London Borough of Haringey

Statement of Accounts 2014/15

Haringey Council

www.haringey.gov.uk

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Introduction to the Council's Statement of Accounts

The Statement of Accounts for the London Borough of Haringey provides a picture of the Council's financial position as at 31st March 2015. 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.

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

Review of the Year

The Council's vision and priorities for 2014/15 were set out in the Council's Corporate Plan which is available on the Council's website. The plan described the main challenges facing the Council and what we planned to do to tackle them. It sets out our commitment to promoting equality, tackling disadvantage and improving the life chances of residents, especially those who are the most vulnerable.

The 2015/16 Corporate Plan sets out the five outcomes that the Council is seeking to achieve; they are:

Priority 1: Enable every child and young person to have the best start in life, with high quality education

Priority 2: Empower all adults to live healthy, long and fulfilling lives

Priority 3: A clean and safe borough where people are proud to live

Priority 4: Drive growth and employment from which everyone can benefit

Priority 5: Create homes and communities where people choose to live and are able to thrive

The Council regularly reviews its performance against a range of agreed indicators. The following are some performance highlights from 2014/15:

- 86% of primary and 100% of secondary schools are judged as Good or Outstanding by OFSTED.
- 665 (78%) of families in phase one of the Families First programme have achieved an improvement in one or more outcome areas: crime/anti-social behaviour, education, employment.
- The rate of teenage pregnancy is dropping faster in Haringey than anywhere else in the country; the rate of 20.9 per 1,000 population (2013) is now lower than the average for London and nationally as well as exceeding the 28.7 target.
- Tottenham was designated a Housing Zone by the GLA in February, one of the first nine in London.
- 95.93% of Council Tax due was collected in 2014/15 exceeding target.
- The household recycling rate target has been met with 37.4% of household waste recycled in 2014/15.

More details including full analysis of the Council's performance in 2014/15 was reported to the June 2015 Cabinet meeting and can be accessed through the Council's website.

EXPLANATORY FOREWORD

The Council's finances in 2014/15

Revenue Expenditure

In 2014/15 the Council planned net revenue expenditure of £281.7 million; excluding amounts which are fully supported by the Dedicated Schools Grant (£229 million). The General Fund revenue outturn position is summarised below. In 2014/15 the Council planned to generate a surplus of £4.9 million which was achieved and can be seen as the increase in 2014/15 in the Movement in Reserves Statement. In addition it was possible to utilise a further £2.208 million (provisional outturn underspend) to establish a new Risk Reserve; reflecting the extent to which there remain challenges for the Council in continuing to maintain financial discipline in the face of significantly reduced resources and increasing service pressures.

General Fund Budget Variance	Budget	Provisional Outturn
	£'000	£'000
Leader and Chief Executive	4,206	(631)
Chief Operating Officer	87,500	1,196
Deputy Chief Executive	151,363	-
- Children Services	-	5,142
- Adult Services	-	3,082
- Other	-	(245)
Director of Regeneration and Planning	6,397	(100)
Non Service Revenue (NSR)	32,233	(10,652)
Total	**281,699**	**(2,208)**

Housing Revenue Account (HRA)

The budget for the HRA provided for a planned revenue surplus of £10.4 million to provide for the funding of future capital expenditure.

The provisional outturn figure for the HRA is a surplus of £12.0 million which will be transferred to the HRA Reserve.

Dedicated Schools Grant (DSG)

The ring-fenced Dedicated Schools Grant (DSG) covers both schools' delegated budgets and centrally retained services for pupils and schools. Schools collectively overspent their delegated budgets by £0.013 million in 2014/15. The centrally retained elements of the DSG under spent by £0.432 million.

The Collection Fund

The overall position on the Collection Fund was a minor deficit of £0.141million. This comprises two elements: Council Tax which ended the year with a surplus of £4.977 million and Non Domestic Rates (NDR) which ended the year with a deficit of £5.118 million.

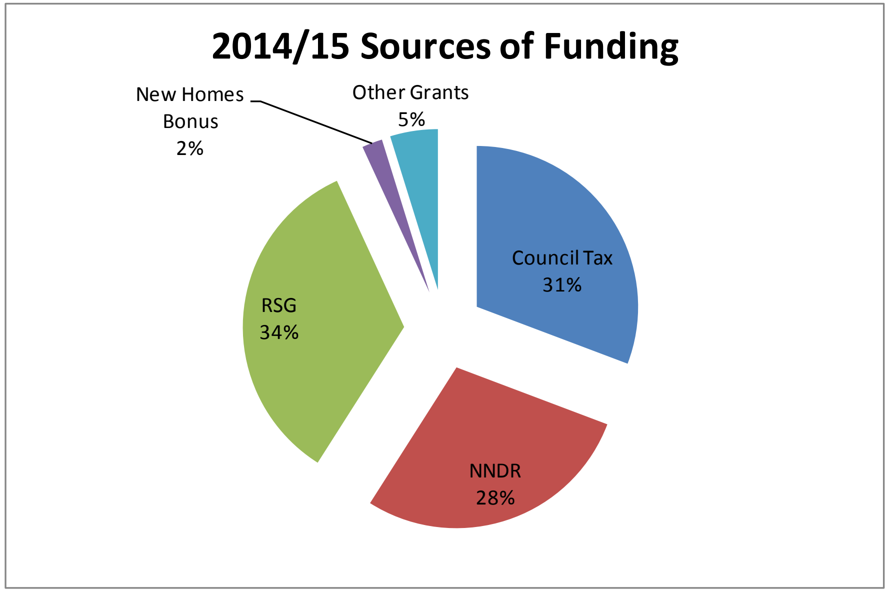
Capital Expenditure

The final approved Capital Programme Budget for the General Fund in 2014/15 was £86.046 million and for the Housing Revenue Account £56.8 million. Taking into account the proposed requests for carrying forward resources the overall position was an underspend / slippage against General Fund projects of £11.4 million and an underspend / slippage against the Housing Revenue Account of £7.6 million.

2014/15 Budget Variance	Budget	Revised Variance
	£'000	£'000
General Fund	86,046	(11,358)
Housing Revenue Account	56,800	(7,647)

2014/15 Sources of Revenue Funding

The graph below shows the major revenue funding sources for the Council's spending in 2014/15 which consists of Revenue Support Grant (RSG), Business Rates (National Non-Domestic Rates), Council Tax and Grants. The Dedicated Schools Grant which is a ring-fenced grant wholly used to support spending on pupils and schools in Haringey has, as it is largely used to support schools' delegated budgets, been removed from the analysis.



As can be seen from the graph, of the main sources of income, Council Tax currently funds around a third of the Council's services. In future years locally generated sources of income such as Council Tax and Retained Business Rates will form an ever increasing proportion of the Council's income.

Looking forward

In February 2015 the Council approved its Corporate Plan and associated Medium Term Financial Strategy covering the whole of the period 2015 to 2018.

Since 2011/12, the Council has had to reduce its budget by £117 million and based on the best available information, over the next three years we have projected that it will fall by a further £69 million. In recognising these challenges the Council approved a broadly balanced position over the three year planning period requiring a net drawdown from reserves amounting to £4.3 million; taking into account the achievement of the planned surplus of £4.9 million in 2014/15, the Council is in a strong and sustainable financial position going forward.

Despite these challenges the Council has continued to freeze its Council Tax – for the sixth successive year in 2015/16. The level of both general reserves that the Council holds (£25 million) and earmarked General Fund revenue reserves held for specific purposes (£84 million) remain healthy.

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

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

Annual Governance Statement

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

Statement of Responsibilities

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

Movement in Reserves Statement (MiRS)

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

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

The crucial line in the MiRS is the one containing adjustments between the accounting basis and the funding basis. As local authorities are tax-raising bodies, they are subject to specific rules as to how tax rates are to be set in relation to the income and expenses of the Council. Sometimes, these rules will conflict with proper accounting practices; in particular, where expenditure is incurred in advance of cash flowing out of the Council, the need to raise tax is sometimes deferred until the cash flow actually takes place.

The most substantial example is the treatment of post-retirement benefits. Proper accounting practice accrues the cost of these benefits as employees earn them through years of service. Tax is, however, raised to cover employers' contributions paid to pension funds and any direct payments made to pensioners. Where a change in proper accounting practices might have a disruptive effect on tax levels, statutory provisions can preserve the previous accounting treatment for existing transactions and sometimes extend it to future transactions. For example, the implementation of the Code's provisions on financial instruments was accompanied by regulations and statutory guidance that required the impact on tax to be determined by the contractual amounts payable rather than the expenses determined for each financial year by the Code.

Comprehensive Income and Expenditure Statement

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

Balance Sheet

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

Cash Flow Statement

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

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

Housing Revenue Account

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

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

Collection Fund

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

Group Accounts

The Group Accounts combine the financial activities for the year of the London Borough of Haringey, Homes for Haringey and Alexandra Park and Palace Charitable Trust, both of whom are treated as subsidiaries of the Council.

EXPLANATORY FOREWORD

Pension Fund

The Pension Fund Statement shows the contribution made to the Council's pension fund in 2014/15 and the benefits paid to its former employees. The Net Asset Statement sets out the position of the Fund as at 31st March 2015. The Council as trustee separately manages the Fund and its accounts are separate from the Council's accounts and these are audited independently from the Council's Statement of Accounts.

Glossary

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of London Borough of Haringey for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Group Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Group Comprehensive Income and Expenditure Statement, the Balance Sheet, the Group Balance Sheet, the Cash Flow Statement, the Group Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of the London Borough of Haringey, as a body, in accordance with Part II of the Audit Commission Act 1998 and as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the members 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.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:
• give a true and fair view of the financial position of the London Borough of Haringey as at 31 March 2015 and of its expenditure and income for the year then ended;
• give a true and fair view of the financial position of the Group as at 31 March 2015 and of its expenditure and income for the year then ended; and
• have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

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

Matters on which we report by exception

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

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

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

Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Authority has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, London Borough of Haringey put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed our consideration of matters brought to our attention by local authority electors. We are satisfied that these matters do not have a material effect on the financial statements or a significant impact on our value for money conclusion.

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

Grant Thornton House
Melton Street
London NW1 2EP

30 September 2015

STATEMENT OF RESPONSIBILITIES

The Council's responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Chief Operating Officer;
- 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 in Local Authority Accounting in the United Kingdom ('the Code of Practice').

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

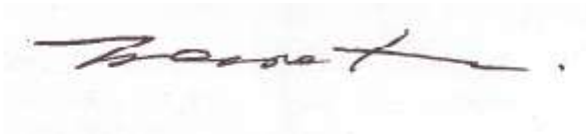
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code of Practice.

The Chief Financial Officer has also:

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

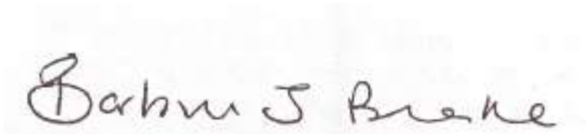
Certification by Chief Financial Officer

I certify that the accounts give a true and fair view of the financial position of the Council at 31st March 2015 and its income and expenditure for the year then ended.



Tracie Evans CPFA
Chief Operating Officer (CFO)

24th September 2015



Councillor Barbara Blake
The Chair of the Corporate Committee

24th September 2015

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

Haringey is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Haringey also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, with regard to a combination of economy, efficiency and effectiveness.

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

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

The purpose of the governance framework

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can provide a reasonable assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of Haringey's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Haringey for the year ended 31st March 2015 and up to the date of the approval of the annual report and accounts.

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

<table>
<tr><th>What processes the Council has in place to meet the Corporate Governance Principle</th><th>How the Council gets assurance that the Corporate Governance processes work in practice</th></tr>
<tr><td colspan="2">Corporate Governance – Core Principle 1:
Focusing on the purpose of the Council, on outcomes for the community and creating and implementing a vision for the area</td></tr>
<tr><td>• The Corporate Plan 2015-18 sets out the vision and priorities for the Council and was developed and agreed during 2014/15. The plan confirms five key priorities which underpin all the Council's work, including during 2014/15:
  ○ Priority 1: enable every child and young person to have the best start in life, with high quality education;
  ○ Priority 2: Empower all adults to live healthy, long and fulfilling lives
  ○ Priority 3: A clean and safe borough where people are proud to live
  ○ Priority 4: Drive growth and employment from which everyone can benefit
  ○ Priority 5: Create homes and communities where people choose to live and are able to thrive.
• The Medium Term Financial Strategy (MTFS) sets out the Council's spending plans for 2015 to 2018, which was also developed and approved in 2014/15, and is linked to its vision and priorities, within reduced resources and takes into account residents' views from area forums and budget consultations.
• The budget for 2015-18 is balanced with £70 million of savings included in the overall budget plans.
• The Council's internal governance arrangements are changing to focus on delivering the Corporate Plan priorities, including the implementation of corporate programme boards (Haringey 54k; Business Infrastructure Programme, Customer Services Transformation, Housing and Tottenham Regeneration), which will work to deliver the necessary savings.
• The consultation process with residents, 'Haringey: where next?' is supported by a Consultation Charter. During 2014/15, a number of consultations were undertaken with residents to ensure the Council is delivering services in line with what residents want and need.
• The Council has seven area forums, each led by a local ward Councillor with the agreed terms of reference contained within the Council's</td><td>• The 2015-18 Council Plan received endorsement from Cabinet in December 2014 and was agreed by Council in February 2015 and is published on the Council's website. Key performance measures and outputs form the basis of reports to Cabinet.
• The quarterly performance report to Cabinet provides details on the progress that has been made during 2014/15 against the key indicators and activity in the 2013-15 Council Plan. The latest report in March 2015 indentified key measures in educational attainment were in line with or above England averages for the first time and gaps against London averages were narrowing or had been eradicated. Good progress in processing planning applications was also highlighted, with expectations of improved performance in customer service during 2015/16 as the transformation programme takes effect.
• Cabinet agendas, reports and minutes are made available on the Council's website to provide transparency. Cabinet meetings are also broadcast via the Council website.
• Area Forum and Committee agendas; and Area Committee minutes are available on the Council's website.
• The Council's Corporate Programme Board governs the delivery of the corporate transformation programmes. Changes to programme governance to focus on managing risk and delivering outcomes are being put in place during 2015/16.
• The Council's Corporate Delivery Unit provides challenge and support to the organisation to deliver on priorities in the corporate plan and in doing so, build organisational capability to continue to deliver. 'Stocktakes' are held with the Chief Executive, Deputy Chief Executive and Leader of the Council every two months, to provide assurance on progress.
• The Council's budget management position was reported to Cabinet during 2014/15. The budget for Public Health is 'ring fenced' to ensure that resources can only be spent on improving residents' wellbeing and reducing health inequalities across the borough. The monitoring reports</td></tr>
</table>

ANNUAL GOVERNANCE STATEMENT

What processes the Council has in place to meet the Corporate Governance Principle	How the Council gets assurance that the Corporate Governance processes work in practice
constitution. Area forums develop and encourage partnerships with local residents' associations, voluntary and community bodies and other stakeholder groups to raise and address issues of local interest. • The Council's Health and Wellbeing Board is responsible for preparing comprehensive joint strategic needs assessments, joint health and wellbeing strategies, and to have a role in commissioning plans that take those assessments and strategies properly into account. The committee membership reflects the provisions of the Health and Social Care Act 2012 and comprises elected members of the Council, partners from the NHS clinical commissioning group and local Healthwatch and others. • The Council's Director of Public Health and the Health and Wellbeing Board have worked on improving the health and wellbeing of children and adults in the borough and reducing health inequalities. During 2014/15, the Better Care Fund, with funding of £957,000 (£18m in 2015/16), was transferred to the Council to integrate health and social care. • In January 2013, the Council reinstated a Children's Trust. At the Children's Trust meeting on 16.09.2014 it discussed its continued role and purpose to ensure that it can demonstrate its ability to make a difference and shape the children's agenda which it decided to keep under review. • Following consultation with the local community and the completion of a Community Safety Strategic Assessment, the Community Safety Partnership prepared a revised Community Safety Strategy for the period 2013-2017 to demonstrate how it and its partners intend to reduce crime and disorder, substance misuse and re-offending in the borough. • In May 2014, Haringey's Children's Service was subject to an unannounced Ofsted inspection which concluded on the 11 June 2014. The Ofsted report judged Haringey Children's Services to be comfortably within the 'Requires Improvement' grade and the report and recommendations have been welcomed by the Council. A number of key strengths were noted and 11 recommendations were provided, all of which have been accepted. • In response to the Ofsted inspection and high profile cases elsewhere	to Cabinet provide details on how the Public Health budget is being spent. Budget overspends were reported in both Children's and Adult Social Services in 2014/15. • The Council submitted an Improvement/ Action Plan to Ofsted following the unannounced inspection visit which was reported to Cabinet in December 2014. A 'Quality Assurance Board' has been established to monitor implementation of the Ofsted recommendations. • The LGA concluded that the Council had made significant progress, with good leadership from the Cabinet and senior officers, enabling a clear direction and ambition for the borough to be set out based on sound financial management. Some challenges were highlighted including delivering organisational development and cultural change; delivering the transformation agenda; and developing a corporate approach to resident engagement. --- Actions: • There will need to be further discussions about the role of the Children's Trust in the context of the new corporate plan objectives for 2015-18. • Ensure the feedback of the corporate peer challenge, including delivering effective outcomes, is addressed as part of delivering the Corporate Plan. • Ensure the demand-led budgets within Children's and Adult Social Services are managed effectively in 2015/16 to minimise the risk of overspends re-occurring.

What processes the Council has in place to meet the Corporate Governance Principle	How the Council gets assurance that the Corporate Governance processes work in practice
relating to Child Sexual Exploitation (CSE), the Council has strengthened its processes, working with the police and other agencies, and information sharing arrangements to identify potential cases of CSE as early as possible. • In October 2014, the Council undertook a voluntary 'corporate peer challenge' delivered by the Local Government Association (LGA) in order to complement and add value to other performance and activities taking place. The peer challenge is focused on whether the council has: a clear set of priorities; a financial plan to ensure long term viability; effective political and managerial leadership; effective governance and decision making arrangements; organisational capacity and resources focused in the right areas.	
Corporate Governance – Core Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles	
• The Council's constitution sets out the policy and decision making framework of the authority and is held in hard copy and on the Council's intranet and external website. • The roles and responsibilities of the Council, the Cabinet, committees, Councillors including cabinet members, and officers are clearly documented within the constitution. • The constitution contains protocols governing the relationships between members and officers and job descriptions of the Council's statutory officers (Head of Paid Service, Monitoring Officer and Section 151 Officer). • The Council's constitution contains the Financial and Contract Procedure Rules, which specify the governance framework for all its operational functions. The Constitution was updated to reflect the new Senior Management Structure in July 2014. • The constitution also includes the roles of key compliance officers, including the Council's Monitoring Officer and Section 151 Officer, as well as specific functional responsibilities for the Cabinet, committees, other bodies and officers. • The Council established a Pensions Board Committee to comply with relevant legislation and ensure effective and efficient governance and	• The constitution is reviewed on an annual basis and updated to reflect functional and organisational changes to the Council. Changes are approved at Full Council, the latest update was approved in July 2014. • Regular internal and external audit reviews check compliance with financial and contract procedure rules across the Council and the outcomes of these were reported to the Corporate Committee quarterly during 2014/15. Nine of the Council's key financial systems received a 'substantial' assurance rating; one received 'full' assurance and one (accounts payable) received a 'limited' assurance rating in 2014/15. • All relevant officers were briefed on the new requirements of the constitution, including schemes of delegation and authorisation and the requirements to document and publish relevant decisions. Actions: • Ensure all relevant decisions are documented and published in accordance with statutory requirements.

What processes the Council has in place to meet the Corporate Governance Principle	How the Council gets assurance that the Corporate Governance processes work in practice
administration of the Pensions Scheme. The Council, through the Pensions Committee, retains ultimate responsibility for the administration and governance of the Pensions Fund. • A Staffing and Remuneration Committee was also established, separate from the Corporate Committee during 2014/15. • The roles and functions of all Councillors in relation to governance issues are clearly documented, including their responsibilities for ward duties and the governance of the Council in accordance with relevant legislation. • The Council's constitution contains a general scheme of officer delegations and each service area has their own internal scheme of delegation. All schemes are reviewed and communicated on a regular basis to all appropriate officers and members. • The Council's website has an 'Our Standards' page which sets out the expectations and standards required of both officers and members. • The Council has an agreed Pay Policy Statement in place which is reviewed and approved by the Corporate Committee prior to Full Council. The Council has approved its commitment to paying employees the London Living Wage and is working to require contractors to implement the same policy.	
Corporate Governance – Core Principle 3: Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour	

• Haringey Council has well established codes of conduct for officers and members, which are regularly reviewed and subject to approval by members.
• The Assistant Director of Corporate Governance is the Monitoring Officer and is responsible for ensuring that the Council acts lawfully and in accordance with the constitution:
  ○ Directors and Assistant Directors have the primary responsibility for ensuring that decisions in their business areas are compliant with the Scheme of Delegation.
  ○ Standards of conduct and behaviour expected of members are addressed in the members' Code of Conduct set out in the constitution.
	• The Council requires all members to formally acknowledge receipt of their code of conduct on an annual basis. No exceptions were noted in 2014/15.
	• Members are provided with briefings on the code of conduct as part of the member induction and training programme. Key statutory training was provided to new Members within the first two weeks of June 2014.
	• Articles are included in staff newsletters, which are published on the Council's intranet, outlining expected standards of behaviour in specific areas and these continued in 2014/15. Internal audit undertake investigations into allegations of financial irregularity and report the outcomes to the Corporate Committee on a quarterly basis.
	• The Council's complaints policy is publicised on the Council's external

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What processes the Council has in place to meet the Corporate Governance Principle	How the Council gets assurance that the Corporate Governance processes work in practice
○ A Standards Committee is in place. ○ Arrangements are in place to govern the conduct between members and officers, as set out in the Protocol on Member/Officer Relations. • The Council's officer code of conduct is reviewed and updated on a regular basis and is published on the Council's intranet site. All new members of staff receive induction training, as part of their induction processes. • The Council has a corporate complaints policy, which is compliant with statutory requirements and subject to regular review. • 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 whistleblowing policy.	website and at various public places across the borough. The Council monitors responses to complaints on a weekly basis and reports to Cabinet on the outcomes on a regular basis. • 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 2014/15, the Council received over 130 referrals from members of staff, the public and other sources relating to housing fraud; the counter-fraud team subsequently investigated and recovered over 50 properties and prevented 118 fraudulent Right to Buy applications in line with the anti-fraud policy. • The Council received seven whistleblowing referrals in 2014/15 which were all formally investigated. Referrals received are reported to the Corporate Committee.
Corporate Governance – Core Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and risk management	
• The Council has processes in place to ensure that decision takers follow due process. • The Council's financial management is based on a framework of regular management information and review to inform managers and members of the current budget position. Key elements of the financial management system include integrated budgeting and medium term financial planning systems, regular budget monitoring reports to the Cabinet, systematic review of all key financial control processes, monitoring of key financial and other targets, and formal project management processes. • The Council undertakes equality impact assessments of all major policies and strategies and all proposals for major changes in structures and service delivery models, to ensure that they do not disproportionately have a negative impact on any of Haringey's communities. Services follow Equality Impact Assessment guidance which was updated in 2014/15. • The Council has processes in place to ensure that decision takers follow due process, that decisions are taken having regard to all relevant considerations and that decisions are properly documented. All relevant	• The Council's internal and external auditors produce annual audit reports and the Annual Audit Letter, which were both reported to the Corporate Committee. Minor issues were identified in relation to the closure of accounts processes but no other significant governance issues were raised by either report. • Regular internal and external audit reviews check compliance with financial and contract procedure rules across the Council and the outcomes of these were reported to the Corporate Committee quarterly during 2014/15. • By improving the operational and review processes between the counter-fraud team, Legal Services and Homes for Haringey, the counter-fraud team were able to lead the recovery of more than 50 Council properties where fraudulent tenancy issues were proven in 2014/15. • The Council's anti-fraud and corruption policy was updated in June 2014 and publicised to all staff via newsletters and the intranet. • Publication of successfully investigated local and national fraud cases demonstrate the consequences of committing fraud are included in the staff newsletter, press releases and the Haringey website. • Full compliance is achieved with CIPFA's statements on the role of both

What processes the Council has in place to meet the Corporate Governance Principle	How the Council gets assurance that the Corporate Governance processes work in practice
decisions taken by officers are recorded and, where required, published on the website. • The Overview and Scrutiny Committee (OSC) is in place to review or scrutinise decisions or actions, in accordance with the protocol in place which sets out how the committee should operate. • Scrutiny panels report through the OSC which makes recommendations to Cabinet, based on evidence gathering, consultation and research. • The functions of an audit committee, as recommended in guidance by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Institute of Public Finance, are contained within the remit of the Council's Corporate Committee. • The mandatory UK Public Sector Audit Standards (PSIAS) were introduced from April 2013. Self assessment and independent reviews take place to confirm the Council fully complies with the requirements of PSIAS. • Haringey Council has a well-established and publicised anti-fraud and corruption policy and strategy, including a fraud response plan and whistle-blowing policy which complies with relevant legislation and is monitored and managed by Internal Audit. The Council has a free-phone telephone number and email reporting facilities on its external website. Fraud and corruption policies and procedures are contained in the Employee Handbook, and are on the Council's intranet and website. The use of the whistle-blowing processes and fraud reporting procedures are reported on a quarterly basis to Corporate Committee and the reports are published on the Council's website. • The Council has a dedicated counter-fraud resource which undertakes reactive and pro-active fraud reviews based on an assessment of the risks included in the corporate fraud risk register and emerging risks across the public and private sectors. • Haringey has a corporate Risk Management Policy and Strategy which is reviewed on an annual basis and, through a variety of processes and procedures, ensures that risk management is embedded across the organisation and its activities, including business planning and project management processes.	the Chief Financial Officer and the Head of Internal Audit. • The internal audit service was subject to an independent peer review during 2014/15, with the outcome reported to the Corporate Committee. No significant recommendations were raised. • A list of the equality impact assessments undertaken during 2014/15 is available on the Council website. No Council decisions were successfully challenged on the basis of inadequate equality impact assessments. • The proposed areas to be scrutinised are agreed by the panels and the OSC at the beginning of the municipal year. Cabinet members attend the relevant scrutiny panels to answer questions. The reports are published on the Council's website. • By taking a detailed look at the Council's decisions and policies, Overview and Scrutiny works to promote open decision making and democratic accountability in Haringey by holding the Cabinet to account, developing and reviewing policy in an inclusive cross-party manner that involves local communities and other interested parties, reviewing the performance of the Council and scrutinising local services not provided by the Council, such as health services. The reports and decisions of the committee are published on the Council's website. • The Council produces a Scrutiny Annual Report which is available on its website. • The Council's programmes and projects identify and review risks in line with the Council's project management framework. • The corporate risk register is reviewed on a quarterly basis by the Statutory Officers' Group and annually by Corporate Committee. A copy of the risk register and the report to Corporate Committee is published on the Council's website. During 2014/15, no significant issues arose out of the identified risks. • The corporate Emergency Planning and Business Continuity Team proved guidance and support to services and carry out regular audits of the business continuity service plans. No significant business continuity incidents were reported in 2013/14. • An independent review of the Council's internal audit function confirmed that it complied with the requirements of the UK PSIAS. The outcome of

<table>
<tr><th>What processes the Council has in place to meet the Corporate Governance Principle</th><th>How the Council gets assurance that the Corporate Governance processes work in practice</th></tr>
<tr><td>The Council has a corporate risk register and corporate programmes and business areas have risk registers in place.
Haringey's business continuity planning is based on risk assessment and business impact analysis. Each service area produces a business continuity plan which is updated twice a year. Service continuity plans are incorporated into the Council-wide Business Continuity Plan.</td><td>the review was reported to the Corporate Committee.</td></tr>
<tr><td colspan="2">Corporate Governance – Core Principle 5:
Developing the capacity and capability of Members and Officers to be effective</td></tr>
<tr><td>The Council provides a programme of training for members, and all members have access to the Council's corporate training and development programme.
All permanent staff within the Council receive an annual performance review and appraisal, which is linked to the Council's management standards and corporate competency framework, and results in individual work targets and development plans.
Senior managers' performance targets include mandatory requirements for people and budget management.
Legal Services provide briefings to members covering legislative and case law updates. The briefings are designed to ensure that members are kept abreast of developments of legal and political significance in local government on all matters including children and adult social services, education, health, housing, planning and licensing and any other areas of relevance. This enables members to better serve their constituents - at ward surgeries, through informed debate at committees and in their strategic role in developing Council policies.</td><td>Members who sit on the Corporate and Regulatory Committees were provided with training in 2014/15 specific to their responsibilities for these committees. Training sessions included planning, licensing, audit, finance, pensions and treasury.
Member learning development programme commenced in June 2014.
All members have been offered an extensive training programme on matters relating to standards and ethics; children and adults' safeguarding; public health; freedom of information/data protection and member's enquiries; scrutiny and the way the Council operates.</td></tr>
<tr><td colspan="2">Corporate Governance – Core Principle 6:
Engaging with local people and other stakeholders to ensure robust public accountability</td></tr>
<tr><td>Haringey Council's Consultation Charter sets out how the Council ensures that its consultation is effective and what can be expected from its consultation. This, together with consultation principles, is published on the website.
The Council publishes a resident's magazine, Haringey People, containing information on Council activities.</td><td>Hard copies of Haringey People are delivered to all residential addresses and the magazine is also available via the Council's intranet and external website. In addition, the Council produces Haringey People Extra, a weekly electronic newsletter for residents.
The results of the budget consultation were published on the Council's website.</td></tr>
</table>

ANNUAL GOVERNANCE STATEMENT

What processes the Council has in place to meet the Corporate Governance Principle	How the Council gets assurance that the Corporate Governance processes work in practice
• Over the period September to November widespread discussions with residents were held to inform the priority setting in the corporate plan and Medium Term Financial Strategy (MTFS). Activity was undertaken by Haringey's Association for Community Organisations (HAVCO), Together North London and Healthwatch Haringey. A business breakfast meeting was also held to understand the views of our business community. • Local Area Committees have been operating during 2014/15. These have specific responsibilities and consultative powers and are a vital part of local democratic engagement. • Standing partnership bodies exist for the Children's Trust and the Community Safety Partnership Board. • The Council also has a statutory committee, the Health and Wellbeing Board, made up of members of the Council and health partners including Healthwatch and HAVCO. • The Council has continued to work with Alexandra Palace and Park (APP) to ensure that corporate governance arrangements and internal controls are adequate and this was continued during 2014/15. • The Council has a wholly-owned company, Homes for Haringey Limited (HfH) and is a trustee of APP under the terms of the current operating requirements. The Council provides advice and services to HfH and APP, which have their own board, constitution, memorandum and articles. The accounts of HfH and APP are incorporated into the group accounts of the London Borough of Haringey. The assessment of governance and controls by the relevant officers included an assessment of the governance and controls of HfH and APP. • The Council has started, through its transformation programmes, to develop arrangements for working in partnership with different organisations and sectors within the borough and across London. This work will continue in 2015/16 as the Corporate Plan delivery arrangements are developed.	• Over 1,118 people took part in the budget consultation process in a variety of ways including: completing an online survey; attending a borough wide road show, or area forum, or a dedicated outreach event in partnership with community groups to engage young people, older people, Turkish women and members of the Chinese, Polish, Latin American and Muslim communities, or one of 12 focus groups to discuss each corporate plan theme and refresh the health and wellbeing strategy in greater detail. The results of the budget consultation were used to inform the Medium Term Financial Strategy (MTFS). • The MTFS was scrutinised by the four scrutiny panels and recommendations made by the OSC to Cabinet. • The Council reviews annually the independent audit reports for both APP and HfH.

Significant governance issues

The Council identified some key areas where work would be undertaken in 2014/15 to ensure governance arrangements were in place and effective. An action plan was drawn up and progress on this is set out below.

Issue	Action	Progress Update
Corporate governance arrangements.	The Council's Constitution and Scheme of Delegation to Officers were updated to ensure relevant officers are empowered with all appropriate delegated powers and financial responsibilities.	Complete
Control processes within the service responsible for direct payments.	A full reconciliation of all clients and care plans was undertaken; all clients were confirmed as receiving the correct levels of care and no safeguarding issues were identified. Managers implemented new procedures and Internal audit completed a review to confirm that the new control processes were operating effectively and no significant recommendations were raised. A follow up audit will be undertaken during 2015/16.	Complete
Governance arrangements for the Better Care Fund.	The actions set out in the Better Care Fund Implementation Plan were completed. The Haringey Clinical Commissioning Group completed an audit of the implementation processes, with no significant recommendations raised and a follow up audit will be undertaken during 2015/16.	Complete
Changes to the Homes for Haringey governance arrangements.	Interim changes to operational and management arrangements for Homes for Haringey were put in place from October 2014. Further work to consider options on the future delivery of housing services will continue in 2015/16, with a report to Cabinet by the Chief Operating Officer planned for September 2015.	In progress
Governance arrangements for the corporate programmes.	A Corporate Programme Board has been established to oversee the due diligence of the Corporate Programmes. Corporate Programmes are now aligned against the Corporate Plan priorities.	Complete
Oversight and monitoring functions for the Tottenham regeneration programme.	Governance structures, reporting and authorisation processes, and financial and resource monitoring processes have been put in place to deliver the agreed outcomes and objectives. Independent assurance and external challenge processes have reported to the programme board, with no significant recommendations raised.	Complete

The Council has identified the following significant governance issues during 2014/15. 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
Changes to the Homes for Haringey governance arrangements.	Interim changes to operational and management arrangements for Homes for Haringey were put in place from October 2014. Options on the future delivery of housing services will continue in 2015/16, with a report to Cabinet by the Chief Operating Officer planned for September 2015.	Chief Operating Officer	September 2015
Recording and publishing delegated decisions.	Directors and Assistant Directors reported via their assurance statements that, although decisions were taken in accordance with the constitution requirements, the recording and publishing of decisions taken was not always done, or done in a timely manner. Further work will need to be done in 2015/16 to ensure that this issue is addressed and all decisions are recorded and reported according to agreed requirements.	All Directors and Assistant Directors	March 2016
Budget management – Children's Service and Adult Social Services.	Both the Children's Service and Adult Social Services reported significant budget overspends in 2014/15. Both Directors have formulated action plans designed to bring the services' spending in line with approved budgets. These plans will be closely monitored both by officers and members during 2015/16.	Director of Children's Services; Director of Adult Social Services	March 2016
Corporate Programmes – demonstrating delivery outcomes.	The 2015-18 Corporate Plan outcomes are dependent on the successful delivery of the corporate programmes. These will need to start to demonstrate their benefits realisation objectives during 2015/16 in order to achieve the required outcomes and external funding commitments.	Corporate Programme Managers	March 2016

Review of effectiveness

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

The Assistant Director for Finance (the Council's statutory section 151 Officer during 2014/15), the Assistant Director of Corporate Governance (the Council's Monitoring Officer), and the Head of Audit and Risk Management have also reviewed the work done by the Council relating to governance issues in 2014/15. Their comments on the key governance issues are as follows:

- Assistant Director for Finance: There were fairly significant overspends in both the Children's and Adults Services in 2014/15. These were predominantly as a result of additional demand on the services at the same time as both services were coping with budget reductions. In overall terms the Council will be able to report a net underspend on the General Fund revenue account for 2014/15 given prudent financial management of the Council's resources. Both Directors have formulated action plans designed to bring the services' spending in line with approved budgets. These plans will be closely monitored both by officers and members during 2015/16.

- Assistant Director of Corporate Governance: Significant training was given to Assistant Directors on schemes of authorisation and recording and publishing delegated decisions in 2014/15. Not all relevant delegated decisions were recorded and published in 2014/15 and there is some work necessary to comply with this requirement.

- Head of Audit and Risk Management: The majority of the Council's key financial systems all received 'substantial' or higher assurance ratings from internal audit in 2014/15, with one system (accounts payable) receiving 'limited' assurance. Work to assist schools to address control weaknesses continued in 2014/15 with improved results as no school received a 'nil' assurance rating. However, 60% of schools visited (8 out of 13) still received 'limited' assurance ratings in 2014/15 and Internal Audit will continue to provide training and guidance for school governors, head teachers, and school finance staff to assist in improving their performance in 2015/16. No other significant governance issues were raised by internal audit during 2014/15.

The Head of Audit and Risk Management has also provided an Annual Audit Report and opinion for 2014/15. The report concluded that in most areas across the Council, with the exception of those areas receiving 'limited' assurance, there are sound internal financial control systems and corporate governance arrangements in place, and that risk management arrangements are satisfactory. All high priority recommendations were confirmed as being implemented when internal audit completed the follow up reviews.

Directors and Assistant Directors have completed a statement of assurance covering 2014/15 which is informed by work carried out by heads of service and managers, internal audit, external assessments and risk management processes. The statements are used to provide assurance that any significant control issues that have been brought to their attention have been dealt with appropriately. No significant governance issues, apart from those identified at such above, were recorded.

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 2014/15, the Council has been able to confirm that CFO and HoA fulfilled all the requirements set out within the CIPFA statements, and assurance on this was obtained via internal and external audit reviews. No gaps in compliance were identified for either role.

ANNUAL GOVERNANCE STATEMENT

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

The evidence provided with regards to the production of the Annual Governance Statement has been considered by the Chief Executive and officers at the Statutory Officers' Group meetings on 7 April and 2 June 2015 and by the Council's Corporate Committee on 22 June and 24 September 2015, who concluded that the Council has satisfactory governance systems in place and satisfactory plans to address the identified issues to ensure improvement. The Chief Executive and the Statutory Officers' Group are committed to implementing the action plan, strengthening and improving controls and keeping the effectiveness of the Council's corporate governance arrangements under review during the year.

Signed by:

Councillor Claire Kober
Leader of the Council

Nick Walkley
Chief Executive

Date: 28th September 2015

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £'000	Earmarked GF Reserves £'000	Housing Revenue Account £'000	Earmarked HRA Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Major Repairs Reserve £'000	**Total Usable Reserves** £'000	Unusable Reserves £'000	**Total Single Entity Reserves** £'000	Group Reserve £'000	**Total Group Reserves** £'000
Balance as at 31/03/2014	(20,834)	(91,939)	(26,575)	(4,238)	(16,439)	(11,046)	(1,846)	(172,917)	(503,495)	(676,412)	21,892	(654,520)
Movement in reserves during 2014/15												
(Surplus) or deficit on the provision of services	18,650	0	(130,830)	0	0	0	0	(112,180)	0	(112,180)	2,169	(110,011)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	10,851	10,851	12,090	22,941
Total Comprehensive Income and Expenditure	18,650	0	(130,830)	0	0	0	0	(112,180)	10,851	(101,329)	14,259	(87,070)
Adjustments between group and single entity accounts	0	0	0	0	0	0	0	0	0	0	(3,077)	(3,077)
Adjustments between accounting basis and funding basis under regulations (Note 9)	(15,764)	0	118,297	0	(22,358)	(7,975)	(822)	71,378	(71,378)	0	0	0
Net Increase / Decrease before Transfers to Earmarked Reserves	2,886	0	(12,533)	0	(22,358)	(7,975)	(822)	(40,802)	(60,527)	(101,329)	11,182	(90,147)
Transfers to / from Earmarked Reserves (Note 10)	(7,823)	7,823	502	(502)	0	0	0	0	0	0	0	0
Increase / Decrease in 2014/15	(4,937)	7,823	(12,031)	(502)	(22,358)	(7,975)	(822)	(40,802)	(60,527)	(101,329)	11,182	(90,147)
Balance as at 31/03/2015	(25,771)	(84,116)	(38,606)	(4,740)	(38,797)	(19,021)	(2,668)	(213,719)	(564,022)	(777,741)	33,074	(744,667)
Of which;												
Schools Balances	0	11,706	0	0	0	0	0	11,706	0	11,706	0	11,706
LB Haringey Revenue	(25,771)	(84,116)	(38,606)	(4,740)	0	0	0	(153,233)	656,792	503,559	33,074	536,633
LB Haringey Capital	0	0	0	0	(38,797)	(19,021)	(2,668)	(60,486)	(1,220,814)	(1,281,300)	0	(1,281,300)

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance	Earmarked GF Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	**Total Usable Reserves**	Unusable Reserves	**Total Reserves**	Group Reserve	**Total Group Reserves**
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 01/04/2013	(15,345)	(74,517)	(19,002)	0	(12,489)	(11,210)	(85)	(132,648)	(347,196)	(479,844)	19,837	(460,007)
Movement in reserves during 2013/14												
(Surplus) or deficit on the provision of services	(733)	0	(171,128)	0	0	0	0	(171,861)	0	(171,861)	50,496	(121,365)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(24,707)	(24,707)	(32)	(24,739)
Total Comprehensive Income and Expenditure	(733)	0	(171,128)	0	0	0	0	(171,861)	(24,707)	(196,568)	50,464	(146,104)
Adjustments between group and single entity accounts	0	0	0	0	0	0	0	0	0	0	(48,409)	(48,409)
Adjustments between accounting basis and funding basis under regulations (Note 9)	(22,178)	0	159,317	0	(3,950)	164	(1,761)	131,592	(131,592)	0	0	0
Net Increase / Decrease before Transfers to Earmarked Reserves	(22,911)	0	(11,811)	0	(3,950)	164	(1,761)	(40,269)	(156,299)	(196,568)	2,055	(194,513)
Transfers to / from Earmarked Reserves (Note 10)	17,422	(17,422)	4,238	(4,238)	0	0	0	0	0	0	0	0
Increase / Decrease in 2013/14	(5,489)	(17,422)	(7,573)	(4,238)	(3,950)	164	(1,761)	(40,269)	(156,299)	(196,568)	2,055	(194,513)
Balance as at 31/03/2014	(20,834)	(91,939)	(26,575)	(4,238)	(16,439)	(11,046)	(1,846)	(172,917)	(503,495)	(676,412)	21,892	(654,520)
Of which;												
Schools Balances	0	(11,719)	0	0	0	0	0	(11,719)	0	(11,719)	0	(11,719)
LB Haringey Revenue	(20,834)	(91,939)	(26,575)	(4,238)	0	0	0	(143,586)	518,772	375,186	21,892	397,078
LB Haringey Capital	0	0	0	0	(16,439)	(11,046)	(1,846)	(29,331)	(1,022,267)	(1,051,598)	0	(1,051,598)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Single Entity	2014/15 Gross Expenditure £'000	2014/15 Gross Income £'000	2014/15 Net Expenditure £'000	2013/14 Gross Expenditure £'000	2013/14 Gross Income £'000	2013/14 Net Expenditure £'000
Adult social care	111,508	(19,645)	91,863	111,699	(19,879)	91,820
Central services to the public	22,371	(6,349)	16,022	7,501	(22,498)	(14,997)
Children's and education services	339,136	(273,285)	65,851	331,735	(273,548)	58,187
Corporate and democratic core	13,393	(9,349)	4,044	30,325	(14,691)	15,634
Cultural and related services	19,944	(5,405)	14,539	18,130	(5,633)	12,497
Environmental and regulatory services	28,926	(8,457)	20,469	29,493	(9,981)	19,512
Highways and transport services	50,389	(31,679)	18,710	41,716	(20,070)	21,646
Local authority housing (HRA)	89,017	(203,452)	(114,435)	83,229	(249,561)	(166,332)
Other housing services	332,870	(321,028)	11,842	317,741	(308,119)	9,622
Planning services	13,845	(4,648)	9,197	14,477	(6,548)	7,929
Public Health	18,224	(18,358)	(134)	18,049	(17,770)	279
Non distributed costs	3,497	0	3,497	3,498	0	3,498
Cost of Continuing Services	**1,043,120**	**(901,655)**	**141,465**	**1,007,593**	**(948,298)**	**59,295**
Other operating expenditure (Note 6)	41,906	(46,507)	(4,601)	43,875	(14,566)	29,309
Financing and investment income and expenditure (Note 7)	66,373	(20,058)	46,315	58,099	(12,490)	45,609
Taxation and Non-Specific Grant Income (Note 8)	0	(295,359)	(295,359)	0	(306,074)	(306,074)
(Surplus) or Deficit on Provision of Services			**(112,180)**			**(171,861)**
(Surplus) or deficit on revaluation of fixed assets			(69,051)			(56,413)
Remeasurement of net defined benefit liability			79,902			31,706
Other Comprehensive Income and Expenditure			**10,851**			**(24,707)**
Total Comprehensive Income and Expenditure			**(101,329)**			**(196,568)**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Group Amounts	2014/15 Gross Expenditure £'000	2014/15 Gross Income £'000	2014/15 Net Expenditure £'000	2013/14 Gross Expenditure £'000	2013/14 Gross Income £'000	2013/14 Net Expenditure £'000
Adult social care	111,508	(19,645)	91,863	111,699	(19,879)	91,820
Central services to the public	22,371	(6,349)	16,022	7,501	(22,498)	(14,997)
Children's and education services	339,136	(273,285)	65,851	331,735	(273,548)	58,187
Corporate and democratic core	13,393	(9,349)	4,044	30,325	(14,691)	15,634
Cultural and related services	29,932	(12,602)	17,330	26,279	(12,698)	13,581
Environmental and regulatory services	28,926	(8,457)	20,469	29,493	(9,981)	19,512
Highways and transport services	50,389	(31,679)	18,710	41,716	(20,070)	21,646
Local authority housing (HRA)	84,231	(198,466)	(114,235)	79,413	(244,742)	(165,329)
Other housing services	332,870	(321,028)	11,842	317,741	(308,119)	9,622
Planning services	13,845	(4,648)	9,197	14,477	(6,548)	7,929
Public Health	18,224	(18,358)	(134)	18,049	(17,770)	279
Non distributed costs	3,497	0	3,497	3,498	0	3,498
Cost of Continuing Services	**1,048,322**	**(903,866)**	**144,456**	**1,011,926**	**(950,544)**	**61,382**
Other operating expenditure (Note 6)	41,906	(46,508)	(4,602)	43,875	(14,566)	29,309
Financing and investment income and expenditure (Note 7)	66,373	(20,879)	45,494	58,099	(12,490)	45,609
Taxation and Non-Specific Grant Income (Note 8)	0	(295,359)	(295,359)	0	(306,074)	(306,074)
(Surplus) or Deficit on Provision of Services			**(110,011)**			**(169,774)**
(Surplus) or deficit on revaluation of fixed assets			(69,051)			(56,413)
Remeasurement of net defined benefit liability			91,992			31,674
Other Comprehensive Income and Expenditure			**22,941**			**(24,739)**
Total Comprehensive Income and Expenditure			**(87,070)**			**(194,513)**

BALANCE SHEET

	Notes	Single Entity 31st March 2015 £'000	Single Entity 31st March 2014 £'000	Group Amounts 31st March 2015 £'000	Group Amounts 31st March 2014 £'000
Property, Plant and Equipment	11	1,704,802	1,528,193	1,709,513	1,532,594
Heritage Assets		6,100	6,081	6,100	6,081
Investment Property	12	56,882	59,045	56,882	59,045
Intangible Assets		3,240	1,048	3,240	1,048
Long Term Debtors	14	3,967	2,356	2,479	645
Long Term Investments	13	429	0	429	0
Long Term Assets		**1,775,420**	**1,596,723**	**1,778,643**	**1,599,413**
Assets Held for Sale		1,276	3,541	1,276	3,541
Short Term Investments	13	19,858	10,496	19,858	10,496
Inventories		248	126	745	587
Debtors	14	74,671	67,802	74,985	68,995
Cash and Cash Equivalents	15	34,420	20,170	33,750	17,458
Current Assets		**130,473**	**102,135**	**130,614**	**101,077**
Short Term Borrowing		(15,449)	(18,056)	(15,449)	(18,056)
Creditors	16	(113,434)	(93,264)	(113,479)	(90,535)
Revenue Grants Receipts in Advance		(6,242)	(187)	(6,242)	(187)
Capital Grants Receipts in Advance		(1,232)	(152)	(1,232)	(152)
Provisions	17	(6,812)	(6,460)	(6,812)	(7,538)
Current Liabilities		**(143,169)**	**(118,119)**	**(143,214)**	**(116,468)**
Long Term Creditors	16	(931)	(1,027)	(952)	(1,027)
Provisions	17	(3,412)	(5,042)	(3,412)	(5,042)
Long Term Borrowing		(286,572)	(297,435)	(286,572)	(297,435)
Other Long Term Liabilities		(689,999)	(596,102)	(726,371)	(621,277)
Capital Grants Receipts in Advance		(4,069)	(4,721)	(4,069)	(4,721)
Long Term Liabilities		**(984,983)**	**(904,327)**	**(1,021,376)**	**(929,502)**
Net Assets		**777,741**	**676,412**	**744,667**	**654,520**
Usable Reserves	19	(213,719)	(172,917)	(180,097)	(150,458)
Unusable Reserves	18	(564,022)	(503,495)	(564,570)	(504,062)
Total Reserves		**(777,741)**	**(676,412)**	**(744,667)**	**(654,520)**

CASH FLOW STATEMENT

	Single Entity		Group Amounts	
	31st March 2015	31st March 2014	31st March 2015	31st March 2014
	£'000	£'000	£'000	£'000
Net (surplus) or deficit on the provision of services	(112,180)	(171,861)	(110,011)	(169,774)
Adjustments to net surplus or deficit on the provision of services for non-cash movements	917	33,660	(4,254)	35,162
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	83,891	45,978	83,891	49,286
Net cash flows from Operating Activities	**(27,372)**	**(92,223)**	**(30,374)**	**(85,326)**
Investing Activities (Note 22)	(6,152)	22,343	(5,405)	18,902
Financing Activities (Note 23)	19,274	59,326	19,487	59,336
Net increase or (decrease) in cash and cash equivalents	**14,250**	**10,554**	**16,292**	**7,088**
Cash and cash equivalents at the beginning of the reporting period	20,170	9,616	17,458	10,370
Cash and cash equivalents at the end of the reporting period (all comprised of cash and bank balances)	**34,420**	**20,170**	**33,750**	**17,458**

1. Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year-end of 31st March 2015. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which those Regulations require to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice (SERCOP) 2014/15 supported by International Financial Reporting Standards.

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

1.2 Accruals of Income and Expenditure

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

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

Income and expenditure is accounted for in the year the activity it relates to takes place, not when cash is paid or received, i.e. on an accruals basis. This means income is recorded when it is earned not received and expenditure when it is incurred not when it is paid. Accruals are generally not raised where amounts are below a threshold, although managers' discretion may be used. For revenue, the general threshold is £10,000 and for capital £50,000.

1.3 Acquired Operations

Acquired Operations are shown separately on the face of the

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

1.4 Cash and Cash Equivalents

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

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

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

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

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

1.6 Charges to Revenue for Non-Current Assets

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

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

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

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

1.7 Employee Benefits

Benefits Payable during Employment

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

Payments for Accumulated Compensated Absences are accounted for and an accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees, but not taken before the year-end which employees can carry forward into the next financial year. The accrual is calculated every three years 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.

Termination Benefits

Termination benefits are usually payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service or where applicable to the non distributed cost line in the CIES at the earlier of when the Council can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

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

Post Employment Benefits

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

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

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

i. The Local Government Pension Scheme

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

Under International Accounting Standard (IAS) 19 the Local Government Scheme is accounted for as a defined benefits scheme:

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

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

Re-measurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because

the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

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

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

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

ii. Teachers' Pension Scheme

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

iii. NHS Pension Scheme

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

Discretionary Benefits

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

1.8 Events after the Balance Sheet Date

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

a) Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and
b) Those that are indicative of conditions that arose after the reporting period – the financial statements are not adjusted to reflect such events but where a category of events would

have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

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

1.9 Financial Instruments

Financial Liabilities

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

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

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

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

Financial Assets

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

The Council has made a limited number of other loans to employees, voluntary and other third party organisations at less than market rates (soft loans). The Council has determined that the value of the notional interest foregone is immaterial and so has not adjusted the entries to the income and expenditure in respect of these soft loans.

The Council holds constant net asset value funds in which the unit values do not fluctuate. Although these meet the definition of available for sale assets they are not adjusted for any movement in fair value as they are held at cost.

1.10 Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31st March 2015. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the CIES.

1.11 Government Grants and Contributions

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

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

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

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

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

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

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

Community Infrastructure Levy

The Mayor of London has elected to charge a Community Infrastructure Levy (CIL), for which the Council acts as agent. The levy will be charged on new builds (chargeable developments within the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge on behalf of the Mayor of London, and pays the amounts over at specified dates throughout the year. This is an agency arrangement and therefore income and expenditure is not shown in the Council's primary statements beyond those costs incurred as part of collection, which the Council can recover. The Council approved its own CIL scheme during 2014/15 and charging will begin with effect from April 2015.

1.12 Heritage Assets

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

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

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

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

The relevant value of Heritage Assets held by the Council is shown on the face of the Balance Sheet. Due to the immateriality of this value no further information is disclosed in the financial statements.

1.13 Intangible Assets

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

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

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

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

1.14 Interests in companies and other entities

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

1.15 Inventories and long term contracts

Inventories (stock) are included in the Balance Sheet at the lower of cost and net realisable value. Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year. Due to the immateriality of amounts involved no further disclosures have been made in the financial statements.

1.16 Investment Property

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

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

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

1.17 Jointly Controlled Operations and Jointly Controlled Assets

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

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

1.18 Leases

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

The Council as lessee

i. Finance Leases

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

Lease payments are apportioned between:

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

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

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

ii. Operating Leases

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

The Council as lessor

i. Finance Leases

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

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

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

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

ii. Operating Leases

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

1.19 Overheads and Support Services

The costs of overheads and support services are allocated within the Net Cost of Service section of the CIES in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SeRCOP) 2014/15. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

These two cost categories are defined in SeRCOP and accounted for as separate headings in the CIES, as part of Net Expenditure on

Continuing Services.

1.20 Property, Plant and Equipment

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

Recognition

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

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

Subsequent changes in value

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

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

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

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

Impairment

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

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

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

Depreciation

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

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

- Council Dwellings and operational buildings – straight-line allocation over the useful life of the property as estimated by

the Valuer, within the range of 20 to 60 years.
- Vehicles, plant and equipment – based on the useful economic life of the asset, within the range of 3 to 7 years.
- Infrastructure – based on the useful economic life of the asset, within the range of 10 to 100 years.

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

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

Componentisation of valuations

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

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

Where a component is replaced or restored, the carrying amount of the old component is derecognised to avoid double counting and the new component reflected in the carrying amount. This recognition and de-recognition takes place regardless of whether the replaced part had been depreciated separately.

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

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

Componentisation of HRA assets (dwellings) will be subject to a separate exercise within the five year transition period allowed by DCLG.

Disposals and non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services (SDPOS). Depreciation is not charged on Assets Held for Sale.

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

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the MiRS. From April 2012 a proportion of receipts arising from additional RTB sales, following an increase in the maximum cash cap on discounts, is retained by the Council where it agrees to spend a sufficient level of resources on replacement social housing. The same applies to non-RTB sales where the agreement is to spend on provision of additional affordable housing or regeneration projects.

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

Treatment of school assets

The 2014/15 Code of Practice introduced changes to the application of accounting rules for local authority maintained schools. The Council has reviewed its relationship with all voluntary aided and foundation schools and identified that three of these schools fall within the scope of the changes. As a result St Mary's Infant, St Aiden's and Fortismere Schools have been brought on to the Council's Balance Sheet at deemed cost with effect from 1st April 2013. These have then been treated the same as all other Council controlled schools in the financial statements with 2013/14 comparative information being restated, where material.

Land and buildings of all other voluntary aided, academies and foundation schools are owned and controlled by the trustees of the schools or the foundation body and are therefore not shown on the Balance Sheet of the Council.

Capital expenditure on community schools is added to the balances for those schools. Capital expenditure on voluntary aided, controlled and foundation schools not included on the Council's Balance Sheet is treated as "REFCUS" (Revenue Expenditure Funded from Capital under Statute") and written off each year to the CIES within Education and Children's services.

Individual schools' balances at 31st March 2015 are included in the Balance Sheet of the Council as any unspent delegated schools budgets remain the property of the Council.

1.21 Service Concession Arrangements

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

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

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

a) *Fair value of the services received during the year* - debited to the relevant service in the CIES
b) *Finance cost* - An interest charge of 5.13% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the CIES.
c) *Contingent rent* - Increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the CIES.
d) *Payment towards liability* - Applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).
e) *Lifecycle replacement costs* - Proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

1.22 Provisions, Contingent Liabilities and Contingent Assets

a) Provisions

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

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

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

b) Contingent Liabilities

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

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

c) Contingent Assets

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

1.23 Reserves

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

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

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

1.24 Revenue expenditure funded from capital under statute (REFCUS)

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

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

1.25 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 and housing rents income.

Council tax and business rate income included in the CI&ES is the total of the precept on the collection funds of each billing authority and the Council's share of the actual surplus / deficit on the collection funds of each billing authority at the end of the current year, adjusted for the Council's share of the surplus / deficit on the funds at the preceding year end that has not been distributed or recovered in the current year.

Housing Rent income included in the CI&ES is the total of the 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, and landlords are expected to move the actual rent of a property to this formula rent, over time.

1.26 VAT

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

1.27 Agency Income and Expenditure

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

Haringey Council has acted as an agent on behalf of:

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

2. Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. In particular, the Council has not recognised an asset value for Alexandra Park and Palace. The appropriate accounting treatment in respect of the asset (i.e. whether it meets the requirement to recognise on the Council's Balance Sheet) is under review.

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

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

There is a significant risk of material adjustment in the forthcoming financial year in respect of the following items recognised in the Council's Balance Sheet as at 31st March 2015.

Property, Plant and Equipment
Depreciation: Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Although the Council has a capital programme that is well managed, proactively monitored and reported to management, the current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance over the medium term, thus bringing into doubt the useful lives assigned to assets.

If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that, if the useful lives of all property assets were reduced by 10%, the annual depreciation charge would increase by £3.543 million. However since this charge is reversed out through the MiRS, there would be no impact on the General Fund balance.

Valuations: A number of assumptions have been made by the valuers in undertaking the revaluation programme, as recommended by the RICS Valuation Standards – Global and UK 8th Edition (Red Book) March 2012. 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.

Pension Fund Liability
During 2014/15, the Council's actuaries advised that the net pension liability had increased by £99.508 million as a result of estimates being revised and the updating of the assumptions. The liability held on the balance sheet is subject to actuarial estimation; some of the detail behind the estimates used by the actuary is shown in notes 36 and 37.

4. Material items of income and expense

In 2014/15 a revaluation gain of £170 million (£157 million in 2013/14) was credited to the HRA to reflect the increase in value of Council Dwellings.

5. Events after the balance sheet date

These financial statements replace the unaudited financial statements certified by the then Chief Financial Officer, Kevin Bartle, on 22nd June 2015. This version of the Statement of Accounts was authorised for issue on 24th September 2015.

6. Other operating expenditure

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

	2014/15	2013/14
	£'000	£'000
Levies - North London Waste Authority (NLWA)	7,375	6,452
Levies - Others	631	614
Payments to Govt. Housing Capital Receipts Pool	1,557	4,193
Losses / (gains) on disposal of non-current assets	(14,164)	18,050
	(4,601)	**29,309**

7. Financing and investment income and expenditure

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

	2014/15	2013/14
	£'000	£'000
Interest payable and similar charges	34,010	21,629
Net interest on the net defined benefit liability	23,379	22,140
Interest receivable and similar income	(174)	(777)
Changes in the fair values of investment properties	(13,954)	(7,712)
Other investment income and expenditure	3,054	10,329
	46,315	**45,609**

8. Taxation and non-specific grant income

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

	2014/15	2013/14
	£'000	£'000
Council tax income	(84,481)	(82,534)
Non domestic rates	(68,228)	(72,563)
Non-ringfenced government grants	(105,870)	(120,970)
Capital grants and contributions	(36,780)	(30,007)
	(295,359)	**(306,074)**

9. Adjustments between accounting basis and funding basis under regulation

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

General Fund Balance

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

Housing Revenue Account (HRA) Balance

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

Capital Receipts Reserve (CRR)

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

Capital Grants Unapplied Reserve (CGUR)

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

Major Repairs Reserve (MRR)

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

Movement during 2014/15	Usable Reserves: General Fund Balance	Usable Reserves: Housing Revenue Account	Usable Reserves: Capital Receipts Reserve	Usable Reserves: Capital Grants Unapplied	Usable Reserves: Major Repairs Reserve	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive I&E Statement						
- Charges for depreciation and impairment of non-current assets	(18,079)	(17,351)	0	0	0	35,431
- Revaluation losses on Property, Plant and Equipment	(2,069)	92,170	0	0	0	(90,101)
- Movement in the market value of Investment Properties	7,905	0	0	0	0	(7,905)
- Amortisation of intangible assets	(244)	0	0	0	0	244
- Capital grants and contributions applied	(1,493)	0	0	32,764	0	(31,271)
- Income in relation to donated assets	18	0	0	0	0	(18)
- Revenue expenditure funded from capital under statute	(1,061)	(7,661)	0	(3,977)	0	12,699
- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(15,790)	(16,509)	0	0	0	32,299
Insertion of items not debited or credited to the Comprehensive I&E Statement						
- Statutory provision for the financing of capital investment	12,732	0	3,296	0	0	(16,028)
- Capital expenditure charged against the General Fund and HRA balances	6,373	8,185	0	0	0	(14,559)
Adjustments primarily involving the Capital Grants Unapplied Account:						
- Capital grants and contributions unapplied credited to the CIES	16,366	20,396	0	(36,762)	0	0
Adjustments primarily involving the Capital Receipts Reserve:						
- Transfer of cash sale proceeds credited as part of the gain/loss on disposal to CIES	23,874	23,255	(47,129)	0	0	0
- Use of the Capital Receipts Reserve to finance new capital expenditure	(2,274)	0	4,585	0	0	(2,311)
- Contribution from the Capital Receipts Reserve towards administration costs of non-current asset disposals	(45)	(621)	666	0	0	0
- Use of capital receipts to fund lease premium payment	0	0	14,704	0	0	(14,704)
- Contributions to finance the payments to the Government capital receipts pool	(1,557)	0	1,557	0	0	0
- Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	(37)	0	0	37
	24,656	101,864	(22,358)	(7,975)	0	(96,187)

NOTES TO THE STATEMENTS

Movement during 2014/15	Usable Reserves: General Fund Balance	Usable Reserves: Housing Revenue Account	Usable Reserves: Capital Receipts Reserve	Usable Reserves: Capital Grants Unapplied	Usable Reserves: Major Repairs Reserve	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Carried forward from above table:	24,656	101,864	(22,358)	(7,975)	0	(96,187)
Adjustments primarily involving the Major Repairs Reserve:						
- Reversal of notional Major Repairs Allowance credited to the HRA	0	17,108	0	0	(17,108)	0
- Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	0	16,286	(16,286)
Adjustments primarily involving the Financial Instruments Adjustment Account:						
- Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(14,664)	(189)	0	0	0	14,853
Adjustments primarily involving the Pensions Reserve:						
- Reversal of items relating to retirement benefits debited or credited to the CIES	(48,047)	(820)	0	0	0	48,867
- Employers' pension contributions and direct payments to pensioners payable in the year	28,934	327	0	0	0	(29,261)
Adjustments primarily involving the Collection Fund Adjustment Account:						
- Amount by which council tax and non-domestic rate income credited to the CIES is different from council tax and non-domestic rate income calculated for the year in accordance with statutory requirements	(7,216)	0	0	0	0	7,216
Adjustments primarily involving the Accumulated Absences Account:						
- Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	573	7	0	0	0	(580)
Total Adjustments	**(15,764)**	**118,297**	**(22,358)**	**(7,975)**	**(822)**	**(71,378)**

Movement during 2013/14	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Movement in Unusable Reserves
	Usable Reserves					
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive I&E Statement						
- Charges for depreciation and impairment of non-current assets	(16,055)	(19,345)	0	0	0	35,400
- Revaluation losses on Property, Plant and Equipment	(3,219)	136,839	0	0	0	(133,620)
- Movement in the market value of Investment Properties	974	0	0	0	0	(974)
- Amortisation of intangible assets	(226)	0	0	0	0	226
- Capital grants and contributions applied	0	0	0	31,099	0	(31,099)
- Income in relation to donated assets	516	0	0	0	0	(516)
- Revenue expenditure funded from capital under statute	(3,713)	0	0	0	0	3,713
- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive I&E Statement	(24,734)	(7,881)	0	0	0	32,615
Insertion of items not debited or credited to the Comprehensive I&E Statement						
- Statutory provision for the financing of capital investment	16,705	0	2,639	0	0	(19,344)
- Capital expenditure charged against the General Fund and HRA balances	4,174	7,223	0	0	0	(11,397)
Adjustments primarily involving the Capital Grants Unapplied Account:						
- Capital grants and contributions unapplied credited to the CIES	20,432	10,503	0	(30,935)	0	0
Adjustments primarily involving the Capital Receipts Reserve:						
- Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive I&E Statement	1,591	13,577	(15,168)	0	0	0
- Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	1,009	0	0	(1,009)
- Contribution from the Capital Receipts Reserve towards administration costs of non-current asset disposals	(13)	(589)	602	0	0	0
- Use of capital receipts to fund lease premium payment	0	0	2,811	0	0	(2,811)
- Contributions to finance the payments to the Government capital receipts pool	(4,193)	0	4,193	0	0	0
- Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	(36)	0	0	36
	(7,761)	140,327	(3,950)	164	0	(128,780)

Movement during 2013/14	Usable Reserves: General Fund Balance	Usable Reserves: Housing Revenue Account	Usable Reserves: Capital Receipts Reserve	Usable Reserves: Capital Grants Unapplied	Usable Reserves: Major Repairs Reserve	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Carried forward from above table:	(7,761)	140,327	(3,950)	164	0	(128,780)
Adjustments primarily involving the Major Repairs Reserve:						
- Reversal of notional Major Repairs Allowance credited to the HRA	0	19,345	0	0	(19,345)	0
- Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	0	17,584	(17,584)
Adjustments primarily involving the Financial Instruments Adjustment Account:						
- Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(2,944)	(189)	0	0	0	3,132
Adjustments primarily involving the Pensions Reserve:						
- Reversal of items relating to retirement benefits debited or credited to the CIES	(45,566)	(460)	0	0	0	46,026
- Employers' pension contributions and direct payments to pensioners payable in the year	25,408	300	0	0	0	(25,709)
Adjustments primarily involving the Collection Fund Adjustment Account:						
- Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	9,877	0	0	0	0	(9,877)
Adjustments primarily involving the Accumulated Absences Account:						
- Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,197)	(6)	0	0	0	1,203
Other adjustments	5	0	0	0	0	(3)
Total Adjustments	**(22,178)**	**159,317**	**(3,950)**	**164**	**(1,761)**	**(131,592)**

10. Transfers to/from earmarked reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2014/15.

	Note	Balance at 01/04/13	Transfer In 2013/14	Transfer Out 2013/14	Balance at 31/03/2014	Transfer In 2014/15	Transfer Out 2014/15	Balance at 31/03/15
		£'000	£'000	£'000	**£'000**	£'000	£'000	**£'000**
General Fund:								
Schools reserve	i	(6,930)	(4,789)	0	**(11,719)**	0	13	**(11,706)**
Services reserve	ii	(10,485)	(5,096)	5,326	**(10,255)**	(2,851)	2,623	**(10,483)**
Insurance reserve	iii	(8,419)	(2,543)	1,933	**(9,029)**	(1,297)	109	**(10,217)**
PFI lifecycle reserve	iv	(9,346)	(1,425)	1,229	**(9,542)**	(1,420)	892	**(10,070)**
IT infrastructure reserve	v	(1,567)	(1,152)	251	**(2,468)**	(500)	1,952	**(1,016)**
Accommodation strategy reserve	vi	(591)	0	0	**(591)**	0	149	**(442)**
Transformation reserve	vii	(8,015)	0	0	**(8,015)**	(92)	3,230	**(4,877)**
Financing reserve	viii	(15,285)	(552)	899	**(14,938)**	(257)	463	**(14,732)**
Debt repayment reserve	ix	(8,379)	(105)	3,351	**(5,133)**	(2,273)	1,401	**(6,005)**
Community infrastructure reserve	x	(3,000)	0	0	**(3,000)**	0	0	**(3,000)**
Urban renewal reserve	xi	(2,500)	0	0	**(2,500)**	0	0	**(2,500)**
Public health reserve	xii	0	(501)	0	**(501)**	0	98	**(403)**
Unspent grants reserve	xiii	0	(3,396)	0	**(3,396)**	(1,879)	978	**(4,297)**
Collection fund equalisation reserve	xiv	0	(8,367)	0	**(8,367)**	0	8,112	**(255)**
Labour market growth resilience reserve	xv	0	(2,000)	0	**(2,000)**	0	95	**(1,905)**
NHS social care agreement reserve	xvi	0	(485)	0	**(485)**	0	485	**0**
Risk reserve	xvii	0	0	0	**0**	(2,208)	0	**(2,208)**
Sub-Total		**(74,517)**	**(30,411)**	**12,989**	**(91,939)**	**(12,777)**	**20,600**	**(84,116)**
Housing Revenue Account:								
HRA Smoothing reserve	xviii	0	(4,238)	0	**(4,238)**	(802)	300	**(4,740)**
Sub-Total		**0**	**(4,238)**	**0**	**(4,238)**	**(802)**	**300**	**(4,740)**
Total Single Entity Earmarked Reserves		(74,517)	(34,649)	12,989	(96,177)	(13,579)	20,900	(88,856)
Group Entity Reserves		19,837	(48,409)	50,464	21,892	(3,077)	14,259	33,074
Total Group Amounts		**(54,680)**	**(83,058)**	**63,453**	**(74,285)**	**(16,656)**	**35,159**	**(55,782)**

NOTES TO THE STATEMENTS

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

- prior year commitments;
- unspent Standards Fund from previous financial years;
- funds assigned by the governing body for specific permitted purposes, held for a stipulated period.

These requirements have been fully taken account of in Haringey's scheme for financing schools, and applied since April 2008. There was no claw-back of balances in 2014/15 or the preceding year.

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

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

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

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

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

vii. This reserve is 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.

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

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

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

xi. It is beneficial for the Council to support local businesses so they can share in the benefits of growth. This could include supporting town centres and business improvement districts, and maintaining retail business; this reserve will be used to support this activity.

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

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

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

xiv. This reserve is designed to equalise fluctuations around the collection of Council Tax and Business Rates and to improve financial reporting at the Council. Balances relating to the Collection Fund which required further investigation were identified in 2013/14 and appropriated to this reserve; much of this work has now concluded and these balances have now been allocated to their respective areas of the Balance Sheet.

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

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

xvii. The Council has previously maintained earmarked reserves to provide the resources required to bring about the transformational changes set out in its Corporate Plan. However, given the scale of challenges implicit in reducing its resource base by a further £70 million over the period to 2018 and the uncertainty associated with a new government, the Chief Financial Officer has created this reserve to limit the Council's exposure to unexpected financial costs as it delivers the Corporate Plan 2015-2018.

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

11. Property, plant and equipment

	Council Dwellings	*Other Land and Buildings	Infrastructure Assets	Vehicles, Plant, Furniture and Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total Property, Plant and Equipment	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**	£'000
Cost or Valuation at 1st April 2014	990,237	354,784	203,522	21,290	16,475	161	14,242	**1,600,711**	83,864
Additions	32,642	20,410	12,906	1,635	1,873	956	715	**71,137**	306
Revaluation increases / (decreases) recognised in the Revaluation Reserve	36,345	6,701	0	0	0	0	739	**43,785**	(380)
Revaluation increases / (decreases) recognised in SDPOS	92,170	817	0	0	0	0	(2,246)	**90,741**	1,499
Derecognition - disposals	(13,276)	(1,988)	0	(655)	0	0	(3,504)	**(19,423)**	0
At 31st March 2015	**1,138,118**	**380,724**	**216,428**	**22,270**	**18,348**	**1,117**	**9,946**	**1,786,951**	**85,289**
Accumulated Depreciation at 1st April 2014	0	(1,191)	(61,862)	(9,435)	0	0	(30)	**(72,518)**	0
Depreciation charge	(17,185)	(7,855)	(7,841)	(2,479)	0	0	(71)	**(35,431)**	(1,919)
Depreciation written out to the Revaluation Reserve	16,968	8,269	0	0	0	0	30	**25,267**	1,919
Derecognition - disposals	217	1	0	262	0	0	53	**533**	0
At 31st March 2015	**0**	**(776)**	**(69,703)**	**(11,652)**	**0**	**0**	**(18)**	**(82,149)**	**0**
Net Book Value at 31st March 2015	**1,138,118**	**379,948**	**146,725**	**10,618**	**18,348**	**1,117**	**9,928**	**1,704,802**	**85,289**

	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
Original Cost or Valuation at 1st April 2013	846,568	303,295	191,388	36,640	15,090	248	10,927	**1,404,156**	53,257
Revised Cost or Valuation at 1st April 2013	846,568	334,408	191,388	36,640	15,090	248	10,927	**1,435,269**	78,695
Additions	34,186	20,625	12,091	3,143	1,159	157	139	**71,500**	1,302
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(18,160)	20,152	0	0	0	0	6,269	**8,261**	342
Revaluation increases / (decreases) recognised in SDPOS	136,761	5,527	0	0	0	0	(8,094)	**134,194**	3,820
Derecognition - disposals	(7,844)	(18,885)	0	(20,039)	0	0	0	**(46,768)**	0
Reclassifications & Transfers	(1,274)	(3,452)	43	1,546	226	(244)	2,821	**(334)**	(295)
Assets reclassified (to) / from Held for Sale	0	(3,591)	0	0	0	0	2,180	**(1,411)**	0
At 31st March 2014	**990,237**	**354,784**	**203,522**	**21,290**	**16,475**	**161**	**14,242**	**1,600,711**	**83,864**
Accumulated Depreciation:									
Original at 1st April 2013	(19,280)	(3,994)	(55,166)	(21,412)	0	0	0	**(99,852)**	0
Revised at 1st April 2013	(19,280)	(4,655)	(55,166)	(21,412)	0	0	0	**(100,513)**	0
Depreciation charge	(19,202)	(6,918)	(6,696)	(2,584)	0	0	0	**(35,400)**	(1,865)
Depreciation written out to the Revaluation Reserve	38,256	9,890	0	0	0	0	0	**48,146**	1,865
Impairment losses / (reversals) recognised in SDPOS	79	0	0	0	0	0	0	**79**	0
Derecognition - disposals	127	428	0	14,561	0	0	0	**15,116**	0
Other movements in depreciation and impairment	20	64	0	0	0	0	(30)	**54**	0
At 31st March 2014	**0**	**(1,191)**	**(61,862)**	**(9,435)**	**0**	**0**	**(30)**	**(72,518)**	**0**
Net Book Value at 31st March 2014	**990,237**	**353,593**	**141,660**	**11,855**	**16,475**	**161**	**14,212**	**1,528,193**	**83,864**

* The 1st April 2013 opening Net Book Value for Other Land and Buildings has been restated from £299.301 million to £327.841 million to bring on to the Balance Sheet those voluntary aided and foundation schools now determined to be under the control of the Council.

In 2014/15 the Council instructed external valuers Wilkes, Head & Eve (an independent partnership of Chartered Surveyors and Town Planners) to carry out full valuations (as at the 1st April 2014) on the whole of the Council's property portfolio. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

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

Capital commitments

At 31st March 2015, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2015/16 and future years, budgeted to cost £48 million. Similar commitments at 31st March 2014 were £20 million. The major commitments as at 31st March 2015 were:

- Decent Homes Programme – £33.335 million
- HRA Mechanical and electrical works - £2.835 million
- HRA Lift renewals - £1.195 million

12. Investment properties

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

	2014/15	2013/14
	£'000	£'000
Rental income from investment property	(7,392)	(5,590)
Direct operating expenses arising from investment property	1,206	2,444
Net (gain) / loss	**(6,186)**	**(3,146)**

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 fair value of investment properties over the year.

	2014/15	2013/14
	£'000	£'000
Balance at start of the year	59,045	54,141
Additions - Purchases	1,213	258
Disposals	(11,144)	0
Net gain / (losses) from FV adjustments	7,768	4,567
Transfers (to) / from PPE	0	79
Balance at the end of the year	**56,882**	**59,045**

13. Financial instruments

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

Financial liabilities

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

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

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

Financial assets

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

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

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

The Council's portfolio of investments consists of fixed term deposits, money market funds and a call account. Term deposits and call accounts are classed as 'Loans and Receivables' and are measured at amortised cost. Trade receivables (debtors) are also a financial asset and they are disclosed in detail in Note 14 to the Accounts. The financial assets and liabilities disclosed in the Balance Sheet are analysed across the following categories.

	Long Term		Current	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	£'000	£'000	£'000	£'000
- Loans and receivables	429	0	19,858	10,496
- Available-for-sale assets	0	0	16,190	0
Total investments	**429**	**0**	**36,048**	**10,496**
- Assets carried at contract amounts	4,210	2,356	52,345	25,717
Total debtors	**4,210**	**2,356**	**52,345**	**25,717**
- Liabilities at amortised cost	(286,572)	(297,435)	(15,449)	(18,056)
Total borrowings	**(286,572)**	**(297,435)**	**(15,449)**	**(18,056)**
- Liabilities carried at contract amounts	(931)	(1,027)	(29,529)	(26,020)
Total creditors	**(931)**	**(1,027)**	**(29,529)**	**(26,020)**
- PFI liabilities	(30,005)	(32,414)	(2,409)	(2,291)
- Finance lease liabilities	(14,481)	(17,804)	(1,270)	(1,905)
Total Other Liabilites	**(44,486)**	**(50,218)**	**(3,679)**	**(4,196)**

Financial instruments – fair values

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

The Code of Practice requires the fair values of these assets and liabilities to be disclosed for comparison purposes. Fair value is defined in the Code as the amount for which asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The fair value of a financial instrument on initial recognition is generally the transaction price.

The Council's debt outstanding at 31st March 2015 and 31st March 2014 consisted of loans from the Public Works Loan Board (PWLB) and market loans. The Council's treasury adviser has calculated the fair values based on equivalent swap rates at the balance sheet for the market loans and the rate for new borrowing for the PWLB loans. In addition the PWLB has provided the Council with fair value amounts assessed by calculating the amounts the Council would have had to pay to extinguish the loans on these dates - this sum is £62.099 million above carrying value. The maturity date of the temporary borrowing was within 12 months of the balance sheet date and the contract does not permit premature redemption, therefore fair value is judged to be the same as amortised cost.

	Fair Value		Carrying Amount	
	31/03/2015 £'000	31/03/2014 £'000	31/03/2015 £'000	31/03/2014 £'000
Borrowings	(418,120)	(371,969)	(302,021)	(315,491)
PFI liability	(32,414)	(34,705)	(32,414)	(34,705)
Other liabilities	(30,164)	(26,020)	(30,164)	(26,020)
Total	**(480,698)**	**(432,694)**	**(364,599)**	**(376,216)**

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

	Fair Value		Carrying Amount	
	31/03/2015 £'000	31/03/2014 £'000	31/03/2015 £'000	31/03/2014 £'000
Trade debtors	40,144	25,717	40,144	25,717
Investments	20,287	10,496	20,287	10,496
Cash and Cash Equivalents	34,420	20,170	34,420	20,170
Total	**94,851**	**56,383**	**94,851**	**56,383**

Financial instruments – gains and losses

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

	Liabilities measured at amortised cost	Assets, Loans and receivables	Assets Available for sale	Total
2014/15	£'000	£'000	£'000	**£'000**
Interest expense	16,059	0	0	**16,059**
Total expense in SDPOS	16,059	0	0	**16,059**
Interest and investment income	0	(136)	(67)	**(203)**
Interest accrued on impaired assets	31	26	0	**57**
Total income in SDPOS	31	(110)	(67)	**(146)**
Net (gain) / loss for the year	**16,090**	**(110)**	**(67)**	**15,913**

2013/14	Liabilities measured at amortised cost	Assets, Loans and receivables	Assets Available for sale	Total
	£'000	£'000	£'000	**£'000**
Interest expense	17,931	0	0	**17,931**
Total expense in SDPOS	17,931	0	0	**17,931**
Interest and investment income	0	(510)	(55)	**(565)**
Interest accrued on impaired assets	29	(1,755)		**(1,726)**
Total income in SDPOS	29	(2,265)	(55)	**(2,291)**
Net (gain) / loss for the year	**17,960**	**(2,265)**	**(55)**	**15,640**

14. Debtors

The following tables provide an analysis of money owed to the Council by other bodies as at 31st March 2015 and which at that date was yet to be received. The Council has considered the collectability of the debt and has impaired the debt for the amounts it may not recover.

	Long Term		Short Term	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	£'000	£'000	£'000	£'000
Central Govt bodies	0	0	10,714	17,387
Other local authorities	0	0	15,765	9,869
NHS bodies	0	0	9,160	2,295
Other entities and individuals	3,967	2,356	39,032	38,251
Total	**3,967**	**2,356**	**74,671**	**67,802**

	Single Entity		Group Amounts	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	£'000	£'000	£'000	£'000
Central Govt bodies	10,714	17,387	10,714	16,854
Other local authorities	15,765	9,869	15,765	10,402
NHS bodies	9,160	2,295	9,160	2,295
Other entities and individuals	42,999	40,607	41,825	40,089
Total	**78,638**	**70,158**	**77,464**	**69,640**

Doubtful debt provisions

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

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

15. Cash and cash equivalents

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

	31/03/2015	31/03/2014
	£'000	£'000
Cash in hand and at bank	18,230	20,170
Short-term investments	16,190	0
Total	**34,420**	**20,170**

16. Creditors

The following tables provide an analysis of money owed by the Council as at 31st March 2015.

	Long Term		Short Term	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	£'000	£'000	£'000	£'000
Central Govt bodies	0	0	(14,603)	(11,085)
Other local authorities	0	0	(5,348)	(4,387)
NHS bodies	0	0	(3,445)	(3,497)
Other entities and individuals	(931)	(1,027)	(90,038)	(74,295)
Total	**(931)**	**(1,027)**	**(113,434)**	**(93,264)**

	Single Entity		Group Amounts	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	£'000	£'000	£'000	£'000
Central Govt bodies	(14,603)	(11,085)	(14,603)	(11,085)
Other local authorities	(5,348)	(4,387)	(5,348)	(4,387)
NHS bodies	(3,445)	(3,497)	(3,445)	(3,497)
Other entities and individuals	(90,969)	(75,322)	(91,035)	(72,593)
Total	**(114,365)**	**(94,291)**	**(114,431)**	**(91,562)**

17. 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, in accordance with best practice.

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

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

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

	Insurance	**Redundancy**	**NDR Appeals**	**Carbon Reduction Commitment**	**Other Provisions**	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1st April 2014	(6,919)	(1,578)	(519)	(371)	(2,115)	(11,502)
Provisions made in 2014/15	(683)	(410)	(3,434)	(216)	(41)	(4,784)
Amounts used in 2014/15	1,979	1,378	1,417	371	453	5,598
Unused amounts reversed	0	0	0	0	464	464
Balance at 31st March 2015	**(5,623)**	**(610)**	**(2,536)**	**(216)**	**(1,239)**	**(10,224)**
Of which:						
Long Term	(3,412)	0	0	0	**0**	(3,412)

18. Unusable reserves

	31/03/2015	31/03/2014
	£'000	£'000
Financial Instruments Adjustment	4,635	4,486
Collection Fund Adjustment	141	(7,074)
Accumulated Absences	5,282	5,861
Revaluation Reserve	(220,916)	(164,022)
Capital Adjustment Account	(998,512)	(888,558)
Pensions Reserve	645,460	545,952
Deferred Capital Receipts	(112)	(140)
Total	**(564,022)**	**(503,495)**

Financial instruments adjustments account

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

	2014/15	2013/14
	£'000	£'000
Balance as at 1st April	**4,486**	**4,165**
Amounts by which finance costs charged to the CIES differ from finance costs chargeable in the year in accordance with statute	149	321
Balance as at 31st March	**4,635**	**4,486**

Collection fund adjustment account

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

	2014/15	2013/14
	£'000	£'000
Balance as at 1st April	**(7,074)**	**2,803**
Movement in year	7,215	(9,877)
Balance as at 31st March	**141**	**(7,074)**

Accumulated absences account

The accumulated absences account absorbs the differences that would otherwise arise on the general fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31st March 2015. Statutory arrangements require that the impact on the general fund balance is neutralised by transfers to or from the account.

	General Fund		HRA	
	2014/15	2013/14	2014/15	2013/14
	£'000	£'000	£'000	£'000
Balance as at 1st April	**5,830**	**4,633**	**31**	**24**
Settlement / cancellation of accrual made at the end of the preceding year	(5,830)	(4,633)	(31)	(24)
Amounts accrued at the end of the current year	5,258	5,830	24	31
Amount by which officer remuneration charged to the CIES on an accruals basis is different from charges in accordance with statute	(572)	1,197	(7)	7
Balance at 31st March	**5,258**	**5,830**	**24**	**31**

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.

	2014/15	2013/14
	£'000	£'000
Balance as at 1st April	**(164,022)**	**(112,999)**
Upward revaluation of assets	(78,816)	(60,358)
Downward revaluation of assets and impairment losses not charged to SDPOS	9,766	3,945
Difference between fair value depreciation and historical cost depreciation	6,131	2,097
Revaluation balances on disposed assets	6,025	3,293
Balance as at 31st March	**(220,916)**	**(164,022)**

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.

	2014/15	2013/14
	£'000	£'000
Balance as at 1st April - original	(860,018)	(711,001)
Balance as at 1st April - revised	**(888,558)**	**(739,541)**
Reversal of items relating to capital expenditure debited or credited to CIES		
- charges for depreciation and impairment of NCA	35,431	35,400
- revaluation losses and reversals of losses on PPE	(90,101)	(133,620)
- amortisation of intangible assets	244	226
- REFCUS	12,699	3,713
- amounts of NCA written off on disposal or sale as part of the gain/loss on disposal to CIES	32,299	32,615
	(9,428)	**(61,666)**
Adjusting amounts written out of the Revaluation Reserve	(12,156)	(5,390)
Net written out amount of the cost of NCA consumed in the year	(21,584)	(67,056)
Capital financing applied in the year		
- use of the Capital Receipts Reserve to finance new capital expenditure	(2,311)	(1,009)
- use of the Major Repairs Reserve to finance new capital expenditure	(16,286)	(17,584)
- application of grants to capital financing from Capital Grants Unapplied account	(31,271)	(31,099)
- statutory provision for financing of capital investment charged against GF and HRA balances	(16,028)	(19,344)
- capital expenditure charged against the GF and HRA balances	(14,559)	(11,397)
	(80,455)	**(80,433)**
Movements in the market value of Investment Properties debited or credited to CIES	(7,905)	(974)
Movements in donated assets credited to CIES	(18)	(516)
Other adjustments	8	(38)
Balance as at 31st March	**(998,512)**	**(888,558)**

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.

	2014/15	2013/14
	£'000	£'000
Balance as at 1st April	**545,952**	**493,931**
Remeasurements recognised in Other Comprehensive Income and Expenditure	79,902	31,706
Reversal of items relating to retirement benefits debited or credited to SDPOS	19,606	20,315
Balance as at 31st March	**645,460**	**545,952**

19. Usable reserves

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

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

	2014/15	2013/14
	£'000	£'000
Adjustment to surplus or deficit on the provision of services for non-cash movements		
Depreciation	(35,431)	(35,400)
Impairment & revaluations	90,604	133,620
Amortisation	(244)	(226)
Adjustments for movements in fair value of investments	(34)	1,753
Adjustments for effective interest rates	31	493
(Increase)/Decrease in Inventories	130	35
(Increase)/Decrease in Debtors	5,097	(2,035)
Increase/(Decrease) in Creditors	(16,514)	(12,088)
Movement in pension liability	(19,606)	(20,317)
Carrying amount of non-current assets sold	(32,299)	(32,615)
Movement in provisions	1,278	(534)
Movement in value of investment properties	7,905	974
Total	**917**	**33,660**

	2014/15	2013/14
	£'000	£'000
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
Proceeds from the sale of PPE, investment property and intangible assets	47,129	14,528
Capital grants credited to SDPOS	36,762	31,450
Total	**83,891**	**45,978**

21. Cash Flow Statement - Operating Activities

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

	2014/15	2013/14
	£'000	£'000
Interest received	(119)	(313)
Interest paid	34,841	23,088
Total	**34,722**	**22,775**

22. Cash Flow Statement - Investing Activities

The cash flows for investing activities include the following items.

	2014/15	2013/14
	£'000	£'000
Purchase of PPE, investment property and intangible assets	68,000	73,113
Purchase of investments	9,767	2,470
Proceeds from the sale of PPE, investment property and intangible assets	(47,157)	(13,811)
Proceeds from investments	0	(10,279)
Capital grants and contributions received	(36,762)	(29,150)
Total	**(6,152)**	**22,343**

23. Cash Flow Statement - Financing Activities

The cash flows for financing activities include the following items.

	2014/15	2013/14
	£'000	£'000
Cash receipts from borrowing	0	(3,800)
Other receipts from financing activities	(706)	(2,148)
Cash payments for the reduction of finance lease and PFI outstanding liabilities	6,886	6,931
Repayments of borrowing	13,094	58,343
Total	**19,274**	**59,326**

24. Members allowances

The total of Members' allowances paid in 2014/15 was £1.093 million compared to £1.073 million in 2013/14. These figures are included in the Corporate Democratic Core line of the CIES.

25. External audit costs

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

	2014/15	2013/14
	£'000	£'000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	247	238
Fees payable for the certification of grant claims and returns for the year	45	38
Fees payable in respect of other services provided by Grant Thornton during the year	11	0
Total	**303**	**276**

26. Pooled budgets

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

The partnership spent £7.698 million in 2014/15 (£8.312 million in 2013/14) of which £5.848 million was met by the Council and £1.850 million by partners (£6.360 million and £1.952 million respectively in 2013/14).

27. Amounts reported for resource allocation decisions

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

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

The Council reports income and expenditure for each directorate as a separate operating segment, regardless of its' actual level of income or expenditure. This is to reflect each type of service provided by that directorate. Full details of services provided by each directorate are shown in the 2014/15 Budget Book, available on the Council's website – http://www.haringey.gov.uk/council-and-democracy/performance-and-finance/council-budget/council-budget-2014-15.
The subjective analysis reconciliation of directorates' income and expenditure to cost of services gives a clear indication of where each directorate derives its revenue.

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

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

	Single Entity		Group Amounts	
	2014/15 £'000	2013/14 £'000	2014/15 £'000	2013/14 £'000
Net expenditure in directorate analysis	12,507	(17,521)	12,507	(17,521)
Net expenditure of subsidiaries not included in	0	0	2,991	2,087
Amounts not reported to management	(110,810)	(135,350)	(123,416)	(135,350)
Amounts included in the analysis not included in CIES	239,768	212,166	252,374	212,166
Cost of Services	**141,465**	**59,295**	**144,456**	**61,382**

Reconciliation to Subjective Analysis

	Leader and Chief Executives Office	Chief Operating Officer	Deputy Chief Executive	Director of Regeneration, Planning and Development	Non Service Revenue	HRA	Total
2014/15	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Directorate Income and Expenditure							
Fees, charges and other service income	(13,286)	(129,180)	(49,282)	(5,629)	(106,180)	(113,849)	**(417,406)**
Government Grants & Contributions	(658)	(287,281)	(227,867)	(2,652)	(186,538)	0	**(704,996)**
Total Income	(13,944)	(416,461)	(277,149)	(8,281)	(292,718)	(113,849)	**(1,122,402)**
Employee Expenses	7,065	55,668	212,425	8,888	5,776	2,671	**292,493**
Other Service Expenses	3,376	413,304	222,752	5,255	2,565	57,745	**704,997**
Precepts & Levies	0	0	0	0	8,006	0	**8,006**
Capital & Financing Charges	0	11,571	6,813	0	1,761	28,347	**48,492**
Interest Payable	0	0	0	0	34,010	0	**34,010**
Support Service Recharges	2,004	17,152	11,538	1,762	10,369	4,086	**46,911**
Total Expenditure	12,445	497,695	453,528	15,905	62,487	92,849	**1,134,909**
Net Expenditure	**(1,499)**	**81,234**	**176,379**	**7,624**	**(230,231)**	**(21,000)**	**12,507**
2013/14	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Directorate Income and Expenditure							
Fees, charges and other service income	(18,051)	(120,514)	(52,792)	(5,295)	(108,893)	(110,207)	**(415,752)**
Government Grants & Contributions	(286)	(284,815)	(225,020)	(4,414)	(201,220)	0	**(715,755)**
Total Income	(18,337)	(405,329)	(277,812)	(9,709)	(310,113)	(110,207)	**(1,131,507)**
Employee Expenses	7,315	56,757	207,868	8,549	8,657	2,569	**291,715**
Other Service Expenses	6,795	394,210	196,305	6,431	10,481	61,547	**675,769**
Precepts & Levies	0	0	0	0	7,066	0	**7,066**
Capital & Financing Charges	0	10,727	5,388	0	5,282	31,352	**52,749**
Interest Payable	0	0	0	0	21,629	0	**21,629**
Support Service Recharges	2,108	18,804	27,073	1,714	11,451	3,908	**65,058**
Total Expenditure	16,218	480,498	436,634	16,694	64,566	99,376	**1,113,986**
Net Expenditure	**(2,119)**	**75,169**	**158,822**	**6,985**	**(245,547)**	**(10,831)**	**(17,521)**

Reconciliation to Subjective Analysis	Service Analysis	Not reported to management	Not included in Net Cost of Services	Net Cost of Services	Net cost of Group not in analysis	Group Total
2014/15	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(417,406)	0	7,392	(410,014)	(59,771)	(469,785)
Interest and investment income	0	0	(2,879)	(2,879)	(5)	(2,884)
Income from council tax	0	0	84,481	84,481	0	84,481
Government grants and contributions	(704,996)	(36,762)	210,878	(530,880)	(493)	(531,373)
Total Income	(1,122,402)	(36,762)	299,872	(859,292)	(60,269)	(919,561)
Employee expenses	292,493	(580)	0	291,913	26,826	318,739
Other service expenses	713,002	8,286	(1,203)	720,085	30,454	750,539
Support Service recharges	46,912	0	0	46,912	5,531	52,443
Depreciation, amortisation and impairment	48,492	(101,360)	6,494	(46,374)	449	(45,925)
Interest Payments	34,010	0	(34,010)	0	0	0
Precepts & Levies	0	0	(8,006)	(8,006)	0	(8,006)
Pension Related	0	19,606	(23,379)	(3,773)	0	(3,773)
Total Expenditure	1,134,909	(74,048)	(60,104)	1,000,757	63,260	1,064,017
Surplus or deficit on the provision of services	**12,507**	**(110,810)**	**239,768**	**141,465**	**2,991**	**144,456**
2013/14	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(436,744)	0	5,587	(431,157)	(60,374)	(491,531)
Interest and investment income	0	0	(9,550)	(9,550)	(7)	(9,557)
Income from council tax	0	0	82,534	82,534	0	82,534
Government grants and contributions	(694,762)	0	193,533	(501,229)	(692)	(501,921)
Total Income	(1,131,506)	0	272,104	(859,402)	(61,073)	(920,475)
Employee expenses	291,713	1,203	0	292,916	29,414	322,330
Other service expenses	682,837	0	(33,958)	648,879	27,972	676,851
Support Service recharges	65,058	10	0	65,068	5,341	70,409
Depreciation, amortisation and impairment	74,377	(136,563)	4,567	(57,619)	433	(57,186)
Interest Payments	0	0	(21,658)	(21,658)	0	(21,658)
Precepts & Levies	0	0	(7,066)	(7,066)	0	(7,066)
Pension Related	0	0	(1,823)	(1,823)	0	(1,823)
Total Expenditure	1,113,985	(135,350)	(59,938)	918,697	63,160	981,857
Surplus or deficit on the provision of services	**(17,521)**	**(135,350)**	**212,166**	**59,295**	**2,087**	**61,382**

28. Officers remuneration

The following table sets out the remuneration disclosures for senior officers whose salary is more than £50,000 but less than £150,000 in 2014/15.

Post Holder Details	Note	Salary, Fees and Allowances		Compensation for Loss of Office		**Remuneration (excluding employer pension contribution)**		Employer Pension Contribution		**Total Remuneration**	
		2014/15 £	2013/14 £	2014/15 £	2013/14 £	**2014/15 £**	**2013/14 £**	2014/15 £	2013/14 £	**2014/15 £**	**2013/14 £**
Director of Children's Services (until 9th February 2015)	1	67,559	106,890	1,611	0	**69,170**	**106,890**	15,762	23,955	**84,932**	**130,845**
Director of Children's Services (until 4th October 2013)	2	0	71,527	0	173,244	**0**	**244,771**	0	16,089	**0**	**260,860**
Interim Director of Children's Services		105,352	0	0	0	**105,352**	**0**	24,707	0	**130,059**	**0**
Assistant Director Corporate Governance (Monitoring Officer)		106,799	99,177	0	0	**106,799**	**99,177**	24,995	22,188	**131,794**	**121,365**
Assistant Director - Finance (Chief Financial Officer)		111,793	105,723	0	0	**111,793**	**105,723**	26,172	23,687	**137,965**	**129,410**
Director of Public Health		121,023	116,148	0	0	**121,023**	**116,148**	15,590	15,133	**136,613**	**131,281**
Director of Regeneration Planning and Development		142,606	136,538	0	0	**142,606**	**136,538**	32,937	30,697	**175,543**	**167,235**
Director of Adults and Housing Services (until 30th June 2014)	3	34,057	136,538	123,401	0	**157,458**	**136,538**	8,009	30,697	**165,467**	**167,235**
Interim Director of Adult Social Services		117,325	0	0	0	**117,325**	**0**	27,982	0	**145,307**	**0**
Director of Corporate Resources (until 31st Dec 2013)	4	0	110,842	0	74,902	**0**	**185,744**	0	23,926	**0**	**209,670**
Assistant Chief Executive (until 31st Dec 2013)	5	0	85,560	0	95,500	**0**	**181,060**	0	17,893	**0**	**198,953**
Deputy Chief Executive (since 1st April 2014)		135,000	0	0	0	**135,000**	**0**	32,265	0	**167,265**	**0**

Notes

(1) The 2013/14 salary reflects a number of posts held by the post holder in 2013/14 culminating in the above appointment w.e.f. 1st Jan 2014. The reduced salary in 2014-15 is due to a period of unpaid leave. The 2014/15 annualised salary is £120,000.
(2) Annualised salary for 2013/14 is £140,042.
(3) Annualised salary for 2014/15 is £136,616.
(4) Annualised salary for 2013/14 is £141,797.
(5) Annualised salary for 2013/14 is £106,661.

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

Post Holder Details	Note	Salary, Fees and Allowances		Compensation for Loss of Office		Remuneration (excluding employer pension contribution)		Employer Pension Contribution		Total Remuneration	
		2014/15	2013/14	2014/15	2013/14	**2014/15**	**2013/14**	2014/15	2013/14	**2014/15**	**2013/14**
		£	£	£	£	**£**	**£**	£	£	**£**	**£**
Chief Executive - Nick Walkley		206,595	189,440	0	0	**206,595**	**189,440**	48,874	42,812	**255,469**	**232,252**
Chief Operating Officer - Tracie Evans	1	75,000	0	0	0	**75,000**	**0**	0	0	**75,000**	**0**

Notes

(1) Annualised salary is £150,000. The 2014/15 figures reflect a start date of 1st October 2014 prior to which the post was filled on an agency basis.

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

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

2014/15 Exit Package Cost Band	No of compulsory redundancies	No of other agreed departures	Total number	Total cost
				£
£0 - £20,000	10	42	**52**	**456,055**
£20,001 - £40,000	4	17	**21**	**615,262**
£40,001 - £60,000	1	9	**10**	**469,971**
£60,001 - £80,000	1	4	**5**	**353,191**
£80,001 - £100,000	1	4	**5**	**430,832**
£100,001 - £150,000	0	3	**3**	**385,509**
£150,000 or more	1	0	**1**	**240,012**
Total	**18**	**79**	**97**	**2,950,832**

2013/14 Exit Package Cost Band	No of compulsory redundancies	No of other agreed departures	Total number	Total cost
				£
£0 - £20,000	21	106	**127**	**1,008,978**
£20,001 - £40,000	5	36	**41**	**1,072,934**
£40,001 - £60,000	3	13	**16**	**779,828**
£60,001 - £80,000	3	4	**7**	**486,565**
£80,001 - £100,000	1	4	**5**	**446,421**
£100,001 - £150,000	1	1	**2**	**201,330**
£150,000 or more	4	1	**5**	**968,890**
Total	**38**	**165**	**203**	**4,964,946**

The number of employees whose gross pay (excluding employers' pension and NI contributions) and benefits were more than £50,000 but less than £150,000 in 2014/15 is detailed in the table below.

	2014/15	2013/14
	No. of employees	No. of employees
£50,000 - £54,999	232	218
£55,000 - £59,999	112	119
£60,000 - £64,999	63	70
£65,000 - £69,999	50	40
£70,000 - £74,999	29	25
£75,000 - £79,999	27	25
£80,000 - £84,999	13	8
£85,000 - £89,999	7	10
£90,000 - £94,999	3	7
£95,000 - £99,999	9	6
£100,000 - £104,999	7	2
£105,000 - £109,999	4	6
£110,000 - £114,999	4	2
£115,000 - £119,999	3	1
£120,000 - £124,999	2	1
£125,000 - £129,999	2	2
£130,000 - £134,999	0	0
£135,000 - £139,999	1	5
£140,000 - £144,999	1	2
£145,000 - £149,999	2	0
Total	**571**	**549**

29. Termination Benefits

The Council terminated the contracts of a number of employees in 2014/15 incurring liabilities of £2.951 million in redundancy costs and payments to the pension fund (£4.965 million in 2013/14). Included in this amount is a provision of £0.410 million (£1.551 million in 2013/14) in respect of approved redundancies yet to be finalised.

30. Dedicated Schools Grant (DSG)

The Council's expenditure on schools is funded by DSG, a specific grant provided by the Department for Education. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and the Individual Schools Budget (ISB), which is divided into a budget share for each school.

Details of the deployment of DSG receivable for 2014/15 are as follows.

	Central Expenditure	ISB	Total
	£'000	£'000	**£'000**
Final DSG for 2014/15			**229,388**
Academy figure recouped for 2014/15			**38,524**
Total DSG after academy recoupment for 2014/15			**190,864**
Brought forward from 2013/14			**3,199**
Carry forward to 2015/16 as agreed in advance			**(3,199)**
Agreed initial budget distribution in 2014/15	37,366	153,497	**190,864**
In year adjustments	203	0	**203**
Final budgeted distribution for 2014/15	**37,569**	**153,497**	**191,067**
Less actual central expenditure	36,934		**36,934**
Less actual ISB deployed to schools		153,497	**153,497**
Plus Council contribution for 2014/15	0	0	0
Carry forward to 2015/16	**635**	**0**	**3,834**

31. Grant income

The Council credited the following grants and contributions and donations to the CIES in 2014/15.

	2014/15	2013/14
	£'000	£'000
Credited to Services		
Benefit Subsidy	(274,681)	(267,609)
Dedicated Schools Grant	(190,880)	(192,275)
Local Taxation Admin Grants	(3,074)	(3,058)
Pupil Premium	(12,313)	(10,369)
Public Health	(18,189)	(17,587)
PFI Revenue	(5,669)	(5,669)
TFL Revenue	(957)	(1,180)
Discretionary Housing Payments	(2,663)	(3,005)
Adult Learning Grant	(2,299)	(2,422)
16 + Grant	(4,714)	(4,597)
Social Fund	(1,335)	(1,366)
Tackling Troubled Families	(1,280)	(1,150)
Communities for Local Government grants	(810)	(1,400)
Department for Education grants	(2,566)	(2,337)
Home Office miscellaneous grants	(1,139)	(1,332)
Other miscellaneous revenue grants	(6,572)	(6,534)
Capital Grants treated as revenue	(3,977)	(1,444)
Other contributions and reimbursements	(16,249)	(19,007)
Total	**(549,367)**	**(542,341)**

	2014/15	2013/14
	£'000	£'000
Credited to Taxation and Non-Specific Income		
Revenue Support Grant	(88,201)	(108,230)
Local Services Support Grant	(171)	(75)
Personal Social Services Grant	(5,263)	(4,110)
Education Services Grant	(3,834)	(3,957)
Council Tax Freeze Grant	(1,032)	(1,010)
New Homes Bonus Grant	(5,326)	(3,095)
IER section 31 Grant	0	(493)
Business Rate and Retail Relief Grants	(2,042)	0
Other contributions and reimbursements	(53,737)	(53,889)
Capital Grants	(36,762)	(29,491)
Donations	(18)	(516)
Total	**(196,386)**	**(204,866)**

The Council has received a number of revenue and capital grants and contributions that have yet to be recognised as income as they have unmet conditions attached to them that may require the money or property to be returned. The balances at the year-end are shown on the face of the Balance Sheet; the largest single revenue grant balance is income of £6.120 million from DECC Green Deal Communities Fund, the long term capital grant balance is in relation to Section 106 contributions received.

32. 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, the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Grants received from government departments are set out in note 32 'Grant income'.

Pooled Budgets

The Council has entered into a partnership agreement under Section 75 of the Health Act 2006. This partnership consists of Haringey Clinical Commissioning Group, Whittington Health and the Barnet, Enfield and Haringey Mental Health Trust. The specific details of this partnership are shown in note 30 relating to Pooled Budgets.

North London Waste Authority (NLWA)

NLWA has seven participating boroughs and each borough can appoint up to 2 members to the board which Haringey has done. The value of the levy paid is disclosed in note 6.

Pension Fund

The pension fund accounts are set out in the penultimate section of these statements. The pension fund operates a separate bank account and makes investments separately from the Council. The Council owed the Pension Fund £0.068 million as at 31/03/15 and the Council charged the Fund £0.505 million for administering the fund in 2014/15.

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

Both are wholly owned subsidiaries of Haringey Council and have been consolidated into the Council's Group Account; see note 42 for further information.

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 2014/15 is shown in note 27. Members of the Council 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 2014/15 Haringey has provided financial support to, or purchased services from, 13 charitable or voluntary organisations in which 17 members have declared an interest; 11 of these instances as a representative of the Council and 6 instances in a personal capacity. The total of payments made was £1.336 million and the outstanding balance due to Haringey at the end of the year was £0.460 million.

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. Seventeen members (current and ex following May 2014 elections) and six senior officers (current and leavers during 2014/15) did not submit declarations.

33. 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.

	2014/15	2013/14
	£'000	£'000
Opening Capital Financing Requirement	543,859	548,832
- Property, Plant and Equipment	70,379	69,123
- Investment Properties	1,213	258
- Intangible Assets	2,437	490
- REFCUS	12,259	3,713
- Assets acquired under finance leases	758	1,876
Capital investment	**87,046**	**75,460**
- Capital receipts	(2,311)	(1,009)
- Government grants and other contributions	(32,324)	(31,099)
- Major Repairs Allowance	(16,286)	(17,584)
- Direct revenue contributions	(14,559)	(11,397)
- Minimum Revenue Provision	(16,028)	(19,344)
Sources of finance	**(81,508)**	**(80,433)**
Closing CFR	**549,397**	**543,859**
Explanation of movements in year		
Increase / (decrease) in underlying need for supported borrowing	4,780	(6,849)
Assets acquired under finance leases	758	1,876
Increase / (decrease) in CFR	**5,538**	**(4,973)**

34. Leases

Authority as Lessee

Finance leases

The Council holds a number of assets under finance leases. The assets acquired under these leases are carried as investment property or property, plant and equipment in the Balance Sheet at the following net amounts.

	31/03/15	31/03/14
	£'000	£'000
Other Land and Buildings	7,740	9,392
Vehicles, Plant, Furniture and Equipment	4,597	4,479
Total	**12,337**	**13,871**

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

	31/03/15	31/03/14
	£'000	£'000
Finance lease liabilities (NPV of minimum lease payments)		
- current	1,270	1,905
- non-current	14,481	17,805
Finance costs payable in future years	23,889	25,430
Total	**39,640**	**45,140**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	2014/15	2013/14	2014/15	2013/14
	£'000	£'000	£'000	£'000
Less than one year	2,027	2,823	1,270	1,905
Between one and five years	6,172	9,011	3,717	6,325
Later than five years	31,441	33,306	10,764	11,480
Total	**39,640**	**45,140**	**15,751**	**19,710**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. No contingent rents are payable on either of the leased properties and the rents for vehicles, plant and equipment have not changed from the original agreements. The lease for Techno Park was written out as a result of the buy-back and subsequent sale of the property during 2014/15.

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.

	31/03/15	31/03/14
	£'000	£'000
Not later than one year	654	573
Later than one year and not later than five years	2,616	2,200
Later than five years	5,618	1,100
Total	**8,888**	**3,873**

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

The expenditure on the minimum lease payments was recharged to the CIES during the year; predominantly to Children's and Education Services and Adult Social Care.

Authority as Lessor

Finance leases

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

Operating leases

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

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

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

	31/03/15	31/03/14
	£'000	£'000
Not later than one year	1,795	1,339
Later than one year and not later than five years	5,388	5,024
Later than five years	30,346	39,323
Total	**37,529**	**45,686**

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.

35. Service Concession Arrangements

In 2000 the Council entered into a PFI contract that encompassed major building work and ongoing facilities management for its eight secondary schools. In February 2007 the agreement was suspended and all of the assets were brought back onto the Council's balance sheet. The remaining contract and liability that the Council has with the contractor is for the repayment of the outstanding liability of debt to cover the debt incurred when the original PFI works were first undertaken. This debt has also been recognised within the Council's Balance Sheet. The Council is required to repay this liability over the remaining period of the PFI arrangement which ends in September 2025.

The Council receives a £5.669 million revenue grant annually from the Government to assist in financing the PFI scheme. After payments to contractors to cover the repayment and interest costs of the outstanding liability and administration costs of £4.249 million (£4.244 million in 2013/14) a contribution to the PFI lifecycle reserve was made of £1.420 million (£1.424 million in 2013/14) and costs were funded by a drawdown from the PFI reserve of £0.892 million (£1.229 million in 2013/14), bringing the reserve balance up to £10.070 million.

Future payments to be made

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

	Payment for Services	Reimbursement of Capital Exp	Interest	Total
	£'000	£'000	£'000	**£'000**
Payable in 2015/16	153	2,409	1,662	**4,224**
Payable within 2 to 5 years	614	10,935	5,350	**16,899**
Payable within 6 to 10 years	767	17,134	3,221	**21,122**
Payable within 11 to 15 years	77	1,936	99	**2,112**
Total	**1,611**	**32,414**	**10,332**	**44,357**

36. 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 2014/15 the Council paid £6.413 million (2013/14 £6.483 million) to Teachers' Pensions in respect of teachers' pension costs which represent 14.1% of teachers' pensionable pay. The Council is responsible for additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in note 37.

Ex-NHS Staff

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

The NHS pension scheme is an unfunded defined benefit scheme but is accounted for as if it were a defined contribution scheme. During 2014/15 the Council made employer contributions of £0.091 million to the NHS pension scheme which represents a 14.0% contribution rate (2013/14: £0.125 million and 14.0% respectively).

37. 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 £21.015 million (£20.561 million in 2013/14) in respect of Teachers unfunded pensions. At 31st January 2015 the Scheme had 1,302 members in respect of LGPS and 486 members in respect of Teachers unfunded pensions (1,410 and 522 respectively as at 31st March 2014).

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 during the year.

	LGPS		Unfunded	
	2014/15	2013/14	2014/15	2013/14
	£'000	£'000	£'000	£'000
Cost of Services				
- current service cost	24,874	23,311	0	0
- past service cost	614	575	0	0
Total	**25,488**	**23,886**	**0**	**0**
Financing and Investment Income and Expenditure				
Total	**20,930**	**19,476**	**2,449**	**2,664**
Other Comprehensive Income and Expenditure				
- return on plan assets	(94,114)	9,339	0	0
- actuarial gains / losses (changes in demographic assumptions)	0	(2,884)	0	(413)
- actuarial gains / losses (changes in financial assumptions)	185,022	30,179	1,717	552
- other	(12,712)	(4,165)	(11)	(902)
Total	**78,196**	**32,469**	**1,706**	**(763)**

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

	2014/15	2013/14
	£'000	£'000
Reversal of net IAS 19 charges	(48,867)	(46,026)
Actual amount charged for pensions in the year	29,261	25,709

Pensions assets and liabilities recognised in the Balance Sheet

	LGPS		Unfunded	
	2014/15	2013/14	2014/15	2013/14
	£'000	£'000	£'000	£'000
Present value of the defined benefit obligation	(1,445,494)	(1,227,984)	(59,074)	(58,984)
Fair value of plan assets	859,108	741,016	0	0
Net liability	**(586,386)**	**(486,968)**	**(59,074)**	**(58,984)**

	Single Entity		Group Amounts	
	2014/15	2013/14	2014/15	2013/14
	£'000	£'000	£'000	£'000
Present value of the defined benefit obligation	(1,504,568)	(1,286,968)	(1,671,478)	(1,422,279)
Fair value of plan assets	859,108	741,016	989,646	851,153
Net liability	**(645,460)**	**(545,952)**	**(681,832)**	**(571,126)**

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

	LGPS		Unfunded	
	2014/15	2013/14	2014/15	2013/14
	£'000	£'000	£'000	£'000
Opening fair value of scheme assets	741,016	727,180	0	0
Interest income	31,678	32,493	0	0
Remeasurement gain / (loss)				
- the return on plan assets	94,114	(9,339)	0	0
Employer contributions	25,196	22,929	4,065	4,170
Contributions from employees into the scheme	6,806	6,578	0	0
Benefits paid	(39,702)	(38,825)	(4,065)	(4,170)
Other	0	0	0	0
Closing fair value of scheme assets	**859,108**	**741,016**	**0**	**0**

	Single Entity		Group Amounts	
	2014/15	2013/14	2014/15	2013/14
	£'000	£'000	£'000	£'000
Opening fair value of scheme assets	741,016	727,180	851,153	833,383
Interest income	31,678	32,493	31,678	32,493
Remeasurement gain / (loss)				
- the return on plan assets	94,114	(9,339)	100,796	(3,894)
Employer contributions	29,261	27,099	33,026	30,039
Contributions from employees into the scheme	6,806	6,578	7,811	7,628
Benefits paid	(43,767)	(42,995)	(47,049)	(45,720)
Other	0	0	12,231	(2,776)
Closing fair value of scheme assets	**859,108**	**741,016**	**989,646**	**851,153**

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

	LGPS		Unfunded	
	2014/15	2013/14	2014/15	2013/14
	£'000	£'000	£'000	£'000
Balance as at 1st April	(1,227,984)	(1,159,856)	(58,984)	(61,253)
Current service cost	(24,874)	(23,311)	0	0
Past service cost	(614)	(575)	0	0
Interest cost	(52,608)	(51,969)	(2,449)	(2,664)
Contributions from scheme participants	(6,806)	(6,578)	0	0
Remeasurement gain / (loss)				
- demographic	0	2,884	0	413
- financial assumptions	(185,022)	(30,179)	(1,717)	(552)
- other experience changes	12,712	2,775	11	902
Benefits paid	39,702	38,825	4,065	4,170
Balance as at 31st March	**(1,445,494)**	**(1,227,984)**	**(59,074)**	**(58,984)**

	Single Entity		Group Amounts	
	2014/15	2013/14	2014/15	2013/14
	£'000	£'000	£'000	£'000
Balance as at 1st April	(1,286,968)	(1,221,109)	(1,422,279)	(1,338,297)
Current service cost	(24,874)	(23,311)	(28,475)	(27,114)
Past service cost	(614)	(575)	(614)	(575)
(Losses) on curtailments	0	0	(115)	(104)
Interest cost	(55,057)	(54,633)	(60,896)	(59,953)
Contributions from scheme participants	(6,806)	(6,578)	(7,811)	(7,628)
Remeasurement gain / (loss)				
- demographic	0	3,297	0	(7,274)
- financial assumptions	(186,739)	(30,731)	(211,686)	(30,731)
- other experience changes	12,723	3,677	13,349	3,677
Benefits paid	43,767	42,995	47,049	45,720
Balance as at 31st March	**(1,504,568)**	**(1,286,968)**	**(1,671,478)**	**(1,422,279)**

Analysis of Scheme Assets

2014/15	Quoted prices in active markets	Quoted prices not in active markets	Total	% of Total Assets
	£'000	£'000	**£'000**	%
Cash and cash	9,836	0	**9,836**	1
Private equity	0	32,213	**32,213**	4
Debt securities	38,893	0	**38,893**	5
Real estate				
- UK property	0	78,342	**78,342**	9
- Overseas property	0	1,007	**1,007**	0
Sub-total	0	79,349	**79,349**	9
Investment funds and unit transfers				
- equities	559,472	0	**559,472**	65
- bonds	124,640	0	**124,640**	15
- infrastructure	0	14,705	**14,705**	2
Sub-total	684,112	14,705	**698,817**	81
Total assets	**732,841**	**126,267**	**859,108**	**100**

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

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 3.2% (4.3% in 2013/14).

The Council's Pension Scheme liabilities as at 31st March 2015 have been assessed by Hymans Robertson, an independent firm of actuaries, and are projections based on data pertaining to the latest full valuation of the scheme as at 31st March 2013. There are risks and uncertainties associated with whatever assumptions are adopted as these are in effect projections of future investment returns and demographic experience many years into the future. The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and HRA the amounts required by statute as described in the accounting policies note.

The significant assumptions used by the actuary are as follows.

	2014/15	2013/14
Mortality assumptions		
- Longevity at 65 for male current pensioners	21.9 years	21.9 years
- Longevity at 65 for female current pensioners	24.1 years	24.1 years
- Longevity at 65 for male future pensioners	24.2 years	24.2 years
- Longevity at 65 for female future pensioners	26.5 years	26.5 years
Rate of increase in salaries	4.3%	4.6%
Rate of increase in pensions	2.4%	2.8%
Rate for discounting scheme liabilities	3.2%	4.3%

An allowance is included within the above assumptions for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

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

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

	Approximate increase to liability	Approximate value
	%	£'000
0.5% decrease in real discount rate	10	148,078
1 year increase in member life expectancy	3	45,137
0.5% increase in salary increase rate	2	37,126
0.5% increase in pension increase rate	7	108,410

Investment Strategy

The Pensions Committee of London Borough of Haringey has implemented an investment strategy that is designed to generate a return sufficient to pay the promised benefits and to address the accrual deficit. The strategy is 85% invested in growth assets, which are assets anticipated to achieve a return in excess of that on UK index linked gilts. This is balanced with a need to maintain the liquidity of the fund to ensure that it is able to make current payments. As is required by the pensions and (where relevant) investment regulations the suitability of various types of investment have been considered, as has the need to diversify investments to reduce the risk of being invested in too narrow a range. A large proportion of the assets relate to equities (60% of scheme assets) and bonds (25%). The equity allocation within the strategy has been reduced by 10% in the year with the creation of two credit mandates. The scheme also invests in properties as a part of the diversification of the scheme's investments.

Impact on the Council's Cash Flows

The objectives of the scheme are to achieve and maintain full funding on an ongoing basis and to seek stability of employers' contributions. The Council has agreed a strategy designed to achieve a funding level of 100% over the next 19 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed as at 31st March 2016.

The Council anticipates paying contributions of £25.541 million for the period to 31st March 2016. The weighted average duration of the funded defined benefit obligation for scheme members is 18.0 years for 2014/15 (18.5 years for 2013/14).

38. Contingent assets

The Council has undertaken a construction project to expand a local primary school. The construction was undertaken in 3 phases under a traditional construction contract, for a fully designed scheme. Under its existing framework contract, the Council procured professional consultancy resources to undertake the full design and cost consultancy services related to the scheme. During Phases 1 and 2 various issues arose on the project which the Council considers may be the subject of a legitimate claim against the parties involved on the contract. The Council has employed claim consultants and external solicitors to assist with assembling the details and background to the case, which has led to a letter before action being sent to the contractors solicitors in April 2015 indicating a claim for £7.187 million excluding officer costs.

39. Contingent liabilities

Municipal Mutual Insurance Limited (MMIL)

MMIL ceased to write insurance business after 30 September 1992. After this date, a Scheme of Arrangement was entered into, which meant that if the Company could no longer pay agreed claims in full, a percentage levy based on claims payments would be triggered. Haringey Council is one of 729 creditors of the MMIL Scheme of Arrangement and following the Supreme Court judgement, which was handed down on 28 March 2012, in the Employers Liability Policy relating to mesothelioma claims, the percentage levy on claims payments has currently been set at 15% although could in future change dependent on claims made.

Third Party Employer Pension Fund Contribution

Three Pension Fund employers have negotiated a cap on their employer contribution rate payable to the Fund with Haringey

Council. With any additional cost over and above the cap will fall on the Council. The employer contribution is determined independently by the Pension Funds Actuary Consultant Hymans Robertson. Any increase in the employer contribution by 3% or more will have to be borne by the Council. However, due to the uncertainty in estimating a number of variables it is not possible to accurately reflect the potential employers' future contribution liability.

Techno Park

During 2014/15 the Council sold Techno Park for £9 million of which £7 million was received as cash and £2 million is held as a debtor on the Council's Balance Sheet. This will be paid to the Council upon completion of the Ashley Road Depot sale agreement currently being negotiated. If this sale agreement does not take place by February 2017 the purchaser of Techno Park has a contractual right to require the Council to buy back the property for the original consideration.

Virgin Media

Virgin Media has applied to the Valuation Office Agency for their rateable value assessments across the UK to be merged into one and held by a single billing authority, as set out in the Cross Boundary Property Regulations. Should this appeal be allowed the impact on the Council would be a cost of £2 million, representing the Council's 30% share of the £7 million billed between 2010 and 2015.

40. Nature and extent of risks arising from financial instruments

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

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

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

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

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

The Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Council also maintains Treasury Management Practices specifying the practical arrangements to be followed to manage these risks. The 2015/16 Treasury Management Strategy can be found on the Council's website www.haringey.gov.uk.

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

Credit Risk

The Council manages credit risk by restricting the counterparties with whom investments are placed to those having sufficiently high credit worthiness as set out in the Treasury Management Strategy.

A minimum long term credit rating of A- or equivalent was set for 2014/15; however the Council also considers other market intelligence such as credit default swap prices, share prices, potential support from parent institutions and other corporate news when determining credit worthiness. A maximum limit of £20 million is placed on the amount of money that can be invested with a single counterparty other than the Debt Management Office. The Council also sets a total group investment limit for institutions that are part of the same banking group.

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

	Nominal value of original deposits	Distributions to LBH bank account by 31/03/2015	Distributions to escrow on 31/03/2015	Outstanding Deposits	Estimated recoverable balance
	£000	£000	£000	£000	£000
Heritable Bank	19,800	(18,702)	0	1,098	768
Landsbanki Islands	15,157	(14,400)	0	757	0
Glitnir	2,000	(1,678)	(386)	(64)	429
	36,957	**(34,780)**	**(386)**	**1,791**	**1,197**

The nominal value of the Council's investment portfolio at 31st March 2015 was £36.477 million of which £6.840 million was deposited with UK banks (£10.496 million and £9.570 million respectively at 31st March 2014). All investments were made in line with the Council's approved credit rating criteria.
The outstanding claim relating to Landsbanki was sold via an auction during 2013/14 and no further proceeds will be received. Glitnir escrow balances are held in Iceland due to exchange control restrictions.

The table shows the distributions received directly into the Council's bank account up to 31st March 2014, in addition to which an element of the distribution due remained in escrow on 31st March 2014 – the nominal value of these are shown in the table above and under short term investments on the balance sheet. These balances did not change during 2014/15.

The amount of the Icelandic related investments that will not be repaid to the Council under current predictions is £0.594 million although potentially the recovery may exceed predictions. However, accounting regulations require the Council to account for the fact that these funds have not and will not be available for the Council's use until dates in the future. The impairment required in the accounts has been reviewed and a reduction in the value of the impairment in relation to these deposits of £0.261 million for 2014/15 has been calculated and included in the income and expenditure account. On receipt of a capitalisation direction the Council capitalised £11.1 million of the impairment in 2009/10. The full value of this impairment has now been reversed as distributions have been received.

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 debts are considered overdue and debt collection procedures commence. Levels of debt arrears, bad debt provisions and debt write offs are closely monitored.

Market Risk

Interest Rate Risk: The Council is exposed to risks arising from movements in interest rates. The Treasury Management Strategy aims to mitigate these risks by setting an upper limit of 40% on external debt that can be subject to variable interest rates. At 31st March 2015, 98% of the debt portfolio was held in fixed rate instruments and 2% in variable rate instruments.

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

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

	£'000
Increase in interest recievable on variable rate investments	(230)
Impact on Surplus or Deficit on Provision of Services	884
Increase in interest payable on variable rate borrowings	1,114
Decrease in fair value of fixed rate borrowing liabilties	46,578

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

Foreign Exchange Risk: The Council currently has approximately £0.4 million in Icelandic Krona remaining in escrow in Iceland. The Council is currently working with the LGA, legal advisers and other affected authorities to research ways of converting the Icelandic Krona into sterling. The Council is therefore exposed to the risk of adverse movements in the sterling/Icelandic Krona exchange rate. The exchange rate loss in 2014/15 was £34k, following an exchange rate gain in 2013/14 of £2k.

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

Liquidity Risk

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

The maturity analysis of the nominal value of the Council's debt at 31st March 2015 was as follows.

Maturing within (years)	31/03/2015	31/03/2014
	£'000	£'000
Public Works Loans Board	175,020	185,101
Market debt	127,001	130,390
Local Authorities	0	0
	302,021	**315,491**
Less than 1 year	15,481	21,426
Between 1 and 2 years	12,621	10,832
Between 2 and 5 years	33,564	35,535
Between 5 and 10 years	38,826	46,933
Between 10 and 20 years	618	2,179
Between 20 and 30 years	23,007	22,103
Between 30 and 40 years	52,525	51,619
Between 40 and 50 years	50,297	49,865
More than 50 years	75,082	75,000
	302,021	**315,491**

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

41. Accounting standards issued not adopted

The 2014/15 Code of Practice introduced the following two new standards that were issued on or before 1st January 2015 but not adopted until 2015/16.

- IFRS 13 Fair Value Measurement – This standard introduces a new valuation term titled 'Current Value' (for operational assets, as defined by the adapted IAS 16), changes the definition of 'Fair Value' (for investment assets, surplus assets and assets held for sale) and requires enhanced disclosures for 2015/16. The most significant change is to change the valuation of surplus assets from existing use to market value but due to the immaterial level of surplus assets held by the Council this change will not have a material impact on the financial statements.
- IFRIC 21 Levies – This standard provides guidance on levies imposed by government in the financial statements of entities paying the levy. The IFRIC specifies the obligating event as the activity that triggers the timing of the payment of the levy. The amount payable may be based on information relating to a period before the obligation to pay arises and / or the levy is payable, only if a threshold is reached.
- Annual Improvements to IFRSs (2011 – 2013 Cycle) -These improvements are minor, principally proving clarification and will not have a material impact on the Statement of Accounts.

42. Adjustments between group and single entity accounts

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

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

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

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

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

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

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

Homes for Haringey Ltd (Registered Company No. 05749092)

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

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

	2014/15	2013/14
	£000	£000
Turnover	(50,162)	(51,299)
(Surplus) / Deficit for the year	(621)	871
Accumulated deficit	35,488	24,002

The accumulated deficit largely reflects the pension deficit of £35.869 million (£24.590 million in 2013/14).

A full copy of the company's accounts can be obtained from The Head of Chief Executive's Office, Homes for Haringey Ltd, 4th Floor 48 Station Road, Wood Green, London N22 7TY. The accounts are audited by PricewaterhouseCoopers LLP.

Alexandra Park and Palace Charitable Trust

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

The financial performance of the Trust is summarised below.

	2014/15	2013/14
	£000	£000
Turnover	(61,139)	(9,774)
(Surplus) / Deficit for the year	(48,258)	1,184
Accumulated (surplus) / deficit	(2,412)	46,638

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

OPENING BALANCE SHEET AS AT 1ST APRIL 2013

31st March 2013 £'000		1st April 2013 £'000
1,304,304	Property, Plant and Equipment	1,334,756
6,061	Heritage Assets	6,061
54,141	Investment Property	54,141
542	Intangible Assets	542
2,529	Long Term Debtors	2,529
1,367,577	**Long Term Assets**	**1,398,029**
3,143	Assets Held for Sale	3,143
16,081	Short Term Investments	16,081
91	Inventories	91
67,573	Debtors	67,573
9,616	Cash and Cash Equivalents	9,616
96,504	**Current Assets**	**96,504**
(60,127)	Short Term Borrowing	(60,127)
(76,880)	Creditors	(76,880)
0	Revenue Grants Receipts in Advance	0
(1,660)	Capital Grants Receipts in Advance	(1,660)
(4,114)	Provisions	(4,114)
(142,781)	**Current Liabilities**	**(142,781)**
0	Long Term Creditors	0
(6,854)	Provisions	(6,854)
(310,558)	Long Term Borrowing	(310,558)
(549,682)	Other Long Term Liabilities	(549,682)
(4,814)	Capital Grants Receipts in Advance	(4,814)
(871,908)	**Long Term Liabilities**	**(871,908)**
449,392	**Net Assets**	**479,844**
(132,648)	Usable Reserves	(132,648)
(316,744)	Unusable Reserves	(347,196)
(449,392)	**Total Reserves**	**(479,844)**

HRA Statements

31st March 2014	HRA Income & Expenditure Statement	31st March 2015	
£'000		£'000	£'000
	Expenditure		
20,918	Repairs and maintenance	22,628	
40,917	Supervision and management	39,774	
1,088	Rents, rates, taxes and other charges	1,154	
19,274	Depreciation and impairment of non-current assets	25,013	
32	Debt Management Costs	23	
1,000	Movement in the allowance for bad debts	897	
83,229	**Total Expenditure**		**89,489**
	Income		
(82,322)	Dwelling rents	(85,599)	
(357)	Non-dwelling rents	(377)	
(23,173)	Charges for services and facilities	(22,721)	
(2,632)	Contributions towards expenditure	(2,418)	
(141,077)	Revaluation (gains) / losses	(92,673)	
(249,561)	**Total Income**		**(203,788)**
(166,332)	**Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement**		**(114,299)**
695	HRA service share of Corporate and Democratic Core	634	
(165,637)	**Net (Income) / Cost for HRA Services**		**(113,665)**
	HRA share of operating income and expenditure included in the Comprehensive I&E Statement		
(5,107)	(Gain) or loss on sale of HRA non-current assets	(6,124)	
11,975	Interest payable and similar charges	10,973	
(2,148)	Interest and investment income	(2,085)	
221	Net interest on the net defined benefit liability	467	
(10,432)	Capital grants and contributions receivable	(20,396)	
(171,128)	**(Surplus) or deficit for the year on HRA services**		**(130,830)**

HOUSING REVENUE ACCOUNT

31st March 2014	Movement on the HRA Statement	31st March 2015	
£'000		£'000	£'000
(19,002)	**Balance on the HRA at the end of the previous year**		**(26,575)**
(171,128)	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		(130,830)
	Adjustments between accounting basis and funding basis under statute		
(189)	- Difference between interest payable and similar charges determined in accordance with the Code and those determined in accordance with statute	(189)	
147,336	- Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements	104,913	
5,107	- Reversal of gain or (loss) on sale of HRA non-current assets	6,124	
(160)	- HRA share of contributions to or from the Pensions Reserve	(493)	
7,223	- Capital expenditure funded by the HRA	8,185	
19,345	- Transfer to/(from) Major Repairs Reserve	17,108	
(19,345)	- Transfer to/(from) Capital Adjustment Account	(17,351)	
159,317	Net (increase) or decrease before transfers to or from reserves		118,297
	Transfers to or (from) reserves		
4,238	- HRA Smoothing Reserve		502
(7,573)	(Increase) or decrease in year on the HRA		(12,031)
(26,575)	**Balance on the HRA at the end of the year**		**(38,606)**

1. Vacant possession

As at 31st March 2015 the vacant possession value of dwellings within the HRA was £4,552.472 million (£3,960.948 million as at 31st March 2014). The difference of £3,414.354 million between vacant possession value and the Balance Sheet value of dwellings within the HRA shows the economic cost to Government of providing Council housing at less than open market rents, net of the impairment to the value of the Housing Stock.

2. Number and types of dwellings in the housing stock

	2014/15 No.	2013/14 No.
Hostels	127	127
Houses and bungalows	5,135	5,188
Flats and maisonettes	10,437	10,602
Stock at 31st March	**15,699**	**15,917**

3. Value of assets held on the balance sheet

	2014/15	2013/14
Value of assets	£'000	£'000
Dwellings	1,138,118	990,236
Other land and buildings	7,745	7,771
Surplus assets not held for sale	0	1,253
Investment properties	25,944	25,987
Values at 31st March	**1,171,807**	**1,025,247**

4. 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.

	2014/15	2013/14
	£'000	£'000
Dwellings	(21,344)	(13,301)
Land and other property	(1,289)	(276)
	(22,633)	**(13,577)**

5. Capital expenditure

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

	2014/15	2013/14
	£'000	£'000
Expenditure		
- Dwellings	40,935	31,253
- Other Property	0	2,020
	40,935	**33,273**
Funded by		
Usable capital receipts	198	0
Revenue contributions	8,185	7,223
Grants and contributions	16,266	8,466
Major Repairs Reserve	16,286	17,584
	40,935	**33,273**

6. Depreciation

	2014/15	2013/14
	£'000	£'000
Operational assets		
Dwellings	17,185	19,202
Other land and buildings	166	143
	17,351	**19,345**

7. Major repairs reserve

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

	2014/15	2013/14
	£'000	£'000
Balance at 1st April	**(1,846)**	**(85)**
Amount transferred to Major Repairs Reserve during financial year	(17,108)	(19,345)
Capital expenditure on dwellings during financial year	16,286	17,584
Balance at 31st March	**(2,668)**	**(1,846)**

8. Rent Arrears

The arrears as at 31st March 2015 are set out below.

	2014/15	2013/14
	£'000	£'000
Type of tenancy		
Permanent (including licences)	10,257	10,431
Temporary	1,072	680
Total arrears	11,329	11,111
Less Provision for bad and doubtful debts	9,907	9,568
Net Arrears	**1,422**	**1,543**

The average rent for permanent tenants was £103.13 per week in 2014/15, an increase of £4.90 (5.0%) over the 2013/14 average rent of £98.23 per week.

The total provision included in the Balance Sheet in respect of all HRA uncollectable debts is £11.931 million (£11.483 million as at 31st March 2014).

COLLECTION FUND

2013/14		Note	2014/15
£000			£000
	Amounts required by statute to be credited to the Collection Fund		
(107,240)	Council Tax (net of benefits, discounts and transitional relief)		(109,831)
5	Transfers from General Fund - Transitional relief		0
(64,920)	Non-domestic rates (NDR) (net of discretionary and mandatory reliefs)		(62,808)
(1,485)	Income collectable in respect of Business Rate Supplements		(1,329)
(4,040)	Contributions towards previous year's Collection Fund deficit - Council Tax		0
0	Contributions towards previous year's Collection Fund deficit - NDR		0
	Amounts required by statute to be debited to the Collection Fund		
	Precepts and demands from major preceptors and the Council - council tax		
75,240	- London Borough of Haringey		79,457
19,250	- Greater London Authority		20,060
	Shares of non-domestic rating income to major preceptors and the Council - NDR		
18,577	- London Borough of Haringey		19,215
12,385	- Greater London Authority		12,810
30,962	- Central Government		32,025
229	Non-domestic rates transitional protection payments		1,487
1,310	Business Rates Supplement - Payment to levying authorities revenue account		1,322
175	Business Rates Supplement - Administration costs		7
	Impairment of debts and appeals - council tax		
4,161	- Write-offs of uncollectable amounts		0
5	- Allowance for impairment		4,026
	Impairment of debts and appeals - NDR		
1,212	- Write-offs of uncollectable amounts		815
1,734	- Allowance for impairment		11,891
309	Charge to General Fund for allowable collection costs for NDR		309
0	Contribution towards previous year's estimated surplus - Council Tax		9,137
0	Contribution towards previous year's estimated surplus - NDR		827
(12,131)	**Movement on fund balance**		**19,420**
3,553	Accumulated balance brought forward at 1st April	1	(8,578)
(8,578)	**Accumulated balance at 31st March**	1	**10,842**

1. Fund Balance

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

	Council Tax	Non-domestic Rates	Business Rates Supplement	Total
	£'000	£'000	£'000	£'000
As at 1st April 2014	(9,066)	488	0	(8,578)
Movement on fund balance	2,849	16,571	0	19,420
As at 31st March 2015	**(6,217)**	**17,059**	**0**	**10,842**

2. Income from Business Rates

Under the Business Rates Retention Scheme the business rates collected by the Council are distributed so that the government receives 50 percent, the Council receives 30 percent and the GLA receives 20 percent.

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 47.1 pence (46.2 pence in 2013/14); and

(ii) The standard multiplier was 48.2 pence (47.1 pence in 2013/14).

The total business rateable value for the Authority at 31st March 2015 was £165.675 million (£167.321 million in 2013/14) of which £48.776 million related to small businesses. The total rateable value reduced during 2014/15 largely due to the effect of successful appeals.

3. Council Tax

In 2014/15 the tax base for Haringey was 67,091 properties (63,530 in 2013/14) which was used to calculate the Band D Council Tax of £1,487.32 (£1,487.32 in 2013/14), sufficient to generate the income required to cover the net expenditure of the two authorities which precept on the Collection Fund. The table below shows the number of properties in each band and the number of Band D equivalent properties after allowing for non-collection (the tax base).

Band	Ranges from/to		No. Of Chargeable Dwellings		Proportion	Band D Equivalent No.	
	£	£	2014/15	2013/14		2014/15	2013/14
A	up to	40,000	3,347	2,910	0.67	2,231	1,940
B	40,001	52,000	9,516	8,829	0.78	7,401	6,867
C	52,001	68,000	21,272	19,727	0.89	18,908	17,535
D	68,001	88,000	18,060	17,070	1.00	18,060	17,070
E	88,001	120,000	8,014	7,820	1.22	9,795	9,558
F	120,001	160,000	4,591	4,458	1.44	6,631	6,439
G	160,001	320,000	4,250	4,183	1.67	7,083	6,972
H	320,001	and above	632	602	2.00	1,264	1,204
			69,680	65,599		71,373	67,585
Collection rate after allowance for non-collection						94%	94%
Council Tax base used to calculate Band D						**67,091**	**63,530**

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

We have audited the pension fund financial statements of the London Borough of Haringey for the year ended 31 March 2015 under the Audit Commission Act 1998. The pension fund accounts comprise the Fund Account, the Net Assets Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of the London Borough of Haringey, as a body, in accordance with Part II of the Audit Commission Act 1998 and as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the members 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.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer Responsibilities, the Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts, which include 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 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the pension fund financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the pension fund financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the pension fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the pension fund financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited pension fund financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the pension fund financial statements

In our opinion the pension fund's financial statements:

• give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2015 and of the amount and disposition of the fund's assets and liabilities as at 31 March 2015,other than liabilities to pay pensions and benefits after the end of the fund year, and

• have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

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

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

Grant Thornton House
Melton Street
London NW1 2EP

30 September 2015

PENSION FUND

2014/15	Pension Fund Account	Note	2013/14
£000			£000
	Dealings with members		
33,580	Contributions from employers	11	30,461
8,938	Contributions from members	11	8,554
3,058	Transfers in from other pension funds		2,435
	Benefits payable		
(34,842)	- Pensions	11	(32,824)
(7,107)	- Commutation of pensions and lump sum retirement benefits	11	(7,054)
(1,111)	- Lump sum death benefits	11	(533)
	Payments to and on account of leavers		
(36)	- Refunds of contributions		(6)
(3,686)	- Individual transfers out to other schemes		(3,277)
(224)	Oversight and governance costs		(329)
(686)	Administrative expenses		(664)
(2,116)			**(3,237)**
	Returns on Investments:		
	Investment Income		
(2)	- Dividends from equities		(4)
3,758	- Income from pooled vehicles		2,510
454	- Interest on cash deposits		71
146,243	Change in market value of investments	4	38,279
(2,326)	Investment management expenses		(1,467)
148,127			**39,389**
146,011	**Surplus / (Deficit) on the pension fund for the year**		**36,152**

31/03/2015	Net Asset Statement	Note	31/03/2014
£000			£000
	Investment assets		
1,032,723	- Pooled investment vehicles		888,404
13,150	- Cash deposits		5,282
	- Other investment assets		
1	- outstanding dividend entitlements		44
67	- recoverable taxes		28
0	Investment liabilities	4	(12,606)
1,045,941			**881,152**
	Current assets	7	
274	- Contributions due from employers		3,486
418	- Contributions due from other bodies		952
35	- Other current assets		10
0	- Cash balances		14,884
727			**19,332**
	Current liabilities	7	
(184)	- Cash overdrawn		0
(24)	- Administering authority creditors		(320)
(221)	- Unpaid benefits		(48)
(884)	- Other current liabilities		(772)
(1,313)			**(1,140)**
1,045,355	**Total Net Assets**		**899,344**

Introduction

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

The financial statements have been prepared in accordance with the Local Government Pension Scheme Regulations 2007 (as amended) and with the guidelines set of in the Code of Practice on Local Authority Accounting in the UK 2014/15, which is based on International Financial Reporting Standards and having regard to the Financial Reports of Pension Schemes – A Statement of Recommended Practice.

The Net Asset Statement sets out the assets and liabilities for the Fund as at 31st March 2015. 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.

Investments and Statement of Investment Principles

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

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

The strategy is set out in detail in the Statement of Investment Principles (SIP), which is published in the Pension Fund Annual Report. The SIP is regularly updated to reflect any changes made to investment management arrangements and reports the extent of compliance with the Myners principles of investment. All investments are externally managed, with the exception of a small allocation of cash required for the payment of benefits, which is managed internally. During 2014/15 two new credit mandates were awarded to CQS and Allianz Global Investors, implementing the investment strategy approved in the prior year to reduce the equity allocation by 10%.

Fund administration and membership

At 31st March 2015, there were 5,958 (2014: 5,838) employees contributing to the Fund and 7,080 (2014: 6,891) pensioners and dependents receiving benefits. There were also 8,678 (2014: 8,336) deferred pensioners. In addition to Council staff, employees in the following organisations contribute to the fund and benefit accordingly.

Transferee Admission Bodies:

- Cofely Workplace Limited
- Churchill Contract Services
- Fusion Lifestyle
- TLC Limited
- Urban Futures London Limited
- Veolia Environmental Services (UK) PLC
- Lunchtime UK Limited (six school contracts)
- ABM (two school contracts)
- Caterlink (four school contracts)
- Absolutely Catering
- The Octagon

Community Admission Bodies:

- Alexandra Palace Trading Co Limited
- Haringey Age Concern
- Haringey Citizens Advice Bureau

Scheduled Bodies:

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

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

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

Haringey Council in its role as Administering Authority has delegated responsibility for administering the Pension Scheme to the Pensions Committee. Details of the individuals who served on the Pensions Committee during 2014/15 are shown below.

The terms of reference for Pensions Committee are set out in the Council's constitution. The Committee consists of six elected Councillors with full voting rights and three representatives. Councillors are selected by their respective political groups and their appointment was confirmed at a meeting of the full Council. They were not appointed for a fixed term but the membership is reviewed regularly, normally annually, by the political groups. The three representatives were appointed by their peer groups. The membership of the Committee during the 2014/15 year was:

Cllr Isidoros Diakides	-	Chair
Cllr John Bevan	-	Vice Chair
Cllr Patrick Berryman	-	Member
Cllr Natan Doron	-	Member
Cllr Denise Marshall	-	Member
Cllr Viv Ross	-	Member
Roger Melling	-	Employee representative
Michael Jones	-	Pensioner representative
Keith Brown	-	Admitted and Scheduled Bodies representative

Responsibility for pension matters was transferred from the

Corporate Committee to the Pensions Committee from April 2014.

The Pension Fund is independently valued every three years by a firm of actuaries to assess the adequacy of the Fund's assets to meet its long term obligations. The most recent triennial actuarial valuation of the Fund was carried out as at the 31st March 2013 in a report dated 17th March 2014

The 2013 valuation was carried out in accordance with the Fund's Funding Strategy Statement and Guidelines GN9: Funding Defined Benefits – Presentation of Actuarial Advice published by the Board for Actuarial Standards. The valuation method used was the projected unit method. The resulting contribution rates reflected the cost of providing year by year accrual of benefits for the active members and the level of funding for each employer's past service liabilities.

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

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

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

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

Following the valuation as at 31st March 2013, the actuary agreed that the Council's contribution rate could increase by 2% over a three year period from April 2014, from 22.9% of pensionable salaries to 24.9%. The actuary specified a minimum level of contributions in monetary terms to cover the past service deficit. The 2014/15 contribution rate was split between 6.8% for the past service adjustment to fund the deficit over 20 years and the future service rate of 17.1%.

The main assumptions used in the 2013 valuation were:

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

*Salary increases assumed to be 1% p.a. until 31st March 2016, reverting to the long term assumption shown thereafter. The next actuarial valuation will be carried out as at 31st March 2016.

2. Significant accounting policies

The principal accounting policies of the 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.

Benefits
Benefits are shown on an accruals basis relating to the date on which they become payable. The benefits payable in respect of service from 1st April 2014 are based on career average revalued earnings and years of eligible service. Pensions increase each year in line with CPI.

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

Administrative 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 Fund on the basis of actual time spent on scheme administration and investment related matters. Charges paid to HMRC in respect of scheme members breaching the Pensions Lifetime allowance are disclosed under administrative expenses.

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.

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

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

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

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

- Listed securities are stated at bid value;

- Unquoted securities are stated at the estimate of fair value provided by the investment manager;
- Units in managed funds and pooled investment vehicles are stated at bid value; and
- Property held in pooled investment vehicles is valued by each underlying fund manager in accordance with local market practice; for UK property this is The Royal Institute of Chartered Surveyor's Valuation Standards.

There are no published price quotations available to determine the fair value of the Fund's private equity holdings. The value of these holdings is based on the Fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers adjusted for draw-downs paid and distributions received in the period from the date of the private equity financial statements to 31st March 2015. Infrastructure holdings are valued by third parties appointed by the fund 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.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

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

Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary and a roll forward approximation is applied in the intervening years. This is done in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted under IAS 26, the Fund has opted to disclose the actuarial present value of promised retirement benefits as an annex to the financial statements.

Additional Voluntary Contributions ("AVCs")

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

Further details about the AVC arrangements are disclosed in note 15 to the financial statements.

3. Critical judgements applied

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

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

Private Equity valuations – the value of the Fund's private equity holdings is calculated by the General Partners of the fund using valuations provided by the underlying partnerships. The variety of valuation bases adopted and quality of management data of the underlying investments in the partnership means that there are inherent difficulties in determining the value of these investments. Given the long term nature of these investments, amounts realised on the sale of these investments may differ from the values reflected in these financial statements and the difference may be material.

4. Reconciliation of movements in investment assets & liabilities

The changes in market value during the year comprise all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

2014/15	Value at 1st April 2014	Purchases at cost/derivative payments	Sales proceeds & derivative receipts	Changes in market value	Value at 31st March 2015
	£000	£000	£000	£000	£000
Pooled investment vehicles	888,404	91,863	(93,874)	146,330	1,032,723
Cash deposits	5,282	11,291	(3,337)	(86)	13,150
Other investment assets	72	52	(55)	(1)	68
Other investment liabilities	(12,606)	12,606	0	0	0
Total	**881,152**	**115,812**	**(97,266)**	**146,243**	**1,045,941**

There were no transaction costs included within the cost of purchases and sales proceeds in 2014/15 or the preceding year. Indirect costs incurred through the bid-offer spread on pooled investments are not separately identified.

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

5. Analysis of investment assets

31/03/2015		31/03/2014
£000		£000
	Pooled Investment Vehicles	
94,058	Unit Trusts: - Property - UK	67,568
315,264	Unitised Insurance Policies - UK	295,336
520,901	Unitised Insurance Policies - Overseas	489,280
54	Other managed funds - Property - Overseas	887
17,260	Other managed funds - Other - UK	0
85,186	Other managed funds - Other - Overseas	35,333
1,032,723		**888,404**
	Cash Deposits	
9,657	Sterling	4,288
3,493	Foreign Currency	994
13,150		**5,282**

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

6. Analysis of Investments by fund manager

31/03/2015		Fund Manager	31/03/2014	
£000	%		£000	%
546,809	52.3	BlackRock Investment Mngt	535,935	60.0
15	0.0	Capital International	14	0.0
289,641	27.7	Legal and General	248,963	27.9
96,579	9.2	CBRE Global Investors	70,478	7.9
20,357	1.9	Allianz Global Investors	0	0.0
45,750	4.4	CQS	0	0.0
42,868	4.1	Pantheon	36,633	4.0
3,922	0.4	In house cash deposits	1,735	0.2
1,045,941	**100.0**	**Total**	**893,758**	**100.0**

7. Classification of Financial Instruments

The majority of the Fund's financial assets and liabilities are classified as "fair value through profit and loss". This means that the assets can be exchanged between parties at a market price. The Accounting Policies describe how fair value is measured. Assets which have fixed payments and are not quoted in an active market are classified as "Loans and Receivables". The only financial assets in this class held by the Fund are cash deposits and debtors. Creditors to the Fund are classified as financial liabilities at amortised cost because they are not held for trading. No assets or liabilities have been reclassified.

31/03/2015 Carrying Value	31/03/2015 Fair Value	Name of holding	31/03/2014 Carrying Value	31/03/2014 Fair Value
£000	£000		£000	£000
		Financial assets at fair value through profit or loss		
1,032,723	1,032,723	- Pooled investment vehicles	888,404	888,404
68	68	- Other investment balances	72	72
1,032,791	**1,032,791**		**888,476**	**888,476**
		Loans and receivables		
13,150	13,150	- Cash deposits	5,282	5,282
727	727	- Debtors	4,448	4,448
0	0	- Cash at bank	14,884	14,884
13,877	**13,877**		**24,614**	**24,614**
		Financial liabilities at amortised cost		
(1,129)	(1,129)	- Creditors	(13,746)	(13,746)
(184)	(184)	- Cash overdrawn	0	0
(1,313)	**(1,313)**		**(13,746)**	**(13,746)**
1,045,355	**1,045,355**	**Net Assets**	**899,344**	**899,344**

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

31/03/2015		31/03/2014
£000		£000
	Financial Assets	
146,330	Fair value through profit or loss	38,392
(87)	Loans and receivables	(113)
	Financial Liabilities	
0	Fair value through profit or loss	0
0	Financial liabilities at amortised cost	0
146,243		**38,279**

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

Level 1

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

Level 2

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

Level 3

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

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

31/03/2015		31/03/2014
£000		£000
881,982	Quoted market price - level 1	784,688
94,112	Using observable inputs - level 2	68,455
56,697	With significant unobservable inputs - level 3	35,333
1,032,791		**888,476**

All financial liabilities (loans and receivables with a quoted market price of £13.877 million as at 31st March 2015 and £24.614 million as at 31st March 2014) are categorised as level 1.

8. Nature and extent of risks arising from Financial Instruments

The Pension Fund's investment objective is to achieve a return on Fund assets, which is sufficient, over the long term, to fully meet the cost of benefits and to ensure stability of employer's contribution rates. Achieving the investment objectives requires a high allocation to growth assets in order to improve the funding level without increasing contribution rates, although this leads to a potential higher volatility of future funding levels and contribution rates.

a) Management of risk

The Pension Fund is invested in a range of different types of asset – equities, bonds, property, private equity and cash. This is done in line with the Local Government Pension Scheme (Management & Investment of Funds) Regulations 2009, which require pension funds to invest any monies not immediately required to pay benefits. These regulations require the formulation of a SIP which sets out the Fund's approach to investment including the management of risk. The latest version is attached to the Pension

Fund Annual Report and Accounts.

The majority of the Pension Fund's assets are managed by external fund managers and they are required to provide an audited internal controls report regularly to the Council which sets out how they ensure the Fund's assets are safeguarded against loss and misstatement.

The listed equity and index linked portfolios, representing 75% of the fund's strategy, are managed on a passive basis to minimise the volatility of returns compared with market indices and to reduce the fees and 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. The majority of the Fund is invested in pooled funds with underlying assets which can fluctuate on a daily basis as market prices change e.g. equities and bonds. To demonstrate the impact of this volatility, the table below 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 there years. The value for total assets adjusts for correlations across asset classes and therefore the value of increase / decrease for the asset classes will not sum to the total asset figure.

As at 31/03/2015	Value	% change	Value on increase	Value on decrease
	£000	%	£000	£000
UK equities	167,209	10.3	184,365	150,054
Overseas equities	520,901	9.3	569,449	472,353
UK bonds	165,314	9.1	180,358	150,271
Cash	13,218	0.0	13,219	13,217
Property	94,113	2.7	96,644	91,581
Alternatives	85,186	6.5	90,732	79,641
Total Assets	**1,045,941**	7.0	**1,119,262**	**972,621**

	Market value at 31/03/2014	% change	Value on increase	Value on decrease
	£000	%	£000	£000
UK equities	173,136	12.3	194,432	151,841
Overseas equities	489,280	12.3	549,364	429,197
UK bonds	122,199	6.8	130,497	113,902
Cash	5,353	0.0	5,354	5,352
Property	68,455	2.8	70,365	66,545
Alternatives	35,334	7.3	37,895	32,772
Net Investment Assets	**893,757**		**967,671**	**819,844**

A number of controls have been put in place to minimise this risk. A key method to reduce risk is to diversify the Pension Fund's investments. This is achieved through the setting of a benchmark, which incorporates a wide range of asset classes and geographical areas. Six investment managers have been appointed to further diversify the Pension Fund's investments and lower risk. In addition to diversification, parameters have been set for the investment managers to work within to ensure that the risk of volatility and deviation from the benchmark are within controlled levels.

Investment values and performance of the fund managers is measured on a quarterly basis through reporting to Pensions Committee.

c) Exchange rate risk

The Pension Fund holds assets in currencies other than sterling, which made up 57% of the Fund value on 31st March 2015, equivalent to £595 million (2013/14: £526 million). These arise from passive pooled equities, private equity, property, multi-sector credit and cash. Foreign currency exposures are not hedged.

The main non-sterling currency exposures as at 31st March 2015 were US dollars (£286 million). Other significant exposures are the Euro, Asian and emerging market countries and the Canadian $.

There is a risk that due to exchange rate movements the sterling equivalent value of the investments falls. The table below is derived on a currency basket based on the Fund's currency mix. The weight of each currency is multiplied by the change in its exchange rate relative to GBP. The volatility shown for total currencies incorporates the impact of correlations across the currencies, which dampens volatility and therefore the value of increase / decrease for the currencies will not sum to the total currency figure.

As at 31/03/2015	Value	% change	Value on increase	Value on decrease
	£000	%	£000	£000
Overseas equities	520,901	6.0	552,321	489,481
Overseas property	54	6.0	57	51
Multi-sector credit	31,024	6.0	32,893	29,154
Private equity	39,436	6.0	41,813	37,060
Cash	3,493	6.0	3,703	3,282
Total Assets	**594,908**	6.0	**630,763**	**559,052**

	Market value at 31/03/2014	% change	Value on increase	Value on decrease
	£000	%	£000	£000
Overseas equity	489,280	5.7	517,043	461,517
Overseas property	887	5.7	9,373	836
Private equity	35,333	5.7	37,338	33,329
Cash	994	5.7	1,050	937
Total	**526,494**		**556,368**	**496,619**

The cash balances managed internally are only permitted to be in sterling.

d) Interest Rate risk

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

	Interest earned 2014/15	Interest rate if 1% higher	Interest rate if 1% lower
	£000	£000	£000
Cash deposits	454	1,362	0
Total	**454**	**1,362**	**0**

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

e) Credit risk and counterparty risk

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

The Investment Management Agreements the Council has signed with the external fund managers set out limits on the types of bonds the fund managers can purchase for the Fund in order to limit the possibility of default. The table below shows the split of the bond investments by credit rating at 31st March 2015 and 31st March 2014. The majority of bonds (2015: £148 million) are UK Government index linked, with the balance being corporate bonds. The UK Government has an AA+ credit rating.

	Market value 31/03/2015	AA	A	BBB	Below BBB
	£000	%	%	%	%
Bond exposure in pooled investment	210,364	70	3	9	18
Total / Weighted Average	**210,364**	**70**	**3**	**9**	**18**

	Market value 31/03/2014	AA
	£000	%
Bond exposure in pooled investment vehicles	122,200	100
Total / Weighted Average	**122,200**	**100**

The cash that the Council manages internally on behalf of the Pension Fund is invested in line with the Council's Treasury Management Strategy, which sets out very strict limits on the counterparties which can be used and the amounts that can be invested with them. The amount of cash held by fund managers is kept to a minimum and when held for a period of time is invested in the custodian bank's AAAm rated money market fund. The table below details the credit ratings of the institutions the cash was held with.

31/03/2015 Exposure	31/03/2015 Credit rating		31/03/2014 Exposure	31/03/2014 Credit rating
£000			£000	
9,228	AA-	Northern Trust	3,547	AA-
762	A	Barclays Bank	1,735	A
3,160	AAAm	Money Market Funds	0	-
13,150			**5,282**	

The limits for both bonds and cash are kept under constant review to be able to respond quickly to changes in the creditworthiness of counterparties which may increase risk.

f) Liquidity risk

Liquidity risk is the risk that monies are not available to meet the Pension Fund's obligation to pay pension benefits on time. Maintaining a level of internally managed cash balances enables the Pension Fund to ensure liquidity is not an issue. All of the internally managed cash held on 31st March 2015 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.

The majority of the Council's non cash investments are in pooled funds whose underlying holdings are listed equities or bonds. These funds have regular (at least monthly) trade dates, which ensure it is possible to realise the investments easily if necessary.

9. Investments exceeding 5% of Net Assets

31/03/2015		Name of holding	31/03/2014	
£000	%		£000	%
142,686	13.7	BlackRock Aquila Life UK Equity Index Fund	150,150	16.7
213,629	20.5	BlackRock Aquila Life US Equity Index Fund	210,961	23.5
119,135	11.4	BlackRock Aquila Life Over 5 Years Index Linked	98,356	10.9
103,138	9.9	Legal & General World Emerging Equity Index	88,730	9.9

10. Actuarial present value of promised retirement benefits

Annex 1 to the Financial Statements is a report from the Fund's Actuary setting out this information.

The figures included in this note are for the purpose of accounting under IAS 19 only. It is the results of the formal funding valuation that are used to determine the funding strategy and employer contribution rates for the Pension Fund. Details of the results of the formal funding valuation can be found in the Actuarial Position section. In calculating the required numbers, the actuary adopted methods and assumptions that are consistent with IAS 19.

11. Contributions receivable and benefits payable

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

Analysis of contributions receivable

2014/15		2013/14
£000		£000
31,094	Administering authority	28,718
9,679	Scheduled bodies	8,805
1,745	Admitted bodies	1,492
42,518	**Total**	**39,015**

Analysis of benefits payable

2014/15		2013/14
£000		£000
40,183	Administering authority	36,471
2,582	Scheduled bodies	2,900
295	Admitted bodies	1,040
43,060	**Total**	**40,411**

12. Related party transactions

Haringey Council

In 2014/15 the Pension Fund paid £0.518 million to the Council for administration and legal services (£0.480 million in 2013/14). As at 31st March 2015 a net £0.247 million was due from the Council to the Fund (£3.166 million in 2013/14), mainly in relation to employer and employee contributions.

Governance

During 2013/14 no Council members who served on the Pensions Committee were also members of the Pension Fund. Committee members are required to declare their interests at the beginning of each Committee meeting.

Key Management Personnel

Local Authorities are exempt from the key management personnel requirements of IAS 24, on the basis of the disclosures required by the Accounts and Audit (England) Regulations. This also applies to the Haringey Pension Fund. The disclosures prepared in line with the Regulations can be found in the main accounts of Haringey Council. The key management person is Kevin Bartle, Chief Financial Officer, who was “Scheme Administrator” during the year.

There were no other material related party transactions.

13. Contingent assets, liabilities and contractual commitments

Five admitted bodies in the London Borough of Haringey Pension Fund hold bonds to protect the Fund against the possibility of being unable to meet their pension obligations. The bonds would only be payable to the Fund in the event of default on the part of the admitted body.

The Fund had outstanding commitments to invest of £40.410 million (£8.452 million with Pantheon – Private Equity and £28.093 million with Allianz – Infrastructure debt and £3.865 million with CBRE Property) at 31st March 2015 (2014: £12.708 million with Pantheon only). The commitments relate to outstanding call payments due in relation to the private equity and property portfolios.

14. Additional Voluntary Contributions ("AVCs")

Separately invested AVCs are held with the Equitable Life Assurance Society, Prudential Assurance, and Clerical Medical in a combination of With Profits, Unit Linked and Building Society accounts, securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions.

Movements by provider are summarised below:

31/03/2015	Equitable Life Assurance Society	31/03/2014
£		£
331,682	Value as at 6 April	343,116
2,945	Contributions received	2,919
(9,188)	Retirement benefits and changes	(28,694)
18,738	Changes in market value	14,341
344,177	**Value as at 5 April**	**331,682**
138,639	Equitable with profits	141,323
134,469	Equitable with deposit account fund	69,514
71,069	Equitable unit linked	120,845
344,177	**Total**	**331,682**
5	Number of active members	23
37	Number of members with preserved benefits	20

PENSION FUND

31/03/2015	Prudential Assurance	31/03/2014
£		£
891,664	Value as at 1 April	990,480
125,066	Contributions received	150,729
(237,091)	Retirement benefits and changes	(297,500)
65,256	Changes in market value	47,956
844,895	**Value as at 31 March**	**891,665**
493,359	Prudential with profits cash accumulation	611,447
194,059	Prudential deposit fund	136,417
157,477	Prudential unit linked	143,801
844,895	**Total**	**891,665**
76	Number of active members	74
28	Number of members with preserved benefits	25

31/03/2015	Clerical and Medical	31/03/2014
£		£
35,429	Value as at 1 April	74,983
2,017	Contributions received	2,492
0	Retirement benefits and changes	(43,099)
3,414	Changes in market value	1,053
40,860	**Value as at 31 March**	**35,429**
5,561	Clerical Medical with profits	5,216
35,299	Clerical Medical unit linked	30,213
40,860	**Total**	**35,429**
2	Number of active members	3
3	Number of members with preserved benefits	2

Annex 1 to the Financial Statements

As referred to in note 10 to the Financial Statements, the following actuarial report has been provided by Hymans Robertson.

Pension Fund Accounts Reporting Requirement

Introduction

CIPFA's Code of Practice on Local Authority Accounting 2013/14 requires administering authorities of LGPS funds that prepare pension fund accounts to disclose what IAS 26 refers to as the actuarial present value of promised retirement benefits.

The actuarial present value of promised retirement benefits is to be calculated similarly to the defined benefit obligation under IAS 19. There are three options for its disclosure in pension fund accounts:

- showing the figure in the Net Assets Statement, in which case it requires the statement to disclose the resulting surplus or deficit;
- as a note to the accounts; or
- by reference to this information in an accompanying actuarial report.

If an actuarial valuation has not been prepared at the date of the financial statements, IAS 26 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 IAS 19 and not the Pension Fund's funding assumptions.

I have been instructed by the Administering Authority to provide the necessary information for the London Borough of Haringey Pension Fund, which is in the remainder of this note.

Balance sheet

Year ended	31 Mar 2015 £m	31 Mar 2014 £m
Present value of Promised Retirement Benefits	1,708	1,434

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2013. I estimate this liability at 31 March 2015 comprises £734 million in respect of employee members, £419 million in respect of deferred pensioners and £555 million in respect of pensioners. The approximation involved in the roll forward model means that the split of scheme liabilities between the three classes of member may not be reliable. However, I am satisfied the aggregate liability is a reasonable estimate of the actuarial present value of benefit promises. I have not made any allowance for unfunded benefits.

The above figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the accounts of the Pension Fund. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS 19 report as required by the Code of Practice. These are given below. I estimate that the impact of the change of assumptions to 31 March 2015 is to increase the actuarial present value by £226 million.

Financial assumptions

My recommended financial assumptions are summarised below:

Year ended	31 Mar 2015 % p.a.	31 Mar 2014 % p.a.
Inflation/Pensions Increase Rate	2.40	2.80
Salary Increase Rate	4.30	4.60
Discount Rate	3.20	4.30

Longevity assumption

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

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

*Future pensioners are assumed to be currently aged 45

Please note that the assumptions are identical to the previous IAS 26 disclosure for the Fund.

Commutation assumption

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Professional notes

This paper accompanies my covering report titled 'Actuarial Valuation as at 31 March 2015 for IAS 19 purposes' dated 15 April 2015. 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:-

Anne Cranston AFA
8 May 2015
For and on behalf of Hymans Robertson LLP

GLOSSARY

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

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. Expenditure can only be treated as 'capital' if it meets statutory definitions and is in accordance with accounting practice and regulations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

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

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