, within a low-risk treasury management strategy. The Strategy was reviewed and approved during the financial year. External borrowing at 31 March 2022 was £708m.

In common with the rest of local government, the Council continues to operate within an environment of ongoing reductions in core funding and increasing demand for its services.

Against this backdrop, the Council has maintained sound financial stewardship whilst at the same time developed innovative and collaborative approaches to service delivery, transformation and regeneration to help ensure future financial sustainability.

## **Revenue spending in 2021/22**

The Council's general fund revenue outturn for 2021/22 showed no significant change in the Council's unearmarked general fund balance of £15m (£17.1m as at 31 March 2021).

General fund balances (including schools) were £119.0m at 31 March 2022 (£132.2m as at 31 March 2021). This decrease is partly attributed to the drawdown of the Collection fund smoothing reserve to offset the expected drop in income from the Council's collection funds during the year, and drawdown of the transformation reserve.

## **Housing Revenue Account**

- The Council owns approximately 15,450 homes which are managed by Homes for Haringey (wholly owned by Haringey Council)
- £103m was collected in rents and service charges in 2021/22

(£103m in 2020/21)

- Revenue spending on repairs, maintenance and management was £57m (£55m in 2020/21)
- Capital investment in the housing stock was £121m (£104m in 2020/21)

HRA usable reserves were £20.8m as at 31 March 2022 (usable reserves as at 31 March 2021 were £14.9m).

## **Capital Investment**

Each year the Council approves its Medium-Term Financial Strategy (MTFS) which includes the Council's capital investment programme which spans the forward-looking five-year period. The Council has an ambitious capital programme of over £1bn to deliver on its priorities within the borough plan.

In 2021/22, £226m was invested in the council's capital programme including schools and HRA. Capital planning is, by its nature complex and often dependent on negotiation and external approvals. This means that the precise timing of spend is often uncertain.

## **Haringey Council Balance Sheet Position for Single Entity 31 March 2022**

The Council's balance sheet increased by **£327m** in 2021/22, the high-level movements being:

### **Increases**

- Capital expenditure investment and property plant and equipment valuation increases, increasing the Council's long-term assets by £277m
- favourable movements in the actuarial assumptions used in

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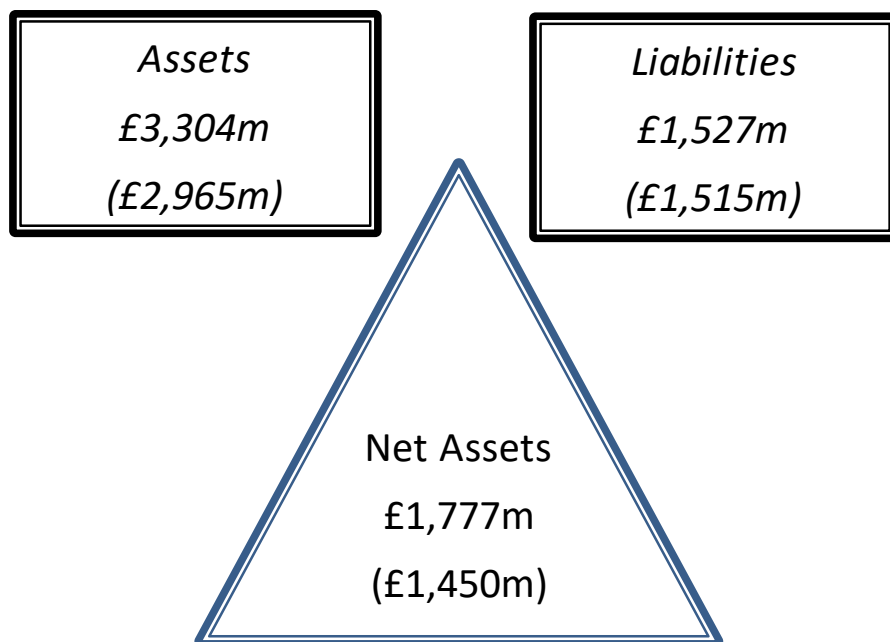
the valuation of the council's pension liabilities, decreasing net liabilities overall by £202m

- Increases in cash and cash equivalents, increasing short term assets by £68m
- Net Increase in other Assets less liabilities by £5m

### Decreases

- Increases in Council borrowing, increasing long and short-term liabilities by £146m
- Increase in long- and short-term creditors by £46m
- Increase in capital and revenue grants received in advance by £33m

The following summarises the Council's single entity balance sheet as at 31 March 2022



<i>Usable Reserves</i>	£ 219m	(£230m)
<i>Unusable Reserves</i>	£ 1,558m	(£1,220m)
<b>Total</b>	<b>£ 1,777m</b>	<b>(£1,450m)</b>

(Figures in brackets relate to position at 31 March 2021)

### Pension Liabilities

- The net pension liability (£482m which is a net reduction of £202m from last year) in these accounts represents the difference between the estimated cost of pensions payable in the future (£1,924m), and the value of assets in the pension fund (£1,442m). This is calculated based on rules set by accounting standards and not on an actuarial basis which gives a more accurate estimate of the pension fund's financial position.
- The Pension Fund is revalued every three years to set future contribution rates. The last valuation was at 31st March 2019. The next valuation will be carried out as at 31<sup>st</sup> March 2022.
- On an actuarial basis, the funding level at 31 March 2019 for Haringey Council was assessed as 95% (overall the Haringey Pension Fund was 100% funded);
- The revenue cost of pensions was £33.7m for the year (£33.7m in 20/21)

### Addressing future challenges in 2022/23 and beyond

Whilst things appear to be returning to some form of normality, the

# NARRATIVE REPORT

impact of the COVID-19 pandemic will still linger for some time. Although most of the financial impact was felt last year, the next two years will still be challenging especially its impact on Council's operations.

The statutory deadlines to produce the draft accounts and audited accounts have been changed from 31 May to 31 July for the draft, and from 31 July to 30 September for the audited accounts. However, Local authorities and audit firms are still struggling to finalise the audit of accounts by the required deadline.

Worsening economic conditions in particular rising inflation is presently one of the biggest challenges facing us and the entire nation. With the growing levels of inflation, and wider economic pressures unlikely to abate to any extent this financial year, we are ensuring that we maximise the delivery of our challenging savings programme whilst focusing on mitigating actions that will bring down the current spend estimates.

There is also continued uncertainty over government funding as the demand for services looks to continue to increase over the short to medium term.

We also know that more of our residents are living longer and/or often have more complex needs which continues to put pressure on our Adult Social Care budgets that Central Government funding has not adequately addressed. A similar position exists for Children's services.

The delivery of agreed savings set out in the March 2022 MTFS budget report will be critical to the Council meeting its Borough Plan objectives. The Council continues to make strategic use of its reserves as it works to develop long-term solutions and invest in the transformative activity required to improve efficiency to make our money go further. Our reserves also provide capacity to manage a

level of risk associated with the delivery of our savings programme, and the budget pressures that the Council faces.

Our strategic application of the flexible use of capital receipts also will help us to fund one-off investment to deliver the sustained revenue savings built into our MTFS. Our capital strategy, a mix of regeneration growth and asset availability, will also underpin delivery of savings.

Whilst we recognise that we will continue to face challenging times, we will continue to focus on our key role in building strong communities, using the resources at our disposal to support economic growth and tackle inequality. The Borough Plan clearly restates the Council's priorities for the coming years: Housing, People, Place, Growth and Your Council.

## KEY STRATEGIC RISKS FOR 2022/23

A risk management strategy is in place to identify and evaluate risks. The Annual Governance Statement (AGS) that is incorporated into the Statement of Accounts includes the key Corporate Risks and governance issues that have been identified during 2021/22 along with key actions to mitigate these down and a defined senior officer to take responsibility for delivering these and report back to Corporate Board as required.

Progress against agreed actions will be regularly reviewed by the Corporate Board during 2022/23, as will the identification of any new emerging risks or issues.

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## EXPLANATION OF THE KEY ACCOUNTING STATEMENTS

The Statement of Accounts sets out the Council's income and expenditure for the year and its financial position as at 31 March 2022. It comprises core and supplementary statements together with disclosure notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, which in turn is underpinned by International Financial Reporting Standards.

The Core Statements comprise:

- The **Comprehensive Income and Expenditure Statement** – this statement records all the Council's income and expenditure for the year. The top half of the statement shows the cost of providing services, analysed across the Council's priorities. The bottom half of the statement deals with corporate transactions and funding.
- The **Movement in Reserves Statement** is a summary of the changes in the Council's reserves over the course of the year. Reserves are divided into 'usable', which can be invested in capital projects or service improvements, and 'unusable', which must be set aside for specific purposes.
- The **Balance Sheet** is a snapshot of the Council's assets, liabilities, cash balances and reserves at the year-end date. The council's net assets are matched by its reserves. Reserves are reported in two categories. The first category of reserves are

usable reserves, i.e. those reserves that the authority may use to provide services. The second category of reserves is those that the authority is not able to use to provide services. This includes reserves that hold unrealised gains and 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 'adjustments between accounting basis and funding basis' Note.

- The **Cash Flow Statement** shows the reason for changes in the Council's cash balances during the year and whether the change is due to operating activities, new investment or financing activities (such as borrowing and other long-term liabilities)

The **Group Accounts** combine the financial activities for the Council for the year with those of Homes for Haringey and Alexandra Park and Palace Charitable Trust and Alex House Wood Green Limited, all of which are treated as subsidiaries of the Council.

The **Supplementary Financial Statements** comprise:

- The **Housing Revenue Account** – this separately identifies the Council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989
- The **Collection Fund** summarises the collection of council tax and business rates, and the distribution of that money between the Council, the Greater London Authority (GLA) and central government
- The **Pension Fund Account** reports the contributions received the payments made to pensioners and the value of net assets invested in the Local Government Pension Scheme on behalf of Council employees, past and present.

## NARRATIVE REPORT

Also published with the Statement of Accounts is the ***Annual Governance Statement*** (AGS). The AGS sets out the governance structure of the Council and its key internal controls.



# INDEPENDENT EXTERNAL AUDITOR'S REPORT

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COUNCIL OF LONDON BOROUGH OF HARINGEY

### Disclaimer of opinion

We do not express an opinion on the accompanying financial statements of the Authority and the group. Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We were engaged to audit the financial statements of London Borough of Haringey ("the Authority") and its subsidiaries ("the group") for the year ended 31 March 2022 which comprise the Authority and group Comprehensive Income and Expenditure Statement, the Authority and group Movement in Reserves Statement, the Authority and group Balance Sheet, the Authority and group Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund and notes to the financial statements including material accounting information. 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 2021/22.

### Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the

Regulations') require the

Authority to publish audited financial statements for the year ended 31 March 2022 by 13 December 2024 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements. The conditions created by backstop arrangements have resulted in us not being able to obtain all the necessary audit evidence upon which to form an opinion since there was insufficient time to perform all necessary audit procedures by the backstop date. Consequently, we have not completed any work in respect of any audit area. As a result, we are unable to conclude that the Authority's and group's financial statements for the year ended 31 March 2022 as a whole are free from material misstatement. We were also unable to obtain sufficient appropriate evidence for the corresponding figures for the same reason. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

When we disclaim an opinion on the financial statements, we are required to describe in this section of our report the reasons for any other matters of which we are aware that would have required a modification to the opinion, and the effects thereof. We made inquiries of management and those charged with governance as to whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority. We have not received a sufficiently detailed response to our inquiries. Therefore, we are unable to evaluate whether any fraud that may be material to the financial statements has, or is likely to have, occurred.

### Other information



# INDEPENDENT EXTERNAL AUDITOR'S REPORT

The Director of Finance is responsible for the other information. The other information includes all other information included in the Statement of Accounts, other than the Authority and group financial statements and our auditor's report thereon. The Code of Audit Practice 2024 requires auditors to report on whether other information published together with the financial statements is consistent with the financial statements. Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have been unable to form an opinion on whether the other information published together with the financial statements is consistent with the financial statements.

## Matters on which we are required to report by exception

### Use of resources

We are required to report to you if, in our opinion, we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in this regard.

### Other matters on which we report by exception

We are required to report to you if:

- we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of

the audit;

- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters, except that because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

### Responsibilities of the Director of Finance and the Authority

As explained more fully in the Statement of Responsibilities, the Director of Finance is responsible for the preparation of the financial statements and for being satisfied that the financial statements give a true and fair view and for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance is responsible for assessing the Authority's and group's ability to continue as a going concern, disclosing, as applicable, matters

# INDEPENDENT EXTERNAL AUDITOR'S REPORT

related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

## **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to conduct an audit of the Authority's and group's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Authority and the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## **Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

We are required under section 20 of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and to report where we have not

been able to satisfy ourselves that it has done so. 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.

We undertake our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.

## **Auditor's other responsibilities**

As set out in the other matters on which we report by exception section of our report there are certain other matters which we are required to report by exception.

## **Certificate - delay in completion of the audit**

We cannot formally conclude the audit and issue an audit certificate for the Authority for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary to conclude on an objection to the accounts received from a local government elector.

## **Use of our report**

This report is made solely to the members of London Borough of Haringey, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority those

# INDEPENDENT EXTERNAL AUDITOR'S REPORT

matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
*Rachel Brittain*  
945F22100B63425...

Rachel Brittain, Key Audit Partner

For and on behalf of BDO LLP, Local Auditor

London, UK

18 December 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# 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, the Chief Financial Officer is the Director of 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 Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

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

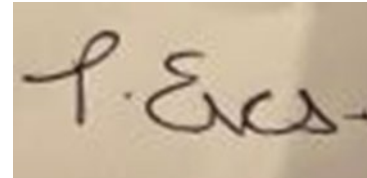
- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code of Practice.

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 31 March 2022 and its income and expenditure for the year then ended.



**Taryn Eves**  
**Director of Finance (S151 Officer)**

**17/12/2024**



**Councillor Erdal Dogan**  
**Chair of Audit Committee**

**17/12/2024**

# COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Single Entity	2021/22			2020/21		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Housing - GF	67,091	(48,585)	18,506	70,747	(52,895)	17,852
People - Children's	157,917	(49,671)	108,246	126,619	(46,599)	80,019
People - Adults	159,804	(78,062)	81,742	150,138	(77,998)	72,140
Place	105,442	(50,214)	55,228	93,069	(29,368)	63,701
Economy	49,182	(8,901)	40,281	22,055	(5,922)	16,134
Your Council	251,086	(240,193)	10,893	258,456	(241,055)	17,401
Housing - HRA	123,269	(102,548)	20,721	94,899	(103,071)	(8,173)
Dedicated Schools Grant	205,874	(202,385)	3,489	199,587	(192,755)	6,832
<b>Cost of Services</b>	<b>1,119,665</b>	<b>(780,558)</b>	<b>339,107</b>	<b>1,015,569</b>	<b>(749,663)</b>	<b>265,906</b>
Other operating expenditure (Note 7)	12,592	(6,299)	6,293	11,246	(3,902)	7,344
Financing and investment income and expenditure (Note 8)	39,173	(12,438)	26,735	47,808	(14,607)	33,202
Taxation and Non-Specific Grant Income (Note 9)		(288,808)	(288,808)		(257,460)	(257,460)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>1,171,430</b>	<b>(1,088,103)</b>	<b>83,327</b>	<b>1,074,623</b>	<b>(1,025,632)</b>	<b>48,991</b>
(Surplus) or deficit on revaluation of property, plant and equipment (Note 20)			(165,771)			(75,375)
Remeasurement of net defined benefit liability (Note 20,36)			(244,196)			173,226
<b>Other Comprehensive Income and Expenditure</b>			<b>(409,967)</b>			<b>97,851</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>(326,640)</b>			<b>146,843</b>

# COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Group Accounts	2021/22			2020/21		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Housing - GF	67,091	(48,585)	18,506	70,747	(52,895)	17,852
People - Children's	157,917	(49,671)	108,246	126,619	(46,599)	80,019
People - Adults	159,804	(78,062)	81,742	150,138	(77,998)	72,140
Place	105,442	(50,214)	55,228	93,069	(29,368)	63,701
Economy	61,263	(23,316)	37,947	25,519	(12,993)	12,527
Your Council	251,086	(240,193)	10,893	258,456	(241,055)	17,401
Housing - HRA	126,722	(96,062)	30,660	93,143	(96,302)	(3,160)
Dedicated Schools Grant	205,874	(202,385)	3,489	199,587	(192,755)	6,832
<b>Cost of Services</b>	<b>1,135,199</b>	<b>(788,487)</b>	<b>346,711</b>	<b>1,017,278</b>	<b>(749,965)</b>	<b>267,312</b>
Other operating expenditure	12,592	(6,886)	5,706	11,246	(3,902)	7,344
Financing and investment income and expenditure	40,213	(11,905)	28,309	48,329	(13,525)	34,805
Taxation and Non-Specific Grant Income	0	(288,811)	(288,811)	0	(257,550)	(257,550)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>1,188,005</b>	<b>(1,096,089)</b>	<b>91,915</b>	<b>1,076,853</b>	<b>(1,024,942)</b>	<b>51,911</b>
(Surplus) or deficit on revaluation of property, plant and equipment			(174,047)			(94,404)
Remeasurement of net defined benefit liability (Note 36)			(281,090)			194,132
<b>Other Comprehensive Income and Expenditure</b>			<b>(455,137)</b>			<b>99,728</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>(363,222)</b>			<b>151,639</b>

# MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £'000	Housing Revenue Account £'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
<b>2021/22</b>										
<b>Balance as at 31/03/2021</b>	(132,277)	(14,870)	(41,913)	(40,135)	(615)	(229,810)	(1,220,111)	(1,449,921)	(59,757)	(1,509,678)
<u>Movement in reserves during 2020/21</u>										
Total Comprehensive Income and Expenditure	79,445	3,882	0	0	0	83,327	(409,967)	(326,640)	8,589	(318,051)
Adjustments between accounting basis & funding basis under regulations (note 10)	(66,171)	(9,820)	459	3,015	0	(72,517)	72,517	0	(45,172)	(45,172)
<b>(Increase) / Decrease in 2021/22</b>	<b>13,274</b>	<b>(5,938)</b>	<b>459</b>	<b>3,015</b>	<b>0</b>	<b>10,810</b>	<b>(337,450)</b>	<b>(326,640)</b>	<b>(36,583)</b>	<b>(363,223)</b>
<b>Balance as at 31/03/2022 carried forward</b>	<b>(119,003)</b>	<b>(20,809)</b>	<b>(41,454)</b>	<b>(37,120)</b>	<b>(615)</b>	<b>(219,001)</b>	<b>(1,557,560)</b>	<b>(1,776,561)</b>	<b>(96,340)</b>	<b>(1,872,901)</b>
<b>2020/21</b>										
<b>Balance as at 31/03/2020</b>	(99,553)	(8,691)	(37,933)	(47,838)	(615)	(194,631)	(1,402,133)	(1,596,764)	(64,690)	(1,661,454)
<u>Movement in reserves during 2020/21</u>										
Total Comprehensive Income and Expenditure	58,463	(9,472)	0	0	0	48,991	97,851	146,842	4,933	151,775
Adjustments between accounting basis & funding basis under regulations (note 10)	(91,185)	3,293	(3,980)	7,703	(0)	(84,170)	84,170	0	0	0
<b>(Increase) / Decrease in 2020/21</b>	<b>(32,722)</b>	<b>(6,179)</b>	<b>(3,980)</b>	<b>7,703</b>	<b>(0)</b>	<b>(35,179)</b>	<b>182,021</b>	<b>146,842</b>	<b>4,933</b>	<b>151,775</b>
<b>Balance as at 31/03/2021 carried forward</b>	<b>(132,277)</b>	<b>(14,870)</b>	<b>(41,913)</b>	<b>(40,135)</b>	<b>(615)</b>	<b>(229,810)</b>	<b>(1,220,111)</b>	<b>(1,449,921)</b>	<b>(59,757)</b>	<b>(1,509,678)</b>

# BALANCE SHEET

	Notes	Single Entity		Group Accounts	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021
		£'000	£'000	£'000	£'000
Property, Plant and Equipment	12	2,947,103	2,685,042	3,067,106	2,811,137
Heritage Assets		6,192	6,180	6,192	6,180
Investment Property	13	99,386	89,212	99,386	89,212
Intangible Assets		7,365	3,874	7,365	3,874
Long-term Debtors	14,16	7,380	6,313	1,461	6,313
<b>Long Term Assets</b>		<b>3,067,426</b>	<b>2,790,621</b>	<b>3,181,511</b>	<b>2,916,716</b>
Assets Held for Sale		1,000	1,000	1,000	1,000
Short-term Investments	14	5,004	5,046	5,004	5,046
Inventories		8	27	2,024	1,607
Short-term Debtors	16	145,895	152,072	144,913	142,461
Cash and Cash Equivalents	17	84,086	16,146	90,266	23,029
<b>Current Assets</b>		<b>235,993</b>	<b>174,292</b>	<b>243,207</b>	<b>173,143</b>
Short-term borrowing	14	(114,689)	(77,918)	(114,689)	(77,918)
Short-term Creditors	18	(225,243)	(194,662)	(229,087)	(206,442)
Grants Receipts in Advance	30	(37,112)	(6,623)	(37,112)	(6,623)
Provisions	19	(3,494)	(3,473)	(3,494)	(3,473)
<b>Current Liabilities</b>		<b>(380,538)</b>	<b>(282,676)</b>	<b>(384,382)</b>	<b>(294,456)</b>
Long-term Creditors	18	(17,515)	(2,079)	(17,515)	(8,077)
Provisions	19	(15,142)	(21,028)	(15,571)	(21,311)
Long-term Borrowing	14	(593,548)	(484,037)	(593,548)	(484,037)
Pension Liabilities	36	(482,038)	(684,424)	(502,724)	(731,553)
Other Long Term Liabilities - PFI and Finance Leases	14	(21,968)	(26,849)	(21,968)	(26,849)
Grants Receipts in Advance - Capital	30	(16,110)	(13,899)	(16,110)	(13,899)
<b>Long-term Liabilities</b>		<b>(1,146,320)</b>	<b>(1,232,316)</b>	<b>(1,167,435)</b>	<b>(1,285,726)</b>
<b>Net Assets</b>		<b>1,776,561</b>	<b>1,449,921</b>	<b>1,872,901</b>	<b>1,509,678</b>
Usable Reserves		(219,001)	(229,810)	(226,342)	(212,624)
Unusable Reserves	20	(1,557,560)	(1,220,111)	(1,646,559)	(1,297,054)
<b>Total Reserves</b>		<b>(1,776,561)</b>	<b>(1,449,921)</b>	<b>(1,872,901)</b>	<b>(1,509,678)</b>



# CASH FLOW STATEMENT

	Note	Single Entity		Group Accounts	
		2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Net surplus or (deficit) on the provision of services		(83,327)	(48,991)	(91,916)	(51,911)
Adjustments to net surplus or (deficit) on the provision of services for non-cash movements	21	186,399	78,333	179,232	81,128
Adjustments for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	21	(53,306)	(48,777)	(53,306)	(48,777)
<b>Net cash flows from Operating Activities</b>		<b>49,766</b>	<b>(19,435)</b>	<b>34,010</b>	<b>(19,560)</b>
Investing Activities	22	(134,100)	(102,800)	(119,047)	(101,934)
Financing Activities	23	152,274	49,003	152,274	49,003
<b>Net increase or (decrease) in cash and cash equivalents</b>		<b>67,940</b>	<b>(73,232)</b>	<b>67,237</b>	<b>(72,491)</b>
Cash and cash equivalents at the beginning of the reporting period		16,146	89,378	23,029	95,520
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>84,086</b>	<b>16,146</b>	<b>90,266</b>	<b>23,029</b>

# NOTES TO THE STATEMENTS

## 1. Accounting Policies

### 1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, 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 2021/22, supported by International Financial Reporting Standards (IFRS).

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.

Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

Accrual de minimis are generally £20,000 (revenue) and £50,000 (capital). However, where it is clear that the total owed or due from a single supplier/customer exceeds these amounts, an accrual will be raised. Exceptions to these levels are made where expenditure is funded by a time-limited grant.

### 1.3 Cash and Cash Equivalents

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

### 1.4 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.

# NOTES TO THE STATEMENTS

## 1.5 Employee Benefits

### Benefits Payable during Employment

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 for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

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 calculated at the wage and salary rates applicable in the following accounting year being the period in which the employee takes the benefit, with interim values on an estimated basis. 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.

The Council has concluded that there is no material benefit in undertaking an annual determination of the accrual and has established a policy to undertake a review of the accrual every three years unless, in the intervening period, there is evidence of a change in circumstances which would materially affect the amount to be disclosed. A review was done in the previous financial year (2020/21).

### Termination Benefits

Termination benefits are amounts 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 line in the CIES at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council 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 predominantly members of two separate pension schemes:

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

Both schemes provide defined benefits to members (which include annual pensions and other benefits) earned as employees worked for the Council. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

# NOTES TO THE STATEMENTS

## i. The Local Government Pension Scheme

All employees (other than teachers) subject to certain qualifying criteria are able to join the Local Government Pension scheme (LGPS). The Scheme is accounted for as a defined benefit scheme. The Scheme is known as the London Borough of Haringey Pension Fund and is administered by Haringey Council in accordance with the Local Government Pension Scheme Regulations 2013 (and other LGPS Regulations) on behalf of all participating employers.

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.

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 the following 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 years

of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the CIES

- Net interest on the net defined benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability 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 at the beginning of the period – taking into account any changes in the net defined benefit liability 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 – 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

# NOTES TO THE STATEMENTS

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 People Priority - Children's 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.

### 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.

### 1.6 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.

The Council will only usually disclose items where they are considered material i.e. those which carry a value in excess of £10 million.

### 1.7 Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

# NOTES TO THE STATEMENTS

When measuring the fair value of a non-financial asset, the Council considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability

## 1.8 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.

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

Financial assets are initially measured at fair value and carried at their amortised cost. Annual credits to 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 and accrued interest, and the interest credited to the CIES is the amount receivable for the year in the loan agreement.

The Council recognises expected credit losses on all its financial assets held at amortised cost, either on a 12-month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors) held by the Council. Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a



# NOTES TO THE STATEMENTS

crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed based on 12-month expected losses.

## 1.9 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 contributions 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.

## 1.10 Interests in companies and other entities

The Council has reviewed its key financial relationships and assessed them against the Code of Practice and deemed the following to be within the Haringey group; Homes for Haringey Limited (HfH), Alexandra Park and Palace Charitable Trust (APPCT) and Alex House Wood Green Limited. Therefore, consolidated Group accounts have been created in which all intra-group transactions have been removed. Investments in subsidiaries are held at cost less impairment.

## 1.11 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, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. 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

# NOTES TO THE STATEMENTS

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 the Capital Receipts Reserve.

## 1.12 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

#### 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



# NOTES TO THE STATEMENTS

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.

## 1.13 Property, Plant and Equipment

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 are classified as property, plant and equipment. This category excludes certain assets such as properties which are held solely for the purpose of generating financial return (Investment Properties and Assets for Sale).

### Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accrual 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.

### Measurement

Assets are initially measured at cost, comprising:

- the purchase prices
- 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.

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings at current value, determined using the basis of existing use value for social housing (EUV-SH)
- school buildings, libraries, children centres, leisure centres, care homes – current value but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value
- surplus assets at fair value, estimated at highest and best use from a market participant's perspective
- all other assets at current 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

# NOTES TO THE STATEMENTS

(DRC) is used as an estimate of fair value. Where non-property assets have short useful lives or low values (or both), depreciated historical cost is used as a proxy for fair value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current 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,

the accounting treatment applied is outlined above.

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 – straight-line allocation over 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 2 to 88 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.

# NOTES TO THE STATEMENTS

## Componentisation of valuations

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components should be depreciated separately.

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

- Vehicles and Equipment (immaterial)
- Infrastructure assets
- Investment properties are not depreciated but will be considered for componentisation where enhancement expenditure is incurred.

## 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. 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 are payable to the Government. The balance of

receipts remains within 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.

## Schools Assets

The council has schools in the following categories: community schools, foundation schools, voluntary aided schools, voluntary controlled schools and academies. Community and foundation schools are treated on Balance Sheet based on the risks and rewards the council is deemed to have, and voluntary aided schools and academies are excluded from the council's Balance Sheet. This means that the council recognises the Property, Plant and Equipment of the following categories of locally maintained schools in the financial statements:

- Community and community special schools
- Foundation and Foundation Trust schools (other than those owned by religious bodies)
- Voluntary controlled schools (where land & building are owned by the council)

The Property, Plant and Equipment of voluntary aided schools are not recognised in the council's financial statements. In most cases, the council has ownership of the playing fields for these categories of schools, which are recognised on the council's balance sheet.

# NOTES TO THE STATEMENTS

This issue is under constant review and is updated in line with guidance from CIPFA.

## Schools Income and Expenditure

All locally maintained schools (i.e. community, foundation, voluntary controlled, voluntary aided, community special and foundation special schools) are deemed to be under the Council's control. For this reason, schools' transactions and balances attributable to the governing bodies are consolidated into the Council's financial statements, applying accounting policies for recognition and measurement consistent with those applied by the Council to its own income, expenditure, cash flows, assets and liabilities. Transactions and balances between the Council and the schools have been eliminated. Assets provided to a school without the right to continuing use, such that they can be taken back by the owners at some point, are not recognised in the Council's financial statements.

Academy and free schools are independently managed. None of these schools' income and expenditure, assets, liabilities or reserves are included within the Council's financial statements.

### 1.14 Provisions and Contingent Liabilities

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 considering 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.

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.

Contingent liabilities are not recognised in the Balance Sheet but disclosed as a note to the accounts.

### 1.15 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 to earmark available funds for future policy purposes, to cover contingencies or manage cash flow.

# NOTES TO THE STATEMENTS

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.

## **1.16 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 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.

## **1.17 Revenue recognition**

Income received by the Council is recognised in accordance with the

relevant financial regulations and accounting standards. The major income streams include Council tax, business rates, housing rents and parking income.

Council tax and business rate income included in the CIES is the total of the precept on the collection fund and the Council's share of the surplus/deficit on the collection fund at the end of the current year, adjusted for the Council's share of the surplus/deficit on the fund at the preceding year end that has not been distributed or recovered in the current year.

Housing Rent income included in the CIES is the total of all rent charged to tenants for Council Housing. The rents have been set based on a formula set by Government. The formula creates a "formula" rent for each property, which is calculated based on the relative value of the property, relative local income levels and the size of the property. Landlords are expected to move the actual rent of a property to this formula rent, over time.

## **1.18 Service Concession Arrangements**

Private Finance Initiative (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 several 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, voluntary 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 a grant which is used to meet current and future liabilities

# NOTES TO THE STATEMENTS

in respect of the PFI scheme.

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 operator consist of

- a) Fair value of the services received during the year-debited to the relevant service in the CIES.
- b) Finance cost - an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the CIES.
- c) 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).

## 1.19 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.

## 1.20 Rounding

It is not the Council's policy to adjust for immaterial cross-casting differences between the main statements and disclosure notes.

## 2. Accounting Standards Issued, but not yet Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not adopted.

As at Balance Sheet date, the new standards and amendments issued but not adopted are:

- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes four changed standards
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

These are not expected to have any significant impact on local authority financial statements.

## 3. Critical judgements in applying accounting policies

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

The Council incorporates its subsidiaries, Homes for Haringey, Alexandra Palace Charitable Trust and Alexandra House Wood Green Ltd within these accounts to present group financial statements. They are consolidated on the basis of control over relevant activities. Please refer to Note 38 for further details.



# NOTES TO THE STATEMENTS

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

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

The items in the Council's Balance Sheet as at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are:

### Non-Current Assets

The council's Property Plant and Equipment (PPE) are held on a long term basis and require regular valuation to ensure the council's financial statements accurately reflect the true worth of its assets. Valuations are undertaken by qualified professionals (note 12) to provide up to date assessments using accepted valuation bases and methods.

Investment property, surplus assets and assets held for sale were valued at fair value. The objective of this measurement approach is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under the current market conditions.

In respect of operational non-specialised properties, the current value for the assets has been interpreted as the amount that would be paid for the asset in its existing use. The valuers have met this requirement by providing a valuation based on existing use value (the value agreed between a willing buyer and a willing seller for an owner

occupied property/premises).

In respect of specialised properties, the valuers have adopted the depreciated replacement cost (DRC) method of valuation to assess current value in existing use. This method provides the cost of replacing an asset with its modern equivalent asset using the 'instant build' (or overnight) approach at the valuation date.

Broadly, it has been assumed for each valuation, that there are no encumbrances to title, buildings are in a 'fair' condition, building services are in working order, there are no planning or statutory constraints, there is no contamination or hazardous substances, and there are no environmental or sustainability factors that may affect the property's value.

The net book value of non-current assets subject to potential revaluation is £2.7 billion.

A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's land and buildings were to reduce by 10%, this would result in a charge to the Comprehensive Income and Expenditure Statement of approximately £108m.

An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.

A reduction in the estimated value of HRA dwellings would be a reduction in the revaluation reserve or a loss in the CIES. If the value of dwellings were to reduce by 10%, this would lead to a reduction in value of about £160m.

# NOTES TO THE STATEMENTS

An increase in estimated valuations would result in increases to the Revaluation Reserve or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.

## Pension Fund Liability

The net pensions liability is estimated by professional actuaries based on complex assumptions relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Any variation in these assumptions would lead to a significant change in the value of the net pension liability.

During 2021/22, the Council's actuaries advised that the net pension liability had decreased by £202m as a result of estimates being revised and the updating of 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 note 36.

## Impairment allowance for doubtful debt

As at 31 March 2022, the Council had an outstanding balance of short-term debtors totalling £270m. Against this debtors' balance, there is an impairment allowance of £124m, £22m on account of expected credit loss for non-statutory debt and £102m for incurred credit loss on statutory debt (refer to note 16 for breakdown). It is not certain that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not. The economic impact of the high inflation and cost of living crisis has made it more difficult to estimate the debt impairment as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts. Please refer to Note 16.

## Provision for Business Rates Appeals

The value of National Non-Domestic Rates (NNDR) income included in the accounts is reduced by a provision for the estimated value of appeals against valuation decisions. These estimates have been calculated using information from the Valuation Office Agency on outstanding appeals and experience of successful appeal rates.

## **5. Events after the balance sheet date**

The Statement of Accounts was authorised for issue by the Chief Financial Officer on **30 September 2022**. There have been no material post balance sheet events that would require disclosure or adjustment to these financial statements.



# NOTES TO THE STATEMENTS

## 6. Expenditure Funding Analysis and Notes

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund and HRA Balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

Single Entity	2021/22			2020/21		
	income and Expenditure chargeable to GF and HRA balances	Adjustments between funding and accounting basis (Note 6)	Net expenditure in the CIES	income and Expenditure chargeable to GF and HRA balances	Adjustments between funding and accounting basis (Note 6)	Net expenditure in the CIES
	£'000	£'000	£'000	£'000	£'000	£'000
Housing - GF	17,832	674	18,506	17,213	639	17,852
People - Children's	75,707	32,539	108,246	67,248	12,771	80,019
People - Adults	75,982	5,760	81,742	68,035	4,105	72,140
Place	33,941	21,287	55,228	46,917	16,784	63,701
Economy	9,120	31,161	40,281	11,598	4,535	16,133
Your Council	3,132	7,761	10,893	6,689	10,712	17,401
Housing - HRA	(15,694)	36,415	20,721	(22,331)	14,158	(8,173)
Dedicated Schools Grant	3,489	0	3,489	6,832	0	6,832
<b>Net Cost of Services</b>	<b>203,509</b>	<b>135,598</b>	<b>339,108</b>	<b>202,202</b>	<b>63,704</b>	<b>265,905</b>
Other income and expenditure	(196,173)	(59,608)	(255,781)	(234,308)	17,394	(216,914)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>7,336</b>	<b>75,990</b>	<b>83,327</b>	<b>(32,106)</b>	<b>81,098</b>	<b>48,991</b>
Opening General Fund and HRA Balance	(147,147)			(108,244)		
Less/Plus deficit/(surplus) on General Fund and HRA balance in year (see Movement in Reserves Statement)	7,336			(32,070)		
Reclassification of DSG Reserve				(6,832)		
<b>Closing General Fund and HRA Balance</b>	<b>(139,811)</b>			<b>(147,147)</b>		

# NOTES TO THE STATEMENTS

## 6a) Adjustments between Funding and Accounting Basis

	2021/22				2020/21			
	Adjustments for Capital Purposes (Note 1)	Net change for Pensions Adjustments (Note 2)	Other Differences (Note3)	Total Adjustment	Adjustments for Capital Purposes (Note 1)	Net change for Pensions Adjustments (Note 2)	Other Differences (Note3)	Total Adjustment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Housing - GF	98	573	4	674	514	112	13	639
People - Children's	13,735	15,003	3,801	32,539	7,836	4,262	674	12,771
People - Adults	3,011	2,726	23	5,760	3,024	929	152	4,105
Place	17,425	3,830	32	21,287	15,539	928	317	16,784
Economy	28,263	2,876	23	31,161	3,679	599	257	4,535
Your Council	4,877	2,818	65	7,761	10,351	(630)	990	10,712
Housing - HRA	36,167	246	2	36,415	14,095	52	11	14,158
<b>Net Cost of Services</b>	<b>103,576</b>	<b>28,072</b>	<b>3,950</b>	<b>135,598</b>	<b>55,039</b>	<b>6,251</b>	<b>2,414</b>	<b>63,704</b>
Other income and expenditure	(56,713)	13,738	(16,633)	(59,608)	(33,198)	11,407	39,185	17,394
<b>Difference between General Fund surplus or deficit and the CIES surplus or deficit on the provision of services</b>	<b>46,863</b>	<b>41,810</b>	<b>(12,683)</b>	<b>75,990</b>	<b>21,841</b>	<b>17,658</b>	<b>41,599</b>	<b>81,098</b>

# NOTES TO THE STATEMENTS

## Note 1 - Adjustments for capital purposes

'Adjustments for capital purposes' adds depreciation, impairment and revaluation gains and losses in the service lines, and for:

Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Financing and investment income – the statutory charges for capital financing, i.e., Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivables in the year to those receivables without conditions or for which conditions were satisfied throughout the year. This line is credited with capital grants receivable without conditions or for which conditions were satisfied in the year.

## Note 2 – Net Change for the Pension Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

For services, this represents the removal of the employer contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

For Financing and investment income – the net interest on the defined benefit liability is charged to the CIES.

## Note 3 – Other Differences

Other differences between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute:

For Financing and investment income and expenditure, the other differences column recognises adjustments for the timing differences for premiums and discounts.

The charge under Taxation and non-specific grant income and expenditure represents the timing difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

# NOTES TO THE STATEMENTS

## 6b) INCOME AND EXPENDITURE ANALYSED BY NATURE

### Note 1. Income by Nature

<b>Income Category</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
Fees, charges & other service income	(229,238)	(196,838)
Grants & Contributions	(647,513)	(649,793)
Income from Council Tax & NNDR	(194,629)	(160,492)
Interest and investment income	(9,825)	(14,607)
Gain on disposal of assets	(6,299)	(3,902)
Gain in FV of Investment Properties	(599)	0
	<b>(1,088,103)</b>	<b>(1,025,632)</b>

### Note 2. Expenditure by Nature

<b>Expenditure Category</b>	<b>2021/22</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
Depreciation, amortisation, impairment	112,159	62,496
Employee Benefits expenses	329,296	318,765
Other Service Expenses	695,929	647,948
Levies	10,865	9,506
Payments to Housing Cap Receipts Pool	1,727	1,740
Interest payable & similar charges	19,139	19,206
Loss in FV of Investment Properties	0	5,658
ECL Impairment Allowances	2,315	9,304
	<b>1,171,430</b>	<b>1,074,623</b>
<b>(Surplus) or Deficit on</b>		
<b>Provision of Service</b>	<b>83,327</b>	<b>48,991</b>

# NOTES TO THE STATEMENTS

## 7. Other operating expenditure

Other operating expenditure includes all levies payable, total payments made to the Government Housing Receipts Pool in line with statutory arrangements for certain property sales within the HRA and gains/losses generated from in-year disposals of non-current assets:

	2021/22			2020/21		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Levies - North London Waste Authority (NLWA)	9,000	0	9,000	8,008	0	8,008
Levies - Others	1,865	0	1,865	1,498	0	1,498
Payments to Govt. Housing Capital Receipts Pool	1,727	0	1,727	1,740	0	1,740
Gains on disposal of non-current assets		(6,299)	(6,299)	0	(3,902)	(3,902)
	<b>12,592</b>	<b>(6,299)</b>	<b>6,293</b>	<b>11,246</b>	<b>(3,902)</b>	<b>7,344</b>

## 8. Financing and investment income and expenditure

Financing and investment income and expenditure includes interest receivable and payable on the Council's investment portfolio. The Council's net rental income on the properties it holds purely for investment purposes is also included net of fair value movements. It also includes the interest element of the pension fund liability and expected credit loss impairment (previously known as bad debt provisions).

	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Interest payable and similar charges	19,139	0	19,139	19,206	0	19,206
Net interest on the net defined benefit liability	13,738	0	13,738	11,407	0	11,407
Expected Credit Loss-Impairment Allowances	2,315	0	2,315	9,304	0	9,304
Net Income & Expenditure and changes in the fair values of investment properties	3,933	(10,779)	(6,846)	6,801	(11,476)	(4,674)
Interest Income	0	(323)	(323)	0	(1,457)	(1,457)
Other investment income and expenditure	48	(1,336)	(1,288)	1,090	(1,674)	(584)
	<b>39,173</b>	<b>(12,438)</b>	<b>26,735</b>	<b>47,808</b>	<b>(14,607)</b>	<b>33,202</b>

# NOTES TO THE STATEMENTS

## 9. Taxation and non-specific grant income

This note consolidates all non-specific grants and contributions receivable that cannot be identified to particular service expenditure and therefore cannot be credited to the gross income amount relevant to the service area. All capital grants and contributions are credited to non-specific grant income even if service specific. The note also identifies the Council's proportion of council tax and business rates used to fund in year service activities:

	2021/22	2020/21
	£'000	£'000
<b>Council tax income</b>	(114,408)	(103,882)
<b>Non domestic rates</b>	(80,221)	(56,610)
<b>Non-ringfenced government grants:</b>		
<b>Covid-19</b>		
Covid-19 Business Rate Retail & Nursery Discount	(7,854)	(13,222)
Covid-19 75% Tax Income Guarantee Compensation	215	(3,014)
Council Tax Hardship Fund		(3,697)
Covid-19 LA Support Grant	(13,481)	(18,645)
Covid-19 Income Loss Compensation	(2,428)	(9,632)
Covid-19 Other Support	(640)	(972)
<b>Non-ringfenced government grants: Other</b>		
Revenue Support Grant	(22,115)	(21,993)
Section 31 BR relief	(6,618)	(5,707)
Other general grants/ contributions	(1,791)	(1,940)
<b>Capital grants and contributions</b>	(39,467)	(18,147)
	<b>(288,808)</b>	<b>(257,461)</b>

The non-domestic rates income under the Government's business rates retention arrangement consists of £14.441 million (-£1.802 million in 2020/21) collected locally and a 'top-up' of £65.780 million (£58.412 million in 2020/21), re-distributed from a national pool.

# NOTES TO THE STATEMENTS

## 10. 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 arrive at 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 relating to 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 Account (CGUA)

The CGUA 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 or the financing of historical capital expenditure. The balance shows the resource that has yet to be applied at the year-end.



# NOTES TO THE STATEMENTS

Movement during 2021/22	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Major Repairs Reserve £'000
<b>Adjustments to the Revenue Resources</b>					
<u>Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements</u>					
- Pensions costs (transferred to / from the Pensions Reserve)	(41,455)	(355)	0	0	0
- Financial instruments (transferred to the Financial Instruments Adjustments Account)	229	0	0	0	0
- Council Tax and NDR (transfers to or from the Collection Fund)	16,446	0	0	0	0
- Holiday pay (transferred to the Accumulated Absence Reserve)	(460)	(2)	0	0	0
- Transfer in-year Dedicated Schools Grant deficit to DSG Adjustment Account	(3,489)	0	0	0	0
- Reversal of entries included in the SDPOS in relation to capital expenditure (charged to the Capital Adjustment Account)	(45,732)	(44,882)	0	(42,427)	0
<b>Total Adjustments to Revenue Resources</b>	<b>(74,461)</b>	<b>(45,239)</b>	<b>0</b>	<b>(42,427)</b>	<b>0</b>
<b>Adjustments between Revenue and Capital Resources</b>					
- Transfer of non-current asset sale proceeds from revenue to the CRR	267	10,612	(10,879)	0	0
- Administrative costs of non-current asset disposals (funded by contribution from the CRR)	0	(140)	140	0	0
- Payments to the government housing receipts pool (funded by a transfer from the CRR)	(1,727)	0	1,727	0	0
- Posting of HRA resources from revenue to the MRR	0	22,664	0	0	(22,664)
- Statutory provision for the repayment of debt (transfer from the CAA)	9,509	0	0	0	0
- Capital expenditure financed from revenue balances (transfer to the CAA)	241	2,283	0	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>8,290</b>	<b>35,419</b>	<b>(9,012)</b>	<b>0</b>	<b>(22,664)</b>
<b>Adjustments to Capital Resources</b>					
- Use of the CRR to finance capital expenditure	0	0	9,611	0	0
- Use of the MRR to finance capital expenditure	0	0	0	0	22,664
- Application of capital grants to finance capital expenditure	0	0	0	45,442	0
- Cash payments in relation to deferred capital receipts	0	0	(141)	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>0</b>	<b>0</b>	<b>9,471</b>	<b>45,442</b>	<b>22,664</b>
Other Movements					
<b>Total Adjustments</b>	<b>(66,171)</b>	<b>(9,820)</b>	<b>459</b>	<b>3,015</b>	<b>0</b>

# NOTES TO THE STATEMENTS

Movement during 2020/21	Usable Reserves				
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve
	£'000	£'000	£'000	£'000	£'000
<b>Adjustments to the Revenue Resources</b>					
<u>Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements</u>					
- Pensions costs (transferred to / from the Pensions Reserve)	(17,538)	(120)	0	0	0
- Financial instruments (transferred to the Financial Instruments Adjustments Account)	228	0	0	0	0
- Council Tax and NDR (transfers to or from the Collection Fund)	(39,373)	0	0	0	0
- Holiday pay (transferred to the Accumulated Absence Reserve)	(2,402)	(11)	0	0	0
- Reversal of entries included in the SDPOS in relation to capital expenditure (charged to the Capital Adjustment Account)	(31,469)	(34,874)	0	(19,920)	0
<b>Total Adjustments to Revenue Resources</b>	<b>(90,554)</b>	<b>(35,006)</b>	<b>0</b>	<b>(19,920)</b>	<b>0</b>
<b>Adjustments between Revenue and Capital Resources</b>					
- Transfer of non-current asset sale proceeds from revenue to the CRR	420	11,557	(11,978)	0	0
- Administrative costs of non-current asset disposals (funded by contribution from the CRR)	(8)	(175)	184	0	0
- Payments to the government housing receipts pool (funded by a transfer from the CRR)	(1,740)	0	1,740	0	0
- Posting of HRA resources from revenue to the MRR	0	19,334	0	0	(19,334)
- Statutory provision for the repayment of debt (transfer from the CAA)	7,382	0	0	0	0
- Capital expenditure financed from revenue balances (transfer to the CAA)	110	7,582	0	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>6,163</b>	<b>38,298</b>	<b>(10,055)</b>	<b>0</b>	<b>(19,334)</b>
<b>Adjustments to Capital Resources</b>					
- Use of the CRR to finance capital expenditure	0	0	9,292	0	0
- Use of the MRR to finance capital expenditure	0	0	0	0	19,334
- Application of capital grants to finance capital expenditure	0	0	0	27,623	0
- Cash payments in relation to deferred capital receipts	0	0	(159)	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>0</b>	<b>0</b>	<b>9,133</b>	<b>27,623</b>	<b>19,334</b>
Other Movements	(6,795)	0	(3,058)	0	0
<b>Total Adjustments</b>	<b>(91,185)</b>	<b>3,293</b>	<b>(3,980)</b>	<b>7,703</b>	<b>(0)</b>

# NOTES TO THE STATEMENTS

## 11. Transfers to/from General Fund, HRA and 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 2021/22.

	Note	Balance at 31/03/20 £'000	Transfer In 2020/21 £'000	Transfer Out 2020/21 £'000	Balance at 31/03/21 £'000	Transfer In 2021/22 £'000	Transfer Out 2021/22 £'000	Balance at 31/03/22 £'000
<b>General Fund Reserve</b>	i	(15,827)	(1,268)	0	(17,095)	0	2,050	(15,045)
<b>General Fund earmarked reserves:</b>								
Schools reserve	ii	(10,325)	(5,436)	2,815	(12,946)	(4,074)	4,187	(12,833)
Transformation reserve	iii	(13,646)	(2,223)	2,167	(13,702)	(27)	3,344	(10,385)
Services reserve	iv	(6,085)	(20,711)	17,939	(8,857)	(1,337)	972	(9,222)
PFI lifecycle reserve	v	(15,080)	(1,392)	0	(16,472)	(1,386)	0	(17,858)
Debt repayment reserve	vi	(5,046)	0	0	(5,046)	0	0	(5,046)
Insurance reserve	vii	(6,241)	(4,000)	1,190	(9,051)	0	803	(8,248)
Unspent grants reserve	viii	(8,977)	(3,050)	2,844	(9,183)	(1,592)	3,950	(6,825)
Labour market growth resilience reserve	ix	(513)	0	67	(446)	0	0	(446)
Strategic Budget Planning Reserve	x	(1,691)	(8,800)	0	(10,491)	0	0	(10,491)
Resilience reserve	xi	(7,303)	0	0	(7,303)	0	0	(7,303)
Covid 19 Grant	xii	(8,094)	0	8,094	(0)	0	0	(0)
Other reserves	xiii	(726)	0	0	(726)	0	0	(726)
Collection Fund Smoothing reserve	xiv	0	(22,278)	1,315	(20,963)	(9,122)	15,509	(14,576)
<b>GF earmarked reserves:</b>		<b>(83,727)</b>	<b>(67,890)</b>	<b>36,431</b>	<b>(115,186)</b>	<b>(17,538)</b>	<b>28,765</b>	<b>(103,959)</b>
<b>Total General Fund Usable Reserves</b>		<b>(99,554)</b>	<b>(69,158)</b>	<b>36,431</b>	<b>(132,281)</b>	<b>(17,538)</b>	<b>30,815</b>	<b>(119,004)</b>
<b>Housing Revenue Account</b>		<b>(7,983)</b>	<b>(6,179)</b>	<b>0</b>	<b>(14,162)</b>	<b>(6,598)</b>	<b>786</b>	<b>(19,973)</b>
<b>Housing Revenue Account earmarked Reserves:</b>								
HRA Smoothing reserve		0	0	0	0	(786)	0	(786)
Homes for Haringey		(708)	0	0	(708)	0	658	(50)
<b>HRA earmarked reserves</b>		<b>(708)</b>	<b>0</b>	<b>0</b>	<b>(708)</b>	<b>(786)</b>	<b>658</b>	<b>(836)</b>
<b>Total HRA Usable Reserves</b>		<b>(8,691)</b>	<b>(6,179)</b>	<b>0</b>	<b>(14,870)</b>	<b>(7,384)</b>	<b>1,444</b>	<b>(20,809)</b>

## NOTES TO THE STATEMENTS

**i.** The purpose of the general fund reserve is to manage the impact of emergencies or unexpected events. Without such a reserve, the financial impact of such events could cause a potential financial deficit in the general fund, which would be severely disruptive to the effective operation of the authority. The reserve should militate against immediate service reductions if there were any unforeseen financial impacts.

**ii.** This balance represents the net balances held by the Council's 64 schools. 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.

**iii.** This reserve is earmarked for the costs associated with the Council's Transformation programmes including the investment necessary to deliver longer term efficiencies and change, together with the associated costs of redundancies and decommissioning.

**iv.** It is Council policy that services may request funds to be carried forward, this is 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.

**v.** The PFI reserve is increased by PFI grant received in excess of contractual payments. This will be utilised to fund future years' costs on school assets on which PFI works were completed.

**vi.** The Debt Repayment (Treasury) reserve represents funds the Council has set aside for debt related costs including the potential repayment of debt and for funding of future capital expenditure, and management of risk inherent within the Council's treasury management activities.

**vii.** The Council self-insures several risks including liability, property and theft. Insurance claims are erratic in their timings and so the Council maintains a reserve to smooth the charge to the Council's revenue account in the same way as a premium to an external insurance provider would smooth charges to the revenue account. The increase to the reserve level has been made possible by a reduced provision requirement. As the

Council carries relatively high levels of excess, it is deemed prudent to provide for greater resilience against future claims.

**viii.** This reserve holds grant income which has been received and recognised in the year they have been allocated to the authority, but which will finance related expenditure in future years. These come with conditions setting out how the funding must be used.

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

**x.** The Strategic Budget Planning reserve will be used to smooth the MTFs over the medium term.

**xi.** This reserve will be used as a one-off measure to offset non-delivery / delay of planned savings contained within the MTFs. It provides additional robustness and financial resilience for the Council.

**xii.** This grant reserve is to help mitigate the costs and loss of income that will arise from the Covid-19 Pandemic.

**xiii.** This reserve represents other small reserve balances held by the Council.

**xiv.** The Collection Fund reserve is to manage the impact of C19 on the Collection Fund in terms of losses (including potential losses from the London Pool), but also in terms of the profiling of when the impact of government support and arrears hit the Council's General Fund.

# NOTES TO THE STATEMENTS

## 12. Property, plant and equipment

	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
<b>Cost or Valuation at 1 April 2021</b>	1,541,957	913,268	308,978	27,690	22,997	103,231	17,309	2,935,430	13,812
Additions	40,683	54,746	17,090	4,199	873	78,663	6	196,260	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	26,844	106,710	0	0	0	0	1,253	134,807	115
Revaluation increases / (decreases) recognised in SDPOS	(35,862)	(26,424)	0	0	0	0	(2,690)	(64,976)	0
Derecognition - disposals	(4,299)	0	0	(16)	0	0	0	(4,315)	0
Reclassifications and transfers	1,554	507	0	0	0	(1,483)	(2,752)	(2,174)	0
Other movements in cost or valuation	31,769	26,660	0	1,271	0	(48,818)	6,857	17,740	0
<b>At 31 March 2022</b>	<b>1,602,647</b>	<b>1,075,466</b>	<b>326,068</b>	<b>33,144</b>	<b>23,870</b>	<b>131,593</b>	<b>19,983</b>	<b>3,212,771</b>	<b>13,927</b>
<b>Accumulated Depreciation and Impairment at 1 April 2021</b>	(95,612)	(7,564)	(124,145)	(12,981)	(1,895)	(8,101)	(91)	(250,387)	(314)
Depreciation charge	(21,247)	(10,414)	(11,374)	(3,251)	0	0	0	(46,286)	314
Accumulated Depreciation written out	21,219	9,656	0	0	0	0	0	30,875	
Impairment (losses)/reversals recognised in the Revaluation Reserve	0	89	0	0	0	0	0	89	0
Impairment (losses)/reversals recognised in surplus/deficit on the provision of services	0	0	0	0	0	0	0	0	0
Derecognition - disposals	28	0	0	13	0	0	0	41	
Reclassifications and transfers	0	0	0	0	0	0	0	0	
Other movements in depreciation & impairment	0	(7)	0	0	0	7	0	0	
<b>At 31 March 2022</b>	<b>(95,612)</b>	<b>(8,240)</b>	<b>(135,518)</b>	<b>(16,219)</b>	<b>(1,895)</b>	<b>(8,094)</b>	<b>(91)</b>	<b>(265,669)</b>	<b>0</b>
<b>Net Book Value at 31 March 2022</b>	<b>1,507,035</b>	<b>1,067,226</b>	<b>190,550</b>	<b>16,925</b>	<b>21,976</b>	<b>123,499</b>	<b>19,893</b>	<b>2,947,103</b>	<b>13,927</b>

The above note includes the figures from Single Entity only. Group Entity Property, Plant and Equipment assets total £120m as of 31 March 2022 (£126.1m as at 31 March 2021). Further details are in Note 38.

## NOTES TO THE STATEMENTS

	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
<b>Cost or Valuation at 1 April 2020</b>	1,471,876	896,809	289,824	24,250	21,681	41,424	13,008	2,758,872	13,660
Additions	27,719	44,258	19,154	4,017	986	67,849	6,528	170,511	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	53,134	(17,519)	0	0	0	0	(809)	34,805	(108)
Revaluation increases / (decreases) recognised in SDPOS	(10,996)	(4,120)	0	0	0	0	(7)	(15,122)	260
Derecognition - disposals	(4,883)	(2,613)	0	0	0	0	(169)	(7,665)	0
Reclassifications and transfers	0	(4,369)	0	0	0	0	0	(4,369)	0
Other movements in cost or valuation	5,107	822	0	(577)	331	(6,043)	(1,243)	(1,602)	0
<b>At 31 March 2021</b>	<b>1,541,957</b>	<b>913,268</b>	<b>308,978</b>	<b>27,689</b>	<b>22,998</b>	<b>103,231</b>	<b>17,308</b>	<b>2,935,430</b>	<b>13,813</b>
<b>Accumulated Depreciation and Impairment at 1 April 2020</b>	(95,611)	(18,028)	(113,568)	(16,108)	(1,892)	(7,058)	(91)	(252,355)	(160)
Depreciation charge	(18,108)	(10,145)	(10,577)	(3,565)	0	0	0	(42,395)	(305)
Accumulated Depreciation written out	18,065	11,762	0	6,692	0	0	0	36,520	355
Impairment (losses)/reversals recognised in the Revaluation Reserve	0	10,707	0	0	0	0	0	10,707	110
Impairment (losses)/reversals recognised in surplus/deficit on the provision of services	0	(1,875)	0	0	0	(1,047)	0	(2,922)	0
Derecognition - disposals	37	7	0	0	0	3	0	47	
Reclassifications and transfers	0	11	0	0	0	0	0	11	
Other movements in depreciation & impairment	6	(3)	0	0	(3)	0	0	(0)	
<b>At 31 March 2021</b>	<b>(95,611)</b>	<b>(7,564)</b>	<b>(124,145)</b>	<b>(12,981)</b>	<b>(1,895)</b>	<b>(8,102)</b>	<b>(91)</b>	<b>(250,387)</b>	<b>0</b>
<b>Net Book Value at 31 March 2021</b>	<b>1,446,346</b>	<b>905,705</b>	<b>184,833</b>	<b>14,709</b>	<b>21,103</b>	<b>95,129</b>	<b>17,218</b>	<b>2,685,042</b>	<b>13,813</b>

The above note includes the figures from Single Entity only. Group Entity Property, Plant and Equipment assets total £126.1m as of 31 March 2021 (£104.4mm as at 31 March 2020). Further details are in Note 37.

# NOTES TO THE STATEMENTS

## Capital commitments

At 31 March 2022, the Council has entered into several contracts for the construction or enhancement of Property, Plant and Equipment in 2021/22 and future years, budgeted to cost £181.9 million (£61 million as at 31 March 2021). The major commitments at 31 March 2022 were:

- External/Communal Works - £37.2 million
- School Projects - £15 million
- New build homes & development of Residential Accommodation - £117.8 million

## Revaluations

The council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. Investment Properties and any Asset held for sale are subject to a revaluation review on annual basis to ensure that their carry values are reflective of the latest market value.

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 for Levelling Up, Housing & Communities (DLUHC).

Revaluations	Council Dwellings	Other Land and Buildings	Infrastructure Assets	Vehicles, Plant, Furniture and Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	-	-	190,550	16,925	21,976	123,500	-	352,950
Valued at fair value as at:								-
31-Mar-22	1,507,035	971,947					19,892	2,498,874
31-Mar-21		95,279						95,279
31-Mar-20								
31-Mar-19								
31-Mar-18								
31-Mar-17								
<b>Total Cost or Valuation</b>	<b>1,507,035</b>	<b>1,067,226</b>	<b>190,550</b>	<b>16,925</b>	<b>21,976</b>	<b>123,500</b>	<b>19,892</b>	<b>2,947,103</b>



## NOTES TO THE STATEMENTS

Since 2012/13, all valuations of dwellings, land and buildings and investment properties have been undertaken by external surveyors Wilks Head & Eve (an independent partnership of Chartered Surveyors and Town Planners) who are fully qualified with the Royal Institute of Chartered Surveyors (RICS). Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The surveyors carry out valuations as at 31st March of each year to identify any significant changes since the previous valuation. The latest valuation was carried out during 2021/22 with an effective date of 31 March 2022.

### 13. Investment properties

The fair value for investment properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the levels of observable inputs are significant leading to the properties being categorised at Level 2 in the fair value hierarchy. Typical valuation inputs which have been used in arriving at our Fair Valuations include Market Rental and Sale Values, Yields Void, Letting Periods and condition of the assets.

The values at 31 March are analysed as follows.

	£'000	£'000
Office units	4,550	4,567
Commercial units	67,978	63,903
Land	20,965	17,331
Other investment property	5,893	3,411
<b>Total</b>	<b>99,386</b>	<b>89,212</b>

There were no transfers between any of the three levels during 2021/22 or the preceding year.

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use. There has been no change in the valuation techniques used during the year for investment properties.

The following items have been accounted for in the Financing and Investment Income and Expenditure line in the CIES.

	£'000	£'000
Rental income from investment property	(10,180)	(11,476)
Direct operating expenses arising from investment property	3,933	3,801
<b>Net gain</b>	<b>(6,247)</b>	<b>(7,675)</b>

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on its right to the remittance of income and the proceeds of disposal.

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

# NOTES TO THE STATEMENTS

	£'000	£'000
Balance at start of the year	89,212	86,678
Subsequent Expenditure	7,412	500
Disposals	(10)	(274)
Net gain / (losses) from FV adjustments	599	(5,658)
Transfers to/from AHFS & PPE	2,173	7,967
<b>Balance at the end of the year</b>	<b>99,386</b>	<b>89,212</b>

The fair value of the Council's investment property is measured annually at each reporting date.

## 14. Financial instruments

A financial instrument is a contract that gives rise to a financial asset and liability between two parties. This note discloses the Council's financial instruments. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial instruments are disclosed based on considerations around the business model for holding the instruments, and contractual cashflow characteristics. All of the Council's financial instruments are classified as held at 'amortised cost', and none at 'fair value through profit or loss' (FVTPL) or 'fair value through other comprehensive income' (FVOCI).

### 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 is potentially unfavourable to the Council.

The Council's liabilities held during the year are measured at amortised cost and comprised:

- Borrowing: Long term loans from the Public Works Loans Board and commercial lenders, short term loans from other local authorities, plus accrued interest on these loans
- Finance leases detailed in note 33
- Private Finance Initiative contracts detailed in note 34
- Trade payables for goods and services received

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

	Long Term		Short Term	
	31/03/22	31/03/21	31/03/22	31/03/21
<b>Financial liabilities at amortised cost:</b>	£'000	£'000	£'000	£'000
Borrowing (including accrued interest)	(593,548)	(484,037)	(114,689)	(77,918)
PFI liabilities	(9,308)	(12,725)	(3,418)	(3,252)
Finance lease liabilities	(12,660)	(14,123)	(1,316)	(1,185)
Payables	(17,515)	(2,079)	(105,462)	(69,212)
<b>Total Financial Liabilities</b>	<b>(633,031)</b>	<b>(512,964)</b>	<b>(224,885)</b>	<b>(151,567)</b>

The short-term creditors line in the Balance Sheet includes £115.1 million (31 March 2021 £121million) of items that do not meet the definition of a financial liability and are therefore not included in the above table. See note 18 for further information.

# NOTES TO THE STATEMENTS

## 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 financial assets held by the Council during the year are held under the following classifications:

- Cash and cash equivalents, including current account deposits with Barclays Bank, and short-term investments with other local authorities and the Debt Management Office (DMO) maturing within 3 months of the balance sheet date, Bank current and deposit accounts
- Short Term Investments - Loans to other local authorities maturing 3 months or more after the balance sheet date (including accrued interest), Loans made to community organisations and other bodies for service purposes (including soft loans)
- Trade receivables for goods and services delivered

Allowances for impairment losses for trade receivables are calculated using the simplified approach recognising lifetime expected losses. Allowances for impairments on loans made for service purposes are made on the expected loss model.

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

	Long Term		Short Term	
	31/03/22	31/03/21	31/03/22	31/03/21
<b>Financial assets at amortised cost:</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	0	0	84,086	16,146
Short Term Investments	0	0	5,004	5,046
Loans made for service purposes	7,312	6,245	0	0
Trade receivables	68	68	98,112	72,779
<b>Total Financial Assets</b>	<b>7,380</b>	<b>6,313</b>	<b>187,202</b>	<b>93,971</b>

The short-term debtors' line in the Balance Sheet includes £47.8million (31 March 2021 £79.3 million) of items that do not meet the definition of a financial asset and are therefore not included in the above table.

# NOTES TO THE STATEMENTS

## Income, expense, gains and losses

The income and expense recognised in the CIES in relation to financial instruments consist of the following items. There were no gains or losses on revaluation, or items recognised in other comprehensive income and expenditure.

	Financial Liabilities measured at amortised cost	Financial Assets carried at amortised cost	Financial Liabilities measured at amortised cost	Financial Assets carried at amortised cost
	2021/22	2021/22	2020/21	2020/21
	£'000	£'000	£'000	£'000
Interest expense	19,139		19,206	0
Impairment losses (Non-HRA)	2,315		9,304	0
<b>Total expense in SDPOS</b>	<b>21,454</b>	<b>0</b>	<b>28,510</b>	<b>0</b>
Interest and investment income		(323)	0	(1,497)
<b>Total income in SDPOS</b>	<b>0</b>	<b>(323)</b>	<b>0</b>	<b>(1,497)</b>
<b>Net (gain) / loss for the year</b>	<b>21,454</b>	<b>(323)</b>	<b>28,510</b>	<b>(1,497)</b>

## Financial instruments – fair values

Financial assets and liabilities are carried in the Balance Sheet at amortised cost. The fair values for all financial assets are the same as the carrying values, reported earlier in this note to the accounts. Fair values for financial liabilities are estimated by calculating the present values of remaining contractual cash flows as at 31 March 2022, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans
- The value of 'Lender's Option Borrower's Option' (LOBO) loans has been increased by the value of the embedded options. Lenders' options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield
- No early repayment or impairment is recognised for any financial instrument
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount

Fair values are shown in the tables below, split by their level in the fair value hierarchy as follows:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability e.g. interest rates or yields for similar instruments

## NOTES TO THE STATEMENTS

- Level 3 – fair value is determined using unobservable inputs e.g. non-market data such as cash flow forecasts or estimated creditworthiness

	Level	Fair Value		Carrying Amount	
		31/03/22 £'000	31/03/21 £'000	31/03/22 £'000	31/03/21 £'000
PWLB loans	2	(454,751)	(424,876)	(478,097)	(372,821)
LOBO loans	2	(208,736)	(234,897)	(130,094)	(130,120)
Lease payables	2	(17,534)	(20,819)	(13,975)	(15,308)
PFI liability	2	(13,539)	(18,013)	(12,726)	(15,977)
<b>Total</b>		<b>(694,560)</b>	<b>(698,605)</b>	<b>(634,892)</b>	<b>(534,227)</b>
Liabilities for which fair value is not disclosed*				(223,024)	(130,305)
<b>Total financial liabilities</b>				<b>(857,916)</b>	<b>(664,532)</b>
Recorded on balance sheet as:					
- short term creditors				(110,196)	(73,649)
- short term borrowing				(114,689)	(77,918)
- long term creditors				(17,515)	(2,079)
- long term borrowing				(593,548)	(484,037)
- other long term liabilities				(21,968)	(26,849)
<b>Total financial liabilities</b>				<b>(857,916)</b>	<b>(664,532)</b>

\*This includes £100m short-term borrowing to other local authorities (£59m for 2020/21).

The fair value of financial liabilities held at amortised cost is higher than their Balance Sheet carrying amount because the Council's portfolio of loans includes several loans where the interest rate payable is higher than the current rates available for their similar loans as at the Balance Sheet date.

	Level	Fair Value		Carrying Amount	
		31/03/22 £'000	31/03/21 £'000	31/03/22 £'000	31/03/21 £'000
Cash and Cash Equivalents	2	66,180	12,045	66,180	12,045
Short Term Investments	2	5,004	5,046	5,004	5,046
<b>Total</b>		<b>71,184</b>	<b>17,091</b>	<b>71,184</b>	<b>17,091</b>
Assets for which fair value is not disclosed				123,398	83,193
<b>Total financial assets</b>				<b>194,582</b>	<b>100,284</b>
Recorded on balance sheet as:					
- short term debtors				98,112	72,779
- short term investments				5,004	5,046
- long term debtors				7,380	6,313
- cash and cash equivalents				84,086	16,146
<b>Total financial assets</b>				<b>194,582</b>	<b>100,284</b>

# NOTES TO THE STATEMENTS

## 15. Nature and extent of risks arising from financial instruments

The Council has adopted the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in the Public Services: Code of Practice 2017 Edition and complies with the Prudential Code of Capital Finance for Local Authorities which was issued in the same year.

The Council approves a Treasury Management Strategy (TMSS) 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 2021/22 Treasury Management Strategy can be found on the Council's website [www.haringey.gov.uk](http://www.haringey.gov.uk).

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the Department for Levelling up, Housing & Communities (DLUHC) 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 prioritising security and liquidity, with investment return being a secondary objective.

The Council's activities expose it to a variety of financial risks. The main risks covered are:

- **Credit Risk** is the possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council
- **Liquidity Risk** is the possibility that the Council might not have funds available to make contractual payments on time

- **Market Risk** is the possibility that unplanned financial loss will materialise as a result of changes in market variables such as interest rates and stock market movements

### Credit Risk: Investments

The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

A limit of £5 million is placed on the amount of money that can be invested with a single counterparty (other than the UK government through the Debt Management Office). The Council also sets limits on investments in certain sector and group limits. Full details of the Council's approved counterparties, along with the relevant investment and term limits are included in the Investment Strategy section of the TMSS.

The nominal value of the Council's investment portfolio at 31 March 2022 was £71.2 million with no money deposited with UK commercial banks (£17.0 million and nil respectively at 31 March 2021). All investments were made in line with the Council's approved credit rating criteria.

As the Council has a statutory duty to provide a wide range of services, there is no credit checking of individuals or businesses. The Council does, however, ensure that debts are collected as quickly and cost effectively for each service, as appropriate. When bills are raised a payment due date is triggered and customers have a grace period of 21 to 28 days in which to make payment. Thereafter, all

## NOTES TO THE STATEMENTS

debts are considered overdue and debt collection procedures commence. Levels of debt arrears, allowances for non-collection of debt and debt write off are closely monitored. Please refer to Note 16 Debtors.

### Liquidity Risk

The Council finances its capital programme by borrowing using the Public Works Loans Board (PWLB) lending facility which is operated by the UK Debt Management Office (DMO) on behalf of HM Treasury. The PWLB facility provides loans to local authorities (and other specified bodies) using a policy framework set by HM Treasury.

Historically, the Council has borrowed from several commercial lenders in the form of Lender Option, Buyer Option (LOBO) loans. The loans provide the lender with the right to exercise its option to propose an increase in the interest rates at set dates, following which the Council has the option to either accept the new rate or to repay the entire loan at no additional cost. None of the lenders exercised their options during the financial year.

In addition to this, the Council also borrows from other local authorities as part of its ongoing cash flow management.

Currently, there is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans and ensuring that no more than set percentages of the Council's borrowing matures in any one financial year.

The maturity analysis of the nominal value of the Council's debt at 31 March 2022 was as follows:

Maturing within (years)	31/03/2022	31/03/2021
	£'000	£'000
Public Works Loans Board	807,988	634,398
Market debt	133,399	354,680
Local government	100,162	59,091
<b>Total</b>	<b>1,041,549</b>	<b>1,048,169</b>
Less than 1 year	181,523	94,088
Between 1 and 2 years	112,044	23,173
Between 2 and 5 years	54,715	76,855
Between 5 and 10 years	84,849	93,389
Between 10 and 20 years	178,541	218,756
Between 20 and 40 years	259,592	374,560
Between 40 and 50 years	170,285	167,348
	<b>1,041,549</b>	<b>1,048,169</b>

This analysis includes £125 million of LOBO loans, which are currently in their call period. In prior years, these were shown as at their final maturity date due to the persistent low-rate environment over the last decade or so which had reduced the likelihood of the options being exercised. However, as the Bank of England has started to increase the Bank Rate, the likelihood of the options on these loans being exercised has increased, although it remains unlikely that they will be exercised in the next financial year.

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 financial year.

### Market Risk

*Interest Rate Risk:* The Council is exposed to risks arising from



## NOTES TO THE STATEMENTS

movements in interest rates. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited will rise
- investments at fixed rates – the fair value of the assets will fall.

The Treasury Management Strategy aims to mitigate these risks by setting an upper limit on the percentages of external debt that can be subject to variable interest rates. At 31 March 2022, 100% of the debt portfolio was held in fixed 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.

**31/03/2021**

	£'000
Increase in interest receivable on variable rate investments	467
Increase in interest payable on variable rate borrowings	0
Impact on Surplus or Deficit on Provision of Services	467
Decrease in fair value of fixed rate borrowing liabilities	71,102

These assumptions are based on the same methodology as used in the 'Fair Value' disclosure note.

*Foreign Exchange Risk:* The Council had no direct foreign exchange rate exposure at 31 March 2022 as all investments were denoted in Sterling.

*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 this class of financial instruments).

# NOTES TO THE STATEMENTS

## 16. Debtors

The following tables provide an analysis of money owed to the Council by other bodies as at 31 March 2022 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.

Short Term Debtors	31st March 2022			31st March 2021		
	Gross Debtor	Expected Credit Loss/ Incurred	Net Debtor	Gross Debtor	Expected Credit Loss/ Incurred	Net Debtor
	£000	£000	£000	£000	£000	£000
Central Government	32,119	0	32,119	40,705	0	40,705
Commercial Waste	86	(86)	0	65	(65)	0
Health Authorities	47,961	0	47,961	28,829	0	28,829
Housing Benefit Overpayments	27,673	(23,957)	3,716	30,436	(27,385)	3,051
Housing/ HRA Rent Payers	47,224	(33,955)	13,269	39,468	(26,842)	12,627
Local Taxation	35,485	(29,852)	5,633	33,326	(27,755)	5,571
Other Local Authorities	20,141	0	20,141	20,678	0	20,678
Other Receivables	22,741	(8,622)	14,119	41,493	(10,680)	30,813
Parking	28,071	(25,660)	2,411	30,838	(29,267)	1,571
Payment in Advance	1,183	0	1,183	1,287	0	1,287
Trade Receivables	7,096	(1,753)	5,343	8,317	(1,377)	6,940
<b>Total Short Term Debtors</b>	<b>269,780</b>	<b>(123,885)</b>	<b>145,895</b>	<b>275,442</b>	<b>(123,371)</b>	<b>152,071</b>

Long Term Debtors	31st March 2022	31st March 2021
	Net Debtor	Net Debtor
	£'000	£'000
Advances & Deposits	68	68
Service Loans	7,312	6,245
<b>Total Long Term Debtors</b>	<b>7,380</b>	<b>6,313</b>

# NOTES TO THE STATEMENTS

	Group Amounts			Group Amounts		
		31st March 2022 Expected Credit Loss/ Incurred			31st March 2021 Expected Credit Loss/ Incurred	
<b>Short Term Debtors</b>	<b>Gross Debtor</b>	<b>Credit Loss</b>	<b>Net Debtor</b>	<b>Gross Debtor</b>	<b>Credit Loss</b>	<b>Net Debtor</b>
	£000	£000	£000	£000	£000	£000
Central Government	32,119	0	32,119	40,705	0	40,705
Commercial Waste	86	(86)	0	65	(65)	0
Health Authorities	47,961	0	47,961	28,829	0	28,829
Housing Benefit Overpayments	27,673	(23,957)	3,716	30,436	(27,385)	3,051
Housing/ HRA Rent Payers	47,224	(33,955)	13,269	39,468	(26,842)	12,627
Local Taxation	35,485	(29,852)	5,633	33,326	(27,755)	5,571
Other Local Authorities	20,141	0	20,141	20,678	0	20,678
Other Receivables	21,759	(8,622)	13,137	31,882	(10,680)	21,202
Parking	28,071	(25,660)	2,411	30,838	(29,267)	1,571
Payment in Advance	1,183	0	1,183	1,287	0	1,287
Trade Receivables	7,096	(1,753)	5,343	8,317	(1,377)	6,940
<b>Total Short Term Debtors</b>	<b>268,798</b>	<b>(123,885)</b>	<b>144,913</b>	<b>265,831</b>	<b>(123,371)</b>	<b>142,460</b>

	31st March 2022	31st March 2021
<b>Long Term Debtors</b>	<b>Net Debtor</b>	<b>Net Debtor</b>
	£000	£000
Advances & Deposits	68	68
Service Loans	1,393	6,245
<b>Total Long Term Debtors</b>	<b>1,461</b>	<b>6,313</b>

# NOTES TO THE STATEMENTS

Expected credit loss is based on the expectation that the future cash flows might not take place because the borrower could default on their obligations. This applies to all of the council's contractual Financial Instrument Assets apart from statutory and tax-based debt

2021/22 Expected Credit Loss/ Incurred Credit Loss Movement	Opening balance 01/04/2021	(Additional Provisions)/ Released during the Year	Amount Used During the Year	Closing Balance 31/03/2022
	£000	£000	£000	£000
<b>Expected Credit Loss:</b>				
Housing Rent	(11,602)	(3,225)	121	(14,706)
Other (Sundry/ Commercial)	(9,447)	910	1,675	(6,862)
	<u>(21,048)</u>	<u>(2,315)</u>	1,796	<u>(21,567)</u>
<b>Incurred Credit Loss:</b>				
Housing Other	(15,192)	(4,158)	86	(19,264)
Housing Benefit Overpayment	(27,385)	2,909	520	(23,957)
Local Taxation	(27,754)	(2,602)	505	(29,851)
Parking	(29,267)	(11,076)	14,683	(25,661)
Other	(2,724)	(867)	4	(3,586)
	<u>(102,322)</u>	<u>(15,794)</u>	15,798	<u>(102,318)</u>
	<b>(123,371)</b>	<b>(18,109)</b>	<b>17,594</b>	<b>(123,885)</b>

2020/21 Expected Credit Loss/ Incurred Credit Loss Movement	Opening balance 01/04/2020	(Additional Provisions)/ Released during the Year	Amount Used During the Year	Closing Balance 31/03/2021
	£000	£000	£000	£000
<b>Expected Credit Loss:</b>				
Housing Rent	(9,939)	(1,924)	261	(11,602)
Other (Sundry/ Commercial)	(2,170)	(7,379)	103	(9,447)
	<u>(12,109)</u>	<u>(9,303)</u>	364	<u>(21,048)</u>
<b>Incurred Credit Loss:</b>				
Housing Other	(11,438)	(4,163)	408	(15,192)
Housing Benefit Overpayment	(30,654)	0	3,268	(27,385)
Local Taxation	(18,881)	(9,682)	809	(27,754)
Parking	(26,666)	(2,601)	0	(29,267)
Other	(2,486)	(260)	22	(2,724)
	<u>(90,125)</u>	<u>(16,706)</u>	4,507	<u>(102,322)</u>
	<b>(102,234)</b>	<b>(26,009)</b>	<b>4,870</b>	<b>(123,371)</b>

## 16a Debtors for Local Taxation

The past due net of impairments for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

Council Tax	31/03/22	31/03/21
	£'000	£'000
One year or less than one year	3,177	3,320
More than one year	2,080	1,710
<b>Total</b>	<b>5,257</b>	<b>5,030</b>

Non-Domestic Rates	31/03/22	31/03/21
	£'000	£'000
One year or less than one year	281	336
More than one year	185	205
<b>Total</b>	<b>466</b>	<b>541</b>

# NOTES TO THE STATEMENTS

## 17. Cash and cash equivalents

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

	Single Entity		Group Amounts	
	31/03/22 £'000	31/03/21 £'000	31/03/22 £'000	31/03/21 £'000
Cash in hand and at bank	17,906	4,101	24,086	10,984
Short-term deposits	66,180	12,045	66,180	12,045
<b>Total</b>	<b>84,086</b>	<b>16,146</b>	<b>90,266</b>	<b>23,029</b>

## 18. Creditors

The following tables provide an analysis of money owed by the Council as at 31 March 2022.

	Long Term		Short Term	
	31/03/22 £'000	31/03/21 £'000	31/03/22 £'000	31/03/21 £'000
Central Govt bodies	0	0	(81,250)	(75,838)
Other local authorities	0	0	(3,554)	(3,089)
NHS bodies	0	0	(16,855)	(9,446)
Receipt in Advance	0	0	(30,890)	(21,506)
Trade Payables	(17,515)	(2,079)	(17,801)	(14,872)
Other Payables	0	0	(54,059)	(48,586)
PFI	0	0	(3,418)	(4,294)
Council Tax, NNDR & Housing Benefit Overpayments	0	0	(17,416)	(17,031)
<b>Total</b>	<b>(17,515)</b>	<b>(2,079)</b>	<b>(225,243)</b>	<b>(194,662)</b>

	Single Entity		Group Amounts	
	31/03/22 £'000	31/03/21 £'000	31/03/22 £'000	31/03/21 £'000
Central Govt bodies	(81,250)	(75,838)	(81,250)	(75,838)
Other local authorities	(3,554)	(3,089)	(3,554)	(3,089)
NHS bodies	(16,855)	(9,446)	(16,855)	(9,446)
Receipt in Advance	(30,890)	(21,506)	(30,890)	(21,506)
Trade Payables	(35,316)	(16,951)	(35,316)	(16,951)
Other Payables	(54,059)	(48,586)	(57,903)	(66,364)
PFI	(3,418)	(4,294)	(3,418)	(4,294)
Council Tax, NNDR & Housing Benefit Overpayments	(17,416)	(17,031)	(17,416)	(17,031)
<b>Total</b>	<b>(242,758)</b>	<b>(196,741)</b>	<b>(246,602)</b>	<b>(214,519)</b>

# NOTES TO THE STATEMENTS

## 19. Provisions

Provisions are analysed on the face of the Balance Sheet as either short term or long term. The amounts below are estimates based on the best information available:

	Insurance	NDR appeals	Thames Water	Other	Total
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2021</b>	<b>(6,683)</b>	<b>(11,447)</b>	<b>(5,323)</b>	<b>(1,048)</b>	<b>(24,501)</b>
Provisions made in 2021/22	(2,436)	(1,717)	0	(102)	(4,254)
Amounts used in 2021/22	1,719	8,226		174	10,119
<b>Balance at 31 March 2022</b>	<b>(7,400)</b>	<b>(4,938)</b>	<b>(5,323)</b>	<b>(976)</b>	<b>(18,636)</b>
Of which:					
<b>Long Term</b>	<b>(6,129)</b>	<b>(3,418)</b>	<b>(5,323)</b>	<b>(273)</b>	<b>(15,142)</b>
<b>Short Term</b>	<b>(1,271)</b>	<b>(1,520)</b>	<b>0</b>	<b>(703)</b>	<b>(3,494)</b>

The **insurance provision** is required as 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 many years.

The **Non-Domestic Rates (NDR) provision** reflects the potential liabilities of the repayments to businesses based on current outstanding appeals and an estimate of any future appeals.

The **Thames Water provision** represents management's judgement of reasonable estimate required should tenants reclaim excess water charges.

## 20. Unusable reserves

	31/03/22	31/03/21
	£'000	£'000
Collection Fund Adjustment	14,845	31,291
Revaluation Reserve	(1,003,596)	(852,482)
Pensions Reserve	482,038	684,424
Capital Adjustment Account	(1,084,964)	(1,113,739)
Deferred Capital Receipts	(51)	(51)
Financial Instruments Adjustment	3,640	3,869
Dedicated School Grant Adjustment	20,505	17,016
Accumulated Absences	10,023	9,561
<b>Total</b>	<b>(1,557,560)</b>	<b>(1,220,111)</b>

### 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 taxpayers compared with the statutory arrangements for paying across amounts to the general fund from the collection fund.

	2021/22	2020/21
	£'000	£'000
<b>Balance as at 1 April</b>	<b>31,291</b>	<b>(8,082)</b>
Amount by which council tax and non domestic rates income credited to the CIES is different from council tax and non domestic rates income calculated for the year in accordance with statutory requirements	(16,446)	39,373
<b>Balance as at 31 March</b>	<b>14,845</b>	<b>31,291</b>

# NOTES TO THE STATEMENTS

## 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. The Revaluation Reserve includes the figures from the Single Entity only but excludes those from the Group Entity. This is an additional £88.9m as at 31 March 2022 (£76.9m at 31 March 2021).

	2021/22	2020/21
	£'000	£'000
<b>Balance as at 1 April</b>	<b>(852,482)</b>	<b>(788,321)</b>
(Surplus) or deficit on revaluation of property, plant and equipment	(165,771)	(75,375)
Difference between fair value depreciation and historical cost depreciation	8,709	8,315
Revaluation losses & impairments written off to previous gains	4,696	0
Revaluation balances on disposed assets	1,252	2,899
<b>Balance as at 31 March</b>	<b>(1,003,596)</b>	<b>(852,482)</b>

## 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.

	2021/22	2020/21
	£'000	£'000
<b>Balance as at 1 April</b>	<b>684,424</b>	<b>493,540</b>
Remeasurements recognised in Other Comprehensive Income and Expenditure	(244,196)	173,226
Reversal of items relating to retirement benefits debited or credited to SDPOS	41,810	17,658
<b>Balance as at 31 March</b>	<b>482,038</b>	<b>684,424</b>

# NOTES TO THE STATEMENTS

## 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.

	2021/22	2020/21
	£'000	£'000
<b>Balance as at 1 April</b>	<b>(1,113,739)</b>	<b>(1,120,631)</b>
<i>Reversal of items relating to capital expenditure debited or credited to CIES</i>		
- charges for depreciation and impairment of NCA	46,286	45,317
- revaluation gains and reversals of losses on PPE	64,976	15,122
- amortisation of intangible assets	986	1,521
- Impairment of investment and long term debtors	0	3,022
- REFCUS	17,053	10,221
- amounts of NCA written off on disposal or sale as part of the gains/loss on disposal to CIES	4,440	7,892
	<b>133,741</b>	<b>83,095</b>
Adjusting amounts written out of Revaluation Reserve	<b>(9,961)</b>	<b>(11,213)</b>
Net written out amount of the cost of NCA consumed in the year	<b>123,780</b>	<b>71,882</b>
<i>Capital financing applied in the year</i>		
- Capital Receipts	(9,611)	(9,292)
- Major Repairs Reserve	(22,664)	(19,334)
- Capital Grants	(45,442)	(27,624)
- Revenue Contributions	(2,524)	(7,692)
- Minimum revenue provision	(9,509)	(7,382)
	<b>(89,750)</b>	<b>(71,324)</b>
Movements in the market value of Investment Properties debited or credited to CIES	(599)	5,658
Other adjustments	(4,655)	675
<b>Balance as at 31 March</b>	<b>(1,084,963)</b>	<b>(1,113,739)</b>



# NOTES TO THE STATEMENTS

## Dedicated Schools Grant (DSG) Adjustment Account

The Dedicated Schools Grant adjustment account holds accumulated deficits relating to the schools' budget. Where the authority has incurred a deficit on its schools budget in years beginning 1 April 2020, 1 April 2021 or 1 April 2022, the Local Authorities (Capital Finance and Accounting) Regulations do not allow for such amounts to be included in the General Fund and instead must be held in this adjustment account.

	2021/22	2020/21
	£'000	£'000
<b>Balance as at 1 April</b>	<b>17,016</b>	<b>10,184</b>
Deficit for the year	3,489	6,832
<b>Balance as at 31 March</b>	<b>20,505</b>	<b>17,016</b>

As part of a national programme, the council has been invited to enter into discussions to join the Safety Valve programme to address the historic accumulated DSG deficit within the high needs block. The council is working with the Department for Education (DfE) to deliver a written statement of action and the regularly updated DSG Management Plan to bring about improvements to how services are delivered at a reduced cost. This will help the council deliver services within existing agreed budgets.

## Accumulated Absences

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, eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the account.

	2021/22	2020/21
	£'000	£'000
<b>Balance as at 1 April</b>	<b>9,561</b>	<b>7,147</b>
Settlement / cancellation of accrual made at the end of the preceding year	<b>(9,561)</b>	<b>(7,147)</b>
Amounts accrued at the end of the current year	10,023	9,561
Amount by which officer remuneration charged to the CIES on an accruals basis is different from charges in accordance with statute	462	2,414
<b>Balance as at 31 March</b>	<b>10,023</b>	<b>9,561</b>

# NOTES TO THE STATEMENTS

## 21. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	Single Entity 2021/22	Group 2021/22	Single Entity 2020/21	Group 2020/21
	£000	£000	£000	£000
Interest received	365	365	1,422	1,422
Interest paid	(18,858)	(18,858)	(19,544)	(19,544)

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

	Single Entity 2021/22	Group 2021/22	Single Entity 2020/21	Group 2020/21
	£000	£000	£000	£000
Depreciation	46,286	48,063	42,398	44,416
Impairment and downward valuations	64,976	64,976	18,628	18,628
Amortisation	986	986	1,521	1,521
Increase/(decrease) in creditors	49,450	34,676	27,667	26,089
Increase/(decrease) in provisions	(5,865)	(5,719)	0	(69)
(Increase)/decrease in debtors	(15,052)	(14,558)	(51,861)	(52,662)
(Increase)/decrease in inventories	20	(417)	(6)	(112)
Movement in pension liability	41,810	51,220	17,658	23,092
Carrying amount of non-current assets disposal	4,440	4,440	7,892	7,892
Movement in fair value of investment properties	(599)	(599)		
Other non-cash items charged to the net surplus or deficit on the provision of services	(53)	(3,836)	14,436	12,333
	<b>186,399</b>	<b>179,233</b>	<b>78,333</b>	<b>81,128</b>

# NOTES TO THE STATEMENTS

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

	Single Entity 2021/22	Group 2021/22	Single Entity 2020/21	Group 2020/21
	£000	£000	£000	£000
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0	0	(16,879)	(16,879)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(10,879)	(10,879)	(11,978)	(11,978)
Capital Grants credited to SDPOS	(42,427)	(42,427)	(19,920)	(19,920)
	<b>(53,306)</b>	<b>(53,306)</b>	<b>(48,777)</b>	<b>(48,777)</b>

## 22. Cash Flow Statement - Investing Activities

	Single Entity 2021/22	Group 2021/22	Single Entity 2020/21	Group 2020/21
	£000	£000	£000	£000
Purchase of property, plant and equipment, investment property and intangible assets	(206,889)	(208,798)	(170,292)	(170,856)
Purchase of short-term and long-term investments	(16,469)	0	0	0
Other Investing activities	(1,271)	(778)	0	1,430
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	10,879	10,879	11,995	11,995
Proceeds from short-term and long-term investments	0	0	26,879	26,879
Capital Grants and Other Investments received	79,650	79,650	28,618	28,618
<b>Net cash flows from investing activities</b>	<b>(134,100)</b>	<b>(119,047)</b>	<b>(102,800)</b>	<b>(101,934)</b>

# NOTES TO THE STATEMENTS

## 23. Cash Flow Statement - Financing Activities

	Single Entity 2021/22	Group 2021/22	Single Entity 2020/21	Group 2020/21
	£000	£000	£000	£000
Cash receipts of short- and long-term borrowing	219,500	219,500	59,000	59,000
Other receipts from financing activities			11,136	11,136
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(4,662)	(4,662)	(3,868)	(3,868)
Repayments of short- and long-term borrowing	(73,500)	(73,500)	(36,278)	(36,278)
Other payments for financing activities	10,936	10,936	19,013	19,013
<b>Net cash flows from financing activities</b>	<b>152,274</b>	<b>152,274</b>	<b>49,003</b>	<b>49,003</b>

## 23a Reconciliation of Financial Liabilities from financing activities

	Opening Balance as at 01/04/2021	Financing Cash Flows	Non Cash Changes	Closing Balance as at 31/03/2022
	£'000	£'000	£'000	£'000
Long Term Borrowings	484,037	109,553	(42)	593,548
Short Term Borrowings	77,918	36,447	323	114,688
Lease Liabilities	15,308	(1,410)	78	13,976
On Balance sheet PFI liabilities	15,977	(3,252)		12,725
<b>Total</b>	<b>593,240</b>	<b>141,338</b>	<b>359</b>	<b>734,937</b>

# NOTES TO THE STATEMENTS

## 24. Members allowances

The total of Members' allowances paid in 2021/22 was £1.134 million compared to £1.133 million in 2020/21. These figures are included in the 'Your Council' line of the CIES.

## 25. External audit costs

BDO are the Council's appointed auditor under the Local Audit and Accountability Act 2014. Fees payable in respect of the annual audit of the Statement of Accounts are indicated below.

	2021/22	2020/21
	£'000	£'000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	159	159
Fees to BDO for HB subsidy claims audit	47	46
Fees payable to BDO in respect of grant claims and other services provided during the year	7	7
Rebate from the Public Sector Audit Appointments	(31)	0
<b>Total</b>	<b>182</b>	<b>212</b>

The final fees are to be confirmed by the Public Sector Audits Appointment (PSAA).

# NOTES TO THE STATEMENTS

## 26. Pooled budgets

In 2021/22, Haringey Council (the Council) entered into 2 pooled budget arrangements with Haringey Clinical Commissioning Group (the CCG) established under Section 75 (s75) of the NHS Act 2006:

- a) Better Care Fund which provides the financial support to jointly plan and deliver local services.
- b) Commissioning and provision of integrated learning disabilities service

### 2021/22 Section 75 Pooled Budget

	Gross Expenditure 2021/22	CCGS Contribution 2021/22	Haringey Contribution 2021/22	TOTAL Contribution 2021/22
	£'000	£'000	£'000	£'000
Adult Learning Disabilities Support	44,249	(13,353)	(30,896)	(44,249)
Adults Mental Health	62,292	(45,579)	(16,713)	(62,292)
Better Care Fund (BCF)	21,021	(21,021)	0	(21,021)
Disabled Facilities Grant (DFG) & Winter Pressures	2,780	(101)	(2,679)	(2,780)
Improved Better Care fund (iBCF)	9,519	0	(9,519)	(9,519)
Child and adolescent mental health services (CAMHS)	2,200	(1,280)	(920)	(2,200)
Violence Against Women and Girls (VAWG)	45	(23)	(23)	(45)
Children & Young Persons (CYP)	6,972	(290)	(6,682)	(6,972)
<b>TOTAL</b>	<b>149,078</b>	<b>(81,648)</b>	<b>(67,430)</b>	<b>(149,078)</b>

### 2020-21 Section 75 Pooled Budget

	Gross Expenditure 2020/21	CCGS Contribution 2020/21	Haringey Contribution 2020/21	TOTAL Contribution 2020/21
	£'000	£'000	£'000	£'000
Adult Learning Disabilities Support	30,106	(13,084)	(29,729)	(42,813)
Adults Mental Health	76,610	(46,881)	(17,021)	(63,903)
Better Care Fund (BCF)	19,893	(19,893)	0	(19,893)
Disabled Facilities Grant (DFG) & Winter Pressures	2,780	(101)	(2,679)	(2,780)
Improved Better Care fund (iBCF)	9,518	0	(9,518)	(9,518)
Child and adolescent mental health services (CAMHS)	5,607	(4,743)	(864)	(5,607)
Violence Against Women and Girls (VAWG)	45	(45)	0	(45)
Children & Young Persons (CYP)	6,964	(310)	(6,655)	(6,964)
<b>TOTAL</b>	<b>151,523</b>	<b>(85,057)</b>	<b>(66,466)</b>	<b>(151,523)</b>

## NOTES TO THE STATEMENTS

Haringey and CCG contribution is presented net of recharges for both prior and current year.

In 2021/22, the Council and the CCG continued the expanded and unified partnership agreement, under Section 75 of the NHS Act 2006, to support the implementation of strategic plans for more integrated commissioning and provide for:

- a) Lead commissioning and the establishment and maintenance of pooled fund for the commissioning of learning disability services for eligible adults' resident in Haringey.
- b) Lead commissioning and the establishment and maintenance of a pooled fund for the commissioning of mental health services for eligible adults' resident in Haringey.
- c) Joint commissioning and the establishment and maintenance of a pooled fund for the commissioning of older people's services for eligible adults' resident in the London Borough of Haringey.
- d) Joint commissioning and the establishment and maintenance of a pooled fund for the commissioning of child and adolescent mental health services for the residents of the London Borough of Haringey.
- e) Lead commissioning and the establishment and maintenance of a pooled fund for the commissioning of the Independent Domestic Violence Advocacy Service and the Identification and Referral to Increase Safety Service for eligible adults' resident in Haringey.
- f) Lead commissioning and the establishment and maintenance of a pooled fund for the commissioning of a range of young people's health and wellbeing services for eligible young people resident in

Haringey.

It should be noted that whilst the Partnership Agreement allows for all budgets mentioned above to be pooled, it is only the BCF, DFG, Winter Pressures Grant and the learning disability staffing budgets which are in fact pooled, all other budgets are aligned. The partnership agreement for the Better Care Fund comprises the CCG and the Council for the provision of services to facilitate closer integration of health and social care for local people. Haringey CCG, as the host Authority, held the revenue element whilst the Council held the capital element of the pooled budget.

The gross expenditure of the Better Care Fund (not including Improved Better Care Fund) was £23.8m in 2021/22 to which the Council's contribution was £2.8m and £21.0m was the contribution of Haringey CCG. In relation to the improved Better Care Fund the Council utilised the entire amount of £9.5m.



# NOTES TO THE STATEMENTS

## 27. Officers' Remuneration

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

Post Holder Details	Salary, Fees and Allowances		Compensation for Loss of Office		Employer Pension Contribution		Total Remuneration	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
	£	£	£	£	£	£	£	£
Chief Executive - Z Etheridge (Left 13/02/2022)*	175,550	190,194	0	0	44,025	49,260	219,575	239,454
CEO AM Hartney (Gladesmore Community School & Crowland Primary School)	157,761	153,965	0	0	0	0	157,761	153,965
Director of Finance - JR Warlow	167,883	163,654	0	0	42,642	42,387	210,525	206,041

\* Post filled by Interim Chief Executive Andy Donald from 14/02/2022 until 24/04/2022

## NOTES TO THE STATEMENTS

The following table sets out the remuneration disclosures for senior officers reporting to the Chief Executive whose salary is more than £50,000 but less than £150,000

Post Holder Details	Salary, Fees and Allowances		Compensation for Loss of Office		Employer Pension Contribution		Total Remuneration	
	2021/22 £	2020/21 £	2021/22 £	2020/21 £	2021/22 £	2020/21 £	2021/22 £	2020/21 £
Director of Housing & Regeneration Planning (Left 19/04/2020)		6,654	-	-	-	1,723	-	8,377
Director of Housing & Regeneration Planning (Appointed on 07/07/2020)*	148,220	106,940	-	-	37,648	27,697	185,867	134,637
Director of Childrens Services	136,824	134,205	-	-	34,753	34,759	171,577	168,964
Director of Adults & Health	140,781	137,737	-	-	35,758	35,674	176,539	173,411
Director of Environment & Neighbourhoods	136,824	131,322	-	-	34,753	34,013	171,577	165,335
Director of Customers, Transformation & Resources (Left 11/07/2021)**	51,544	136,584	-	-	9,849	35,375	61,394	171,959
Head of Legal & Governance (Appointed on 17/05/2021)***	97,438	-	-	-	24,749	-	122,187	-
Assistant Director of Corporate Governance (Left 30/11/2020)****	-	76,194	-	125,285	-	18,788	-	220,267

\* Post was covered by an interim from 30/03/2020

\*\* Post is covered by an interim from 01/07/2021 to date

\*\*\* Post was covered by an interim from 01/12/2020 until the permanent appointment

\*\*\*\* Post deleted and replaced by a new post (Head of Legal & Governance) from 01/12/2020

## NOTES TO THE STATEMENTS

The number of employees whose remuneration including redundancy payments but excluding pension contributions was £50,000 or more is detailed in the table below (this excludes senior officers who are disclosed in the previous tables):

	2021/22	2020/21
	No. of employees	No. of employees
£50,000 - £54,999	297	278
£55,000 - £59,999	258	245
£60,000 - £64,999	125	116
£65,000 - £69,999	57	62
£70,000 - £74,999	48	37
£75,000 - £79,999	34	23
£80,000 - £84,999	24	25
£85,000 - £89,999	16	18
£90,000 - £94,999	18	10
£95,000 - £99,999	13	17
£100,000 - £104,999	8	8
£105,000 - £109,999	11	8
£110,000 - £114,999	8	4
£115,000 - £119,999	4	5
£120,000 - £124,999	3	2
£125,000 - £129,999	2	0
£130,000 - £134,999	1	0
> £145,000	0	1
<b>Total</b>	<b>927</b>	<b>859</b>

### 28. Termination benefits

The tables below show the number of exit packages including pension strain contributions agreed in the year together with the total cost per band:

2021/22	No of compulsory redundancies	No of other agreed departures	Total number	Total cost £
£0 - £20,000	34	24	58	411,737
£20,001 - £40,000	10	8	18	500,397
£40,001 - £60,000	1	4	5	232,414
£60,001 - £80,000	2	0	2	134,518
£100,001 - £150,000	1	0	1	107,970
<b>Total</b>	<b>48</b>	<b>36</b>	<b>84</b>	<b>1,387,036</b>

2020/21	No of compulsory redundancies	No of other agreed departures	Total number	Total cost £
£0 - £20,000	74	8	82	571,976
£20,001 - £40,000	24	8	32	874,697
£40,001 - £60,000	6	1	7	350,807
£60,001 - £80,000	1	2	3	190,139
£80,001 - £100,000	2	0	2	177,316
£100,001 - £150,000	1	1	2	256,981
£150,001 - £200,000	2	0	2	365,786
£200,001 - £250,000	1	0	1	244,252
<b>Total</b>	<b>111</b>	<b>20</b>	<b>131</b>	<b>3,031,954</b>

## NOTES TO THE STATEMENTS

### 29. Dedicated Schools Grant (DSG)

The council's expenditure on schools is funded primarily by grant monies provided by the Department for Education and Skills Funding Agency (ESFA), the Dedicated Schools Grant (DSG). The DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2011. 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 maintained school. Details of the deployment of DSG receivable for 2021/22 are as follows.

	Central Expenditure	ISB	Total
	£'000	£'000	£'000
Final DSG for 2021/22 before Academy recoupment			279,038
Academy figure recouped for 2021/22			77,532
Total DSG after academy recoupment for 2021/22			201,506
Brought forward from 2020/21			0
Less Carry forward to 2022/23 agreed in advance			225
Agreed initial budget distribution in 2021/22	65,018	136,263	201,281
In Year Adjustment	1,104	0	1,104
	<b>66,122</b>	<b>136,263</b>	<b>202,385</b>
Final budgeted distribution for 2021/22			
Less actual central expenditure	69,611		69,611
Less actual ISB deployed to schools		136,263	136,263
Plus: Local Authority contribution for 2021/22	0	0	0
<b>In Year Carry forward to 2022/23</b>	<b>(3,489)</b>	<b>0</b>	<b>(3,489)</b>
Plus/Minus: Carry-forward to 2022/23			0
Carry-forward to 2022/23			0
DSG unusable reserve at the end of 2020/21			(17,016)
Addition to DSG unusable reserve at the end of 2021/22			(3,489)
Total of DSG unusable reserve at the end of 2021/22			(20,505)
Net DSG position at the end of 2021/22			<b>(20,505)</b>

## NOTES TO THE STATEMENTS

### 30. Grant income

The Council credited the following grants, contributions and donations to the CIES in 2021/22.

	2021/22	2020/21
	£'000	£'000
<b>Credited to Taxation and Non-Specific Income</b>		
Business Rates - top-up	(65,780)	(58,412)
Revenue Support Grant	(22,115)	(21,993)
New Homes Bonus Grant	(1,208)	(1,782)
Section 31 grant	(6,618)	(5,707)
<b>Covid 19 Grants</b>		
Small Business Rate Retail & Nursery	(7,854)	(13,222)
Section 31 grant	(13,481)	(18,645)
Other Covid Support	(640)	(972)
Income Loss Compensation	(2,428)	(9,632)
Council Tax Hardship Fund	0	(3,697)
Covid-19 75% Tax Income Guarantee	215	(3,014)
Other general grants	(583)	(158)
Capital Grants	(39,467)	(18,147)
<b>Total</b>	<b>(159,960)</b>	<b>(155,380)</b>

	2021/22	2020/21
	£'000	£'000
<b>Credited to Services</b>		
Benefit Subsidy	(188,879)	(205,742)
Dedicated Schools Grant	(201,506)	(192,755)
Local Taxation Admin Grants	(1,910)	(1,955)
Pupil Premium	(8,928)	(8,848)
Public Health	(20,914)	(20,353)
PFI Revenue	(5,669)	(5,669)
Flexible Housing Grant	(10,154)	(6,726)
Universal Infant Free School Meals	(2,383)	(2,888)
Better Care Fund (Dept of Health via CCG)	(8,371)	(8,370)
Discretionary Housing Payments	(1,683)	(2,066)
Household Support Fund	(2,407)	0
Adult Social care New Burdens	(6,290)	(5,144)
Adult Learning & 6th Form Grant	(9,872)	(8,107)
Tackling Troubled Families	(1,270)	(1,133)
MHCLG Grants	(3,079)	(6,540)
Department for Education grants	(2,926)	(9,976)
Home Office miscellaneous grants	(2,852)	(3,158)
TFL Grants	(242)	(399)
Other miscellaneous revenue grants	(5,814)	(4,754)
Capital Grants treated as revenue	(2,972)	(1,777)
Contributions- NHS Bodies	(26,229)	(27,263)
Other contributions and reimbursements	(5,893)	(2,782)
<b>Covid 19 Grants</b>		
Additional Restrictions Grant	(3,207)	(4,838)
Local Authority Discretionary Grant	0	(3,153)
Restart Grant	(12,714)	0
Omicron Hospitality Leisure Grant	(1,122)	0
Contain Outbreak Grant	(2,260)	(6,486)
Schools Covid Grant Fund	(1,037)	(2,046)
Other Covid Grants under £2m	(12,750)	(9,896)
<b>Total</b>	<b>(553,333)</b>	<b>(552,824)</b>

## NOTES TO THE STATEMENTS

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:

	2021/22	2020/21
<b>Grants Received in Advance</b>	£000'	£000'
<b>Current Liabilities</b>		
<b>Capital</b>		
Mayors Land Fund	(10,000)	0
New Build Grant	(8,576)	0
BEIS Funding	(12,223)	0
Brownfield Land Release Fund	(3,886)	0
Other capital	(1,831)	(5,176)
	<b>(36,516)</b>	<b>(5,176)</b>
<b>Revenue</b>	(596)	(1,447)
<b>Total</b>	<b>(37,112)</b>	<b>(6,623)</b>
<b>Long Term Liabilities</b>		
<b>Capital</b>		
S106 Contributions	(16,110)	(13,899)
<b>Total</b>	<b>(16,110)</b>	<b>(13,899)</b>

### 31. 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. 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

Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, most 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). Grants received from government departments are set out in note 30 Grant income.

#### Pooled Budgets

The Council has entered into partnership agreements under Section 75 of the Health Act 2006. The specific details of these partnerships are shown in note 26 relating to Pooled Budgets.

#### Pension Fund

The pension fund accounts are set out elsewhere in the Statement of Accounts. The pension fund operates a separate bank account and makes investments separately from the Council. The pension fund owed the council £0.067m as at 31 March 2022 and the Council charged the fund £0.827m for administration in 2021/22 (£0.551m and £0.679m respectively in 2020/21).

## NOTES TO THE STATEMENTS

### Homes for Haringey Limited, Alexandra Park and Palace Charitable Trust Limited

Both are wholly owned subsidiaries of Haringey Council and have been consolidated into the Council's Group Accounts. The net value of payments and receipts in 2021/22 were £74.5 million and £7.6 million respectively (£71.1 million and £7.1 million in 2020/21).

The Total debt owed by Alexandra Park and Palace Charitable Trust at the year end is £49.1m. Most of these debts (£43.1), are historic debt balances owed by the Trust that have not been legally discharged. £5.9m of the remainder relates to loans for refurbishment of the Ice Rink facility, West Yard Storage and lighting, which are being repaid by the Trust in line with the agreed loan agreements. This historic debt dates back to previous decades when the Council expended funds on behalf of the Trust. The debt is legally outstanding but does not currently have repayments being made. Although the debt has not been legally discharged, the Council has agreed that it will only seek to recover the debt when the Trust is in a position to repay amounts due.

### Alexandra House Wood Green Limited

This was a wholly owned subsidiary of Haringey Council which owned one of the Council's office buildings. The only material transaction between the company and the council was the transfer of office building (Alexandra House) on 27th May 2021. The company was subsequently dissolved during the year. These transactions have been reflected in the accounts of the company, council and group accounts.

### North London Waste Authority (NLWA)

NLWA has seven participating boroughs, and each borough can appoint up to 2 members to the board. The value of the levy paid is disclosed in note 7.

### Members and Senior Officers

Members of the Council including the Mayor have direct control over the Council's financial and operating policies. The total of members allowances paid in 2021/22 is shown in note 23. Members of the Council and senior officers participate in and are members of a variety of other public bodies and community groups either in a personal capacity or appointment by the Council.

In 2021/22, Haringey has provided financial support to or purchased services from 14 charitable or voluntary organisations (16 in 2020/21) in which 25 members have declared an interest (23 in 2020/21). 17 of these instances were as a representative of the Council and 8 in a personal capacity (15 and 8 respectively in 2020/21). In 2021/22, the total value of payments and amounts due was £4.460 million (£3.968 million in 2020/21) and the total value of receipts and amounts due was £0.736 million (£0.903 million in 2020/21).

The balance due to Haringey at the end of the year in respect of a loan made to Bernie Grant Centre is £0.340 million. The Centre is a registered charity and performing arts centre in Tottenham set up in memory of MP Bernie Grant.

The Council has well established mechanisms and procedures for preventing undue influence in awarding of contracts or grant funding to organisations. Supporting these mechanisms 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. This note has been compiled using this register and individual declarations made by elected members and senior officers. One ex-senior officer did not submit a declaration form.



# NOTES TO THE STATEMENTS

## 32. 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 PFI contracts), together with the resources that have been used to finance it. The Capital Financing Requirement (CFR) is a measure of the Council's underlying need to borrow to fund capital expenditure; it will increase where capital expenditure is to be financed in future years by charges to revenue as assets are used.

	2021/22	2020/21
	£'000	£'000
<b>Capital Financing Requirement at 1 April</b>	<b>837,034</b>	<b>723,662</b>
<i>Capital investment</i>		
- Property, Plant and Equipment	196,261	170,511
- Long term loans	1,138	1,730
- Investment Properties	7,412	500
- Intangible Assets	4,632	1,734
- REFCUS	17,053	10,221
	<b>226,496</b>	<b>184,696</b>
<i>Sources of finance</i>		
- Capital receipts	(9,611)	(9,292)
- Government grants and other contributions	(46,684)	(27,624)
- Major Repairs Allowance	(22,664)	(19,334)
- Direct revenue contributions	(2,524)	(7,692)
- Minimum Revenue Provision	(9,510)	(7,382)
	<b>(90,993)</b>	<b>(71,324)</b>
<b>Closing CFR</b>	<b>972,537</b>	<b>837,034</b>
<b>Explanation of movements in year</b>		
Provision to reduce underlying need to borrow (MRP)	(9,510)	(7,382)
Increase in underlying need for supported borrowing	145,014	120,755
<b>Increase in CFR</b>	<b>135,504</b>	<b>113,373</b>

## 33. Leases

### Authority as Lessee - Finance leases

The Council holds several 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.

	31/03/22	31/03/21
	£'000	£'000
Other Land and Buildings	12,585	10,869
Vehicles, Plant, Furniture and Equipment	6,124	5,975
<b>Total</b>	<b>18,709</b>	<b>16,844</b>

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.

	£'000	£'000
Finance lease liabilities (NPV of minimum lease payments)		
- current	1,316	1,185
- non-current	12,660	14,123
Finance costs payable in future years	20,024	21,274
<b>Total</b>	<b>34,000</b>	<b>36,582</b>

## NOTES TO THE STATEMENTS

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

	Minimum Lease Payments		Finance Lease Liabilities	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Less than one year	1,984	1,881	1,316	1,185
Between one and five years	5,826	5,986	3,810	3,836
Later than five years	26,189	28,715	8,850	10,286
<b>Total</b>	<b>33,999</b>	<b>36,582</b>	<b>13,975</b>	<b>15,307</b>

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. In 2021/22 £684k contingent rents were payable by the authority (2020/21 £673k).

### Authority as Lessee - 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:

	31/03/22 £'000	31/03/21 £'000
Not later than one year	537	566
Later than one year and not later than five years	1,664	1,976
Later than five years	450	676
<b>Total</b>	<b>2,651</b>	<b>3,218</b>

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.

### Authority as Lessor - Operating leases

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

- Community services, such as sports facilities, tourism services and community centres
- Economic development to provide suitable affordable accommodation for local businesses.

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

	31/03/22 £'000	31/03/21 £'000
Not later than one year	6,686	5,466
Later than one year and not later than five years	16,034	14,777
Later than five years	80,748	79,510
<b>Total</b>	<b>103,468</b>	<b>99,753</b>

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.

# NOTES TO THE STATEMENTS

## 34. 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 that the Council has with the contractor is for the repayment of the outstanding liability of debt incurred when the original PFI works were first undertaken. This debt has also been recognised within the Council's Balance Sheet. Payments to the contractor were £4.283 million in 2021/22 (£4.277 million in 2020/21). The PFI arrangement ends in September 2025.

The Council receives a £5.669 million revenue grant annually from the Government to assist in financing the PFI scheme.

## Future payments to be made

Future payments to be made in respect of the PFI arrangement are shown below. These future payments take into account any future indexation of the cost that may be agreed between the provider and the Council in future years. However, the impact of any future indexation is minimal as the majority of the unitary charge is fixed.

	Payment for Services	Reimbursement of Capital Exp	Interest	Total
	£'000	£'000	£'000	£'000
Payable in 1 year	153	3,418	653	4,224
Payable within 2 to 5 years	384	9,308	870	10,562
<b>Total</b>	<b>537</b>	<b>12,726</b>	<b>1,523</b>	<b>14,786</b>

Movement in PFI liability	£'000
Opening Balance as at 1/4/2021	15,978
Interest Charge	819
Payment during 2021/22	(4,071)
<b>Closing balance as at 31/3/2022</b>	<b>12,726</b>

# NOTES TO THE STATEMENTS

## 35. 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 2021/22 the Council paid £16.156 million (£16.074 million in 2020/21) to Teachers' Pensions in respect of teachers' pension costs which represented 23.68% of teachers' pensionable pay from April 2021 to March 2022. Expected contributions for 2022/23 is £16.2 million. 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 36.

## 36. Defined benefit pension schemes

### 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 £15.615 million (£17.208 million in 2020/21) in respect of Teachers unfunded pensions. At 31st March 2022 the Scheme had 887 members in respect of LGPS and 343 members in respect of Teachers unfunded pensions (1,043 and 376 respectively as at 31st March 2021).

# NOTES TO THE STATEMENTS

## Transactions relating to post-employment 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 in Reserves Statement.

The following transactions have been made in the CIES:

	LGPS		Unfunded	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
<b>Cost of Services</b>				
- current service cost	61,672	38,816	0	0
- past service cost	99	1,115	0	0
<b>Total</b>	<b>61,771</b>	<b>39,931</b>	<b>0</b>	<b>0</b>
<b>Net Interest Expense</b>	<b>12,859</b>	<b>10,448</b>	<b>879</b>	<b>959</b>
<b>Total Charged to SDPOS</b>	<b>74,630</b>	<b>50,379</b>	<b>879</b>	<b>959</b>
<b>Other Comprehensive Income and Expenditure</b>				
- return on plan assets	(110,426)	(214,922)		0
- actuarial gains/losses (changes in financial assumptions)	(124,391)	376,045	(1,230)	4,600
- actuarial gains/losses (changes in demographic assumptions)	(10,089)	22,389	(373)	609
- other	3,398	(14,999)	(1,085)	(496)
<b>Total</b>	<b>(241,508)</b>	<b>168,513</b>	<b>(2,688)</b>	<b>4,713</b>

	Group	
	2021/22 £'000	2020/21 £'000
<b>Cost of Services</b>		
- current service cost	74,306	47,188
- past service cost	383	1,221
<b>Total</b>	<b>74,689</b>	<b>48,409</b>
<b>Net Interest</b>	<b>14,771</b>	<b>11,923</b>
<b>Total debited to SDPOS</b>	<b>89,460</b>	<b>60,332</b>
<b>Other Comprehensive Income and Expenditure</b>		
- return on plan assets	(127,894)	(249,376)
- actuarial gains/losses (changes in financial assumptions)	(144,254)	435,587
- actuarial gains/losses (changes in demographic assumptions)	(11,734)	25,790
- other	2,792	(17,869)
<b>Total</b>	<b>(281,090)</b>	<b>194,132</b>

## NOTES TO THE STATEMENTS

The following transactions have been made in the adjustments between accounting basis and funding basis under regulations line in the MIRS during the year.

	£'000	£'000
Reversal of net IAS 19 charges	<u>(75,509)</u>	<u>(51,338)</u>
Actual amount charged for pensions in the year	<u>33,699</u>	<u>33,680</u>

### Pension assets and liabilities recognised in the Balance Sheet

	LGPS		Unfunded	
	2021/22	2020/21	2021/22	2020/21
	£'000	£'000	£'000	£'000
Present value of obligation	(1,883,767)	(1,954,555)	(40,447)	(45,587)
Fair value of plan assets	1,442,176	1,315,718	0	0
<b>Net liability</b>	<b><u>(441,591)</u></b>	<b><u>(638,837)</u></b>	<b><u>(40,447)</u></b>	<b><u>(45,587)</u></b>

	Single Entity		Group Amounts	
	2021/22	2020/21	2021/22	2020/21
	£'000	£'000	£'000	£'000
Present value of the defined benefit obligation	(1,924,214)	(2,000,142)	(2,179,720)	(2,259,300)
Fair value of plan assets	1,442,176	1,315,718	1,677,132	1,527,883
<b>Net liability</b>	<b><u>(482,038)</u></b>	<b><u>(684,424)</u></b>	<b><u>(502,588)</u></b>	<b><u>(731,417)</u></b>

# NOTES TO THE STATEMENTS

## Reconciliation of Movement in Fair Value of Scheme Assets

Scheme Assets	LGPS		Unfunded	
	2021/22	2020/21	2021/22	2020/21
	£'000	£'000	£'000	£'000
Opening fair value	1,315,718	1,082,742	0	0
Interest income	26,416	24,838	0	0
Remeasurement gain / (loss)				
- the return on plan assets	110,109	217,454	0	0
Employer contributions	30,369	30,098	3,330	3,582
Contributions from employees into the scheme	8,484	7,875	0	0
Benefits paid	(48,920)	(47,289)	(3,330)	(3,582)
<b>Closing fair value</b>	<b>1,442,176</b>	<b>1,315,718</b>	<b>0</b>	<b>0</b>

	Single Entity		Group Accounts	
	2021/22	2020/21	2021/22	2020/21
	£'000	£'000	£'000	£'000
Opening fair value of scheme assets	1,315,718	1,082,742	1,527,492	1,255,220
Interest income	26,416	24,838	30,665	28,821
Remeasurement gain / (loss)				
- the return on plan assets	110,109	217,454	127,968	251,908
Employer contributions	33,699	33,680	37,199	36,719
Contributions from employees into the scheme	8,484	7,875	10,239	9,527
Benefits paid	(52,250)	(50,871)	(56,431)	(54,703)
<b>Closing fair value</b>	<b>1,442,176</b>	<b>1,315,718</b>	<b>1,677,132</b>	<b>1,527,492</b>

## Reconciliation of Present Value of Defined Benefit Obligation

Scheme Liabilities	LGPS		Unfunded	
	2021/22	2020/21	2021/22	2020/21
	£'000	£'000	£'000	£'000
Balance as at 1st April	(1,948,050)	(1,532,785)	(45,587)	(43,497)
Current service cost	(61,672)	(38,816)		
Past service cost	(99)	(1,115)		
Interest cost	(39,275)	(35,286)	(879)	(959)
Contributions from scheme participants	(8,484)	(7,875)		0
Remeasurement gain / (loss):				
- financial assumptions	124,391	(376,045)	1,230	(4,600)
- demographic assumptions	10,089	(22,389)	373	(609)
- other experience changes	(5,296)	14,682	1,085	496
Benefits paid	44,630	51,579	3,330	3,582
<b>Balance as at 31st March</b>	<b>(1,883,766)</b>	<b>(1,948,050)</b>	<b>(40,448)</b>	<b>(45,587)</b>

	Single Entity		Group Accounts	
	2021/22	2020/21	2021/22	2020/21
	£'000	£'000	£'000	£'000
Balance as at 1st April	(2,000,142)	(1,576,282)	(2,259,300)	(1,768,892)
Current service cost	(61,672)	(38,816)	(74,306)	(47,188)
Past service cost	(99)	(1,115)	(383)	(1,221)
Interest cost	(40,154)	(36,245)	(45,436)	(40,744)
Contributions from scheme participants	(8,484)	(7,875)	(10,239)	(9,527)
Remeasurement gain / (loss):				
- financial assumptions	125,621	(380,645)	144,254	(435,587)
- demographic assumptions	10,462	(22,998)	11,734	(25,790)
- other experience changes	(1,996)	12,963	(2,475)	14,946
Benefits paid	52,250	50,871	56,431	54,703
<b>Balance as at 31st March</b>	<b>(1,924,214)</b>	<b>(2,000,142)</b>	<b>(2,179,720)</b>	<b>(2,259,300)</b>



# NOTES TO THE STATEMENTS

## Analysis of Scheme Assets:

### Single Entity

2021/22	Quoted - active markets	Not quoted - no active markets	Total	% of Total Assets
	£'000	£'000	£'000	%
Cash and cash equivalents	15,810		<b>15,810</b>	1
Private equity		113,781	<b>113,781</b>	8
Debt securities	143,207	0	<b>143,207</b>	10
Real estate: UK property	0	150,308	<b>150,308</b>	10
Investment funds and unit trusts				
- equities	832,882		<b>832,882</b>	58
- bonds	143,857		<b>143,857</b>	10
- infrastructure	0	42,331	<b>42,331</b>	3
Sub-total	976,739	42,331	<b>1,019,070</b>	71
<b>Total assets</b>	<b>1,135,756</b>	<b>306,420</b>	<b>1,442,176</b>	<b>100</b>

2020/21	Quoted - active markets	Not quoted - no active markets	Total	% of Total Assets
	£'000	£'000	£'000	%
Cash and cash equivalents	14,423	0	<b>14,423</b>	1
Private equity	0	103,804	<b>103,804</b>	8
Debt securities	130,650	0	<b>130,650</b>	10
Real estate: UK property	0	137,129	<b>137,129</b>	10
Investment funds and unit trusts				
- equities	759,850	0	<b>759,850</b>	58
- bonds	131,243	0	<b>131,243</b>	10
- infrastructure	0	38,619	<b>38,619</b>	3
Sub-total	891,093	38,619	<b>929,712</b>	71
<b>Total assets</b>	<b>1,036,166</b>	<b>279,552</b>	<b>1,315,718</b>	<b>100</b>

### Group Accounts

2021/22	Quoted - active markets	Not quoted - no active markets	Total	% of Total Assets
	£'000	£'000	£'000	%
Cash and cash equivalents	20,509	0	<b>20,509</b>	1
Private equity	0	113,781	<b>113,781</b>	7
Debt securities	143,207	0	<b>143,207</b>	9
Real estate: UK property	0	176,154	<b>176,154</b>	11
Investment funds and unit trusts				
- equities	992,652	0	<b>992,652</b>	59
- bonds	188,499		<b>188,499</b>	11
- infrastructure	0	42,331	<b>42,331</b>	3
Sub-total	1,181,151	42,331	<b>1,223,482</b>	73
<b>Total assets</b>	<b>1,344,867</b>	<b>332,266</b>	<b>1,677,133</b>	<b>100</b>

2020/21	Quoted - active markets	Not quoted - no active markets	Total	% of Total Assets
	£'000	£'000	£'000	%
Cash and cash equivalents	16,545	0	<b>16,545</b>	1
Private equity	0	103,804	<b>103,804</b>	7
Debt securities	130,650	0	<b>130,650</b>	9
Real estate: UK property	0	158,346	<b>158,346</b>	10
Investment funds and unit trusts				
- equities	904,122	0	<b>904,122</b>	59
- bonds	175,798	0	<b>175,798</b>	11
- infrastructure	0	38,619	<b>38,619</b>	3
Sub-total	1,079,920	38,619	<b>1,118,539</b>	73
<b>Total assets</b>	<b>1,227,115</b>	<b>300,769</b>	<b>1,527,883</b>	<b>100</b>

## NOTES TO THE STATEMENTS

### 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. Liabilities are discounted to their value at current prices using a discount rate of 2.7% (2.0% in 2020/21).

The Council's Pension Scheme liabilities as at 31<sup>st</sup> March 2022 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 31<sup>st</sup> March 2019. There are risks and uncertainties associated with whatever assumptions 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.

	2021/22	2020/21
Mortality assumptions		
- Longevity at 65 for male current pensioners	21.5 years	21.7 years
- Longevity at 65 for female current pensioners	24.0 years	24.2 years
- Longevity at 65 for male future pensioners	22.9 years	23.1 years
- Longevity at 65 for female future pensioners	25.8 years	26.0 years
Rate of increase in salaries	4.2%	3.9%
Rate of increase in pensions	3.2%	2.9%
Rate for discounting scheme liabilities	2.7%	2.0%

A commutation 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.

# NOTES TO THE STATEMENTS

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

	Approximate increase to liability	Approximate value
	%	£'000
0.1% decrease in real discount rate	2	34,411
0.1% increase in salary increase rate	0	2,043
0.1% increase in pension increase	2	32,119
1 year increase in member life expectancy	4	76,969

## 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. At its last triennial valuation, the Council and the Fund's actuary agreed a strategy designed to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on a quarterly basis. The next triennial valuation is due to be completed as at 31<sup>st</sup> March 2022, during 2022/23.

To mitigate the existing funding deficit, the Council anticipates paying contributions of £30.1m for the period to 31<sup>st</sup> March 2023.

The scheme actuary has estimated that the weighted average duration of the defined benefit obligation for scheme members is 19 years.

## 37. Contingent liabilities

There were no material contingent liabilities as at 31st March 2022.

## 38. 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 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
- Alexandra Park and Palace Charitable Trust (APPCT)
- Alexandra House Wood Green Ltd

# NOTES TO THE STATEMENTS

The entities have prepared accounts in line with UK GAAP and:

- The Charity SORP 2015, as amended, in the case of Alexandra Park and Palace Charitable Trust
- FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland, in the case of Homes for Haringey and Alexandra House Wood Green Ltd.

With the exception of the Alexandra Park & Palace and Alexandra House Wood Green Ltd valuations, there are no other material areas where these accounting standards conflict with the Council's accounting policies. The accounting policies applied to the Group financial statements are consistent with those set in Note 1 to the single entity statements. The subsidiaries have been consolidated on a full line by line basis with the financial transactions and balances of the Council.

APPCT carry its main asset, the Park and Palace, at £29m on its Balance Sheet (all of which are leaseholder improvements) as allowed under the Charity SORP. Upon consolidation however, the Council is required to value this as an operational asset and depreciate it in accordance with its accounting policy. The Group Balance Sheet therefore includes £124.146 million (£114.028 million as at 31 March 2021) in Property Plant and Equipment in respect of this asset. The basis of valuation is mainly Depreciated Replacement Cost with some elements using the Existing Use Value method.

Key information on a group basis has been included alongside the single entity disclosure notes for 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 Arm's 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.

On the 1<sup>st</sup> June 2022, the Council's Housing Management function, delivered through the ALMO, Homes for Haringey, was brought back in-house. Homes for Haringey still exist as a wholly owned subsidiary, delivering other housing functions. From 2022/23, the statement of accounts of Homes for Haringey will continue to be consolidated with the Council's statement of accounts.

The financial performance of HfH Limited is summarised below:

	2021/22	2020/21
	£000	£000
Turnover	(71,798)	(68,050)
Deficit for the year	10,980	5,534
Accumulated deficit	21,692	47,085

The accumulated deficit was mainly as a result of gain on Pension Scheme of £36.373 million (£21.016 million deficit in 2020/21).

A full copy of the company's accounts can be obtained from The Company Secretary, Homes for Haringey Ltd, 4<sup>th</sup> Floor 48 Station Road, Wood Green, London N22 7TY. The accounts are audited by PricewaterhouseCoopers LLP.

## NOTES TO THE STATEMENTS

### Alexandra Park and Palace Charitable Trust (Charity No. 281991)

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 organisation consists of two elements; Alexandra Park and Palace Charitable Trust responsible for the charitable activities, including maintaining, restoring and repairing the Park and Palace and a wholly owned trading subsidiary, Alexandra Palace Trading Ltd, (APTL), which donates its taxable profit to the Trust in the form of Gift Aid. APTL delivers and manages events, entertainment, leisure and hospitality activities assisting the charitable purposes by providing not just funding but enlivening the venue for the purposes of its creation and encouraging a broad cross section of the public to access and enjoy it.

The financial performance of the Trust is summarised below:

	2021/22	2020/21
	£000	£000
Turnover	(17,842)	(9,464)
(Surplus) / Deficit for the year	374	(1,109)
<b>Reserves:</b>		
Unrestricted Reserves	(26,342)	(25,852)
Restricted Reserves	(433)	(549)
	<u>(26,775)</u>	<u>(26,401)</u>

APPCT Property, Plant and equipment consolidated in Group Accounts:

	Palace & Park	Asset Under Construct	Vehicles, plant and equipm't	Total
	£000	£000	£000	£000
Cost at 1 April 2021	114,028	0	3,205	117,233
Additions	1,543	297	69	1,909
Revaluations	8,575	(297)		8,278
Disposals			(430)	(430)
<b>At 31 March 2022</b>	<b>124,146</b>	<b>0</b>	<b>2,844</b>	<b>126,990</b>
<b>Depreciation</b>				
At 1 April 2021	0		1,249	1,249
Charge for the year	1,542		346	1,888
Disposals			(430)	(430)
Accumulated Dep written out	(1,542)			(1,542)
<b>At 31 March 2022</b>	<b>0</b>	<b>0</b>	<b>1,165</b>	<b>1,165</b>
<b>NBV as 31 March 2022</b>	<b>124,146</b>	<b>0</b>	<b>1,679</b>	<b>125,825</b>
NBV as 31 March 2021	114,028	0	1,938	115,966

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

## NOTES TO THE STATEMENTS

### Alexandra House Wood Green Ltd (Registered Company No. 12146142)

The Council has a 100% shareholding in this subsidiary, Alexandra House Wood Green Ltd (AHWG), which owned Alexandra House building until it was transferred to the council. The company has been dissolved during the year (see Note 31).

Alexandra House Wood Green Ltd, Land & Building consolidated in Group Accounts:

	<b>Total</b>
	£000
Cost at 1 April 2021	10,111
Disposal	(10,111)
<b>At 31 March 2022</b>	<b>0</b>
<b>Depreciation</b>	
At 1 April 2021	
Charge for the year	51
Accumulated Dep written out	(51)
<b>At 31 March 2022</b>	<b>0</b>
<b>NBV as 31 March 2022</b>	<b>0</b>
NBV as 31 March 2021	10,111

A full copy of the company's accounts can be obtained from The Company Secretary, Alexandra House Wood Green Ltd, 225 High Road, Wood Green, London N22 8HQ.

# HOUSING REVENUE ACCOUNT

HRA Income & Expenditure Statement	2021/22	2020/21
	£'000	£'000
<b>Expenditure</b>		
Repairs and maintenance	22,247	21,321
Supervision and management	34,661	33,590
Rents, rates, taxes and other charges	2,818	1,890
Depreciation, impairment and revaluation losses of non-current assets	22,664	19,334
Revaluation losses	36,167	14,030
Debt Management Costs	43	14
Increase in impairment of debtors	4,158	4,162
<b>Total Expenditure</b>	<b>122,758</b>	<b>94,341</b>
<b>Income</b>		
Dwelling rents	(83,352)	(83,088)
Non-dwelling rents	(720)	(805)
Charges for services and facilities	(18,241)	(18,681)
Contributions towards expenditure	(235)	(497)
<b>Total Income</b>	<b>(102,548)</b>	<b>(103,071)</b>
<b>Net Cost of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement</b>	<b>20,210</b>	<b>(8,730)</b>
HRA service share of Corporate and Democratic Core	511	557
<b>Net expenditure or (income) for HRA Services</b>	<b>20,721</b>	<b>(8,173)</b>
<b>HRA share of operating income and expenditure included in the Comprehensive I&amp;E Statement</b>		
Gain on sale of HRA non-current assets	(6,201)	(6,536)
Interest payable and similar charges	10,569	10,746
Interest and investment income	(3,096)	(2,176)
Net interest on the net defined benefit liability	109	68
Changes to fair value of investment properties	(147)	0
Capital grants and contributions	(18,073)	(3,401)
	<b>(16,839)</b>	<b>(1,299)</b>

# HOUSING REVENUE ACCOUNT

Movement on the HRA Statement	2021/22	2020/21
	£'000	£'000
<b>Balance on the HRA at the end of the previous year</b>	<b>(14,162)</b>	<b>(7,983)</b>
(Surplus) or deficit for the year on HRA Income and Expenditure Statement	3,882	(9,472)
<b>Adjustments between accounting basis and funding basis under the legislative framework</b>		
- Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements	(17,949)	(10,705)
- Gain on sale of HRA non-current assets	6,201	6,536
- HRA share of contributions to or from the Pensions Reserve	(355)	(120)
- Capital expenditure funded by the HRA	2,283	7,582
- Transfer to/(from) Major Repairs Reserve	22,664	19,334
- Transfer to/(from) Capital Adjustment Account	(22,664)	(19,334)
<b>Net (increase)/decrease before transfers to or from reserves</b>	<b>(5,938)</b>	<b>(6,179)</b>
<b>Transfers to or (from) reserves</b>		
- Homes for Haringey Reserve	(659)	0
<b>(Increase) / decrease in year on the HRA</b>	<b>(6,597)</b>	<b>(6,179)</b>
<b>Balance on the HRA at the end of the year</b>	<b>(20,759)</b>	<b>(14,162)</b>



# HOUSING REVENUE ACCOUNT

## 1. Vacant possession

As at 31<sup>st</sup> March 2022, the vacant possession value of dwellings within the HRA was £5,889 million (£5,765 million as at 31<sup>st</sup> March 2021). The difference 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

	31 March 2022	31 March 2021
Hostels	124	127
Houses and bungalows	4,980	4,995
Flats and maisonettes	10,335	10,132
Shared ownership	13	15
Affordable rented housing	0	18
<b>Total</b>	<b>15,452</b>	<b>15,287</b>

## 3. Value of assets held on the balance sheet

	31 March 2022	31 March 2021
<b>Type of assets</b>	£'000	£'000
Dwellings	1,507,035	1,446,345
Other land and buildings	123,156	109,662
Assets under construction	112,589	84,019
Investment properties	4,596	5,756
<b>Total</b>	<b>1,747,376</b>	<b>1,645,782</b>

## 4. Capital expenditure

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

	2021/22	2020/21
	£'000	£'000
<i>Capital investments</i>		
Existing dwellings	46,182	30,801
New homes and acquisitions	74,961	73,443
	<b>121,143</b>	<b>104,244</b>
<i>Funded by</i>		
Borrowing	69,555	58,082
Useable capital receipts	4,583	4,339
Revenue contributions	5,086	7,582
Grants and contributions	19,255	14,907
Major repairs reserve	22,664	19,334
	<b>121,143</b>	<b>104,244</b>

## 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.

	2021/22	2020/21
	£'000	£'000
Dwellings	(9,358)	(11,374)
Land and other property	(1,254)	(184)
	<b>(10,612)</b>	<b>(11,558)</b>

# HOUSING REVENUE ACCOUNT

## 6. Depreciation, impairment and revaluation of non-current assets

	2021/22	2020/21
	£'000	£'000
<i>Operational assets:</i>		
Dwellings	21,242	18,108
Other land and buildings	1,422	1,226
	<b>22,664</b>	<b>19,334</b>

## 7. Major repairs reserve

The HRA capital asset charges are based on building values and asset lives of the property held.

	2021/22	2020/21
	£'000	£'000
<b>Balance at 1st April</b>	<b>(615)</b>	<b>(615)</b>
Amount transferred to Major Repairs Reserve	(22,664)	(19,334)
Capital expenditure on dwellings	22,664	19,334
<b>Balance at 31st March</b>	<b>(615)</b>	<b>(615)</b>

## 8. Rent Arrears

The rent arrears at the end of the financial year are set out below.

	31 March 2022	31 March 2021
	£'000	£'000
<i>Type of tenancy</i>		
Permanent (including licences)	18,638	14,530
Temporary	765	737
<b>Total arrears</b>	<b>19,403</b>	<b>15,267</b>
Less Provision for bad and doubtful debts	(15,874)	(12,235)
<b>Net Arrears</b>	<b>3,529</b>	<b>3,032</b>

The total provision in the Balance Sheet in respect of all HRA uncollectable debts including leaseholders as at 31 March 2022 is £19.35 million (£15.28 million as at 31st March 2021)

# COLLECTION FUND

	2021/22				2020/21			
	BRS £000	NNDR £000	Council Tax £000	Total £000	BRS £000	NNDR £000	Council Tax £000	Total £000
<b>Income</b>								
Council Tax Receivable	0	0	(145,883)	(145,883)	0	0	(137,970)	(137,970)
Business Rates Receivable	0	(50,630)	0	(50,630)	0	(33,309)	0	(33,309)
Business Rates Supplement	(1,162)	0	0	(1,162)	(690)	0	0	(690)
Transitional Protection Payments	0	197	0	197	0	(138)	0	(138)
	<b>(1,162)</b>	<b>(50,433)</b>	<b>(145,883)</b>	<b>(197,478)</b>	<b>(690)</b>	<b>(33,447)</b>	<b>(137,970)</b>	<b>(172,107)</b>
<b>Expenditure</b>								
<b>Precepts, Demands and Shares</b>								
Central Government	0	24,350	0	24,350	0	24,747	0	24,747
Greater London Authority	0	27,302	27,836	55,138	0	27,747	26,082	53,829
Billing Authority	0	22,137	110,303	132,440	0	22,497	107,805	130,302
	<b>0</b>	<b>73,789</b>	<b>138,139</b>	<b>211,928</b>	<b>0</b>	<b>74,991</b>	<b>133,887</b>	<b>208,878</b>
<b>Apportionment of PY Surplus / (Deficit)</b>								
Central Government	0	(15,288)	0	(15,288)	0	501	0	501
Greater London Authority	0	(17,113)	213	(16,900)	0	2,246	1,738	3,984
Billing Authority	0	(14,596)	879	(13,717)	0	3,992	7,158	11,150
	<b>0</b>	<b>(46,997)</b>	<b>1,092</b>	<b>(45,905)</b>	<b>0</b>	<b>6,739</b>	<b>8,896</b>	<b>15,635</b>
<b>BRS - Payment to Levying Authorities</b>								
	<b>945</b>	<b>0</b>	<b>0</b>	<b>945</b>	<b>474</b>	<b>0</b>	<b>0</b>	<b>474</b>
<b>Charges to Collection Fund</b>								
Increase / (Decrease) in Impairment	211	(185)	3,684	3,710	210	11,656	9,024	20,890
Increase / (Decrease) in Provision for Appeals	0	2,182	0	2,182	0	27,496	0	27,496
Cost of Collection	6	300	0	306	6	301	0	307
	<b>217</b>	<b>2,297</b>	<b>3,684</b>	<b>6,198</b>	<b>216</b>	<b>39,453</b>	<b>9,024</b>	<b>48,693</b>
<b>(Surplus) / Deficit arising during the year</b>	<b>0</b>	<b>(21,344)</b>	<b>(2,968)</b>	<b>(24,312)</b>	<b>0</b>	<b>87,736</b>	<b>13,837</b>	<b>101,573</b>
<b>(Surplus) / Deficit arising at start of year</b>	<b>0</b>	<b>83,757</b>	<b>7,106</b>	<b>90,863</b>	<b>0</b>	<b>(3,979)</b>	<b>(6,731)</b>	<b>(10,710)</b>
<b>(Surplus) / Deficit arising at end of year</b>	<b>0</b>	<b>62,413</b>	<b>4,138</b>	<b>66,551</b>	<b>0</b>	<b>83,757</b>	<b>7,106</b>	<b>90,863</b>

# COLLECTION FUND

## 1. Income from Business Rates

Under the Business Rates Retention Scheme the business rates collected by the Council are distributed so that the Council receives 30%, DLUHC receives 33% and the GLA receives 37%.

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 49.9 pence (49.9 pence in 2020/21); and
- (ii) The standard multiplier was 51.2 pence (51.2 pence in 2020/21).

The total business rateable value for the Council at 31 March 2021 was £195.215 million (£197.728 million in 2020/21) of which £53.542 million (£53.400 million in 2020/21) related to small businesses.

## 2. Council Tax

In 2021/22 the tax base for Haringey was 76,544 properties (78,543 in 2020/21) which was used to calculate the B and D Council Tax of £1,804.70 (£1,704.63 in 2020/21), 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		Number of chargeable dwellings		Proportion	Band D Equivalent No.	
	from	to	2021/22	2020/21		2021/22	2020/21
A	up to	40,000	4,318	4,464	0.67	2,878	2,976
B	40,001	52,000	11,728	12,014	0.78	9,122	9,345
C	52,001	68,000	24,362	24,739	0.89	21,655	21,991
D	68,001	88,000	20,010	20,332	1.00	20,010	20,332
E	88,001	120,000	8,927	9,043	1.22	10,911	11,053
F	120,001	160,000	4,712	4,763	1.44	6,807	6,880
G	160,001	320,000	4,440	4,456	1.67	7,400	7,427
H	320,001	and above	684	695	2.00	1,368	1,390
			<u>79,181</u>	<u>80,506</u>		<u>80,151</u>	<u>81,392</u>
Collection rate after allowance for non-collection						95.5%	96.5%
<b>Council Tax base used to calculate Band D</b>						<b><u>76,544</u></b>	<b><u>78,543</u></b>

# PENSION FUND

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LONDON BOROUGH OF HARINGEY

### Disclaimer of opinion

We do not express an opinion on the accompanying financial statements of the pension fund. Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We were engaged to audit the pension fund financial statements of Haringey Pension Fund ("the pension fund") administered by London Borough of Haringey ("the Authority") for the year ended 31 March 2022 which comprise the fund account, the net assets statement and notes to the pension fund financial statements, including material accounting information. The financial reporting framework that has been applied in the preparation of the pension fund financial statements is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

### Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited pension fund financial statements for the year ended 31 March 2022 by 13 December 2024 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements. The conditions created by backstop arrangements have resulted in us not being able to obtain all the necessary audit evidence upon which to form an opinion since there was insufficient time to perform all necessary audit procedures by the backstop date. Consequently, we have not performed any work in respect of any audit area. As a result, we are unable to conclude that the Authority's pension fund financial statements for the year ended 31 March 2022 as a whole are free from material misstatement. We were also unable to obtain sufficient appropriate evidence for the corresponding figures for the same reason. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

### Other information

The Director of Finance is responsible for the other information. The other information includes all other information included in the Statement of Account, other than the pension fund financial statements and our auditor's report thereon. The Code of Audit Practice 2024 requires auditors to report on whether other information published together with the financial statements is consistent with the financial statements. Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have been unable to form an opinion on whether the other information published together with the financial statements is consistent with the financial statements.

### Responsibilities of the Director of Finance and London Borough of Haringey as administering authority of the pension fund

As explained more fully in the Statement of the Director of Finance's Responsibilities, the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the pension fund 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 the financial statements give a true and fair view and for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the pension fund financial statements, the Director of Finance is responsible for assessing the pension fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the pension fund without the transfer of its services to another public sector entity.

# PENSION FUND

## Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the pension fund financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the pension fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## Use of our report

This report is made solely to the members of London Borough of Haringey as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in the Responsibilities of the Audited Body and Responsibility of the Auditor within Chapter 2 of the Code of Audit Practice. Our audit work has been undertaken so that we might state to the members of the Authority those matters we are required to state to them in an auditor's report and for no other purpose. 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.

DocuSigned by:  
*Ciaran McLaughlin*  
9127333EED9F416...

Ciaran McLaughlin, Key Audit Partner

For and on behalf of BDO LLP, Local Auditor

Ipswich, UK

18 December 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## PENSION FUND

2021/22	Pension Fund Account	Note	2020/21	2021/22	Net Asset Statement	Note	2020/21
£000			£000	£000			£000
	<b>Dealing with members, employers and others directly involved in the fund</b>				<b>Long Term Investments</b>		
				150	London CIV		150
				150			150
					<b>Current Investments</b>		
49,872	Contributions	7	47,954	1,758,004	Investment assets	14	1,616,092
6,593	Transfers in from other pension funds	8	5,731	45,927	Cash deposits	14	22,209
56,465			53,685	1,803,931			1,638,300
(54,106)	Benefits	9	(51,291)	1,779	Current assets	20	1,957
(6,136)	Payments to and on account of leavers	10	(8,366)	(2,531)	Current liabilities	21	(2,155)
(60,242)			(59,657)				
<b>(3,776)</b>	<b>Net withdrawals from dealings with members</b>		<b>(5,972)</b>				
(9,559)	Management expenses	11	(5,812)	<b>1,803,329</b>	<b>Net assets of the fund available to fund benefits at the period end</b>		<b>1,638,253</b>
<b>(13,335)</b>	<b>Net withdrawals including fund management expenses</b>		<b>(11,784)</b>				
	<b>Returns on Investments:</b>						
17,256	Investment Income	12	12,687				
(34)	Taxes on income	13	(30)				
161,189	Profit and losses on disposal of investments and changes in market value of investments	14a	310,797				
<b>178,411</b>	<b>Net return on investments</b>		<b>323,454</b>				
<b>165,076</b>	<b>Net increase/decrease in the net assets available for benefits during the year</b>		<b>300,429</b>				
<b>1,638,253</b>	<b>Opening net assets of the scheme</b>		<b>1,326,583</b>				
<b>1,803,329</b>	<b>Closing net assets of the scheme</b>		<b>1,638,253</b>				

# PENSION FUND

## Notes to the Haringey Pension Fund Accounts for the year ended 31<sup>st</sup> March 2022

### 1. Description of the fund and effect of any changes during the period

#### Introduction

Haringey Local Government Pension Fund is part of the Local Government Pension Scheme and is administered by Haringey Council. The Council is the reporting entity for this pension fund. However, 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. The following description of the Pension Fund is for summary only. For more detail, reference should be made to Haringey Annual Pension Fund Report and Accounts.

The financial statements have been prepared in accordance with the Public Service Pensions Act 2013 (as amended) and Local Government Pension Scheme Regulations and with the guidelines set out in the *Code of Practice on Local Authority Accounting in the UK 2021/22*, which is based on International Financial Reporting Standards (IFRS) as amended for the UK public sector. The Pension Fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016

The Net Asset Statement sets out the assets and liabilities for the Pension Fund as at 31<sup>st</sup> March 2022, with the exception of liabilities

to related to retirement benefits.

#### 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 2016.

The Pensions Committee and Board (PCB) is responsible for setting the investment strategy with the support of independent advice from the Pension Fund's appointed advisors. The day-to-day investment decision making responsibility is delegated to the appointed investment managers.

The Pension Fund's investment strategy is set out in detail in the Investment Strategy Statement (ISS), which is published in the Haringey Pension Fund's Annual Report. The ISS 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, except for a small allocation of cash required for the day-to-day operations of the Pension Fund, including the payment of benefits and funding of investment transactions. This is managed by internally by the Pension Fund's Investment and Accounting Team. The Pension Fund made no significant changes to its Investment Strategy in 2021/22.

#### Fund administration and membership

The table below shows the breakdown of the Pension Fund's membership at 31 March 2022.



## PENSION FUND

2021/22	Type of member	2020/21
6,096	Active members	6,142
8,332	Pensioner members	7,895
10,523	Deferred members	10,353
<b>24,952</b>	<b>Total</b>	<b>24,390</b>

**Active members** are employees who are currently contributing to the Pension Fund.

**Pensioner members** are individuals who have already reached retirement age and are receiving their pension benefits, paid out by the Pension Fund.

**Deferred members** are members who have left Haringey LGPS but are not yet entitled to their accrued benefits. Some individuals may have multiple memberships due to having had multiple contracts of employment with different scheme employers.

Haringey Council is the Administering Authority for the Haringey Pension Fund, and the largest employer participating in Haringey LGPS. In addition, there are several other organisations (scheduled and admitted bodies) participating as employers in Haringey LGPS. Scheduled bodies are public bodies required by law to participate in the LGPS. Admitted bodies are in the LGPS either because they are responsible for services that have been outsourced or because they have sufficient links with the Council to be regarded as having a community interest. The table on the right-hand side provides a breakdown of the participating employers in Haringey LGPS during the financial year.

Administering Authority	Admitted Bodies	Scheduled Bodies
Haringey Council	ABM	AET Noel Park
	Absolute Catering	AET Trinity Primary
	Alexandra Palace	Alexandra Park School
	Ategi	Brook House Primary
	Birkin Cleaning Services	Duke Aldridge Academy
	Braybourne	Eden Free School
	Caterlink	Greig City Academy
	Crystal	Haringey 6 <sup>th</sup> Form
	Fusion	Harris Academy Coleraine
	Haringey Citizens Advice Bureau	Harris Academy Philip Lane
	Haringey Educational Partnership (HEP)	Harris Academy Tottenham
	Hertfordshire Catering	Holy Trinity
	London Academy of Excellence	Heartlands High School
	Lunchtime UK	Homes for Haringey
	NVIRO Ltd	LDBS Central
	Olive Dining	Millbrook Primary School
	Pabulum	St Annes CE Academy
	SAAF	St Michael's Academy
	School Office Services	St Paul's & All Hallows Academy
	TLC Group	St Thomas More RC Academy
Veolia	The Grove School	
	The Octagon	
	Woodside Academy	

# PENSION FUND

## Description of the Fund

Haringey Pension Fund is a defined benefit pension scheme and was established on 1<sup>st</sup> April 1965 to provide retirement pensions, lump sum allowances, survivor dependants' and death benefits to all eligible employees of Haringey Council. Over time, certain other organisations have been able to participate in the pension scheme and the details of these have been set out in the previous section. The Pension Fund receives its income in the form of contributions from both employees and employers, as well as income generated from investments.

Haringey Council in its role as Administering Authority has delegated responsibility for administering the pension scheme to the Pensions Committee and Board (PCB).

The terms of reference for the PCB are set out in the Council's constitution. The PCB consists of six elected councillors and four employer and employee representatives. Councillors are selected by their respective political groups and their appointment is confirmed at a meeting of the full Council. Councillors are not appointed for a fixed term, but their membership is reviewed regularly (normally annually) by the political groups. The membership of the PCB during the 2021/22 year was:

Name	Membership Details
Cllr Yvonne Say	Chair
Cllr Eldridge Culverwell	Vice Chair
Cllr Patrick Berryman	Member
Cllr Dana Carlin	Member
Cllr Paul Dennison	Member
Cllr Viv Ross	Member
Ishmael Owarish	Employee representative
Randy Plowright	Employee representative
Keith Brown	Employer representative
Craig Pattinson	Employer representative

## 2. Basis of Preparation

The Haringey Pension Fund's Statement of Accounts summarises the Pension Fund's transactions for the 2021/22 financial year and its position at year-end as at 31 March 2022. The Statement of Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, which is based upon International Financial Reporting Standards (IFRS), as amended for the United Kingdom's public sector.

The Statement of Accounts do not take account of the obligations to pay pensions and benefits which fall due after the end of the financial year.

## 3. Significant accounting policies

The principal accounting policies of the Pension Fund are set out below.

### Contributions

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.

Employer deficit funding contributions are accounted for on the basis advised by the pension fund's actuary, Hymans Robertson, in the rates and adjustment certificate issued to each employer body participating in the scheme. Additional employer contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in the year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

# PENSION FUND

## Transfers in and out

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

## Investment income

Interest on 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 posted to the fund account. Interest is recognised on an effective interest rate basis.

## Benefits

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

## Taxation

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

## Management expenses

Administrative, governance and oversight expenses are shown on an accruals basis. A proportion of relevant Council officers' time, including related on-costs, has been charged to the Pension Fund on the basis of actual time spent on scheme administration and investment related matters. Up front charges paid to HMRC in respect of scheme members breaching the Pensions Lifetime

allowance are disclosed under administrative expenses.

Investment management fees are based on the agreed terms set out in the relevant Investment Management Agreements upon the appointment of each investment manager. Where investment 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 Asset Statement and carried at fair value or amortised cost on the reporting date. A financial asset or liability is recognised in the Net Asset 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 Pension Fund. Investment assets are included at fair value in accordance with IFRS 13. See Note 15 for further detail including the valuation methodology for different investments.

The value of these holdings is based on the Pension Fund's share of net assets in the private equity fund or limited partnership using the latest financial statements published by the respective investment managers, adjusted for drawdowns paid and distributions received in the period from the date of the private equity financial statements to 31 March 2022. Infrastructure holdings are valued by third parties appointed by the investment manager using mark to market modelling.

The valuation of securities denominated in overseas currencies is calculated by using the overseas bid or mid-price current at the year-end date and the exchange rate for the appropriate currency at the year-end to express the value as a sterling equivalent.

# PENSION FUND

## Foreign currency transaction

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

## 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 a three-month period or less from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change in value. These are used in the day-to-day cash management of the Pension Fund.

## 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 IAS 19 and relevant actuarial standards.

As permitted under IAS 26 and CIPFA guidance, the Pension Fund has opted to disclose the actuarial present value of promised retirement benefits as an annex to the financial statements. However, a summary of this is also included as Note 19 in these accounts.

## Additional Voluntary Contributions (“AVCs”)

Members participating in the pension scheme can make Additional Voluntary Contributions in addition to their normal contributions. The related assets are invested separately from the main pension fund, and in accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and 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 22 to the financial statements.

## 4. Critical judgements in applying accounting policies

The pension fund’s liability is recalculated every three years by the pension fund’s actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines.

This estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Note 18. These actuarial revaluations are used to set future contribution rates and underpin the Pension Fund’s most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return.

# PENSION FUND

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

Items	Uncertainties	Effect if actual results differ from assumptions
<b>Private Equity</b>	The fair value of private equity investments is based on forward-looking estimates and judgments involving many factors.	Further detail is shown in note 15 regarding the sensitivity of this valuation.
<b>Infrastructure</b>	<p>The fair value of infrastructure investments is based on forward-looking estimates and judgments involving many factors.</p> <p>Several of the underlying assets are traded in private markets only and therefore judgement need to be made about their value, using factors such as the enterprise value and net debt.</p>	Further detail is shown in note 15 regarding the sensitivity of this valuation.
<b>Pooled Property Funds</b>	Valuation techniques are used to determine the carrying amount of pooled property funds. Where possible these valuation techniques are based on observable data but where this is not possible management uses the best available data.	Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property-based investments by up to 10% i.e., an increase or decrease of £20m, on carrying values of £200m

Items	Uncertainties	Effect if actual results differ from assumptions
<b>Actuarial Present Value of promised retirement benefits</b>	<p>Estimation of the liability to pay pensions depends on a number of complex judgments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates, Pension increase and expected returns on pension fund assets.</p> <p>The Pension Fund's actuary, Hymans Robertson has been appointed to provide the fund with expert advice about assumptions to be applied</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured.</p> <p>For instance:</p> <ul style="list-style-type: none"> <li>• 0.1% p.a. decrease in the Discount Rate would result in an increase in the pension liability of £42m (2%)</li> <li>• 0.1% increase in assumed salary earnings would increase the value of the liabilities by approximately £3m (0%)</li> <li>• 0.5% increase in assumed Pension Increase Rate (CPI) would increase the value of liabilities by approximately £39m (2%)</li> <li>• 1 year increase in member life expectancy would increase the value of liabilities by approximately £90m (4%)</li> </ul>

# PENSION FUND

## 6. Events after the reporting date

There were no significant events which occurred after the reporting date.

## 7. Contributions receivable

2021/22		2020/21
£000	<b>By category</b>	£000
11,529	Employee contributions	10,807
	Employer contributions	
29,675	- Normal contributions	28,344
7,959	- Deficit recovery contributions	7,857
709	- Augmentation contributions	946
38,343	Total employers' contributions	37,147
<b>49,872</b>	<b>Total</b>	<b>47,954</b>

2021/22		2020/21
£000	<b>By authority</b>	£000
38,774	- Administering authority	37,603
10,007	- Scheduled bodies	9,325
1,091	- Admitted bodies	1,027
<b>49,872</b>	<b>Total</b>	<b>47,954</b>

## 8. Transfers in from other pension funds

There were transfers into the Pension Fund during 2021/22 of £6,593 million (£5.731 million in 2020/21) and these all related to individuals.

## 9. Benefits payable

2021/22		2020/21
£000	<b>By category</b>	£000
44,433	- Pensions	43,198
8,143	- Commutation and lump sum retirement benefits	7,110
1,530	- Lump sum death benefits	983
<b>54,106</b>	<b>Total</b>	<b>51,291</b>

2021/22		2020/21
£000	<b>By authority</b>	£000
48,385	- Administering authority	46,235
4,226	- Scheduled bodies	3,708
1,495	- Admitted bodies	1,348
<b>54,106</b>	<b>Total</b>	<b>51,291</b>

## 10. Payments to and on account of leavers

2021/22		2020/21
£000		£000
209	Refunds to members leaving service	115
5,927	Individual transfers	8,251
<b>6,136</b>	<b>Total</b>	<b>8,366</b>

## 11. Management expenses

2021/22		2020/21
£000		£000
1,633	Administrative costs	468
7,621	Investment management expenses	4,919
305	Oversight and governance costs	425
<b>9,559</b>	<b>Total</b>	<b>5,812</b>

# PENSION FUND

The analysis of managing the cost of the Haringey Pension Fund has been prepared in accordance with CIPFA guidance. The oversight and governance costs category include £16k for external audit fees in 2021/22 (£16k in 2020/21). The final fee to be confirmed by Public Sector Audit Appointment (PSAA).

## 11a. Investment Management Expenses

2021/22		2020/21	
£000		£000	
5,701	Management Fees	3,925	
1,113	Performance Related Fees	262	
57	Custody fees	57	
750	Transaction Fees	675	
<b>7,621</b>	<b>Total</b>	<b>4,919</b>	

## 12. Investment income

2021/22		2020/21	
£000		£000	
17,254	Pooled investments - unit trusts and other managed funds	12,679	
2	Interest on cash deposits	8	
<b>17,256</b>	<b>Total</b>	<b>12,687</b>	

## 13. Taxes on income

The income tax shown on the face of the Pension Fund Account relates to withholding tax (pooled).

## 14. Investments

### 14a. Reconciliation of movements in investment assets and liabilities

The changes in market value during the year comprise of 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.

2021/22	Value at 31st March 2021	Purchases at cost	Sales proceeds	Changes in market value	Value at 31st March 2022
	£000	£000	£000	£000	£000
Pooled investment vehicles	1,616,504	95,187	(113,956)	160,885	1,758,620
Cash deposits	22,209	78,230	(54,827)	315	45,927
Other investment assets/ liabilities*	(413)	54	(246)	(11)	(616)
<b>Total</b>	<b>1,638,300</b>	<b>173,471</b>	<b>(169,029)</b>	<b>161,189</b>	<b>1,803,931</b>

2020/21	Value at 31st March 2020	Purchases at cost	Sales proceeds	Changes in market value	Value at 31st March 2021
	£000	£000	£000	£000	£000
Pooled investment vehicles	1,311,150	91,148	(97,181)	311,387	1,616,504
Cash deposits	17,314	76,308	(70,833)	(580)	22,209
Other investment assets/ liabilities*	48	39	(490)	(10)	(413)
<b>Total</b>	<b>1,328,512</b>	<b>167,496</b>	<b>(168,504)</b>	<b>310,797</b>	<b>1,638,300</b>



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## 14b. Analysis of investments

31/03/2022	By category	31/03/2021
£000		£000
	<b>Equities UK)</b>	
<b>150</b>	<b>Unquoted</b>	<b>150</b>
	<b>Pooled Investment Vehicles (UK)</b>	
	<b>Quoted</b>	
200,002	Unit Trust - Property	166,964
143,026	Unit Trust - Fixed Income	136,132
42,288	Debt Infrastructure	45,525
<b>385,316</b>		<b>348,621</b>
	<b>Pooled Investment Vehicles (Overseas)</b>	
	<b>Quoted</b>	
178,788	Absolute Return Fund	127,845
864,484	Unit Trust - Equity	840,566
153,361	Multi Asset Credit	155,411
<b>1,196,633</b>		<b>1,123,822</b>
	<b>Pooled Investment Vehicles (Overseas)</b>	
	<b>Unquoted</b>	
123,094	Private Equity	100,279
52,961	Infrastructure	43,370
<b>176,055</b>		<b>143,649</b>
	<b>Cash Deposits</b>	
26,058	Sterling	12,748
19,869	Foreign Currency	9,461
<b>45,927</b>		<b>22,209</b>
<b>1,804,081</b>	<b>Total Investments</b>	<b>1,638,451</b>

## 14c. Analysis by Fund Managers

31/03/2022		By fund manager	31/03/2021	
£000	%		£000	%
1,007,510	55.9	Legal & General	976,698	59.6
178,788	9.9	LCIV Absolute Return	127,845	7.8
153,361	8.5	LCIV Multi-Asset Credit	155,411	9.5
123,094	6.8	Pantheon	100,278	6.1
113,770	6.3	CBRE Global Investors	93,907	5.7
80,632	4.5	Aviva Investors	73,058	4.5
42,288	2.3	Allianz Global Investors	45,525	2.8
20,017	1.1	BlackRock	26,718	1.6
17,983	1.0	LCIV Renewable Infrastructure	-	0.0
14,961	0.8	CIP	16,652	1.0
5,600	0.3	London Fund	-	0.0
45,927	2.5	In house cash deposits	22,209	1.4
<b>1,803,931</b>	<b>100.0</b>	<b>Total</b>	<b>1,638,301</b>	<b>100.0</b>



# PENSION FUND

The following investments represent more than 5% of the investment assets of the scheme.

31/03/2022		Name of holding	31/03/2021	
£000	%		£000	%
368,021	20.4	Legal & General Low Carbon Tracker Index	355,008	21.7
372,312	20.6	RAFI Multi Factor Global	362,429	22.1
153,361	8.5	LCIV Multi-Asset Credit	155,411	9.5
143,026	7.9	Legal & General Index Linked Gilts	136,132	8.3
178,788	9.9	London CIV Absolute Return Fund	127,845	7.8
124,152	6.9	Legal & General World Emerging Equity Index	123,128	7.5
123,094	6.8	Pantheon	100,278	6.1
113,770	6.3	CBRE Global Investors	93,907	5.7

## 15. Fair Value Hierarchy

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur. 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, exchange traded quoted index linked securities and unit trusts.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

### 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.

### 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 (private equity), which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques, which represent the highest and best price available at the reporting date.

## PENSION FUND

Description of asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Pooled equity and index (unitised insurance policies)	Level 2	Published bid market price at end of the accounting period	NAV per share	Not Required
Pooled multi asset credit fund (other managed funds)	Level 2	Published bid market price at end of the accounting period	NAV per share	Not Required
Pooled multi asset absolute return fund (other managed funds)	Level 2	Published bid market price at end of the accounting period	NAV per share	Not Required
Infrastructure Debt (other managed funds)	Level 2	Most recent valuation	NAV published, cashflow transactions i.e., distributions or capital calls	Not Required
Pooled UK property unit trusts	Level 3	Most recent published NAV updated for cashflow transactions to the end of the accounting period.	NAV published, cashflow transactions, i.e., distributions or capital calls.  Valuations are generally based on observable	Valuations of underlying property assets.

Description of asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
		Valuation techniques are used to determine the carrying amount of the pooled property fund.		data but where this is not possible management uses the best available data.
Private Equity	Level 3	Most recent valuations updated for cashflow transactions and foreign exchange movements to the end of the accounting period.  The Market approach may be used in some circumstances for the valuation of underlying assets by the fund manager.	Cashflow transactions, i.e., distributions or capital calls, foreign exchange movements.	Valuations of underlying property assets.
			Audited financial statements for underlying assets, which may include market approach valuations: taking into account actual observed transactions for the underlying assets or similar assets to help value the assets of each partnership.	

# PENSION FUND

## Sensitivity of assets valued at level 3

Having analysed historical data, current market trends and information received regarding the valuation techniques of the investment managers, the Pension Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2022.

Asset	Assessed Valuation Range +/-	Valuation as at 31/03/2022	Value on Increase	Value on Decrease
		£000	£000	£000
Pooled UK property unit trusts	2%	200,002	204,002	196,002
Private Equity	5%	123,094	129,249	116,939
Infrastructure	5%	52,961	55,609	50,313
<b>Total</b>		<b>376,057</b>	<b>388,860</b>	<b>363,254</b>

The following tables provide an analysis of the Pension Fund's financial assets and liabilities grouped into levels 1 to 3, based on the level at which the fair value is observable. The figures below do not include the cash holdings of the Pension Fund.

Values as at 31/03/2022	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Financial assets / liabilities at fair value through profit and loss	(616)	1,382,566	376,057	1,758,007
<b>Total</b>	<b>(616)</b>	<b>1,382,566</b>	<b>376,057</b>	<b>1,758,007</b>

Values as at 31/03/2021	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Financial assets / liabilities at fair value through profit and loss	(413)	1,305,892	299,372	1,604,851
<b>Total</b>	<b>(413)</b>	<b>1,305,892</b>	<b>299,372</b>	<b>1,604,851</b>

## 15b. Transfers between Levels 1 and 2

There were no transfers between levels 1 and 2 during the year.

## 15c. Reconciliation of fair value measurements within level 3

2021/22	Value at 1st April 2021	Purchases in the year	Sales in the year	Unrealised gains (losses)	Realised gains (losses)	Value at 31st March 2022
	£000	£000	£000	£000	£000	£000
Pooled UK property unit trusts	166,964	11,865	(4,779)	25,741	211	200,002
Private Equity	100,279	17,900	(20,195)	11,342	13,768	123,094
Infrastructure	43,370	23,315	(17,266)	4,124	(582)	52,961
<b>Total</b>	<b>310,613</b>	<b>53,080</b>	<b>(42,240)</b>	<b>41,207</b>	<b>13,397</b>	<b>376,057</b>

# PENSION FUND

## 16. Financial Instruments

### 16a. Classification of financial instruments

Most of the Pension 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 in Note 3 describe how fair value is measured. Assets which have fixed payments and are not quoted in an actively tradeable market are classified as "financial assets at amortised cost". The only financial assets under this classification for the Pension Fund are cash deposits and debtors. Creditors to the Pension Fund are classified as financial liabilities at amortised cost because they are not held for trading.

31/03/2022 Carrying Value £000	Name of holding	31/03/2021 Carrying Value £000
	<b>Long Term Investments</b>	
150	- London CIV	150
<b>150</b>		<b>150</b>
	<b>Financial assets or liabilities at fair value through profit or loss</b>	
1,758,620	- Pooled investment vehicles	1,616,506
(616)	- Other investment balances	(413)
<b>1,758,004</b>		<b>1,616,093</b>
	<b>Financial assets at amortised cost</b>	
45,927	- Cash deposits	22,209
1,779	- Debtors	1,957
<b>47,706</b>		<b>24,166</b>
	<b>Financial liabilities at amortised cost</b>	
(2,531)	- Creditors	(2,155)
<b>(2,531)</b>		<b>(2,155)</b>
<b>1,803,329</b>	<b>Net Assets</b>	<b>1,638,253</b>

The carrying values shown on the previous page are the same as the fair value for each line.

### 16b. Net gains and losses on financial instruments

2021/22 £000	Financial Assets	2020/21 £000
160,885	Fair value through profit or loss	311,387
304	Financial assets and liabilities at amortised cost	(590)
<b>161,189</b>		<b>310,797</b>

The Fund has not entered into any financial guarantees that are required to be accounted for as financial instruments.

## 17. 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 pension benefits; and to ensure stability of employer contribution rates. Achieving the investment objectives requires a significant allocation to growth assets to meet to scheme's funding requirement. However, this may result in higher volatility of future funding levels, and therefore future contribution rates.

### a) Management of risk

The Pension Fund is invested in a diverse range of assets across various sectors and jurisdictions. These include listed equities, fixed income, property, private equity, infrastructure, and cash. This is in accordance with the Local Government Pension Scheme (LGPS) Management and Investment of Funds Regulations 2016, which require LGPS pension funds to invest any monies not immediately required to pay benefits. These regulations require LGPS pension funds to formulate an Investment Strategy Statement (ISS) which

## PENSION FUND

sets out each individual pension fund's approach to investment including the management of risk. The most recent version of the ISS is attached to the Haringey Pension Fund's Annual Report.

The majority of the Pension Fund's assets are managed by external investment managers who have a requirement to provide audited internal controls reports regularly to the Council. These reports set out how the individual investment managers ensure that the Pension Fund's assets are safeguarded against loss and misstatement.

The Pension Fund has a strategic asset allocation of 54.5% to globally listed equities and index linked portfolios held within pooled investment vehicles. These investments aim to track their relevant benchmarks in a manner that minimises the volatility of returns compared with market indices, thereby minimising investment costs whilst meeting the Pension Fund's governance requirements.

### b) Market price risk

The key risk for the Pension Fund is market risk – which is the risk that the values of the investments fluctuate due to changes in market prices. Most of the Pension Fund's assets are invested in pooled investment vehicles with underlying assets which can fluctuate daily as market prices change e.g., equities and bonds. To demonstrate the impact of this volatility, the table in the next column shows the impact of potential price changes based on the observed historical volatility of asset class returns. The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets over the last three years.

As at 31/03/2022	Value	%	Value on increase	Value on decrease
	£000	%	£000	£000
Overseas equities	864,484	26.2	1,090,979	637,989
Fixed Income	296,387	5.6	312,985	279,789
Property	200,002	2.9	205,802	194,202
Alternatives	397,131	7.4	426,519	367,743
Cash	45,927	0.0	45,927	45,927
<b>Total Assets</b>	<b>1,803,931</b>		<b>2,082,211</b>	<b>1,525,650</b>

As at 31/03/2021	Value	%	Value on increase	Value on decrease
	£000	%	£000	£000
Overseas equities	840,566	26.4	1,062,056	619,076
UK bonds	291,543	12.2	327,036	256,050
Cash	166,964	4.1	173,852	160,076
Property	317,019	10.3	349,800	284,238
Alternatives	22,209	0.0	22,209	22,209
<b>Total Assets</b>	<b>1,638,301</b>		<b>1,934,953</b>	<b>1,341,649</b>

Several 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 in various geographical areas. The Pension Fund has appointed over 10 investment managers to manage investment across the various mandates. This approach provides further diversification which lowers the overall market risk of the Pension Fund's investment portfolio.

In addition to diversification, investment constraints have been set for the individual investment managers to work within to ensure that the risk of volatility and deviation from the benchmark are within controlled levels.

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Investment values and performance of the investment managers is monitored on a quarterly basis and reported to the Pensions Committee and Board.

### c) Exchange rate risk

The Pension Fund holds investment assets which are denominated in currencies other than sterling. These investment assets were approximately 45% (£828m) of the Pension Fund's investment portfolio as at 31 March 2022. This included investments in overseas listed equities, multi-sector credit, private equity, and cash. Approximately 40% of foreign currency exposures in the listed equities asset class are hedged via the purchase of units in hedged versions of the relevant index tracking funds. The main non-sterling currency exposures at 31<sup>st</sup> March 2022 was the US dollar. Other major exposures were the Euro, other European, Asian, and emerging market country currencies.

There is a risk that due to exchange rate movements the GBP equivalent value of investments may decline and impact on overall investment portfolio performance. The table in the next column demonstrates the potential value of the Pension Fund's investments based on positive or adverse currency movements by 10%.

As at 31/03/2022	Value	%	Value on	Value on
	£000	change	increase	decrease
	£000	%	£000	£000
Overseas equities	496,974	10.0	546,671	447,277
Fixed Income	153,361	10.0	168,697	138,025
Private equity	123,094	10.0	135,403	110,785
Infrastructure	34,978	10.0	38,475	31,480
Cash	19,869	10.0	21,856	17,883
<b>Total Assets</b>	<b>828,276</b>	<b>10.0</b>	<b>911,104</b>	<b>745,448</b>

As at 31/03/2021	Value	%	Value on	Value on
	£000	change	increase	decrease
	£000	%	£000	£000
Overseas equities	840,566	10.0	924,623	756,509
Fixed Income	155,411	10.0	170,952	139,870
Private equity	100,279	10.0	110,307	90,251
Infrastructure	43,370	10.0	47,707	39,033
Cash	12,748	10.0	14,023	11,473
<b>Total Assets</b>	<b>1,152,374</b>	<b>10.0</b>	<b>1,267,611</b>	<b>1,037,137</b>

Cash balances managed internally are only denominated in GBP.

### d) Interest Rate risk

Movements in interest rates have an impact on the income earned by the Pension Fund and the value of net assets. To demonstrate this risk, the table below shows the impact on income earned of a 1% increase and decrease in interest rates.

	Interest earned 2021/22	Interest rate if 1% higher	Interest rate if 1% lower
	£000	£000	£000
Cash deposits	2	31	(27)
<b>Total</b>	<b>2</b>	<b>31</b>	<b>(27)</b>
	Interest earned 2020/21	Interest rate if 1% higher	Interest rate if 1% lower
	£000	£000	£000
Cash deposits	8	26	(10)
<b>Total</b>	<b>8</b>	<b>26</b>	<b>(10)</b>

# PENSION FUND

## e) Credit risk and counterparty risk

Credit risk is the risk a counterparty fails to fulfil a transaction it has contractually committed to entering. This risk is particularly relevant to the Council's non-sovereign bonds (including those held in pooled investment vehicles) and cash investments.

The Council has signed Investment Management Agreements with the external investment managers which set out limits on the types of bonds investment managers can purchase on behalf of the Pension Fund to limit the possibility of default. The table in the next column shows the split of the fixed income investments by credit rating at 31 March 2022 and 31 March 2021. A significant amount of bonds held by the Pension Fund are UK Government index linked gilts, with the balance being global corporate bonds managed by two external investment managers. The UK Government had an AA credit rating at 31 March 2022.

	Market value 31/03/2022	AA	A	BBB	Below BBB
	£000	%	%	%	%
Bond exposure in pooled investment vehicles	296,387	48	3	2	47
<b>Total / Weighted Average</b>	<b>296,387</b>	<b>48</b>	<b>3</b>	<b>2</b>	<b>47</b>
	Market value 31/03/2021	AA	A	BBB	Below BBB
	£000	%	%	%	%
Bond exposure in pooled investment vehicles	291,543	47	4	4	45
<b>Total / Weighted Average</b>	<b>291,543</b>	<b>47</b>	<b>4</b>	<b>4</b>	<b>45</b>

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 the limits on the counterparties which can be used and the amounts that can be invested with them. The amount of cash held by investment managers is kept to a minimum and is invested in the custodian bank's AAAM rated money market fund when held for an extended period of time. The table on the following page details the credit ratings of the institutions the cash was held with at 31 March 2022.

31/03/2022			31/03/2021	
Exposure	Credit rating		Exposure	Credit rating
£000			£000	
39,704	AA-	Northern Trust	18,287	AA-
6,215	A	Barclays Bank Plc	7	A
8	AAAM	Money Market Funds	3,915	AAAM
<b>45,927</b>			<b>22,209</b>	

Cash limits 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 or fund investments when capital is called by underlying investment manager. Maintaining a level of internally managed cash balances enables the Pension Fund to ensure liquidity is not a concern. All of the internally managed cash held on 31<sup>st</sup> March 2022 was in money market funds and bank accounts with the main bank or custodian, ensuring cash is available as required. Monitoring of the cashflow position daily assists with maintaining this position.



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Most the Council's noncash investments are in pooled investment vehicles whose underlying holdings are listed equities or fixed income instruments. These investment vehicles have regular (at least monthly) trading dates, which ensure it is possible to realise the investments easily if required.

## 18. Funding Arrangements

In line with the Local Government Pension Scheme (LGPS) Regulations 2013, the Pension Fund's actuary undertakes an actuarial valuation every three years for the purpose of setting employer contribution rates for the next three years. The last such valuation took place as at 31 March 2019. Based on the current regulations, the next valuation will take place as at 31 March 2022, (this valuation will be finalised prior to 31 March 2023).

The key elements of the funding policy are:

- to ensure the long-term solvency of the pension fund, i.e., that there are sufficient funds available to meet all pension liabilities as they fall due for payment
- to ensure that employer contribution rates are as stable as possible
- to minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
- to reflect the different characteristics of employing bodies in determining contribution rates where the administering body considers it reasonable to do so
- to use reasonable measures to reduce the risk to other employers and ultimately to the taxpayer from an employer defaulting on its pension obligations.

The market value of the Pension Fund at the last triennial valuation

(31 March 2019) was £1,384 million. The Pension Fund's actuary valued the liabilities at £1,378 million. Therefore, the Pension Fund has small funding surplus equivalent to a small funding surplus of £6 million.

The movement in the actuarial deficit between 2016 and the last valuation in 2019 is analysed below:

Reason for change	£m
Employee/employer contributions	132
Benefits paid/other expenses	(6)
Membership changes	(284)
Membership Experience versus expectations	18
Investment returns higher than expected	395
Change in inflation assumptions	(38)
Change in actuarial assumptions	65
<b>Total</b>	<b>282</b>

The aim is to achieve and maintain 100% solvency over a period of 20 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions, are sufficient to meet expected future pension benefits payable. When an employer's funding is less than 100% of the funding target, then a deficit recovery plan will be put in place requiring additional contributions from the employer to meet the shortfall.

At the 2019 actuarial valuation, the pension fund was assessed as 100% funded, a considerable increase from the previous valuation result of 79% at the 31<sup>st</sup> March 2016 valuation.

Contribution increases or decreases may be phased in over the three-year period ending 31 March 2023 for scheme employers, or



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changes may take immediate effect from 1 April 2020. The actuary agreed that the Council's contribution rate could decrease by 1.5% over a three-year period from April 2020, from 26.4% of pensionable salaries to 24.9%. The actuary specified a minimum level of contributions in monetary terms to cover the past service deficit.

Individual employer's contribution rates will vary depending on the demographic and actuarial factors related to each employer participating in the Pension Fund. Full details of contribution rates payable can be found in the Haringey Pension Fund 2019 Actuarial Valuation Report.

The valuation of the Pension Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were as follows.

Future assumed rates	31-Mar-16	31-Mar-19
	%	%
Discount rate (annual nominal return rate)	4.0	4.2
Pay increase (annual change)*	2.8	3.3
Pay increase - Pension (annual change)	2.1	2.3
Retail Price Index (RPI)	3.2	3.3

\*An allowance is also made for promotional pay increases.

### 19. Actuarial present value of promised retirement benefits

In addition to the triennial actuarial valuation, the Pension Fund's actuary, Hymans Robertson also undertakes a valuation of the pension fund's liabilities, on an IAS 19 basis, every year using the same base data as at the actuarial valuation rolled forward to the current financial year, taking account of changes in membership and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting employer

contribution rates and the Pension Fund's Statement of Accounts do not take account of liabilities to pay pensions and other benefits in the future.

In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions from those used for funding purposes. The actuary has also valued ill health and death benefits in line with IAS 19.

31/03/2022		31/03/2021
£000		£000
(2,260,000)	Present Value of promised retirement benefits	(2,346,000)
1,803,329	Fair Value of scheme assets	1,638,253
<b>(456,671)</b>	<b>Net Liability</b>	<b>(707,747)</b>

As noted above, the liabilities above are calculated on an IAS 19 basis and therefore will differ from the results of the 2019 triennial valuation because IAS 19 stipulates a discount rate rather than a rate which reflects market rates. Please see Annex 1 to these accounts for more information

### 20. Current assets

31/03/2022		31/03/2021
£000		£000
	Debtors	
155	- Contributions due - employees	121
1,447	- Contributions due - employers	1,698
177	- Sundry debtors	138
<b>1,779</b>	<b>Total</b>	<b>1,957</b>

# PENSION FUND

An analysis of the debtors is shown in the table below.

31/03/2022		31/03/2021
£000		£000
108	Central government bodies	73
54	Public corporations and trading funds	74
1,617	Other entities and individuals	1,810
<b>1,779</b>	<b>Total</b>	<b>1,957</b>

## 21. Current liabilities

31/03/2022		31/03/2021
£000		£000
	Creditors	
2,155	Sundry creditors	1,718
376	Benefits payable	437
<b>2,531</b>	<b>Total</b>	<b>2,155</b>

An analysis of the creditors is shown in the table below.

31/03/2022		31/03/2021
£000		£000
1,028	Other local authorities	767
682	Public corporations and trading funds	538
821	Other entities and individuals	850
<b>2,531</b>	<b>Total</b>	<b>2,155</b>

## 22. Additional Voluntary Contributions ("AVCs")

Separately invested Additional Voluntary Contributions 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:

31/03/2022	Utmost Life and Pensions/Equitable Life Assurance Society	31/03/2021
£000		£000
215	Value as at 6 April	201
(13)	Retirement benefits and changes	(19)
9	Changes in market value	33
<b>211</b>	<b>Value as at 5 April</b>	<b>215</b>
211	Equitable unit linked	215
<b>215</b>	<b>Total</b>	<b>215</b>

0	Number of active members	1
21	Number of members with preserved benefits	23

31/03/2022	Prudential Assurance	31/03/2021
£000		£000
1,070	Value as at 1 April	1,123
262	Contributions received	196
(471)	Retirement benefits and changes	(221)
92	Changes in market value	73
<b>1,053</b>	<b>Value as at 31 March</b>	<b>1,170</b>
574	Prudential with profits cash accumulation	574
264	Prudential deposit fund	264
285	Prudential unit linked	285
<b>1,123</b>	<b>Total</b>	<b>1,123</b>

72	Number of active members	77
19	Number of members with preserved benefits	19

## PENSION FUND

31/03/2022	Clerical and Medical	31/03/2021
£000		£000
28	Value as at 1 April	28
1	Contributions received	1
(12)	Changes in market value	(12)
<b>17</b>	<b>Value as at 31 March</b>	<b>17</b>
6	Clerical Medical with profits	6
11	Clerical Medical unit linked	11
<b>17</b>	<b>Total</b>	<b>17</b>
1	Number of active members	1
2	Number of members with preserved benefits	2

### 23. Related party transactions

#### Haringey Council

In 2021/22 the Pension Fund paid £0.827m to the Council for administration and legal services (£0.679m in 2021/22). As at 31st March 2022 an amount of £0.067m was due from the Council to the Fund (£0.551million in 2021/22).

#### Governance

During 2021/22, none of the Council's elected members serving on the Pensions Committee and Board (PCB) were members of the Haringey Local Government Pension Scheme. Both of the employee representatives serving on the PCB were scheme members. PCB members are required to declare their interests at the beginning of each committee meeting, and as necessary during the discussion of individual items of business if it becomes clear that a conflict of interest has arisen.

#### Key Management Personnel

The key management personnel for the Pension Fund is the Section 151 Officer for Haringey Council. The Council recharges the Pension Fund for a portion of this officer's costs. The Section 151 Officer was

a permanent member of staff who was a participating member in the scheme.

31/03/2022	Key Management Personnel	31/03/2021
£000		£000
25	Short - term benefits	24
6	Post-employment benefits	6
<b>31</b>		<b>30</b>

### 24. Contingent liabilities and contractual commitments

31/03/2022		31/03/2021
£000		£000
73,821	Pantheon	71,298
23,054	Copenhagen Infrastructure Partners	21,762
3,191	Blackrock	3,678
47,017	LCIV Renewable Fund	0
39,235	LCIV London Fund	0
<b>186,318</b>	<b>Total</b>	<b>96,738</b>

The Pension Fund has outstanding commitments to invest £186.3m in the private equity and renewable energy infrastructure portfolios. The investments will be funded by rebalancing the investment portfolio over time in line with the strategic asset allocation as outlined in the Pension Fund's Investment Strategy Statement.

### 25. Contingent assets

Eight admitted body employers in the Haringey Local Government Pension Scheme hold insurance bonds in the value of £1.7m to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of an employer default.

# PENSION FUND

## Annex 1- Independent Actuaries Report

### Introduction

CIPFA's Code of Practice on Local Authority Accounting 2021/22 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. I have been instructed by the Administering Authority to provide the necessary information for the London Borough of Haringey Pension Fund ("the Fund").

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 the 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 Fund's funding assumptions.

### Present value of promised retirement benefits

Year ended	31 March 2022 (£m)	31 March 2021 (£m)
Active members (£m)	915	901
Deferred members (£m)	629	674
Pensioners (£m)	716	771
<b>Total (£m)</b>	<b>2,260</b>	<b>2,346</b>

The promised retirement benefits at 31 March 2022 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2019. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

The figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further, I have not made any allowance for unfunded benefits.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the pension fund accounts. 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 and are different as at 31 March 2022 and 31 March 2021. I estimate that the impact of the change in financial

# PENSION FUND

assumptions to 31 March 2022 is to decrease the actuarial present value by £164m. I estimate that the impact of the change in demographic and longevity assumptions is to increase the actuarial present value by £11m.

Year ended	31 March 2022	31 March 2021
Pension Increase Rate	3.20%	2.85%
Salary Increase Rate	4.20%	3.85%
Discount Rate	2.70%	2.00%

## Longevity assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.5 years	24.0 years
Future pensioners (assumed to be aged 45 at the latest formal valuation)	22.9 years	25.8 years

All other demographic assumptions are unchanged from last year and as per the latest funding valuation of the Fund.

## Sensitivity Analysis

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the

principal assumptions used to measure the liabilities are set out below:

Sensitivity to the assumptions for the year ended 31 March 2022	Approximate % increase to liabilities	Approximate monetary amount (£m)
0.1% p.a. decrease in the Discount rate	2%	42
1 year increase in member life expectancy	4%	90
0.1% p.a. increase in the Salary Increase Rate	0%	3
0.1% p.a. decrease in the Real Discount Rate	2%	39

## Professional notes

This paper accompanies my covering report titled 'Actuarial Valuation as at 31 March 2022 for accounting purposes'. The covering report identifies the appropriate reliance 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

22 June 2022

For and on behalf of Hymans Robertson LLP

# ANNUAL GOVERNANCE STATEMENT

## Annual Governance Statement 2021-22

### 1. Scope of responsibility

- 1.1 We are responsible for ensuring that our 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. We also have a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which our functions are exercised, with regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this, we are also responsible for putting in place proper arrangements for the governance of our affairs, facilitating the effective exercise of our functions, which includes arrangements for the management of risk.
- 1.3 We have 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'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 our commitments as part of the Local Code of Corporate Governance, together with how we obtain assurance that these commitments are in place and effective; it also meets the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015, in relation to the publication of an Annual Governance Statement.

### 2. The purpose of the governance framework

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which we direct and control the activities of the Council. The framework also comprises the activities through which we are accountable to, engages with and leads the community. Through the framework, we monitor the achievement of our strategic objectives and consider whether those objectives have led to the delivery of appropriate and cost-effective services.
- 2.2 The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives, but 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 our approved policies, aims and objectives. The system of controls also allows for the evaluation of the likelihood of risks being realised and the impact should they be realised, ensuring that we are able to manage them efficiently, effectively and economically.

# ANNUAL GOVERNANCE STATEMENT

- 2.3 The governance framework has been in place for the year ended 31<sup>st</sup> March 2022 and up to the date of the approval of the annual report and accounts.
- 2.4 Like all local authorities across the country, we rapidly changed our focus in March 2020 to respond to the global COVID-19 pandemic and that continued throughout the financial 2021/22. This involved enacting emergency planning and business continuity arrangements, protecting and supporting the most vulnerable, supporting public health measures to reduce the spread of the virus and maintaining and adapting council services to continue to serve residents and businesses in the borough. This was not just a Haringey response, we have and continue to work with partners, local and regional authorities across London and government through London emergency planning arrangements.
- 2.5 The majority of our council staff moved to working from home though from December 2021, we have moved to hybrid working with staff working some time from our offices and from home. The connected communities' helpline was set up as the 'shop front' for advice, support and information with over 6,000 people having made contact by the end of May 2020 and we continued to operate this programme into the 2021/22 financial year. We continued to work with the NHS to support the c9,100 extremely vulnerable residents identified as part of the 'shielded group'.
- 2.6 We successfully enacted our business continuity plans in response to Covid-19 and were able to sustain most service by using technology to enable staff to work from our offices and from home. Services adapted their business model rapidly to move services online, or to provide support to residents remotely and we continue to take a measured, phased approach as we implement hybrid working. The social distancing policies established by our facilities management team were modified during the year based on advice from health officials though safety of our staff remained paramount throughout the pandemic. Particular attention has been paid to services that may need to resume a face-to-face offer, to ensure this is done safely. We produced and published a covid-19 risk assessments, which was presented at the Corporate Committee on 3 December 2020 and covid related risks continued to be monitored across the organisation. In addition, we have carried out individual risk assessments to identify any Council staff with higher levels of vulnerability, so that we ensure that we protect the health and wellbeing of all our staff through what continues to be a period of elevated concern.
- 2.7 In December 2021, following a consultation process, a decision was made to bring services delivered by the Council's Arm's Length Management organisation (Homes for Haringey) into the Council from 1 June 2022. Homes for Haringey was responsible for delivering the Council Housing function and managed over 16,000 tenant homes and over 4,500 leasehold properties on behalf of the Council between 2006 and 2022 and employed around 750 staff. The change will have a significant impact as the Council seeks to integrate the Housing functions into Council operations over the coming years.

# ANNUAL GOVERNANCE STATEMENT

- 2.8 The second half of the year saw some residents impacted by the cost-of-living crisis. We are acutely aware of its impact and have supported people through our welfare strategy, which we brought forward with aims to manage and stop people from falling into debt in the borough and support the most vulnerable residents in the community.
- 2.9 Locally the council is working to reduce the impact on residents through the introduction of The Haringey Strategy for Tackling Debt, which aims to identify those residents with the most urgent need and unmanageable or ‘problem’ debt and provide them with debt management support. In particular, the new strategy outlines the key steps the council will take, working with partners, to tackle debt in Haringey:
- **Support:** Providing emergency help through the local welfare assistance fund and scheme and stopping the use of bailiffs for collecting Council Tax from vulnerable residents, and those on low incomes.
  - **Safeguarding:** Recognising debt as a safeguarding issue and working with partners to raise awareness of the risks associated with problem debt and referring vulnerable people to help.
  - **Systems:** Introducing a ‘apply once’ process for variety of benefits, support, and interventions to triage and understand individual causes of debt; and
  - **Setting the agenda:** Raising awareness of the issue of problem debt and establishing a partnership board with the aim of developing new insights and services that increase social security, financial resilience and access to the right support.
- 2.10 The council will work with partners to implement the strategy as it continues to understand the wider picture of support required in the borough.
- 2.11 The following section highlights each of the seven governance principles set out in the CIPFA / SOLACE framework “Delivering Good Governance in Local Government” and the arrangements in place demonstrating how we meet the governance principles. Any gaps identified as part of the annual review will form an action plan agreed and monitored by the Statutory Officers with all actions to be completed by March 2023.



# ANNUAL GOVERNANCE STATEMENT

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<b>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>	
<p><b><u>Behaving with Integrity</u></b></p> <p>a) The Council’s Member Code of Conduct (Nov 2019) requires members to declare interests; applies to Members and co-opted voting members on election or appointment. Published on the internet:  <a href="http://www.haringey.gov.uk/sites/haringeygovuk/files/lbh_constitution_part_5_section_a_-_part_1__0.pdf">http://www.haringey.gov.uk/sites/haringeygovuk/files/lbh_constitution_part_5_section_a_-_part_1__0.pdf</a></p> <p>b) The offer of Induction is provided for all new Members when they are elected on expected standards of behaviour. A comprehensive programme has been established since the election in May 2022 to on board new and re-elected members into the Council.</p> <p>c) The Officer Code of Conduct was reviewed in 2019 and a new version was published to staff in June 2019 following approval by Members. A copy of the Code is provided to all new officers on appointment and annual reminders are made of the need for employees to make a declaration of a conflict of interest or to declare any offers of gifts or hospitality which are received.</p> <p>d) Haringey Values updated in 2015 (Human, Ambitious, Accountable, and Professional). The Council’s Human Resources (HR) team is running seminars for Senior Managers to attend on HR policies including Haringey values. The values are published on the internal website and internet:  <a href="https://www.haringey.gov.uk/jobs-and-training/working-haringey/haringey-values">https://www.haringey.gov.uk/jobs-and-training/working-haringey/haringey-values</a></p> <p>e) Decision-making practices for member decisions follow legal and transparency requirements. Officer decisions are also recorded and published on Modern.gov:  <a href="http://www.haringey.gov.uk/local-democracy/our-standards">http://www.haringey.gov.uk/local-democracy/our-standards</a>  <a href="https://www.haringey.gov.uk/local-democracy/how-decisions-are-made">https://www.haringey.gov.uk/local-democracy/how-decisions-are-made</a></p>	

# ANNUAL GOVERNANCE STATEMENT

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>f) Register of interests and gifts and hospitality for members/co-optees checked on election/appointment. Minutes show declarations of interest sought, and appropriate declarations made for each meeting. <a href="http://www.haringey.gov.uk/local-democracy/our-standards/register-members-interests">http://www.haringey.gov.uk/local-democracy/our-standards/register-members-interests</a></p> <p>g) Requirement for all new staff to complete Register of Interests declaration. Senior managers are required to complete a declaration every two years; staff should complete a new form as/when circumstances change. Gifts and hospitality for members are recorded with their declarations of interests and are published on the website, see link in f above. A new system, HALO has been introduced to efficiently manage HR processes under a single portal. For officers, declaration forms are retained in Human Resources and in future will be maintained on HALO.</p> <p>h) Standard report format requires report authors to state how their proposal meets the corporate objectives and priorities. Report authors must also provide reasoning and evidence for proposals, so that the basis for decisions is clear and include statutory officer's advice, including legal and finance advice. Training for report authors on writing clear, logical and objective reports was provided for officers from July 2021 to Jan 2022 and standard templates are held on the internal website.</p> <p>i) Anti-fraud and corruption strategy is in place, including the Whistle blowing policy (Dec 2020). The Head of Audit and Risk Management reports on actions, effectiveness and outcomes (and use of the whistle blowing policy) to Corporate Committee and provides awareness presentations to Corporate Management Group. Copies of the policies are on the internet: <a href="https://www.haringey.gov.uk/local-democracy/performance-and-finance/fraud-and-corruption">https://www.haringey.gov.uk/local-democracy/performance-and-finance/fraud-and-corruption</a></p>	

# ANNUAL GOVERNANCE STATEMENT

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>j) Corporate and service specific complaints policies are in place and published on the website. Level of complaints upheld at Stage 1 and 2 is monitored and reported regularly to the Council’s Corporate Management Group using Grip Indicators. More information is being published and made easily accessible to customers. Training sessions have been developed looking at examples of best practice in responses and getting it right first time.  <a href="http://www.haringey.gov.uk/contact/council-feedback/complaints-about-council">http://www.haringey.gov.uk/contact/council-feedback/complaints-about-council</a></p> <p>k) Local Code of Corporate Governance was refreshed in 2018/19 and was approved at Corporate Committee July 2019. It is planned for the Code to be refreshed and be presented at Full Council following update for any significant changes :  <a href="https://www.minutes.haringey.gov.uk/documents/s110621/App%20B%20Code%20of%20corporate%20Governance%20for%20legal%20VB%20MJ%202014.11.18%20final.pdf">https://www.minutes.haringey.gov.uk/documents/s110621/App%20B%20Code%20of%20corporate%20Governance%20for%20legal%20VB%20MJ%202014.11.18%20final.pdf</a></p> <p><b><u>Demonstrating strong commitment to ethical values</u></b></p> <p>l) The Standards Committee, along with the Council’s Monitoring Officer, establishes monitors and maintains the organisation’s ethical standards and performance, reporting to full Council as necessary. The committee deals with allegations of breaches of the Member Code and issue (or require Groups to issue) reminders/advice notes to Members where issues of conduct cause concern.  <a href="http://www.haringey.gov.uk/local-democracy/our-standards/standards-committee">http://www.haringey.gov.uk/local-democracy/our-standards/standards-committee</a></p> <p>m) The Council incorporated the Social Value Act requirements into all procurement and contracts; including a standard clause referring to ‘PREVENT’ in all contracts, as well as safeguarding and health and safety. A broader review of how the authority carries out procurement activity is underway and any change will continue to incorporate the Council’s Social Value Act requirements.</p>	<p>Refresh the Local Code of Corporate Governance</p>

# ANNUAL GOVERNANCE STATEMENT

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>n) A major review of all the Human Resources policies &amp; procedures began in 2019/20 and is ongoing. The policies for revision undergo extensive discussion with relevant groups within the council and with trade unions before the final version is presented to Members for their approval, only when approved are policies published and details communicated to officers.</p> <p>o) The Council encourages external providers of services to act with integrity and in compliance with high ethical standards expected by the organisation in information sharing:  <a href="http://www.haringey.gov.uk/community/community-safety-and-engagement/crime-and-disorder-information-sharing-protocol">http://www.haringey.gov.uk/community/community-safety-and-engagement/crime-and-disorder-information-sharing-protocol</a>            In procurement: <a href="http://www.haringey.gov.uk/business/selling-council/council-contracts">http://www.haringey.gov.uk/business/selling-council/council-contracts</a></p> <p><b><u>Respecting the rule of law</u></b></p> <p>p) The Chief Executive is appointed by full Council. Any disciplinary action or dismissal of the statutory officers is dealt with in line with legal requirements that take into account the need for them to fulfil their responsibilities in accordance with legislative and regulatory requirements. A Statutory Officers Group meets monthly and ensures statutory compliance and is both forward and backward looking and support the organisation and Statutory Officers in fulfilling their roles.</p> <p>q) The Council optimises the powers available for the benefit of citizens, communities and other stakeholders. Decisions are taken, in accordance with relevant statutory requirements and the Council Constitution, by full Council, Cabinet, individual Cabinet members and officers under delegated powers. The Council Constitution is reviewed updated and published on the internet:  <a href="http://www.haringey.gov.uk/local-democracy/about-council/council-constitution">http://www.haringey.gov.uk/local-democracy/about-council/council-constitution</a></p>	

# ANNUAL GOVERNANCE STATEMENT

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>r) Breaches of law/financial regulations can be the subject of a report to full Council by the relevant statutory officer. No statutory officer reports have been required in 2021/22.</p> <p>s) Statutory officers are available at meetings of the Council/Cabinet to advise and ensure law and regulations are not breached.</p>	
<b>B. Ensuring openness and comprehensive stakeholder engagement</b>	
<p><u>Openness/ Implementing good practice in transparency</u></p> <p>a) The Council Publication Scheme sets out information available to view or download including under the requirements of the Transparency Code 2015.  <a href="http://www.haringey.gov.uk/local-democracy/publications/publication-scheme">http://www.haringey.gov.uk/local-democracy/publications/publication-scheme</a></p> <p>b) Member decisions are rarely taken in the private (Part 2) section of meetings. Member delegated decisions are also taken at meetings advertised and open to the public. The constitution allows for deputations and petitions and a call-in procedure for cabinet key decisions is in place. The local and statutory requirements are set out in the Council Constitution: <a href="http://www.haringey.gov.uk/local-democracy/about-council/council-constitution">http://www.haringey.gov.uk/local-democracy/about-council/council-constitution</a></p> <p>c) The Council carries out consultation on a regular basis with stakeholders. It has a consultation co-ordinator and a consultation charter and toolkit on its internal website. All consultations require a consultation plan, which is posted on the consultation e-plan on the internet. <a href="http://www.haringey.gov.uk/local-democracy/have-">http://www.haringey.gov.uk/local-democracy/have-</a></p>	

# ANNUAL GOVERNANCE STATEMENT

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p><a href="http://www.haringey.gov.uk/local-democracy/have-your-say-haringey/our-commitments-you">your-say-haringey</a>. <a href="http://www.haringey.gov.uk/local-democracy/have-your-say-haringey/our-commitments-you">http://www.haringey.gov.uk/local-democracy/have-your-say-haringey/our-commitments-you</a>  <a href="https://www.haringey.gov.uk/local-democracy/policies-and-strategies/borough-plan-2019-2023-consultation">https://www.haringey.gov.uk/local-democracy/policies-and-strategies/borough-plan-2019-2023-consultation</a></p> <p>The Council publishes ‘Performance Wheels’ on Borough Plan priorities and outcomes on the website; feedback on our performance is encouraged through this route:  <a href="https://www.haringey.gov.uk/local-democracy/policies-and-strategies/building-stronger-haringey-together">https://www.haringey.gov.uk/local-democracy/policies-and-strategies/building-stronger-haringey-together</a></p> <p><b><u>Engaging comprehensively with institutional stakeholders</u></b></p> <p>d) A partnership with the community sector was approved in December 2015 designed to forge stronger relationships with the local voluntary sector, working with the Moracle Foundation to improve the strength of the voluntary sector, enabling it to attract more funding and investment to support local communities. A voluntary and community sector pledge is included in the Borough Plan.</p> <p>e) Formal and informal partnerships allow for resources to be used more efficiently and outcomes achieved more effectively; the Borough Plan incorporates key partnership working across all its priorities, including the Local Safeguarding Children’s Board (LSCB), Safeguarding Adults Board (SAB), Multi-Agency Risk Assessment Conference (MARAC) and the Community Safety Partnership (CSP). Agendas and minutes for the CSP are published on the website: <a href="http://www.minutes.haringey.gov.uk/ieListMeetings.aspx?CId=444&amp;Year=0">http://www.minutes.haringey.gov.uk/ieListMeetings.aspx?CId=444&amp;Year=0</a>  Examples where the Council participates in partnership include the Joint Health &amp; Wellbeing Partnership with Islington; delivering the STEM commission recommendations; working with our schools to improve outcomes for children.</p> <p>f) Resident engagement also occurs in formal consultation and engagement processes. More information on the Community Engagement Framework is available on our website.  <a href="https://www.haringey.gov.uk/local-democracy/have-your-say-haringey/haringeys-community-engagement-framework">https://www.haringey.gov.uk/local-democracy/have-your-say-haringey/haringeys-community-engagement-framework</a></p>	

# ANNUAL GOVERNANCE STATEMENT

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>g) The Council also uses social and print media to engage with residents and stakeholders, including the Council website, My Account, Twitter, Facebook, Haringey People and the weekly Haringey People online. The Council also has specific partnerships and stakeholder newsletters including Team Noel Park; and Northumberland Park to engage with residents.</p>	<p>Further consideration is being given to resident engagement.</p>
<p><b>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits; and D. Determining the actions necessary to optimise the achievement of the intended outcomes</b></p>	
<p><b><u>Defining actions/outcomes and sustainable economic, social and environmental benefits</u></b></p> <p>a) The Borough Plan sets out how the Council might work with partners and with communities to improve the borough and make Haringey a more successful place, while delivering a significant savings programme by 2025. The plan has five core priority areas, each underpinned by a series of ambitious targets. It considers and balances the economic, social and environmental impact of policies, plans and decisions. The Plan includes a challenging set of performance measures. Programme planning and management require focus on outcomes and benefits identification and tracking as part of project implementation. There is a clear and consistent approach to the reporting of outcomes, benefits, risks and issues across Priority Boards. The Plan is published on the website and is being refreshed following the local authority elections in May 2022 to reflect the manifesto priorities of the new administration: <a href="https://www.haringey.gov.uk/local-democracy/policies-and-strategies/borough-plan">https://www.haringey.gov.uk/local-democracy/policies-and-strategies/borough-plan</a></p> <p>b) The Council publishes updates on its website to show how the Council and partners are achieving against specific targets every three months. The outcome targets specify the intended impact on service users, residents and other stakeholders.</p> <p>c) The Council has an agreed Medium-Term Financial Strategy (MTFS) and Workforce Plan. These set out how the Council will deliver the corporate plan taking into account the full cost of operations and within available resources, balancing service priorities, and ensure its workforce has the right skills to enable it to achieve the agreed outcomes. Regular reports are provided to the Cabinet:</p>	

# ANNUAL GOVERNANCE STATEMENT

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p><a href="https://www.minutes.haringey.gov.uk/documents/s129929/2022.23%20Budget%20and%202022-2027%20MTFS%208%20Feb%202022%20ver3.0%20FINAL.pdf">https://www.minutes.haringey.gov.uk/documents/s129929/2022.23%20Budget%20and%202022-2027%20MTFS%208%20Feb%202022%20ver3.0%20FINAL.pdf</a></p> <p>d) Robust planning and control cycles cover strategic and operational plans, priorities and targets. An internal governance process has been implemented to provide regular monitoring and scrutiny of the achievement of the corporate plan and resources applied. For each priority, Priority Boards have been introduced. Performance against objectives is published on the website: <a href="http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance">http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance</a></p> <p>e) A five-year capital programme was approved by Full Council on 8 February 2022, which sets out the Council’s longer-term investment requirements linked to policy objectives, updates are provided to Cabinet annually at the February meeting: <a href="https://www.minutes.haringey.gov.uk/documents/s129929/2022.23%20Budget%20and%202022-2027%20MTFS%208%20Feb%202022%20ver3.0%20FINAL.pdf">https://www.minutes.haringey.gov.uk/documents/s129929/2022.23%20Budget%20and%202022-2027%20MTFS%208%20Feb%202022%20ver3.0%20FINAL.pdf</a></p> <p>f) The Council reviewed its financial practices against CIPFA’s Financial Management Code of Practice and its guidance notes. The code aims to assist local authorities in demonstrating sustainable financial management and gives examples and best practice principles. The review noted the authority substantially confirms with the code though noted some further steps that will enhance current arrangements.</p> <p><b><u>Determining actions and optimising achievement of intended outcomes</u></b></p> <p>g) The Council includes requirements to enhance social value in contracts. For example, construction projects over £1m in value must include an apprenticeship scheme, and where possible, employers are encouraged to pay the London Living Wage. High value procurements include a significant weighting in the ‘social value’ section and, where applicable, requirements as to the use of community assets.</p>	



# ANNUAL GOVERNANCE STATEMENT

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p><b>E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it</b></p>	
<p><b><u>Developing the entity’s capacity</u></b></p> <p>a) The Council’s Workforce Development Strategy 2019 – 2023 aims to create a better place to work and to ensure the Council has the right people in the right places with the appropriate skills to deliver the Council’s priorities. The plan is published on the website:  <a href="https://www.haringey.gov.uk/search/haringey_cse/workforce%20development%20strategy">https://www.haringey.gov.uk/search/haringey_cse/workforce%20development%20strategy</a></p> <p>b) Workforce expectations also form a clear part of contracting and commissioning processes, as our workforce is not limited to employed staff, including complying with minimum and London Living Wage requirements.</p> <p><b><u>Developing the capability of the entity’s leadership and other individuals</u></b></p> <p>c) The Council Constitution specifies the types of decisions that is delegated and those reserved for the collective decision making of the full Council or Cabinet.  <a href="http://www.haringey.gov.uk/local-democracy/about-council/council-constitution">http://www.haringey.gov.uk/local-democracy/about-council/council-constitution</a></p> <p>d) The Council’s Constitution sets out the leader and chief executive roles to ensure the respective responsibilities are defined in accordance with decision-making accountabilities. These comply with relevant statutory requirements. It also includes the general scheme of delegation. Each service area also has a service area scheme of authorisation for officers, currently published on the intranet.</p>	

# ANNUAL GOVERNANCE STATEMENT

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>e) Members who sit on Committees are provided with training specific to their responsibilities for these committees. Training sessions have commenced for member for planning, licensing, audit, finance, pensions and treasury.</p> <p>f) The Council provides a programme of training for all members, and members have access to the Council’s corporate training and development programme, which is published on the internal website.</p> <p>g) During 2016/17 the Council rolled out ‘My Conversation’, a new performance management process, to all staff, which focuses on personal and organisational development and performance; the Staffing and Remuneration Committee receives regular reports on people management issues in line with the Workforce Plan objectives. Guidance and templates for all staff are published on the internal website.</p> <p>h) The Council’s Workforce Development Strategy 2019 – 2023 aims to create a better place to work. Work on creating a Healthy Workforce Strategy is on-going. The Council’s corporate Health, Safety and Wellbeing Board monitors all key aspects of statutory and local requirements and has an action plan in place to address any identified gaps in compliance. Health and Wellbeing Fairs have been run to promote employee health.</p> <p>i) The Council has protocols in place which govern how the operational and working relationships between officers and members are managed and forms part of the Constitution: <a href="http://www.haringey.gov.uk/local-democracy/about-council/council-constitution">http://www.haringey.gov.uk/local-democracy/about-council/council-constitution</a></p> <p>j) The Council reviews operations, performance and use of assets on a regular basis to ensure their continuing effectiveness; the Corporate Plan highlights key performance objectives, targets and outcomes, which are monitored and reported</p>	

# ANNUAL GOVERNANCE STATEMENT

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>via the Council website. The performance reporting also compares current performance with statistical neighbours, London and England averages in most cases: <a href="http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance">http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance</a></p>	
<p><b>F. Managing risks and performance through robust internal control and strong public financial management; and G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b></p>	
<p><b><u>Managing risk</u></b></p> <p>a) Haringey has a corporate Risk Management Policy and Strategy in place it was reviewed in Sept 2020 and approved by Members in Dec 2020. A project to strengthen risk management and embed the Strategy has commenced and will continue into 2022/23. Risk Management is embedded through a variety of processes and procedures, management teams, groups and boards across the organisation and is central to activities, including business planning and project management processes. <a href="https://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CId=730&amp;MId=9449&amp;Ver=4">https://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CId=730&amp;MId=9449&amp;Ver=4</a></p> <p>b) The Council’s key risks are managed via corporate risk and directorate risk registers; each is regularly reviewed via strategic and operational board meetings. Responsibility for individual risks and issues identified is clearly set out in risk registers. Internal audit reviews of key risks are undertaken as part of the annual audit programme. Performance objectives and outcomes are reported on the website: <a href="http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance">http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance</a></p> <p>c) 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. As noted previously the Council’s Business</p>	<p>Continue to embed risk management principles</p> <p>Work to refresh the Business Continuity arrangements began in 2021/22 and will continue into 2022/23.</p>

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Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>Continuity Plans were implemented in response to Covid -19. More information on business continuity and emergency planning is available at:  <a href="https://www.haringey.gov.uk/environment-and-waste/major-emergencies/emergency-planning">https://www.haringey.gov.uk/environment-and-waste/major-emergencies/emergency-planning</a></p> <p><b><u>Managing performance</u></b></p> <p>d) The Council monitors service delivery effectively including planning, specification, execution and independent post implementation review which is set out in the Borough Plan and outcome priorities:  <a href="https://www.haringey.gov.uk/local-democracy/policies-and-strategies/building-stronger-haringey-together">https://www.haringey.gov.uk/local-democracy/policies-and-strategies/building-stronger-haringey-together</a></p> <p>e) Overview and Scrutiny takes a detailed look at the Council’s decisions and policies and 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. Overview and Scrutiny Committee also reviews the Performance Wheels on a quarterly basis and individual Scrutiny Panels consider performance with reference to their reviews. The reports and recommendations are discussed and responded to by the Cabinet and published on the Council’s website:  <a href="http://www.minutes.haringey.gov.uk/ieListMeetings.aspx?Cid=128&amp;Year=0">http://www.minutes.haringey.gov.uk/ieListMeetings.aspx?Cid=128&amp;Year=0</a></p> <p><b><u>Strong public financial management and robust internal control</u></b></p> <p>f) The Medium-Term Financial Strategy (MTFS) outlines the overall financial strategy for achieving the Council’s priorities. The MTFS <b>identifies savings required to deliver a balanced budget position each year between 2022 and 2027 before being approved by</b></p>	

# ANNUAL GOVERNANCE STATEMENT

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p><b>Full Council in February 2022</b>; the reminder has yet to be identified and will form part of the financial planning process during 2022/23. Each Priority Board considers finance and budgets at every meeting, looking at both the budget and savings positions and tracking progress on both. Transformation and delivery of outcomes are aligned to achieving savings and remaining within budget limits; the performance outcomes are reported on the website.</p> <p>g) 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. Managers submit monthly budget forecasts and the Cabinet receives quarterly budget management information.</p> <p>h) The Council operates a ‘zero tolerance’ approach to fraud and corruption. . The anti-fraud and corruption policy includes a fraud response plan, anti-bribery and money laundering policies and a whistle-blowing policy. The anti-fraud policy is published on the Council website and regular articles on how to report fraud are published in staff newsletters and Haringey People. In 2022/23, the Council investigated and recovered 28 illegally sublet properties; and prevented 52 potentially fraudulent Right to Buy applications in line with the anti-fraud policy. Referrals made using the whistle blowing policy were all reviewed, investigated and reported to the Corporate Committee, copies of the reports are on the website:  <a href="https://www.minutes.haringey.gov.uk/ieListMeetings.aspx?CId=730&amp;Year=0">https://www.minutes.haringey.gov.uk/ieListMeetings.aspx?CId=730&amp;Year=0</a></p> <p>i) The Council’s internal and external auditors produce annual audit reports and the Annual Audit Letter, which were both reported to the Corporate Committee. No significant governance issues were raised by either report; recommendations were made to address some identified control weaknesses.</p> <p>j) Regular internal and external audit reviews check compliance with financial and contract procedure rules across the Council and the outcomes of these are reported to the Corporate Committee on a quarterly basis. All high priority recommendations, excluding those covering schools’ audits, made by internal audit were found to be implemented when follow up audits were undertaken. The Corporate Committee fulfilled its terms of reference in relation to audit functions; and reported positive outcomes in relation to pro-active counter-fraud activities in 2020/21. The recent CIPFA application note on Audit Committee</p>	<p>Review CIPFA’s application note on Audit Committees.</p>

# ANNUAL GOVERNANCE STATEMENT

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>has highlighted the form of the Corporate Committee does not fully correspond with best practice and this is subject to a review in 2022/23.</p> <p>k) The Council’s internal control arrangements are subject to annual self-assessment by the Head of Audit and Risk Management; any gaps in compliance with mandatory standards are included in the statutory annual Head of Audit report. In line with the Public Sector Internal Audit Standards, a peer review was commissioned and reported the Internal Audit Service was fully compliant with the standards.</p> <p><b><u>Managing data</u></b></p> <p>l) The Council has policies dealing with various aspects of data management including security and data protection; Freedom of Information Act; information asset registers; and general records management. These and supporting guidance are all published on the intranet. Data quality policy is published on the website: <a href="https://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance?_sm_au_=iHVH14V03WHLnWHq">https://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance?_sm_au_=iHVH14V03WHLnWHq</a></p> <p><b><u>Implementing good practices in reporting</u></b></p> <p>m) The Council produces an annual report to accompany its statement of accounts; for 2019/20, this received an unqualified opinion from the external auditor in 2021/22, who confirmed that the accounts provided a true and fair view of the Council’s financial position; and the arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively. Under the Local Accountability Act, the Council is responsible for appointing its external auditors from 2019/20; approval for the preferred appointment process was obtained from Corporate Committee in February 2022 and Full Council in March 2022. The Council chose to participate in a sector led procurement exercise using Public Sector Audit Appointments (PSAA) as the Appointing Person. <a href="http://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CId=143&amp;MId=7868&amp;Ver=4">http://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CId=143&amp;MId=7868&amp;Ver=4</a></p>	<p>Review and refresh the Data Quality Policy</p>

# ANNUAL GOVERNANCE STATEMENT

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>n) The Council's Annual Governance Statement (AGS) is produced in accordance with required guidance and included in the statement of accounts; the AGS is reviewed by the Corporate Board and the Corporate Committee to ensure that any gaps in assurance or compliance issues are identified and addressed. Significant issues reported in 2021/22 are being addressed.</p> <p>o) As part of the Corporate Plan delivery arrangements, five Priority Boards are responsible for delivering the Corporate Plan with a responsible manager allocated as owner for each corporate priority. Outcomes and performance against all the priorities' objectives are published on the website: <a href="http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance">http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance</a></p> <p><b><u>Assurance and effective accountability</u></b></p> <p>p) Internal and external audit provide assurance on the Council's system of internal control to support the section 151 officer requirements, including reporting compliance with financial and contract procedure rules across the Council. The outcomes of internal audits are reported to the Corporate Committee on a quarterly basis. All outstanding recommendations are reported to Corporate Committee; a focus is maintained on ensuring all high priority recommendations are implemented. All outstanding recommendation continue to be monitored.</p> <p>q) The Head of Audit and Risk Management and the internal audit service fully complied with the requirements of the mandatory UK Public Sector Internal Audit Standards, as evidenced by peer review and self-assessment. Access to officers, members and information is provided by the Constitution.</p>	

# ANNUAL GOVERNANCE STATEMENT

## 3. Significant governance issues

- 3.1 Following our review of governance in 2020/21, we identified some key areas where work would be undertaken in 2020/21 to ensure governance arrangements were in place and effective. An action plan was drawn up and progress as at 31 March 2021 on this is set out below.

Issue	Agreed Action/ Deadline (as at July 2021)	Progress update (as at June 2022)
Covid -19 Impact on Financial Planning & MTFS refresh	<p>There has continued to be regular reporting of the financial position of the council to both Senior Officers and Members. The budget for 2021/22 was approved in February. The s151 officer confirmed via the follow up work in February 2021 that plans were in place to address the forecasted overspend for 2020/21, that existed at that time.</p> <p>In light of the Covid-19 pandemic the council's MTFS has been reviewed and appropriate financial risks recognised. The MTFS will continue to be monitored in 2021/22 and beyond as financial uncertainty will continue to impact on the Council's financial management arrangements.</p>	<p>Reporting has continued as planned to senior, officers and members.</p> <p>The MTFS planning for 2022/23 and onwards has taken account of various environmental/contextual issues such as the ongoing impact of covid-19, however clearly there remains a great deal of uncertainty regarding the long term legacy impact on the organisation and indeed within the local government sector.</p>
During 2020/21, there have been issues raised with regards the robustness of decision making relating to acquisitions and disposals of property, this has required investigation to provide assurance that effective governance is in place and to ensure that decisions have been made and recorded in line with the constitution.	<p>New governance arrangements have been put in place for decisions about acquisitions and disposals with clear process for clearance and recommendations to Members (and onward to Cabinet for decision where appropriate) about potential acquisitions or disposals.</p> <p>The Asset Management Plan update was published February 2021 and includes criteria which need to be met for acquisitions and disposals.</p> <p>The process for acquisitions and disposals mapped out for clarity and will be audited as part of the 2021/22 internal audit plan.</p>	In progress and updated for action in 2021/22.



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Issue	Agreed Action/ Deadline (as at July 2021)	Progress update (as at June 2022)
<p>Safety of two social housing buildings at Broadwater Farm.</p>	<p>As at 06/06/20 five leaseholders still own homes in Tangmere (with a further 111 vacant). 12 leaseholders own homes in Northolt although eight of these have agreed to sell and are at various stages of the conveyancing and sales process. There is one remaining tenant and a further 89 vacant properties.</p> <p>Due to ongoing difficulties in agreeing mutual sales prices for the remaining leaseholders, the council has commenced CPO proceedings and is anticipating a public inquiry in the Autumn of this year. It is assumed that should the council be successful at the inquiry, vacant possession will be secured no later than May/June 2022.</p> <p>Risks in each block are being mitigated by the removal of gas supplies (completed in 2019), provision of 24-hour security, the decommissioning of empty flats and the securing of front doors to prevent unauthorised access.</p>	<p>Completed.</p>
<p>In October 2018, Ofsted carried out an inspection of Children’s Social Care Services and published its final report on 14 December 2018. More recent inspections have recognised a positive direction of travel.</p>	<p>There are regular one-to-one meetings with the Cabinet member for Children, Families and Education and the Director of Children’s Services continue, supported by a Safeguarding Assurance quarterly meeting with the Leader, Chief Executive and the Independent Chair of the Haringey Children’s Safeguarding Partnership, (HSCP).</p> <p>Ofsted conducted a Focus visit in March 2021. The recommendation from this inspection visit reinforced the work with partners to further develop and embed system for Children and young people who may go missing from home and care.</p>	<p>In progress and updated for action in 2021/22.</p>
<p>Review the authority’s information governance framework.</p>	<p>The Council is the accountable body for complying with the Data Protection Act 2018 and the UK GDPR. We plan to use the Information Commissioner’s Accountability Framework to self-assess against its ten categories and to help identify and mitigate any gaps in our governance arrangements to demonstrate compliance with the Act and the Regulation.</p>	<p>In progress and updated for action in 2021/22</p>

## ANNUAL GOVERNANCE STATEMENT

- 3.2 We have identified the following significant governance issues during 2021/22. 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
We need to ensure we deliver savings identified in our MTFS to manage within our financial means.	<p>The Council has developed a savings programme to respond to the Council's budget envelope from 2022/23 to 2027/28. During 2021/22, c. £5m savings were carried forward into 2022/23 bringing the total savings plus demand mitigation projects to deliver in this financial year to a total of £21m.</p> <p>Notwithstanding the Council's monitoring and delivery arrangements, the continued drive for identifying and delivering new savings proposal is a challenge, particularly in light of the impact of Covid 19.</p>	Director of Finance	31/3/2023
We noted governance weaknesses over the robustness of decision making relating to acquisitions and disposals of property.	<p>During 2021/22, concerns have been raised over the Council's arrangements for the acquisition and disposal of assets. In light of the concerns, an independent investigation has been commissioned to review the governance arrangements for nine property transactions.</p> <p>The outcome of the independent review will be reported in 2022/23 with a view to improving governance within this area.</p>	Director of Housing, Planning and Regeneration.	31/12/2022
We need to make sure our social service practice safeguards children.	Ofsted conducted a focus visit in Mar 2021 following their inspection in Dec 2018. Actions arising their visit continue to be progressed.	Director of Children's Services	31/3/2023
We need to make sure we Insource the Council's Arm's Length Management Organisation, Homes for Haringey (HfH) into Council operations.	<p>Following a Dec 2021 Cabinet decision to bring its Arm's Length Management Organisation (Homes for Haringey) back into the Council, the service was brought in house from 1 June 2022.</p> <p>The Council is progressing with the integration of the functions previously carried out by HfH, and the challenges this possess in the assimilation of the legacy HfH activities.</p>	Corporate Leadership Team and Director of Housing, Planning and Regeneration.	31/3/2023

## ANNUAL GOVERNANCE STATEMENT

Issue	Action	Responsibility	Due date
We need to strengthen the authority's information governance framework.	The Council is the accountable body for complying with the Data Protection Act 2018 and the UK GDPR. We plan to use the Information Commissioner's Accountability Framework to self-assess against its ten categories and to help identify and mitigate any gaps in our governance arrangements to demonstrate compliance with the Act and the Regulation.	Head of Legal and Monitoring Officer	31/3/2023
Audits identified weaknesses our management of Health and Safety within the Council and its ALMO, Homes for Haringey.	Building Compliance audits of properties managed by the Council and Homes for Haringey identified deficiencies within the operations and record keeping in respect of Health and Safety checks. The auditors have raised recommendations that management have accepted that we will implement.	Corporate Leadership Team	31/3/2023

# ANNUAL GOVERNANCE STATEMENT

## 4. Review of effectiveness

4.1 We take responsibility for conducting an annual review of the effectiveness of our 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.

4.2 The Director of Finance holds the Council's statutory section 151 Officer role; the Head of Legal and 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 2021/22. Their comments on the key governance issues are as follows:

- Director of Finance: The Council's 2021/22 budget had major variations as a result of the C19 pandemic, and the Council's response to this. Throughout the year there was continuous reporting to Cabinet and to the government on the impact of the pandemic on the Council's finances, and strong levels of financial governance and control have been maintained throughout the pandemic period. In broad terms, government financial support has been sufficient to cover the direct financial impact on the Council's general fund budgets in 2021/22, however this funding is not anticipated to continue into future years. Furthermore, the legacy impacts of the pandemic, combined with the current economic pressures must be anticipated to impact on the Council's finances, including demand for certain services and inflationary cost pressures. Consequently, a great amount of uncertainty surrounds the future of the Council's finances. The direction of future government funding policy will also impact on the Council's finances, and a future risk factor. The Council's latest approved budget and MTFs forecasted a significant medium term funding gap in excess of £20m, however given that this was approved before the recent inflationary environment began to manifest itself, this position must be assumed to have worsened. The Council will therefore need to develop plans to reduce its net cost base correspondingly, while best ensuring that it fulfils its responsibilities and priorities.
- Head of Legal & Governance (Monitoring Officer): The Monitoring Officers for 2021/22 are not aware of any significant governance issues in relation to member code of conduct complaints. The work in strengthening the governance concerning acquisitions and disposals will be reviewed during 2022/23.
- Head of Audit and Risk Management: The work of the internal audit team continued to be impacted upon significantly over the last financial year due to the impact of Covid 19. The audit programme initially presented to the March 2021 Corporate Committee remained agile to respond to the changing risk profile of the Council in recognition of the impact of Covid 19. For the audit work completed, most areas were assigned a satisfactory level of assurances although weaknesses in internal controls were identified in some areas. Internal audit highlighted the following areas where management attention was required; the management of Council properties; procurement, IT related risks, recruitment, record keeping and health and safety. Management have accepted audit recommendations to improve the internal control environment in these areas. Audits performed at Homes for Haringey have highlighted internal control weaknesses in a number of areas audited including housing repairs, facilities management, declaration of interests and leaning lessons from the implementation of the Northgate system. The proportion of schools assigned a satisfactory level of assurance has been maintained for 2021/22.

4.3 The Head of Audit and Risk Management has also provided an Annual Audit Report and opinion for 2021/22. The report concluded that in most areas across the Council, with the exception of those areas receiving 'limited' or 'Nil' assurance, there are sound internal financial control systems and corporate governance arrangements in place, and that risk management arrangements are satisfactory

## ANNUAL GOVERNANCE STATEMENT

- 4.4 Directorate Management Teams have discussed a statement of assurance covering 2021/22 which is informed by work carried out by Directors; Assistant Directors; heads of service and managers; internal audit; any 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 at paragraph 4.2 were recorded.
- 4.5 The Chartered Institute of Public Finance and Accountancy (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 2021/22, the Council can confirm that both the 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.
- 4.6 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.
- 4.7 The evidence provided concerning the production of the Annual Governance Statement has been considered by the Chief Executive and the other members of the Corporate Board; and will be considered by the Council's Corporate Committee in July 2022. The Statutory Officers concluded that the Council has satisfactory governance systems in place and satisfactory plans to address the identified issues to ensure improvement; these arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The Chief Executive along with the other members of the Corporate Board 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.

# ANNUAL GOVERNANCE STATEMENT

## Note

The draft Annual Governance Statement has been discussed with the Chief Executive and his Management team, the Leader of the Council and was approved by the Corporate Committee on 21 July 2022 and reflects the Council's governance arrangements in place at this time.



**Councillor Peray Ahmet**  
**Leader of the Council**  
Date: 21/07/2022



**Andy Donald**  
**Chief Executive**  
Date: 21/07/2022

## 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.

**Accruals** are amounts included in the accounts for income and expenditure in relation to the financial year but not received or paid at 31 March.

**Amortisation** is the loss in value of an intangible asset due to age, wear and tear, deterioration or obsolescence through technological or other changes.

**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.

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

**Capital Receipts** is income received from the sale of land, buildings or equipment.

**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

**Community Assets** are a class of fixed assets that are expected to be held by the council in perpetuity to deliver services (e.g parks).

**Council Tax** is a local property tax on domestic dwellings within the borough.

**Council Tax Base** converts the domestic properties in the borough by council tax band into an equivalent number of band D dwellings for the purpose of setting the council tax.

**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 1/49<sup>th</sup> 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

## GLOSSARY

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.

**OFSTED** is the Office for Standards in Education, Children's Services and Skills.

**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.

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