

**LONDON BOROUGH OF HARROW**  
**STATEMENT OF ACCOUNTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009**

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# STATEMENT OF RESPONSIBILITIES

## Section 1. Statement of Responsibilities

### The Authority's Responsibilities

#### The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In Harrow, that officer is the Chief Finance Officer, i.e. the Corporate Director of Finance;
- to manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets;
- to approve the statement of accounts (delegated to the Governance, Audit & Risk Management Committee) (GARM)

### The Chief Finance Officer's Responsibilities

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

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

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority SORP;

#### The Chief Finance Officer has also:

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

This Statement of Accounts has been prepared in accordance with the requirements of Regulation 7 of the Accounts and Audit Regulations 2003, issued under the Audit Commission Act 1998 and, where specifically stated, in accordance with all recognised statutory requirements and codes of practice applicable to local authorities.

I certify that the Statement of Accounts set out in this document presents fairly the financial position of the Council as at 31<sup>st</sup> March 2009 and its income and expenditure for the year.

### Chair's Approval of Statement of Accounts

The provisional Statement of Accounts was presented to the GARM Committee of the London Borough of Harrow at its meeting on 23<sup>rd</sup> June 2009 and was approved by resolution of the Committee.

**Councillor John Cowan**  
B.Com. (Hon), F.C.A.  
**Chairman: GARM Committee**  
23<sup>rd</sup> June 2009

**Myfanwy Barrett**  
CPFA  
**Corporate Director of Finance**  
23<sup>rd</sup> June 2009



Section 2. Audit Opinion & Certificate

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## Section 3. Foreword by the Corporate Director of Finance



**Myfanwy Barrett**  
Corporate Director of Finance

This document provides an overall explanation of the Council's financial position for the year 2008-09.

The purpose of the foreword is to offer interested parties an easily understandable guide to the most significant matters reported in the accounts. Also included in the foreword is a general review of the year identifying any major developments and influences affecting the Council's financial position during the year.

The accounts have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the SORP), and the Best Value Accounting Code of Practice (BVACOP) jointly developed by CIPFA and the Accounting Standards Board. The Authority's accounting statements comprise:

### 3.1. The core financial statements grouped together as detailed below

- **Income and Expenditure Account:** This account is fundamental to the understanding of a local authority's activities, in that it reports the net cost for the year of all the functions for which the authority is responsible, and demonstrates how that cost has been financed from general government grants and income from local taxpayers.
- **Statement of Movement on the General Fund Balances:** The Income and Expenditure Account discloses the income receivable and expenditure incurred from running services for the year. However, there are other items that are required to be charged or credited to the General Fund that are not shown in the Income and Expenditure Account that have to be taken into account in determining the Council's budget requirement and its Council Tax demand. These other items are shown in the Statement on the Movement on the General Fund Balance. The surplus or deficit on the Income and Expenditure Account reflects the Council's financial results for the year in accordance with generally accepted accounting practice, and the movement on the General Fund Balance is important as an aspect of the Council's stewardship of its funds.

- **Statement of Total Recognised Gains and Losses (STRGL):** The STRGL reflects all gains and losses which are not reflected in the Income and Expenditure Account. For example, gains on revaluations of fixed assets and pension actuarial gains and losses are excluded from the Income & Expenditure Account as they are treated as arising from asset and liability valuation changes rather than from an entity's operating performance.

- **Balance Sheet:** This statement is fundamental to the understanding of an authority's financial position at the year-end. It shows the balances and reserves and its long-term indebtedness, and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held.

- **Cash Flow Statement:** This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

### 3.2. The supplementary single entity financial statements as detailed below

- **Housing Revenue Account:** This statement reflects a statutory obligation to account separately for local authority housing provision in accordance with Part 6 of the Local Government and Housing Act 1989. It shows the major elements of housing revenue expenditure – maintenance, administration and capital financing costs, and how these are met by rents, subsidy and other income.

- **The Collection Fund Account:** It is a statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to non-domestic rates and council tax, and illustrates the way in which these have been distributed to finance services provided by the Council and the Greater London Authority (GLA).

### 3.3. The Pension Fund Account

The objective of the Pension Fund's financial statements is to provide information about the financial position, performance and financial adaptability of the fund. The Pension Fund and its financial position are certified separately.

### 3.4. Accounting Developments

The SORP sets out the accounting concepts and accounting principles which underpin the Statement of Accounts. Significant changes to the 2008 SORP are:

- Amendments to the Pension Fund Accounts to implement the requirements of the Pension SORP 2007. This requires a change in valuation of securities from mid to bid value.
- A new section on Area Based Grant, which is a new government grant that came into force on 1 April 2008.
- A new section on back pay arising from unequal pay claims, which covers regulations made in 2007 (England and Wales only) providing discretion to authorities to defer charging unequal pay expenditure or other costs incurred by the authority in relation to such back payment to the General Fund.

### 3.5. Pensions

The financial statements include the relevant pension costs and provisions required to reflect the pension accounting arrangements under the Pensions Accounting Standard FRS17. The significant change in market values is due to the sharp fall in equity values due to the global banking crisis and economic recession.

### 3.6. Review of the year

Harrow has achieved real improvements in year which has led to the Council being short-listed by the Municipal Journal for the prestigious award of Best Achieving Council as one of 6 finalists. This is a major step towards achieving the Corporate Vision to be one of the best London Councils by 2012, ahead of time in a borough that is cosmopolitan, confident and cohesive. In 2008-09 the Council's corporate priorities were to provide:

- A place with quality neighbourhoods with clean and safe streets;
- A place where you can be proud of the Town Centre;
- A place which promotes the well-being of its communities;
- A place where the Council provides value for money.

The Council's Comprehensive Performance Assessment (CPA) performance has considerably strengthened although the Council remains 2 star overall. The Use of Resources score has improved from 2 to 3 out of 4, and Value for money is rated as 'Good'. Housing and Cultural services have improved from 2 to 3 out of 4. Adults services remain at 1 star, but have moved to 'promising capacity to improve'. Some of the underspend achieved in year will be available to Adults services to invest back into their transformation programme. Children's services OFSTED inspection outcome was 'Good Overall'. There were significant improvements for individual outcomes with 'Excellent' for 'Positive Contribution' and 'Economic Wellbeing', and 'Good' for 'Safeguarding'. Overall the Direction of Travel is improving well.

Further management restructuring has now been completed, resulting in the appointment of an Assistant Chief Executive and a Director for Place Shaping, thus strengthening the Corporate Strategic Team.

The Council has been pro-actively monitoring and responding to the local impact of the slow down in economic growth and the housing market. It has established a 'Recession Busting Group' which meets regularly to discuss and analyse data and take appropriate action. The effect of increased redundancies and higher unemployment has resulted in increased demands on services, such as numbers of enquiries to Revenues and Housing Benefits sections. On the business front it is clear that small businesses are suffering as evidenced by a sharp drop in collection rates and the number of empty commercial properties having doubled in the last year to approximately 750 or 50% of all commercial property.

The Council has implemented a number of practical activities to help people through the downturn. These include:

- Producing and delivering a 'Surviving the credit crunch' leaflet to all households in Harrow – commercial and domestic;
- Holding a Business Advice Fair/Open Day at the Civic Centre;
- Changing procedures to allow payment of business rates over 12 instalments instead of 10.

The budget for 2009-10 allows for additional costs or reduced income directly attributable to the economic position of £3.5m.

In addition it is estimated that Directorates are absorbing pressures in the order of £1m due to the economic situation.

Capital receipts fell substantially below target which meant that a number of projects were put on hold, including development of the Town Centre. The size of the capital programme increased during the year but this was mainly as a result of grant funded projects.

The Pension Fund suffered a substantial fall in value (around 25%) as a result of the global financial crisis and economic downturn. The Pension Fund Investment Panel carried out a review of the strategic asset allocation and has proceeded to make a number of changes which include taking the UK equities from active to a passive portfolio, and is in the process of selecting some new managers for global equities. It is expected that along with the improvements in markets and recent strengthening of sterling that there will be a marked improvement in performance.

The Council has identified substantial funding gaps, around £10m year on year in the future years of the

## FOREWORD BY THE CORPORATE DIRECTOR OF FINANCE

Medium Term Financial Strategy (MTFS). It is therefore developing a Transformation Programme in 2009-10 to review all services in a systematic way and identify longer term sustainable savings to close the funding gaps.

In summary, the Council is focussed on the needs of its residents in these difficult times and the following Corporate Message is an expression of this continuing commitment, as well as having been substantially delivered in year:

*'Harrow Council is working hard to provide good value local services. We know that money is tight at the moment but we are spending your money wisely and are focussed on helping to make your lives better.'*

*We are making Harrow better, cleaner and safer, building strong communities and supporting vulnerable people. This is underpinned by providing jargon-free Council services to all our customers for excellent value for money.*

*We want to see your Council as one of the best in London, so we intend to make improvements in every area of our work, listening to your needs and reporting back on what we've changed.'*

### 3.7. Revenue Outturn for 2008-09

#### General Fund Revenue Account (GF)

The Council's revenue budget outturn for 2008-2009 confirmed an under spend of £8m. This represented 4.8% of the total net expenditure of £165.9m enabling the Council to make contributions to provisions and reserves as detailed in the table overleaf. The underspend was divided between £4.5m on directorate services and £3.5m on capital financing budgets. The latter was due to longer term investments placed at higher rates of return before the substantial fall in bank base rate to the current 0.5% and to less reliance on external borrowing, replacing this by internal funds. The result was a considerable achievement by all areas of the organisation. The total contribution to the general reserves was £2.25m, which exceeded the planned contribution by £1.25m, the balance carried forward into 2009-10 now stands at £5.35m. The following table sets out the outturn position:

	2008-2009		
	Budget £m	Outturn £m	Outturn Variation £m
Departmental Costs	182.4	177.9	-4.5
Non Departmental Costs	-16.5	-20.0	-3.5
<b>Net Expenditure</b>	<b>165.9</b>	<b>157.9</b>	<b>-8.0</b>
<b>Contribution to</b>			
Various provisions	0.1	2.3	2.2
Earmarked reserve	0.0	4.5	4.5
General reserve	1.0	2.3	1.3
<b>Total</b>	<b>1.1</b>	<b>9.1</b>	<b>8.0</b>

The net under spend across Directorates was due mainly to: Adults delivering a £1.630m under spend spread over a number of service areas, around £1m beyond the £0.690m required to balance their budget in 2009-10; and Community and Environment producing an under spend of £2.8m, of which £1.2m was parking enforcement income built into the 2009-10 budget and £0.8m was one off income from Transport for London (TFL) as a result of carrying out 18 months work in 12 months. There were underspends in other areas – and spending across the board was lower due to the spending protocol issued by the Corporate Director for Finance as financial pressures emerged during the year. This enabled pressures of £0.615m in Children's to be offset overall. These resulted mainly from Special Needs Transport and the children in care budgets on placements and safeguarding.

The underspend has provided the capacity to deal effectively with risks and liabilities and strengthen the Council's balance sheet as detailed in the table above, and explained below:

Provisions and reserves as required are being made for:

- Bad debts ( including Housing Benefit overpayments);
- Known employee related liabilities and litigations;
- The Voluntary Severance Scheme in relation to decisions taken in 2008-09 on severances occurring on or after 1 April 2009 in relation to the 2009-10 budget;
- An additional contribution of £1.25m to the GF balance as previously stated.

In addition there is £3.250m remaining to be allocated to service priorities including:

- Targeted investment in services
- Special Projects Fund
- Building Schools of the Future
- The Transformation Programme
- Contingency 2009-10 in light of the recession

## Capital

Actual capital spend in the year was £98.9m, compared with an original capital programme of £83.6m. This was due to commitments, mainly in Children's, carried forward from 2007-08. Major projects included in the programme were:

- The new Whitmore School;
- Education modernisation and improvements;
- Improvements to the Council's housing stock to achieve the 'Decent Homes' standard by 2010;
- The redevelopment of the Town Centre;
- Further investment in new technology to drive out efficiencies in future.

Expenditure during the year was funded from grants (£45m), usable capital receipts (£3m), revenue contributions (£5m) and borrowing (£46m), of which the latter was mainly internal funds. The original approved programme included capital receipts of £29.9m and therefore some projects like the Town Centre Redevelopment and Sports and Leisure sites dependant on capital receipts were put on hold.

The total capital programme including Housing Revenue Account (HRA) for 2009-10 is £61m. There is carry forward of £15.75m from 2008-09 of which £7m is grant funded projects.

## Housing Revenue Account

The Council provides rented accommodation of 5,067 units. In 2008-09 average Council rents were £81.55 per week, an increase of £4.33 (5.6%) from 2007-08. The HRA outturn confirmed a deficit of £1.3m in 2008-09. This resulted in decrease in balance from £6.3m to £5m.

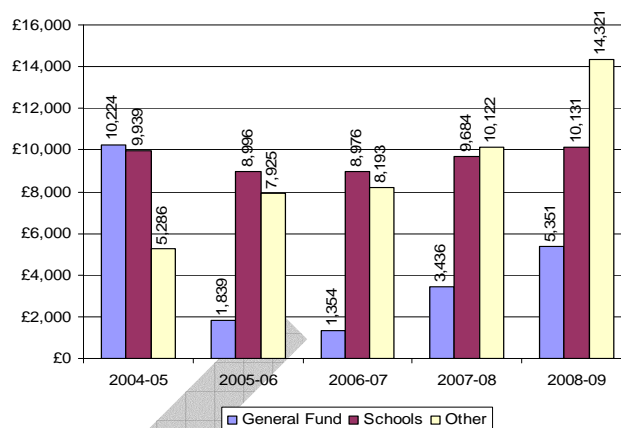
## Collection Fund

The outturn surplus on the Collection Fund at year end is £0.355m compared to the estimated figure of £0.381m. This is a movement of £2.156m from last year when there was a deficit of £1.8m.

## 3.8. Financial Data

The following tables and charts analyse Balances, Council Tax Band D, income and expenditure of the Council services provided and summary of capital expenditure

### 3.8.1. Council Revenue Balances

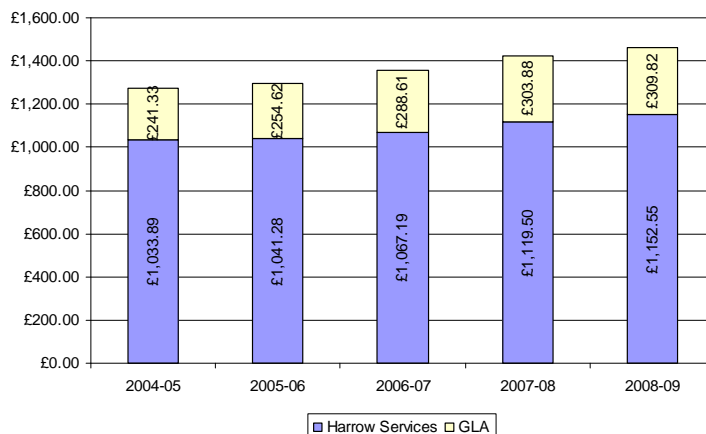


\*Note: the above balances, excluding General Fund, are ring fenced.

### 3.8.2. Council Tax Band D

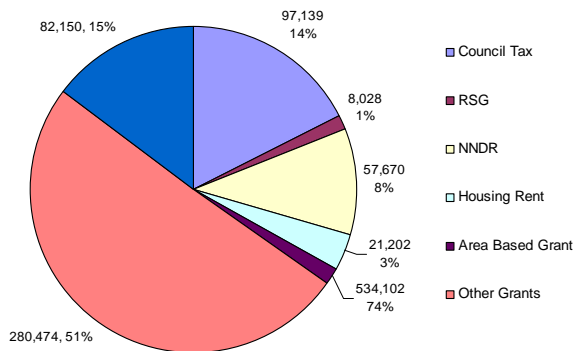
Council tax helps to pay for the services provided by Harrow Council and the Greater London Authority (GLA).

The total Council Tax for Band D was £1,462.37, an increase of 2.74% in 2008-09. This was made up of 2.95% Harrow and 1.95% GLA.

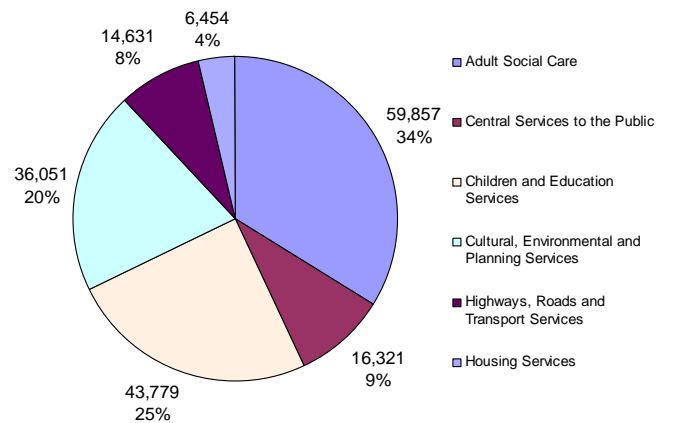


# FOREWORD BY THE CORPORATE DIRECTOR OF FINANCE

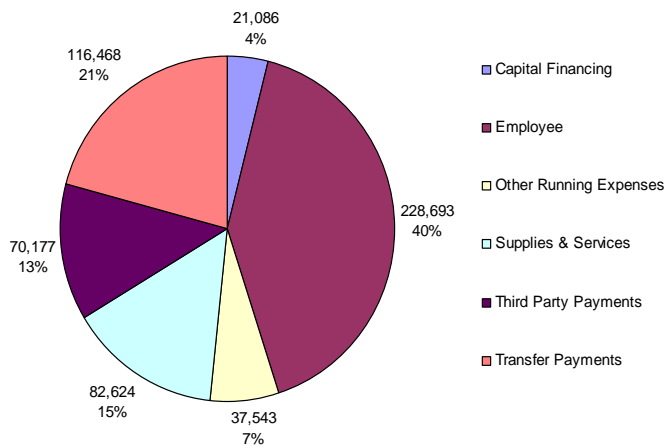
## 3.8.3. Analysis of Revenue Income (£000's)



## 3.8.5. The Services Provided

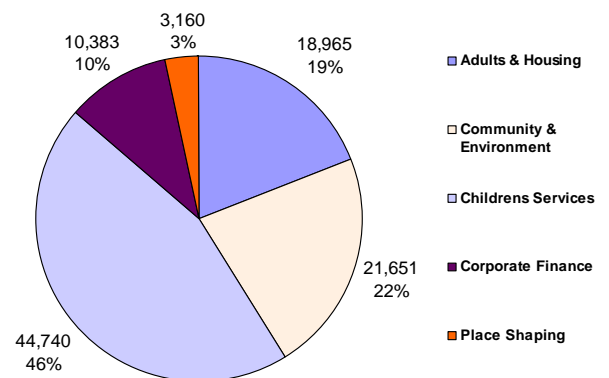


## 3.8.4. Analysis of Revenue Expenditure (£000's)



## 3.8.6. Capital Expenditure (£000's)

Capital expenditure represents money spent by the Council on purchasing, upgrading and improving assets that will be of benefit to the community over many years.





Section 4. Annual Governance Statement

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## Section 5. Statement of Accounting Policies

### 5.1. Introduction

#### Accounting Policies

The Authority's objective is to ensure that for all material items:

- The appropriate accounting policies have been adopted, given the Authority's circumstances to ensure the Accounts give a true and fair view;
- The accounting policies adopted are reviewed regularly to ensure that they remain appropriate;
- Sufficient information is disclosed in the financial statements to enable users to understand the accounting policies adopted and how they have been implemented.

#### Estimation Techniques

These are the methods adopted by the Authority to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes in reserves.

The Authority has determined the estimation techniques that most closely reflect the economic reality of the transactions or other events to which the relevant accounting policy refers.

### 5.2. General Principles

The Statement of Accounts summarises the council's transactions for the 2008-09 financial year and its position at the year-end of 31 March 2009.

It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice 2008 (the SORP), Statement of Standard Accounting Practice (SSAP) and Financial Reporting Standards (FRS).

The accounting convention adopted is historical cost, modified by the revaluation of £32.2m of certain categories of tangible fixed assets.

The accounts have been prepared in accordance with three fundamental concepts:

#### Accruals of Income and Expenditure

Revenue transactions have been accrued and accounted for in the period to which they relate and not the period in which the cash is received or paid. Therefore, provision has been made on an actual or estimated basis for all debtors and creditors as at 31 March 2009.

### Going Concern

The Statement of Accounts should be prepared on a going concern basis, that is, the accounts should be prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

#### Primacy of Legislative Requirements

Local authorities derive their powers from statute and their financial and accounting framework is closely controlled by primary and secondary legislation. To the extent that treatments are prescribed by law the accounting concepts outlined above may not apply in all cases. It is a fundamental principle of local Council accounting that, where specific legislative requirements and accounting principles conflict, legislative requirements shall apply.

### 5.3. Capital Charges

Service revenue accounts, the Housing Revenue Account (HRA) and support services are charged with a capital charge for all capital assets used in the provision of services. The charge consists of the annual provision for depreciation.

A charge is also made to the HRA from the General Fund equivalent to statutory capital financing charges. It is calculated in a manner determined by the Secretary of State in accordance with the Item 8 determination.

Capital charges have a neutral impact on the amounts required to be raised from council tax, as they are reversed out in the Statement of Movement on the General Fund Balance and replaced by the Statutory Minimum Revenue Provision for debt repayment.

### 5.4. Financial Assets

All Council's financial assets fall into the classification of "loans and receivables" - assets that have fixed or determinable payments but are not quoted in an active market.

Loans and receivables are carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. This means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

## 5.5. Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Income and Expenditure account is the amount payable for the year in the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Net Operating Expenditure in the Income and Expenditure account 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 respectively would be deducted from or added to the amortised cost of the new or modified loan and the write down to the Income and Expenditure account spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Income and Expenditure account, regulations allow the impact on the General Fund balance to be spread over future years. The council has a policy of spreading the gain / loss over the term of the replacement loan. The reconciliation of amounts charged to the Income and Expenditure account 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 Statement of Movements on the General Fund balance.

## 5.6. Financial relationships with companies

London Authorities Mutual Limited (LAML) is a mutual insurance fund company, limited by guarantee and set up by a group of participating London Borough Councils. LAML with its own memorandum & Articles of Association, Regulations and Board of Directors (elected by the members) is a separate legal entity and is accounted for in the council's statement of accounts as a 'simple investment'.

## 5.7. Government Grants and Contributions

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

Where the acquisition of a fixed asset is financed either wholly, or in part, by a government grant or other contribution, the amount of the receipt is credited to the

deferred account on acquisition or completion. Sums are released to the relevant service account from the following year over the useful lives of the assets to which they relate.

## 5.8. Investments

The Council has adopted the CIPFA Code of Practice for Treasury Management. Investments are made in accordance with this code and the Council's Treasury Strategy Statement is approved by Members each year.

## 5.9. Leases

The Council has no finance leases. Operating leases allow the Council to have the use, but not the ownership of assets. Rentals payable under operating leases are charged to the service revenue account on a straight-line basis over the term of the lease.

## 5.10. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Code of Practice. The total absorption costing principle is used and the main bases for apportionment are actual usage, head count, floor space and budgets.

## 5.11. Pensions

The Council participates in two pension schemes, which meet the needs of employees in particular services. Both schemes provide members with defined pension benefits related to pay and service. The schemes are as follows:

### 5.11.1. Employees – Excluding Teachers

Employees, subject to certain qualifying criteria, are eligible to join the Council's own funded scheme administered under the Local Government Pension Scheme Regulations.

### 5.11.2. Teachers

This is an unfunded scheme administered by the Teachers Pension Agency (TPA). The pension cost charged to the accounts is the contribution rate that is set by the TPA based on a notional fund.

## 5.12. Pensions - FRS17

The requirements of Financial Reporting Standard 17 (FRS 17) are implemented in full in the accounts. The accounts include a net pension liability within the balance sheet. The change in the figure between years reflects the change in the estimated employer's assets and the present value of the scheme liabilities. The Council's triennial valuation takes a longer term view

and provides a more appropriate measure of pension obligations.

## 5.13. Private Finance Initiative (PFI)

PFI contracts are agreements to receive services, where responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor.

In carrying out the assessment of the risks and rewards for elements of contracts that involve property, an assessment is made of the substance of the transaction and whether the Council or the operator is exposed to the majority of the risks and rewards of ownership. In carrying out this assessment the Council applied the Treasury Taskforce Guidance Note (TTF). The SORP requires the Council to apply Application Note F to FRS 5 'Private Finance Initiative and Similar Contracts'. CIPFA's Guidance Notes for Practitioners state that the TTF Guidance Note is influential but not mandatory in applying FRS 5 and accordingly, where two appear to conflict, the principles of FRS 5 should take precedence. The Council believes that it is more appropriate to account for these transactions by applying the TTF Guidance directly, which in this case leads to a different answer, as this reflects accepted practice in other local authorities with PFI contracts and enables comparability.

## 5.14. Provisions

The Council makes provision in compliance with FRS12 where there is a present obligation as a result of a past event, where it is probable that the Council will incur expenditure to settle the obligation but where the timing of the payment is uncertain and where a reasonable estimate can be made of the amount of the obligation.

## 5.15. Reserves

The Council set-aside specific amounts as reserves for future policy purposes. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice and others have been set up voluntarily for earmarked purposes that fall outside the definition of provisions.

## 5.16. Revenue Expenditure funded from Capital under Statute

Revenue expenditure funded from Capital under Statute represents expenditure to be classified as capital for funding purposes but does not result in the expenditure being carried on the Balance Sheet as a fixed asset. Expenditure of this nature is written off to the relevant service revenue accounts in the year in which the expenditure is incurred.

## 5.17. Stocks

Stock is valued at the year-end based on the lower of cost and net realisable value.

## 5.18. Tangible Fixed Assets

These are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

The freehold and leasehold properties that comprise the Council's Property Portfolio have been valued by the Council's internal valuers in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institute of Chartered Surveyors (RICS) and are classified into groupings required by the CIPFA Code of Practice on Local Government Accounting.

There is a rolling programme of valuations intended to embrace the whole of the property asset portfolio of the Council, including landlord's fixtures and fittings, over a period of five years. Review is also undertaken of the values at which each category of fixed assets is included in the Council's balance sheet at each year-end. Where there is sufficient reason to believe that values may have changed materially since the last valuation, and that change is likely to be other than temporary, the relevant categories of assets are revalued accordingly.

### 5.18.1. Recognition

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis. Expenditure on the acquisition of a tangible fixed assets, or expenditure which adds to, and not merely maintains, the value of an existing asset, is capitalised and is classified as a tangible fixed asset.

### 5.18.2. Measurement

Assets are initially measured at cost. Assets are then carried in the balance sheet using the following measurement bases:

- Non-specialised operational properties are valued on the basis of the open market value in existing use;
- Specialised operational properties are valued on the basis of depreciated replacement cost;
- Car parks, where charges are made, have been valued by capitalising the net receipts receivable;
- Non-operational properties have been valued at open market value;
- Community assets are recorded at nominal value;
- Plant and machinery that is normally associated with a building, such as lifts, has been reflected in the valuation;
- Infrastructure assets, vehicles and plant and equipment are included in the balance sheet at historic cost net of depreciation and are not included in the valuation exercise.

Where enhancement expenditure on an existing property is in excess of £50,000, the property is re-

valued in the following year and property values are updated then to reflect any changes in value. The effect of enhancement work below this threshold and on Council dwellings is dealt with when the properties are next re-valued through the Council's five-year rolling revaluation programme.

### 5.18.3. Impairment

An impairment review is carried out and where impairment is identified as part of this review, this is accounted for:

- Where attributable to the clear consumption of economic benefits – the loss is charged to the relevant service revenue account;
- Where not attributable to the clear consumption of economic benefits – the loss is written off against revaluation reserve if any balance of revaluation reserve is available against the respective asset, otherwise the loss is charged to the relevant service revenue account.

### 5.18.4. Disposals

When an asset is disposed the current value is used to determine gain or loss on disposal which is charged to the relevant service revenue account. The gain or loss will be reversed out in the Statement of Movement on the General Fund Balance to avoid any impact on council tax,

Amounts in excess of £10,000 are categorised as capital receipts.

A portion of receipts relating to housing disposals (75% for dwellings and 50% for land and other assets) are payable to the Government. Balance of the receipts is credited to the Usable 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.

### 5.18.5. Depreciation

Depreciation is provided on all fixed assets with a determinable finite useful life in accordance with FRS15 and the following policy:

- The Council's Housing stock has been depreciated by an amount equal to the Major Repairs Allowance;
- Depreciation on non-housing assets is calculated using the straight-line method over the estimated useful life of the asset, as detailed below:
  - Non housing operational buildings: 20-80 yrs;
  - Vehicle plant and equipment: 5 yrs;
  - Infrastructure assets: 10-60 yrs.
- Freehold land and non-operational investment properties have not been depreciated;
- Newly acquired revalued or completed assets are depreciated in the following year of acquisition, revaluation or completion.

## Section 6. Financial Statements

### 6.1. Income and Expenditure Account

For The Year Ended 31 March 2009

	2008-09		2007-08	
Notes	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Restated Net Expenditure £000
<b>Continuing Service</b>				
Adult Social Care	77,013	-17,156	59,857	55,835
Central Services to the Public	19,952	-18,775	1,177	45
Children and Education Services	213,802	-170,023	43,779	36,837
Cultural, Environmental & Planning Services	50,574	-13,748	36,826	51,191
Highways, Roads & Transport Services	28,852	-14,221	14,631	14,810
Housing Services (General Fund)	109,315	-100,763	8,552	4,730
Housing Services (HRA)	22,167	-24,263	-2,096	-3,435
Corporate & Democratic Core	13,659	-7,181	6,478	9,253
Non Distributed Costs	8,007	-208	7,799	3,904
<b>Net Cost of Services</b>	<b>543,341</b>	<b>-366,338</b>	<b>177,003</b>	<b>173,170</b>
Housing Pooled Capital Receipts			465	970
Gains on disposal of Fixed Assets			-398	-10,152
Interest payable and similar charges			9,717	10,384
Discount and Premiums			0	-11,452
Interest and investment income			-4,541	-3,824
Levies by other authorities	7.1.14		7,003	6,492
Pension Interest costs and return on Pension Assets			3,904	-1,346
<b>Net Operating Expenditure</b>			<b>193,153</b>	<b>164,242</b>
Income from the Collection Fund			-97,139	-94,725
Revenue Support Grant			-8,028	-8,672
Area Based Grant			-8,642	0
Distribution from non-domestic rate pool			-57,670	-51,676
<b>Deficit for the year</b>			<b>21,674</b>	<b>9,169</b>

# FINANCIAL STATEMENTS

## 6.2. Statement Of Movement On The General Fund Balance

	Notes	2008-09 £000	Restated 2007-08 £000
Deficit for year on the Income & Expenditure Account		21,674	9,169
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the Council Fund Balance for the year	7.1.17	-24,037	-11,958
Increase(-)/Decrease in General Fund Balance for the year		-2,363	-2,789
General Fund balance brought forward		-13,119	-10,330
General Fund balance carried forward		-15,482	-13,119
Amount of General Fund balance held by schools under local management schemes		-10,131	-9,683
Amount of General Fund balance Carried Forward		-5,351	-3,436
		-15,482	-13,119

## 6.3. Statement Of Total Recognised Gains and Losses (STRGL)

	Notes	2008-09 £000	Restated 2007-08 £000
Deficit on the Income and Expenditure Account for the year		21,674	9,169
Surplus arising on revaluation of fixed assets		-32,843	-35,388
Actuarial gains on Pension Fund assets and liabilities		76,813	-5,425
Other		-2,157	-269
Note on prior period adjustment		63,487	-31,913
Total recognised gains related to the year as above			-31,913
Prior year adjustment			16,134
Total recognised gains for the year	7.1.39	63,487	-15,779

# FINANCIAL STATEMENTS

## 6.4. Balance Sheet As At 31 March 2009

	Notes	2008-09		Restated 2007-08
		£000	£000	£000
<b>Tangible Fixed Assets</b>	7.1.18			
<b>Operational Assets</b>				
Council Dwellings		420,446		400,441
Other land and buildings		591,788		550,300
Vehicles, plant and equipment		40,538		40,591
Infrastructure assets		98,606		92,873
Community assets		1		1
		1,151,379	1,151,379	1,084,206
<b>Non Operational Assets</b>				
Investment properties		40,906		39,830
Assets under construction		43,601		19,863
Surplus assets, held for disposal		104		125
		84,611		59,818
		1,235,990		1,144,024
Long Term investments		16,345		12,260
Long Term debtors	7.1.26	3,897		4,086
<b>Total Long Term assets</b>		1,256,232		1,160,370
<b>Current Assets</b>				
Stocks			91	44
Debtors	7.1.27		34,118	35,086
Investments	7.1.28		69,212	73,598
Cash and Bank			1,060	2,012
			104,481	110,740
<b>Current Liabilities</b>				
Short term borrowing	7.1.29		-17,594	-12,444
Creditors	7.1.30		-71,441	-67,708
Bank Overdraft			-7,036	-5,115
			-96,071	-85,267
<b>Total Assets less Current Liabilities</b>			1,264,642	1,185,843
Long term borrowing	7.1.32		-212,217	-202,337
Government grants deferred account	7.1.33		-70,116	-55,047
Deferred Credits	7.1.34		-156	-182
Capital Grants Unapplied	7.1.35		-61,332	-25,873
Provisions	7.1.36		-9,249	-8,547
Pension liability	7.1.44		-189,575	-108,373
<b>Total Assets less Liabilities</b>			721,997	785,484
<b>Reserves</b>				
Capital Adjustment Account	7.1.37		-821,842	-842,594
Financial Instruments Adjustment Account			4,397	4,418
Equal Pay Back Pay Account			0	867
Revaluation Reserve	7.1.38		-64,324	-33,306
Pension Reserve			189,575	108,373
Fund Balances and Reserves			-29,803	-23,242
<b>Total Equity</b>	7.1.39 & 7.1.40		-721,997	-785,484

# FINANCIAL STATEMENTS

## 6.5. Cash Flow Statement for Year Ended 31 March 2009

		2008-09		2007-08
	Notes	£000	£000	£000
<b>Revenue Activities</b>				
Cash outflows				
Cash paid in respect of employees		224,140		217,393
Other operating payments		209,677		193,582
Housing benefit paid out		78,535		71,932
Precepts paid		26,106		25,713
NNDR paid to National Pool		45,819		40,278
Payment to the Capital Receipts Pool		465		1,367
			584,742	550,265
Cash inflows				
Rents (after rebates)		-7,523		-6,559
Council Tax Income		-111,605		-108,911
Non-domestic rate receipts		-45,842		-44,509
Receipts from NNDR Pool		-57,670		-51,675
Revenue Support Grant		-8,028		-8,672
DWP grants for benefits		-107,414		-106,639
Other Government grants	7.1.47	-174,370		-175,384
Cash received for goods and services		-19,267		-15,610
Other operating cash receipts		-86,047		-86,778
			-617,766	-604,737
<b>Revenue Activities - Net Cashflow</b>	7.1.48		-33,024	-54,472
<b>Returns on Investments &amp; Servicing of Finance</b>				
Interest Paid			9,750	-802
Interest Received			-4,160	-4,018
<b>Servicing of Finance net cash outflow</b>			5,590	-4,820
<b>Capital Activities</b>				
Cash Outflows				
Purchase of fixed assets		93,717		44,344
Long term investments		5,183		298
Other capital cash payments		85		7,433
			98,985	52,075
Cash Inflows				
Sale of fixed assets		-4,044		-13,342
Capital grants received		-49,925		-23,605
Other capital cash income		-65		-271
			-54,034	-37,218
<b>Capital Activities - Net cashflow</b>			44,951	14,857
<b>Net cash outflow/(-)inflow before financing</b>	7.1.50		17,517	-44,435
<b>Management of liquid resources</b>				
Movement in investments	7.1.52		386	7,628
<b>Financing</b>				
<b>Cash outflows</b>				
Repayment of amounts borrowed			5,118	48,132
<b>Cash Inflows</b>				
New loans raised		-15,000		-13,000
New short term loans	7.1.51	-5,148		3,200
			-20,148	-9,800
<b>Financing net cash inflow</b>			-15,030	38,332
<b>Net increase in cash</b>	7.1.49		2,873	1,525

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# NOTES TO THE FINANCIAL STATEMENTS

## Section 7. Notes to the Financial Statements

### 7.1. The Income & Expenditure Account

#### Service Analysis

The Consolidated Revenue Account conforms to the Service Expenditure Analysis contained in CIPFA Best Value Accounting Code of Practice (BVACOP). Annex 1 sets out a detailed analysis.

#### 7.1.1. Prior Year Adjustments

As a result of the introduction of new accounting standards and regulations, there has been an impact on the comparative figures for 2007-08. These are:-

- Revaluation of fixed assets on disposal is no longer allowed;
- New Minimum Revenue Provision (MRP) - this has been implemented retrospectively from 2007-08.

These changes have had the following impact on the comparative figures for 2007-08 compared with those published in the 2007-08 Statement of Accounts.

	2008-09 £000	2007-08 Post adjustment £000	2007-08 Pre adjustment £000
<b>Income and Expenditure Account</b>			
Gains on disposal of Fixed Assets	- 398	- 10,152	-
Net Operating Expenditure	193,153	164,242	174,394
<b>Deficit for the year</b>	<b>21,674</b>	<b>9,169</b>	<b>19,321</b>

#### Statement of Movement on the General Fund Balance

Deficit for the year	21,674	9,169	19,321
Net additional amount required to be credited to Council Fund Balance for the year	- 24,037	- 11,958	- 21,705
Increase in General Fund Balance	- 2,363	- 2,789	- 2,384
General Fund Balance brought forward	- 13,119	- 10,330	- 10,330
General Fund Balance carried forward	- 15,482	- 13,119	- 12,714

	2008-09 £000	2007-08 Post adjustment £000	2007-08 Pre adjustment £000
<b>Breakdown of reconciling items in the Statement of Movement on the General Fund Balances</b>			
Amounts included in the Income & Expenditure account but required by statute to be included or excluded			
Net gain on sale of fixed assets	398	10,152	-
Statutory provision for repayment of debt	6,101	5,656	6,061
<b>Net additional amount required to be credited to the General Fund Balance for the year</b>	<b>- 24,037</b>	<b>- 11,958</b>	<b>- 21,705</b>

Amounts included in the Income & Expenditure account but required by statute to be included or excluded

**Net additional amount required to be credited to the General Fund Balance for the year**

#### Statement of Total Recognised Gains and Losses

Deficit for year on the Income & Expenditure Account	21,674	9,169	19,321
Surplus arising on revaluation of fixed assets	- 32,842	- 35,388	- 45,540
<b>Total recognised gains for the year</b>	<b>60,240</b>	<b>- 15,779</b>	<b>- 15,779</b>

#### Balance Sheet

Deferred Credits Provisions	-	182	- 7,527
<b>Total Assets less Liabilities</b>	<b>721,997</b>	<b>785,484</b>	<b>786,686</b>
Deferred Credits Pension Reserve		108,373	107,353
Capital Adjustment Account	- 821,842	- 842,594	- 842,999
Fund Balances and Reserves	- 29,803	- 23,242	- 22,837
<b>Total Equity</b>	<b>- 721,997</b>	<b>- 785,484</b>	<b>- 786,686</b>

#### 7.1.2. Private Finance Initiative (PFI) transactions

The Council makes payments under various PFI contracts as detailed below:

- Sancroft Hall with residential and day care units. The establishment became operative on 1 November 1999 and the contract ends in October 2024. The annual payment under the contract was 1.511m in 2008-09 (£1.222m in 2007-08);
- Two new schools for pupils with learning disabilities, and the refurbishment and site of a third first and middle school. These were completed and fully operational in February 2006. The full unitary charge is now payable and grant received on an annuity basis, with contributions made to a sinking fund on an annual basis until the end of the contract in August 2033. The annual payment under the contract was £2.234m in 2008-09 (£2.203m in 2007-08).

The payments which the Council is committed to make for the duration of the above contracts are estimated and detailed in the table below. However, these will vary

# NOTES TO THE FINANCIAL STATEMENTS

depending on the performance of the Providers and future inflation.

	2008-09 £000	2007-08 £000
Sancroft	29,282	27,076
Special Schools	62,270	64,126
<b>Total</b>	<b>91,552</b>	<b>91,202</b>

## 7.1.3. Section 137 Expenditure

Section 137 Expenditure of the Local Government Act 1972 (as amended) enables local authorities to incur expenditure for the benefit of people in its area and activities or projects not specifically authorised by other powers. The maximum amount that can be spent in this way is £5.00 per head of population, amounting to £1.08m in 2008-09 (£1.08m in 2007-08). The Council has not used this power since 1998-99.

## 7.1.4. Publicity

The Council is required under Section 5 of the Local Government Act 1986 to keep a separate account of certain categories of expenditure on publicity. The Council has entered into an arrangement with Westminster City Council to provide Communications services. This includes delivering media relations, corporate marketing, service marketing and internal communication.

The Council's expenditure on publicity is summarised below:

	2008-09 £000	2007-08 £000
Staff recruitment advertising	173	155
Other advertising	212	259
Public Relations, Communication	983	801
Advertising for Schools (Delegated Budgets)	492	459
<b>Total</b>	<b>1,860</b>	<b>1,674</b>

## 7.1.5. Building Regulations Charging Account

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The following table shows the total cost of operating the building control unit, divided between chargeable and non-chargeable activities.

	Chargeable £000	Non- Chargeable £000	Total £000
<b>2008-09</b>			
<b>Expenditure</b>			
Employee Expenses	529	273	802
Premises	17	5	22
Transport	18		18
Supplies and Services	14	15	29
Central and support service charges	246	45	291
<b>Total Expenditure</b>	<b>824</b>	<b>338</b>	<b>1,162</b>
<b>Income</b>			
Building Regulation charges	-944		-944
Miscellaneous income		-5	-5
<b>Total Income</b>	<b>-944</b>	<b>-5</b>	<b>-949</b>
<b>Deficit for year</b>	<b>-120</b>	<b>333</b>	<b>213</b>
<b>Totals 2007-08</b>			
Expenditure	773	217	990
Income	-933	-11	-944
<b>Deficit for year</b>	<b>-160</b>	<b>206</b>	<b>46</b>

## 7.1.6. Agency Services

There were no agency services carried out during 2008-09 (none in 2007-08).

## 7.1.7. Parking Control

In accordance with the 1984 Road Traffic Act, the Council maintains a Parking Control account, which is detailed in the table below.

	2008-09 £000	2007-08 £000
Income	-6,067	-5,832
Expenditure	2,599	2,090
<b>Total Surplus for year</b>	<b>-3,468</b>	<b>-3,742</b>
<b>Use of surplus</b>		
Design and implementation of traffic management schemes	2,268	1,908
Concessionary Fares	1,200	1,834
<b>Total</b>	<b>3,468</b>	<b>3,742</b>

## 7.1.8. The Local Authorities (Goods and Services) Act 1970

The Council received income of £0.191m (£0.132m in 2007-08) for the supply of services to the West London Waste Authority during the year ended 31 March 2009.

## 7.1.9. Pooled Budget Agreements

Section 31 of the Health Act 1999 allows partnership arrangements between NHS bodies, local authorities, and other agencies in order to improve and co-ordinate services. Each partner makes a contribution to a pooled budget with the aim of focusing services and activities for a client group. Funds contributed are those normally used for the service represented in the pooled budget

# NOTES TO THE FINANCIAL STATEMENTS

and allow the organisations involved to act in a more cohesive way.

The Council, in association with Harrow Primary Care Trust, has established a pooled fund for the Integrated Community Equipment Service (ICES) for which Harrow Council is the lead body.

	2008-09 £000	2007-08 £000
<b>Gross Income</b>		
Harrow's Contribution	-277	-272
Schools Contribution	-21	-19
Harrow Primary Care Trust	-423	-415
	<b>-721</b>	<b>-706</b>
Gross Expenditure	804	980
<b>Deficit for year</b>	<b>83</b>	<b>274</b>

## 7.1.10. Members' Allowances

The total amount of Members' allowances paid in 2008-09 was £0.796m (£0.654m in 2007-08). Additional information on the Members' Allowance Scheme 2008-09 may be found in a leaflet available at Council libraries.

## 7.1.11. Officers' Emoluments

The following table shows the number of officers whose remuneration in the year (excluding pensions) was £50,000 or more, grouped in bands of £10,000:

Remuneration Bands	2008-09 No. of Employees	2007-08 No. of Employees
£ 50,000 - £ 59,999	209	165
£ 60,000 - £ 69,999	68	50
£ 70,000 - £ 79,999	19	16
£ 80,000 - £ 89,999	13	12
£ 90,000 - £ 99,999	9	2
£100,000 - £109,999	3	2
£110,000 - £119,999	3	4
£120,000 - £129,999	2	1
£130,000 - £139,999	2	1
£140,000 - £149,999	1	1
£160,000 - £169,999	0	1
£170,000 - £179,999	1	0

## 7.1.12. Related Party Transactions

During the year no Council members, chief officers nor their close relations, or members of the same household have declared any related party transactions other than those disclosed below.

- Myfanwy Barrett, Corporate Director of Finance holds various positions as detailed below:
  - Director of Harrow in Business (up to June 2008)
  - Director of London Authorities Mutual Limited

- Treasurer of West London Waste Authority, Edward Harvist Trust, Pinner Memorial Park, Middlesex Guildhall Collection, Harrow's Mayor's Charity and Harrow Recreation Trust
- Hugh Peart, Director of Legal and Governance is the Honorary Secretary of Edward Harvist Trust.

The transactions between the Council and its related parties are detailed below.

## West London Waste Authority

	2008-09 £000	2007-08 £000
Payments to WLWA	5,872	5,040
Payments from WLWA	590	344
Cash balances invested with the Council as at 31 March 2009	8,828	7,205
Long Term lending to WLWA	3,415	3,538

## London Borough of Harrow Pension Fund

	2008-09 £000	2007-08 £000
Employers pension contribution to the Fund	15,794	15,326
Administration expenses paid by the Fund	-790	-932
Cash due to/from(-) the Fund	3,473	-2,947

## Other Funds

	2008-09 £000	2007-08 £000
Cash due to Harrow Weald Common Conservators	15	0
Cash due to Edward Harvist Trust	106	90

## London Authorities Mutual Limited (LAML)

LAML is a company limited by guarantee set up by a number of London Boroughs to provide insurance services to its members. The Council provided guarantee as part of its membership of the LAML for £609,500, of which £345,000 has been paid in cash. On 9 June 2009 the Court of Appeal issued a judgment which effectively stated that the Authorities did not have the necessary powers to establish the Mutual. The company will therefore be wound up. Alternative insurance arrangements have been made and it is anticipated that most of the guarantee paid in cash will be recovered once the winding up process is complete. It should be noted that the most significant outstanding insurance claim affecting Harrow and the Mutual relating to a fire at Bentley Wood school, was settled with a third party through mediation on 2 June 2009.

# NOTES TO THE FINANCIAL STATEMENTS

## Central Government and other local authorities

Grants from Central Government are disclosed in the notes to the Cash Flow Statement. Payments to precepting bodies are detailed in the notes to the Collection Fund. Payments to the levying bodies are disclosed in note 7.1.14.

### 7.1.13. External Audit Fees

The revenue accounts include fees payable to the Council's external auditor and to the Audit Commission with regard to:

- external audit services carried out under the Audit Commission's "Code of Audit" in accordance with section 5 of the Audit Commission Act 1998;
- statutory inspection under section 10 of the Local Government Act;
- certification of grant claims and returns under section 28 of the Audit Commission Act 1998.

The Audit Commission appointed Deloitte & Touche LLP as the Council's external auditors in respect of the audit of the accounts and the audit of Government grants and returns. The following table sets out the sums payable in respect of each financial audit year reflected in the accounts.

	2008-09 £000	2007-08 £000
Annual audit	396	348
Inspection fees	87	69
Grants audit	125	130
<b>Total</b>	<b>608</b>	<b>547</b>

### 7.1.14. Levies

	2008-09 £000	2007-08 £000
London Boroughs Grants Committee	753	757
Coroners Court	150	133
London Pension Fund Authority	360	254
WLWA	5,306	4,934
Lee Valley	261	258
Environment Agency	173	156
<b>Total</b>	<b>7,003</b>	<b>6,492</b>

### 7.1.15. Dedicated Schools Grant

The Council's expenditure on schools is funded by grant monies provided by the Department for Children, Schools & Families (DCSF), and known as the Dedicated Schools Grant (DSG). 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 restricted range of services provided on an authority-wide basis and for the individual Schools Budget, which is divided into a budget share for each school. Over/under-spends on the two elements are required to be accounted for separately.

Details of the deployment of DSG receivable for 2008-09 are as follows:

	Central Expenditure £000	Individual Schools £000	2008-09 Total £000
Original Grant Allocation	13,415	119,347	132,762
DSG receivable for the year	13,415	119,347	132,762
Actual expenditure for the year	13,748	119,347	133,095
Overspend for the year	333	0	333
Balance brought forward from previous year	120	0	120
<b>Overspend carried forward</b>	<b>453</b>	<b>0</b>	<b>453</b>

### 7.1.16. Significance of the Statement of Movement on the General Fund Balance

The Income and Expenditure Account shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated. However, the Council is required to raise council tax on a different accounting basis, the main differences being:

- capital investment is accounted for as it is financed, rather than when the fixed assets are consumed;
- the payment of a share of housing capital receipts to the Government scores as a loss in the Income and Expenditure Account, but is met from the usable capital receipts balance rather than council tax;
- retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned;
- the General Fund Balance compares the Council's spending against the council tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure;
- the Statement of Movement on the General Fund Balance provides the necessary reconciliation between the outturn on the Income and Expenditure Account and the General Fund Balance.

# NOTES TO THE FINANCIAL STATEMENTS

## 7.1.17. Breakdown of reconciling items in the Statement of Movement on the General Fund Balances

	2008-09 £000	Restated 2007-08 £000
Amounts included in the Income & Expenditure account but required by statute to be excluded		
Depreciation and impairment	-29,945	-38,485
Government Grants deferred	4,198	4,127
Revenue Expenditure Funded from Capital under statute	-3,865	-5,704
Net gain on sale of fixed assets	398	10,152
Premiums and Discount	21	11,716
Equal Pay Back Pay Account	867	-867
Contribution from the Pension Reserve	-4,389	-243
	<u>-32,715</u>	<u>-19,304</u>
Amounts not included in the Income & Expenditure account but required by statute to be included		
Statutory provision for repayment of debt	6,101	5,656
Capital expenditure charged to the General Fund balances	1,000	1,000
Transfer from usable capital receipts	-465	-970
	<u>6,636</u>	<u>5,686</u>
Transfers to or from the General Fund balance		
Transfer to HRA	-1,217	531
Transfer to/from Earmarked Reserves	3,259	1,129
	<u>2,042</u>	<u>1,660</u>
<b>Net additional amount required to be credited to the General Fund Balance for the year</b>	<u><b>-24,037</b></u>	<u><b>-11,958</b></u>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 7.1.18. Tangible Fixed Assets

Movement of Fixed Assets	Council Dwellings £000	Other Land and Buildings £000	Vehicles and Plant £000	Infra- structure £000	Community Assets £000	Non-Ops Properties £000	Total £000
<b>Certified Valuation as at 1 April 2008</b>	<b>411,112</b>	<b>574,035</b>	<b>61,161</b>	<b>136,033</b>	<b>1</b>	<b>59,818</b>	<b>1,242,160</b>
Additions	15,593	16,024	11,128	10,245	1,303	39,425	<b>93,718</b>
Disposals	-232	0	0	0	0	0	<b>-232</b>
Reclassifications	160	9,550	187	2,106	603	-12,606	<b>0</b>
Revaluations	8,041	24,801	0	0	0	0	<b>32,842</b>
<b>At 31 March 2009</b>	<b>434,674</b>	<b>624,410</b>	<b>72,476</b>	<b>148,384</b>	<b>1,907</b>	<b>86,637</b>	<b>1,368,488</b>
<b>Depreciation and impairments</b>							
At 1 April 2008	-10,671	-23,735	-20,570	-43,160	0	0	<b>-98,136</b>
Charge for 2008-9	-3,557	-5,947	-11,368	-6,618	0	0	<b>-27,490</b>
Revaluations		-2,940		0	-1,906	-2,026	<b>-6,872</b>
<b>At 31st March 2009</b>	<b>-14,228</b>	<b>-32,622</b>	<b>-31,938</b>	<b>-49,778</b>	<b>-1,906</b>	<b>-2,026</b>	<b>-132,498</b>
<b>Balance Sheet amount as at 31 March 2009</b>	<b>420,446</b>	<b>591,788</b>	<b>40,538</b>	<b>98,606</b>	<b>1</b>	<b>84,611</b>	<b>1,235,990</b>
<b>Balance Sheet amount as at 1 April 2008</b>	<b>400,441</b>	<b>550,300</b>	<b>40,591</b>	<b>92,873</b>	<b>1</b>	<b>59,818</b>	<b>1,144,024</b>
<b>Nature of asset holding</b>							
Owned	420,446	591,788	40,538	98,606	1	84,611	1,235,990

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 7.1.19. Capital Financing

Capital expenditure in 2008-09 was financed as follows:

	2008-09 £000	2007-08 £000		Council Dwellings £000's	Other Land & Buildings £000's	Vehicles and Pant £000's	Non- operational Assets £000's	Total £000's
Opening Capital Financing Requirement	203,936	183,254	Valued at historical cost			40,539		40,539
<b>Capital Investment</b>			Valued at current value in:					
Fixed Assets	93,717	45,949	2008-09	420,446	591,787		84,612	1,096,845
Revenue Expenditure funded from Capital under Statute	5,183	7,433	2007-08	400,441	550,300		59,818	1,010,559
<b>Sources of finance</b>			2006-07	369,188	564,965		50,483	984,636
Capital Receipts	-3,355	-12,374	2005-06	352,854	555,563		36,305	944,722
Capital Grants	-44,707	-10,073	2004-05	358,561	567,988		29,012	955,561
Revenue financing	-4,557	-4,597	2003-04	241,040	449,925		27,236	718,201
Minimum Revenue Provision	-6,101	-5,656						
<b>Closing Capital Financing Requirement</b>	244,116	203,936						

## 7.1.22. Depreciation

Depreciation is charged on all fixed assets other than non-depreciable land and investment properties. Depreciation is calculated using the straight line method based on the following useful lives:

Council Dwelling	Amount equal to Major Repair Allowance in line with CIPFA recommended practice
Infrastructure	10 - 60 years
Vehicles, Plant & Equipment	5 years
Other Land & Buildings	20 - 80 years

### Explanation for Movements in year

Increase in supported borrowing	8,322	5,390
Increase in unsupported borrowing	37,959	20,948
Minimum Revenue Provision	-6,101	-5,656
Increase in Capital Financing Requirement	40,180	20,682

## 7.1.20. Revenue Expenditure funded from Capital under statute

	2008-09 £000	2007-08 £000
Balance as at 1 April	0	0
Additions		
Improvement Grants	2,313	2,951
Other	1,960	1,861
Single Status	910	2,621
Written off during year	-5,183	-7,433
<b>Balance as at 31 March</b>	0	0

## 7.1.21. Fixed Asset Valuation

The Council's Property Portfolio have been valued by the Council's internal valuers in accordance with the disclosed accounting policy.

Valuations carried out after 1st January 1996 have been made in accordance with the Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors. Not all the properties were inspected as this was neither practicable nor considered to be necessary by the valuers for the purpose of the valuation.

Properties regarded by the Council as operational (non-specialised) valued after 1st April 1996 are valued on the basis of the Open Market Value in Existing Use. Where this method is not applicable due to the lack of suitable market evidence, or if the property was of a specialised nature, then the Depreciated Replacement cost basis is adopted, in accordance with the relevant professional guidance applicable as at the valuation date.

# NOTES TO THE CORE FINANCIAL STATEMENTS

7.1.23. The Council's Capital Investment Plan for the next 3 years contains the following major schemes and initiatives:

	2009-10 £000	2010-11 £000	2011-12 £000
BTP	7,735	5,293	1,720
LBH Anywhere	3,000	1,650	850
Byron Park Residential Home	300	500	200
Social Care Sites	1,100	575	500
Autistic Spectrum Disorder and School Amalgamation	900	810	300
Catering in schools	700	1,800	0
Whitmore High School	8,728	1,250	
Schools Capital Projects	14,707	20,913	5,300
Disabled Facilities Grants	1,172	1,172	1,172
Empty Property and Renovation Grants	765	765	765
Major Works Corporate Buildings	690	690	690
Public Realm Infrastructure	4,875	4,875	4,875
Prosperity Action Teams	210	210	210
School Landlord Works	750	750	750
Transport for London Schemes	3,970	4,000	4,000
Sports and Leisure Sites	1,172	250	250
Strategic Development	2,115	2,115	11,565
Housing Improvement (HRA)	7,000	6,500	6,500

7.1.24. Fixed Assets Statistical Analysis

Fixed Asset	31-Mar-09 Number	31-Mar-08 Number
Primary Schools	45	45
High Schools	8	8
Special Education	4	4
Teachers Centre	1	1
Youth Club Premises	3	3
Day Nurseries	3	3
Misc Education Properties	4	9
Children's Services	5	6
Disability Services	6	6
Mental Health Services	7	8
Social Services Offices	2	3
Elderly Services	1	1
Dwellings (inc properties managed by LBH)	5067	5,070
Garages	993	993
Community Centres	10	10
Car Ports	59	59
Gypsy Caravan Sites	1	1
Hostels for the Homeless	2	2
Highways (km)	480	496
Depots	1	1
Off Street Car Parks	18	18
Public Conveniences	10	11
Civic Centre	1	1
Parks & Open Spaces (hectares)	579	579
Swimming Pool (unattached)	1	1
Leisure Centre	1	1
Libraries	11	11
Cemetries	8	7
Allotments	32	32
Community Halls	3	3
Community Safety Services Offices	0	0
Misc Shops	34	34
Misc Offices	3	3
Voluntary aided schools not included in the assets of the authority, as shown below:		
High Schools	2	2
Primary Schools	7	9

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 7.1.25. Leasing

The amount charged to revenue in respect of Rentals Payable under operating lease was £1.172m.

The Council was committed at 31 March 2008 to making payments of £4.601m, under operating leases comprising the following elements:

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000
Leases expiring within 1 year	17	95
Leases expiring between 2 to 5 years	648	2,088
Leases expiring after 6th year and subsequent	1,403	350

## 7.1.26. Long Term Debtors

	31-Mar-09 £000	31-Mar-08 £000
Employees Car Loans	187	227
House Purchase Loans to Individuals	156	182
West London Waste Authority	3,415	3,538
Other Loans	139	139
<b>Total</b>	<b>3,897</b>	<b>4,086</b>

## 7.1.27. Debtors

	31-Mar-09 £000	31-Mar-08 £000
Employees	37	36
Government Departments	14,381	5,816
Rate and Council Tax Payers	8,998	10,120
Sundry	21,397	28,147
Housing Rents	1,407	1,221
<b>Gross Debts</b>	<b>46,220</b>	<b>45,340</b>
Provision for Doubtful Debt	-12,102	-10,254
<b>Net Current Debts</b>	<b>34,118</b>	<b>35,086</b>

## 7.1.28. Investments

	31-Mar-09 £000	31-Mar-08 £000
Temporary Lending:		
Managed in-house	68,855	73,264
Deposits - with Council's Bank	354	331
Internal Investments	3	3
<b>Total</b>	<b>69,212</b>	<b>73,598</b>

## 7.1.29. Short Term Borrowing

	31-Mar-09 £000	31-Mar-08 £000
Public Works Loan Board	-5,012	-11
Other Financial Institutions	0	-5,000
West London Waste Authority	-8,828	-7,205
Pension Fund	-3,473	0
Other Loans	-281	-228
<b>Total</b>	<b>-17,594</b>	<b>-12,444</b>

## 7.1.30. Creditors

	31-Mar-09 £000	31-Mar-08 £000
Government Departments	-7,293	-8,261
Receipts in advance:		
Tenants	-468	-285
Other	-12,133	-10,751
Rate and Council Tax Payers	-4,347	-4,512
Trust Funds	-42	-40
Sundry	-47,158	-43,859
<b>Total</b>	<b>-71,441</b>	<b>-67,708</b>

## 7.1.31. Analysis of Bequest Funds

	31-Mar-09 £000	31-Mar-08 £000
Education Scholarship Funds	-12	-11
Libraries and Arts	-28	-27
George Hallam Bequest	-2	-2
<b>Total</b>	<b>-42</b>	<b>-40</b>

## 7.1.32. Long Term Borrowing

	31-Mar-09 £000	31-Mar-08 £000
Source of Loan:		
Public Works Loan Board	-130,417	-120,537
Other Financial Institutions	-81,800	-81,800
<b>Total</b>	<b>-212,217</b>	<b>-202,337</b>

### Analysis of loans by maturity:

1-2 years (1.4.2010 - 31.3.2011)	-39	-31
2-5 years (1.4.2011 - 31.3.2014)	-10,192	-244
5-10 years (1.4.2014 - 31.3.2019)	-26,088	-26,160
More than 10 years (1.4.2019+)	-175,898	-175,902
<b>Total</b>	<b>-212,217</b>	<b>-202,337</b>

## 7.1.33. Government Grants Deferred Account

Government Grants deferred represent capital grants received, which will be credited to revenue in future years in line with the depreciation charge for the related fixed assets.

# NOTES TO THE CORE FINANCIAL STATEMENTS

	31-Mar-09 £000	31-Mar-08 £000
Implementing Electronic Government	-342	-629
National Lottery	-2,258	-2,212
Department of Childrens, Schools and Families	-17,943	-12,583
Transport Supplementary and Transport for London	-38,020	-33,554
Waste Management	-566	-894
Learning Skills Council	-3,963	
Other	-7,024	-5,175
<b>Total</b>	<b>-70,116</b>	<b>-55,047</b>

## 7.1.34. Deferred Credits

Deferred Capital Receipts of £0.156m (£0.182m 2007-08) refer to amounts derived from the sale of assets that will be received in instalments over agreed periods of time.

## 7.1.35. Capital Grants Unapplied

	2008-09 £000	2007-08 £000
Balance unapplied at 1 April	-25,873	-7,350
<b>Receipts in year</b>	<b>-4,045</b>	<b>-13,532</b>
Capital grants	-57,020	-26,647
Pooling payment to the DCLG	465	970
<b>Applied during the year:</b>		
Capital receipts	3,372	12,374
Capital grants	21,769	8,198
Capital gifts		114
<b>Balance unapplied at 31 March</b>	<b>-61,332</b>	<b>-25,873</b>

## Affordable Housing

Also included in capital receipts unapplied is £3.679m received from developers in lieu of providing affordable housing. The money is held pending its use in accordance with Cabinet policy and is invested internally in order to accrue interest. No payments were made from these funds in 2008-09.

## 7.1.36. Provisions

	As at 01-Apr-08 £000	Net Movement £000	31-Mar-09 £000
Insurance Provision	-4,727	-873	-5,600
Employee Related Provision	-2,627	656	-1,971
HRA Disrepair Provision	-80	0	-80
Litigation Provision	-700	-469	-1,169
Refunds under the Mental Health Act (s117)	-413	-16	-429
<b>Total</b>	<b>-8,547</b>	<b>-702</b>	<b>-9,249</b>

Details of the main provisions included in the above table are:

- The Council operates an insurance programme that requires a significant degree of self-funding. Provisions have been made to cover the costs of

the Council's potential liabilities. The Council's insurance programme consists of a range of insurance covers in three broad classes; liability, property and motor. The programme involves a significant element of self-funding of losses, where deductibles (excess) apply to each claim. The Council's maximum potential liability is limited by a series of aggregate stop loss covers with the Council's insurers that are triggered off when the total of all claims under the cover exceeds that amount for the period of insurance. It is Council policy not to insure "pound swapping" items (e.g. theft and "all risks" on equipment), or terrorism risks on properties other than the Civic Centre complex. The level of insurance provision reflects actuarial advice and covers the actual claims submitted and also the claims reported but not submitted;

- Employee related provision covers a potential liability to employees in respect of redundancies, tribunal cases and part time pension claims;
- The disrepair provision is for claims made by Council tenants in respect of repairs to Council property;
- Litigation provision is in respect of various planning cases and other cases;
- There is a provision for claims in relation to charges made in the past for accommodation under the Mental Health Act (s117).

## 7.1.37. Capital Adjustment Account

	31-Mar-09 £000	31-Mar-08 £000
<b>Opening Balance</b>	<b>-842,594</b>	<b>-867,437</b>
Disposal of Fixed Assets	232	13,218
Transfer from other reserves	-1,824	-9,408
Minimum Statutory Provision (less provision for depreciation)	21,388	19,007
Capital Financing	-4,723	-16,971
Government Grants depreciated and written out	-4,198	-4,127
Write Down of Deferred Charges	3,865	5,704
Impairment Charges	6,012	17,420
<b>Closing Balance</b>	<b>-821,842</b>	<b>-842,594</b>

## 7.1.38. Revaluation Reserve

	2008-09 £000	2007-08 £000
Balance at 1st April	-33,306	0
Upward Revaluation	-32,842	-31,109
Acquisition as a result of revaluation rolling program	0	-1,952
Impairment	775	
Transfer to Capital Adjustment Account	1,049	-245
<b>Total</b>	<b>-64,324</b>	<b>-33,306</b>

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 7.1.39. Reserves and Balances Movements

The Council keeps a number of reserves on the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

	Balance as at 01-Apr-08	Net Movement In Year	Balance as at 31-Mar-09
	£000	£000	£000
Capital Adjustment Account	-842,594	20,752	-821,842
Financial Instruments Adjustment Account	4,418	-21	4,397
Equal Pay Back pay Account	867	-867	0
Revaluation Reserve	-33,306	-31,018	-64,324
Pensions Reserve	108,373	81,202	189,575
Housing Revenue Account	-6,259	1,217	-5,042
General Fund	-3,436	-1,915	-5,351
School Delegated Funds	-9,683	-448	-10,131
Collection Fund	1,801	-2,156	-355
<b>Earmarked Reserves</b>			
Harvist - Harrow's Share	-18	-9	-27
NW London Education Business Partnership	-93	0	-93
Borough Elections Collection Fund	-78	-73	-151
Borough Elections	0	-400	-400
Carry Forward	-1,284	-1,084	-2,368
PFI Schools	-4,097	80	-4,017
Personal Injury Reserve	-95	-8	-103
Bad Debt Reserve	0	-250	-250
Insurance Reserve	0	-500	-500
Litigation and Employment Related Reserve	0	-515	-515
<b>Total</b>	<b>-785,484</b>	<b>63,487</b>	<b>-721,997</b>

### Reserves held by schools

Under the terms of the Education Reform Act, schools have been given increasing proportions of budgets to self-manage. Unspent budgets, which have been delegated, remain at the disposal of the schools even though they are still reserves held by the Local Education Authority. These balances are committed to be spent by the schools concerned and are not available to the Council for general use.

## 7.1.40. Analysis of Net Assets Employed

	31-Mar-09 £000	31-Mar-08 £000
General Fund	-366,454	-437,401
Housing Revenue Account	-355,543	-348,083
<b>Total Equity</b>	<b>-721,997</b>	<b>-785,484</b>

## 7.1.41. Contingent Liabilities

- There is a provision of £0.413m for claims in relation to charges made in the past for accommodation under the Mental Health Act s117. Claims are now being processed and the amounts payable may be in excess of the provision. Other local authorities have similar potential claims;
- The Council has a possible liability in relation to MMI, its former insurer, arising from possible new claims and clawback provisions. However, the extent of this liability is very unclear at this stage and subject to a long chain of events. Moreover any issues arising will affect a large number of local authorities and may require government intervention.

## 7.1.42. Authorisation of Statement of Accounts

The Statement of Accounts subject to Audit was presented to the GARM Committee of the London Borough of Harrow at its meeting on 23 June 2009 and authorised for issue on 28 September 2009.

## 7.1.43. Trust Funds

The Council administers four trust funds related to specific services. These are principally legacies left by individuals over a period of years. The funds do not represent assets of the Council and are not included in the Balance Sheet.

	31-Mar-09 £000	31-Mar-08 £000
Harrow Recreation Trust	80	77
Edward Harvist	106	90
Middlesex Guildhall Collection	56	54
Pinner Memorial Park	24	23

## 7.1.44. Pension Liability

### Participation in pensions scheme

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

The authority participates in the Local Government Pension Scheme. This is a funded defined benefit final

# NOTES TO THE CORE FINANCIAL STATEMENTS

salary scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

## Change of accounting policy

Under the 2008 SORP the council has adopted the amendment to FRS 17, *Retirement benefits*. As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value. The effect of this change is immaterial to the value of scheme assets.

## Transactions relating to retirement benefits

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement in the General Fund Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year:

### Income and Expenditure Account

	31-Mar-09 £000	31-Mar-08 £000
<b>Net cost of services:</b>		
Current service cost	11,597	15,974
Past service costs	4,094	67
Curtailements and settlements	589	875
Estimated unfunded benefits paid	-2,852	-2,702
<b>Net operating expenditure</b>		
Interest cost	34,435	28,677
Expected return on scheme assets	-27,680	-30,024

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial gains and losses of £76.814m were included in the STRGL. The cumulative amount of actuarial gains and losses recognised in the STRGL is £86.829m.

### Amounts recognised in STRGL

	31 Mar 09 £000	31 Mar 08 £000	31 Mar 07 £000	31 Mar 06 £000	31 Mar 05 £000
Actuarial Gains / (Losses)	-76,814	5,425	22,329	4,945	-42,714
<b>Cumulative Actuarial Gains and Losses</b>	<b>-86,829</b>	<b>-10,015</b>	<b>-15,440</b>	<b>-37,769</b>	<b>-42,714</b>

## Reconciliation of present value of the scheme liabilities

	31-Mar-09 £000	31-Mar-08 £000
<b>Opening Defined Benefit Obligation</b>	<b>496,877</b>	530,900
Current service cost	11,597	15,974
Interest cost	34,435	28,677
Contributions by Members	5,796	5,153
Actuarial Losses / (Gains)	-41,671	-63,024
Past Service Costs / (Gains)	4,094	67
Losses / (Gains) on Curtailements	589	875
Estimated Unfunded Benefits Paid	-2,852	-2,702
Estimated Benefits Paid	-18,842	-19,043
<b>Closing Defined Benefit Obligation</b>	<b>490,023</b>	496,877

## Reconciliation of fair value of the scheme assets

	31-Mar-09 £000	31-Mar-08 £000
<b>Opening Fair Value of Employer Assets</b>	<b>388,504</b>	414,643
Expected Return on Assets	27,680	30,024
Contributions by Members	5,796	5,153
Contributions by the Employer	15,794	15,326
Contributions in respect of Unfunded Benefits	2,852	2,702
Actuarial Gains / (Losses)	-118,484	-57,599
Unfunded Benefits Paid	-2,852	-2,702
Benefits Paid	-18,842	-19,043
<b>Closing Fair Value of Employer Assets</b>	<b>300,448</b>	388,504

## Scheme history

	31 Mar 09 £000	31 Mar 08 £000	31 Mar 07 £000	31 Mar 06 £000	31 Mar 05 £000
Fair Value of Employer Assets	300,448	388,504	414,643	390,200	307,164
Present Value of Defined Benefit Obligations	-490,023	-496,877	-530,900	-527,200	-447,616
Surplus / (Deficit)	-189,575	-108,373	-116,257	-137,000	-140,452
Experience Gains / (Losses) on Assets	-118,484	-57,599	-6,572	58,568	16,914
Experience Gains / (Losses) on Liabilities	-1,659	-19,958	118	1,904	9,077

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £490m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet.

However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy. The deficit on the scheme will be made good by

# NOTES TO THE CORE FINANCIAL STATEMENTS

increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2010 will be approximately £16.6m.

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 31 March 2008, or date of joining the fund if later).

FRS17 requires that the expected return on assets is set by the employer having taken actuarial advice. Details of the expected returns are set below.

## Breakdown of the expected return on Assets

	Long Term Return at 31-Mar-09		Long Term Return at 31-Mar-08	
	% p.a.	£000	% p.a.	£000
<b>Assets</b>				
Equities	7.0%	234,349	7.7%	289,843
Bonds	5.4%	39,058	5.7%	44,905
Property	4.9%	24,036	5.7%	32,400
Cash	4.0%	3,005	4.8%	21,356
<b>Estimated Employer Assets</b>		<b>300,448</b>		<b>388,504</b>

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The liabilities have been assessed by Hymans Robertson, an independent firm of actuaries based on their latest triennial valuation as at 31 March 2007.

Average future life expectancies at age 65

	Males	Females
Current Pensioners	19.6 years	22.5 years
Future Pensioners	20.7 years	23.6 years

	31-Mar-09 %p.a.	31-Mar-08 %p.a.
Price Increases	3.1%	3.6%
Salary Increases	4.6%	5.1%
Pension Increases	6.6%	3.6%
Discount rate	6.9%	6.9%

## 7.1.45. Teachers Pension

The Teachers Pension Agency (TPA) provides retirement benefits for teachers on behalf of the Department for Education and Skills. Benefits are payable by the TPA on an unfunded basis and any

liability is ultimately the responsibility of the Department for Education and Skills.

In 2008-09 the Council paid £8.430m (£7.931m in 2007-08) to the Teachers Pension Agency in respect of Employers Contributions on teachers pension costs. The current contribution rate remains unchanged at 14.10% which was effective from 1st January 2007.

In addition, the Council is responsible for all pension payments relating to added years that it has awarded, together with the related increases. In 2008-09 these amounted to £0.713m (£0.714m in 2007-08) representing 1.17% (1.27% in 2007-08) of gross pay.

The assets and liabilities for the Teachers Scheme cannot be identified at individual employer level and for the purposes of Statement of Accounts it is therefore accounted for on the same basis as a defined contribution scheme. The accrued liability in respect of pension contribution as at 31 March 2009 was £1.041m (£0.988m 2007-08).

## 7.1.46. The EURO

The adaptation of operational and information systems to take account of the Euro will be required as the Euro becomes established as a major currency and the possible date for British entry to EMU comes closer. Due to the uncertainty surrounding the issue, no detailed work has yet been undertaken to identify the costs likely to be incurred. Consequently, no provision has been established to cover future costs arising from the introduction of the Euro.

## 7.1.47. Other Government Grants

	2008-09 £000	2007-08 £000
Standards Fund	-14,065	-14,669
Schools Standard Fund	-5,949	-5,934
Dedicated Schools Grant	-132,762	-127,092
Connexions Grant	0	-1,912
Asylum Seekers	-1,322	-1,343
LSC	-5,092	-4,273
Access & Systems Grant	0	-2,465
Housing Benefits Administration Grant	-1,916	-1,811
Supporting People	-3,833	-4,361
Preserved Rights	0	-1,054
Mental Health	0	-988
Area Based Grant	-8,642	0
Other Grants	-789	-9,482
<b>Total Government Grants</b>	<b>-174,370</b>	<b>-175,384</b>

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 7.1.48. Reconciliation of Income & Expenditure Account to Net Cash Flow

	2008-09 £000	2007-08 £000
Deficit per I&E Account	21,674	9,169
Surplus per Collection Fund	-2,156	-269
Interest payable & similar charges	-9,717	1,068
Interest and Investment income	4,541	3,824
<b>Non-Cash Transactions</b>		
Movement in Provisions and Reserves	-2,551	-6,537
Capital Financing charges	-32,312	-44,629
Contribution from Pension Reserve	-4,389	-243
Gains on disposal of Fixed Assets	398	10,152
Collection Fund	805	-1,068
Other adjustments	-1,978	85
<b>Items on an accrual basis:</b>		
Decrease (-)/Increase in Stock	-48	-48
Decrease in Debtors	-3,525	-6,901
Increase in Creditors	-3,766	-19,075
<b>Net cash outflow from revenue</b>	<b>-33,024</b>	<b>-54,472</b>

## 7.1.49. Analysis of Balances of Cash

	As at 31-Mar-09 £000	As at 31-Mar-08 £000	Movement £000
Cash and Bank	1,060	2,012	952
Cash Overdraw n	-7,036	-5,115	1,921
	<b>-5,976</b>	<b>-3,103</b>	<b>2,873</b>

## 7.1.50. Reconciliation of movement in Cash to movement in Net Debt

	As at 31-Mar-09 £000	As at 31-Mar-08 £000	Movement £000
Decrease in Cash	2,873	1,525	
Decrease in Investments	-386	-7,628	
Increase/Decrease (-) in Debt	15,030	-38,332	
<b>Movement in net debt</b>	<b>17,517</b>	<b>-44,435</b>	

## 7.1.51. Reconciliation of Financing and Management of Liquid Resources

	As at 31-Mar-09 £000	As at 31-Mar-08 £000	Movement £000
External Investments	85,212	85,858	646
Short Term Borrowing	-12,581	-7,433	-5,148
Long Term Borrowing	-217,229	-207,347	-9,882

## 7.1.52. Analysis of Liquid Resources

	As at 31-Mar-09 £000	As at 31-Mar-08 £000	Movement £000
Contractors Deposits	354	331	-23
Education Investments	3	3	0
Banks	31,955	6,364	-25,591
Building Societies	52,900	78,900	26,000
	<b>85,212</b>	<b>85,598</b>	<b>386</b>

## Financial Instruments

### 7.1.53. Amortised Costs

The Council's Financial Instruments consist of:

	31-Mar-09		31-Mar-08	
	Long-term £000	Current £000	Long-term £000	Current £000
Financial liabilities at amortised cost	-217,229	-74,591	-207,347	-64,476
Loans and receivables	20,242	90,009	16,346	93,366

The balance on the current category of financial liabilities consists of certain elements of creditors. The reason for exclusions is that many sections of creditors relate to statutory functions, not contractual arrangements as covered by the new Financial Reporting Standards.

Similarly, and for the same reason, the balance on current loans and receivables consists of short term loans and certain elements of debtors. The short term loans amount to £69.2m.

For further details of gross amounts held under debtors and creditors, and the corresponding provisions for bad debt, please refer to notes 7.1.27 and 7.1.30. These notes provide a more comprehensive picture as they include all debtor and creditor amounts irrespective of whether they are due to contractual or statutory activities.

## Fair Value

The fair value of an instrument is determined by calculating the Net Present Value of future cash flows, which provides an estimate of the value of payments in the future in today's terms.

The discount rate used in the NPV calculation is the rate applicable in the market on the date of valuation for an instrument with the same structure, terms and remaining duration.

# NOTES TO THE CORE FINANCIAL STATEMENTS

The calculations are made with the following assumptions:

- For PWLB debt, the rate used is the rate for new borrowing as per rate sheet number 072/09;
- Accrued interest has been included in the fair value calculations;
- For other market debt and investments the rate used were obtained from the market on 31<sup>st</sup> March using bid price where applicable;
- No early repayment or impairment is recognised;
- The fair value of trade and other receivables is taken to be the carrying value or invoiced or billed amount.

The comparison with fair value where there is material difference is given below:

## 7.1.54. Fair Value

	31-Mar-09		31-Mar-08	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Liabilities	-217,229	-230,523	-207,347	-215,074
Financial Assets	84,852	87,102	85,264	85,096

The fair value is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest payable is higher than the rates for similar loans at the balance sheet date.

## 7.1.55. Nature and Extent of risks arising from financial instruments

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. The Council has fully adopted CIPFA's Code of Treasury Management Practices. The Treasury Management and Investment Strategy for 2008-09 approved by the Council in February 2008 were subject to major revision during the year due to the unprecedented impact of the credit crunch on world economies and the world banking system. The revised strategy was approved by the Cabinet in December 2008.

### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they are rated independently with a minimum score of AA- long term rating, F1+ short term rating, support rating level 2 and individual rating B,

with limits set for each borrower based on the rating score.

The table below shows a summary of institutions with whom the Council has deposits.

## 7.1.56. Credit Risk

	Amount at 31 Mar 2009 £000	Historical experience of default %	Historical experience of adjusted for market conditions at 31 Mar 2009 %	Estimated exposure to default and uncollectibility £000
Deposits with Banks and Other financial Institutions	84,852	0	2.36	2,000
Customers	31,839	25.00	38.01	12,102
<b>Total</b>	<b>116,691</b>			<b>14,102</b>

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

### Liquidity risk

As the Council has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates.

Note 7.1.32 gives further details on the maturity analysis of financial liabilities.

### Market Risk – Interest Rate Risk

The Council is exposed to interest rate risk in two different ways; the first being the uncertainty of interest paid/received on variable rate instruments and the second being the effect of fluctuations in interest rates on the fair value of an instrument.

The current interest rate risk for the Council is summarised below:

- Decreases in interest rates will affect interest earned on variable rate investments, potentially reducing income credited to the Income and Expenditure Account;
- Increase in interest rates will affect interest paid on variable rate borrowings, potentially increasing interest expense charged to the

Income and Expenditure Account. However, the authority does not have any variable rate borrowings;

- The fair value of fixed rate financial asset will fall if interest rates rise. This will not impact on the Balance Sheet for the majority of assets held at amortised cost, but will impact on the disclosure note for fair value;
- The fair value of fixed rate financial liabilities will rise if interest rates fall. This will not impact on the Balance Sheet for the majority of liabilities held at amortised cost, but will impact on the disclosure note for fair value.

The Council has a number of strategies for managing interest rate risk. The Council's policy is to aim to bring the average borrowing rate down and to keep a maximum of 50% of its borrowings in variable rate loans. However, at present the authority does not hold any variable rate loans as most of the higher rate variable loans were replaced by fixed interest rate loans during 2007-08 when a major debt restructuring exercise was carried out. Also, Lenders Option Borrowers Option (LOBOs) totalling £33.8m were taken out at a favourable rate during 2007-08. Following the initial fixed term, this will allow the flexibility of variable rate loans characteristics. As part of treasury management the debt portfolio is kept under review and during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

# SUPPLEMENTARY SINGLE ENTITY FINANCIAL STATEMENTS

## Section 8. Supplementary Single Entity Financial Statements

### Housing Revenue Account

The account is maintained in accordance with the provisions of the Local Government and Housing Act 1989 to show all the transactions relating to the provision, maintenance and management of the Council's housing stock.

### Summary of Income and Expenditure

	Notes	2008-09 £000	Restated 2007-08 £000
<b>Income</b>			
Dwelling Rents (Gross)	8.1.2	-21,202	-20,579
Non-Dwelling Rents (Gross)	8.1.3	-815	-845
Charges for services and facilities		-1,909	-1,644
Leaseholder charges for services and facilities		-232	-306
Other charges for services and facilities		-22	-27
Contributions towards expenditure		-83	-88
<b>Total Income</b>		<b>-24,263</b>	<b>-23,489</b>
<b>Expenditure</b>			
Repairs and Maintenance	8.1.5	5,066	5,338
Supervision and management		6,462	6,413
Rent, Rates and Other charges		43	21
HRA subsidy payable	8.1.4	6,821	4,473
Increased provision for bad/doubtful debts		173	165
Depreciation	8.1.6	3,557	3,597
Debt management costs		45	47
<b>Total Expenditure</b>		<b>22,167</b>	<b>20,054</b>
<b>Net cost of HRA services per Authority Income and Expenditure Account</b>		<b>-2,096</b>	<b>-3,435</b>
HRA services share of Corporate and Democratic Core		168	164
<b>Net cost of HRA services</b>		<b>-1,928</b>	<b>-3,271</b>
Gain on sale of Fixed Asset		-398	-744
Interest payable and similar charges	8.1.7	2,011	1,740
Interest and Investment Income		-220	-341
<b>Surplus for the year</b>		<b>-535</b>	<b>-2,616</b>

### Statement of Movement on the HRA Balance

	Notes	2008-09 £000	Restated 2007-08 £000
Surplus for the year		-535	-2,616
Net additional amount required by statute to be debited to the HRA balance	8.1.13	1,752	2,085
(Increase)/decrease in the HRA Balance		1,217	-531
Surplus brought forward		-6,259	-5,728
<b>Surplus carried forward</b>		<b>-5,042</b>	<b>-6,259</b>

### 8.1. Notes to the Housing Revenue Account

#### 8.1.1. Prior Year Adjustments

As a result of the introduction of new accounting standards, the revaluation of fixed assets on disposal is not allowed. These changes have had the following impact on the comparative figures for 2007-08 compared with those published in the 2007-08 Statement of Accounts.

#### Extract from

	2008-09 £000	Post adjustment £000	2007-08 Pre adjustment £000
<b>Income and Expenditure Account</b>			
Gains on disposal of Fixed Assets	- 398	- 744	-
Amortised Premiums	-	-	358
<b>Surplus for the year</b>	<b>- 535</b>	<b>- 2,616</b>	<b>- 1,514</b>

#### Statement of Movement on the General Fund Balance

Surplus for the year	- 535	- 2,616	- 1,514
Net additional amount to be debited	1,752	2,085	983
Increase in General Fund Balance for the year	1,217	- 531	- 531
General Fund Balance brought forward	- 6,259	- 5,728	- 5,728
General Fund Balance carried forward	- 5,042	- 6,259	- 6,259

#### Breakdown of reconciling items in the Statement of Movement on the General Fund Balances

Amounts included in the Income & Expenditure account but required by statute to be excluded			
Net gain on sale of fixed assets	398	- 744	-
Premiums	270	358	-
<b>Net additional amount required to be credited to the General Fund Balance for the year</b>	<b>1,752</b>	<b>2,085</b>	<b>983</b>

#### 8.1.2. Dwelling Rents Income

# SUPPLEMENTARY SINGLE ENTITY FINANCIAL STATEMENTS

This is the total income due for the year after allowance is made for voids etc. At year-end 1.30% of lettable properties were vacant; in 2007-08 the figure was 0.57%. The average depooled rents were £81.55 per week in 2008-09 (£77.22 in 2007-08). There was an average rent increase of 5.61% over the previous year.

## 8.1.3. Non-dwelling Rents

This includes garages. At the year-end 36.69% of garages were vacant compared with 26.69% in 2007-08.

## 8.1.4. HRA Subsidy

This represents the amount of negative subsidy payable to the Government by the Council. It represents notional rent and other income against expenditure deemed by the Government to have been incurred for management, maintenance and charges for capital.

	2008-09 £000	2007-08 £000
<b>Notional Expenditure</b>		
Management and maintenance	8,640	8,647
Major Repairs Allowance	3,557	3,597
Charges for capital	2,430	2,598
Other	0	882
Total notional expenditure	14,627	15,724
<b>Notional Income</b>		
Rents	-21,344	-20,307
Other	-12	-16
Total notional income	-21,356	-20,323
<b>Other</b>		
HRA subsidy	6,729	4,599
Prior year adjustment	92	-126
	6,821	4,473

## 8.1.5. Repairs & Maintenance

This is a separate account within the HRA, of which the costs of all revenue repairs and maintenance to the Council's HRA housing stock are charged.

	Balance 01-Apr-08 £000	Net Expenditure £000	Contributions from HRA £000	Balance 31-Mar-09 £000
Movements	0	5,066	-5,066	0

## 8.1.6. Depreciation

	House £000	Other Properties £000	Total 2008-09 £000
Net book value as at 1 April 2008	384,700	20,531	405,231
Revaluations and restatements	23,579	1,712	25,291
Value at 31 March 2009	408,279	22,243	430,522
Disposals	-230	0	-230
Gross book value as at 31 March 2009	408,049	22,243	430,292
Depreciation for year	-3,557	0	-3,557
Net book value as at 31 March 2009	404,492	22,243	426,735

The valuation of HRA fixed assets has been prepared on the basis of Existing Use Value (Social Housing) and calculated in accordance with the Guidance on Stock Valuation published by the DETR in 2001-02. This recognises their value as social housing. A vacant possession valuation for dwellings at 1 April 2008 would have been £1046.869m (£996.840m at 1 April 2007), therefore recognising the economic cost to the Government of providing Council housing at less than open market value of £642.380m.

## Depreciation

Under resource accounting the HRA is charged, within the net cost of services, a depreciation charge equal to the major repairs allowance. This depreciation charge reduces the value for net fixed assets. Non-operational properties have not been depreciated in line with the Statement of Accounting Policies.

There were no impairment charges made in respect of HRA assets or deferred charges amortised to the HRA during the financial year.

## 8.1.7. Interest Payable

Interest charges payable on borrowings are charged to the HRA and are determined in accordance with the item 8 Credit and Item 8 Debit (General) determination made by the Secretary of State.

# SUPPLEMENTARY SINGLE ENTITY FINANCIAL STATEMENTS

## 8.1.8. Major Repairs Reserve

As from 1 April 2001 authorities are required to establish and maintain a Major Repairs Reserve. The main credit to the reserve is an amount equal to the total depreciation charge for HRA Assets. Authorities are able to charge capital expenditure directly to the reserve.

	Balance 01-Apr-08 £000	Transfer to Reserve £000	Capital Expenditure £000	Balance 31-Mar-09 £000
Movements	0	3,557	-3,557	0

## 8.1.9. Capital Expenditure and Funding Statement

	2008-09 £000	2007-08 £000
<b>HRA Capital Expenditure</b>		
Dwellings	15,590	10,957
<b>Total</b>	<b>15,590</b>	<b>10,957</b>
<b>Financed by:</b>		
Borrowing	10,673	6,122
Revenue Contributions	1,000	1,000
Capital Receipts	360	238
Major Repairs Reserve	3,557	3,597
<b>Total</b>	<b>15,590</b>	<b>10,957</b>

## 8.1.10. Capital Receipts

Under the Local Government and Housing Act 1989 a percentage of income from the disposal of HRA assets must be set aside. This 'reserved' element can be used to either repay debt or as a provision to meet future credit liabilities.

	2008-09 £000	2007-08 £000
<b>Balance at 1 April</b>	<b>0</b>	<b>0</b>
Receipts in year:		
Houses	621	1,208
Paid to ODPM Pool	-465	-970
Applied in the year	-156	-238
<b>Balance at 31 March</b>	<b>0</b>	<b>0</b>

## 8.1.11. Pensions (FRS17)

The Council considers it to be proper accounting practice to allow the HRA to be charged with an attributable share of current and past service costs. To ensure there is no net effect on the HRA both entries are reversed out and replaced by employers' contributions payable via an appropriation to the Pension Reserve after net operating expenditure.

Note 7.1.44 gives further details.

## 8.1.12. Housing Revenue Account Statistics

Housing Stock	Houses Flats		Bungalows	2008-09 Total	2007-08 Total
	4 or more bedrooms	97	1	1	99
3 bedrooms	1306	109	1	1,416	1,417
2 bedrooms	562	927	26	1,515	1,517
1 bedroom	1	1899	137	2,037	2,037
LBH managed stock as at 1 April				<b>5,067</b>	5,070
<b>Summary of change in stock</b>					
Stock as at 1 April				<b>5,070</b>	5,077
<b>Less</b>					
Sales				<b>-3</b>	-6
Conversions				<b>0</b>	-1
<b>Total HRA stock at 31 March</b>				<b>5,067</b>	5,070
<b>Measures of performance</b>					
Average weekly rent (LBH managed)				<b>£81.55</b>	£77.22
Average weekly costs per dwelling of management and maintenance				<b>£43.74</b>	£43.79
Rent arrears (current and former tenants)				1.311m	£1.140m
Rent collection rate [BVPI 66a]				<b>96.17%</b>	97.44%
Current tenant arrears as percentage of the authorities rent roll (with dwellings)				<b>3.77%</b>	3.26%
Rent loss through voids				<b>0.86%</b>	0.45%

\* Included in the LBH managed stock is one property transferred from London Borough of Ealing under the 1994 boundary changes.

\*\* Amounts written off during the year totalled £0.092m in 2008-09 (£0.142m in 2007-08). The provision in respect of un-collectable debts stood at £0.887m at 31 March 2009 (£0.808m at 31 March 2008).

## 8.1.13. Statement of Movement on the HRA Balance

	2008-09 £000	2007-08 £000
Items included in the Income & Expenditure Account but excluded from the movement on Balance for the year		
Premiums and Discounts	270	358
Gain on sale of fixed assets	398	744
HRA share of Pension Reserve	84	-17
	<b>752</b>	1,085
Items not included in the Income & Expenditure Account but included in the movement on balance for the year		
Capital expenditure funded by HRA	<b>1,000</b>	1,000
	<b>1,000</b>	1,000
Net additional amount required to be debited or credited to balance for the year	<b>1,752</b>	2,085

# SUPPLEMENTARY SINGLE ENTITY FINANCIAL STATEMENTS

## Collection Fund

This account reflects the statutory requirements for the London Borough of Harrow, as the billing Authority, to maintain a separate Collection Fund. The Fund shows the transactions in relation to the Council Tax and Non-Domestic Rates, and sets out the way in which these have been distributed to the General Fund and the Greater London Authority (the preceptor). The Collection Fund is consolidated with the other accounts of the Council.

## Statement of Income and Expenditure

	Notes	2008-09 £000	2007-08 £000
<b>Income</b>			
Income from Council Tax		-110,715	-106,810
Council Tax Benefits		-16,510	-15,890
Income collectable from business ratepayers		-45,348	-44,038
<b>Contributions</b>			
Towards previous year's Collection Fund deficit		-1,735	-444
<b>Total Income</b>		<b>-174,308</b>	<b>-167,182</b>
<b>Expenditure</b>			
Precepts and demands	8.2.3	124,983	120,882
<b>Business Rates</b>			
Payment to the National Pool		45,094	43,779
Costs of Collection		254	259
<b>Bad and Doubtful Debts</b>			
Write offs		930	1,512
Provisions		891	481
<b>Total Expenditure</b>		<b>172,152</b>	<b>166,913</b>
Movement on fund balance:			
(surplus)/deficit		-2,156	-269
Balance b/f: deficit		1,801	2,070
<b>Balance C/F: Surplus</b>		<b>-355</b>	<b>1,801</b>

## 8.2. Notes to the Collection Fund

### 8.2.1. Income from Council Tax

The 2008-09 Council Tax Base was 85,466.50 with a Band D of £1,462.37. The Council Tax, as shown, reflects both Harrow Council and GLA services:

## Valuation Bands

Band	2008-09		2007-08		
	Property Ratio	Council Tax £	Property Numbers	Council Tax £	
A= Not exceeding £40,000	6/9	278	974.92	263	948.92
B= £40,001 - £52,000	7/9	3,157	1,137.40	3,121	1,107.07
C= £52,001 - £68,000	8/9	17,627	1,299.89	17,381	1,265.23
D= £68,001 - £88,000	1	26,952	1,462.37	26,986	1,423.38
E= £88,001 - £120,000	11/9	21,624	1,787.34	21,600	1,739.69
F= £120,001 - £160,000	13/9	7,572	2,112.31	7,496	2,056.00
G= £160,001 - £320,000	15/9	6,013	2,437.29	5,965	2,372.30
H= £320,001 plus	18/9	1,118	2,924.74	1,099	2,846.76
<b>Total</b>		<b>84,341</b>	<b>14,136.26</b>	<b>83,911</b>	<b>13,759.35</b>

### 8.2.2. Reconciliation of actual income from Council Tax to 2007-2008 Budget.

	2008-09 £000	2007-08 £000
Income from Council Tax payers	-110,715	-106,810
Council Tax benefits	-16,510	-15,890
<b>Other council tax adjustments</b>	<b>2,242</b>	<b>1,818</b>
<b>Budgeted Income</b>	<b>-124,983</b>	<b>-120,882</b>

### 8.2.3. Precepts and Demands

	2008-09 £000	2007-08 £000
1. Local Demand (Harrow)	98,504	95,075
2. Greater London Authority	26,479	25,807
<b>Total</b>	<b>124,983</b>	<b>120,882</b>

### 8.2.4. National Non-Domestic Rates

Under the arrangements for National Non-Domestic Rates (NNDR), the Council collects National Non-Domestic Rates (NNDR) for its area, which is based on local rateable values multiplied by a uniform business rate. The total amount, less certain reliefs and other deductions, is paid to a central pool (the NNDR pool) managed by Central Government, which in turn pays back to authorities their share of the pool, based on a standard amount per head of the local adult population. The total non-domestic rateable value for the London Borough of Harrow at the year-end was £113.84m (£115.53m in 2007-08) and the national non-domestic rate multiplier for 2008-09 was 0.462 (0.444 in 2007-08).

Section 9. Pension Fund Certificate

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## Section 10. Pension Fund & Notes to the Pension Fund

### 10.1. Introduction

The Fund operates a defined benefits scheme under the Superannuation Act 1972 as amended by subsequent regulations. Its purpose is to provide pensions to all of the Council's employees with the exception of teaching staff. Also included are the employees of admitted and scheduled bodies which have gained admittance to the Fund.

#### Admitted:

- Care UK;
- Duchy Catering;
- Harrison Catering;
- Harrow Weald Common Conservators;
- Haywards Services;
- Hughes Gardner;
- Kier;
- North London Collegiate School;
- Supporta Care.

#### Scheduled:

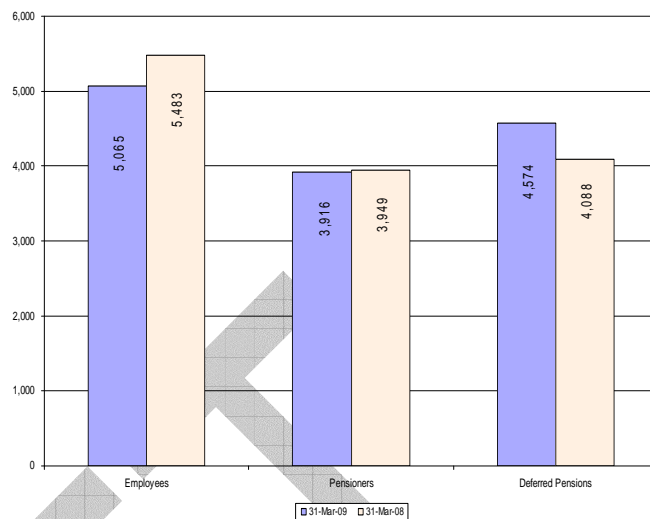
- St Dominics Sixth Form College;
- Stanmore College;
- Harrow College.

Responsibility for the overall direction of the Fund's investment policy rests with a Council Panel. In implementing the Funds investment policy, the Council has appointed six investment managers with responsibility to deal at discretion within broad investment objectives laid down by the Council. These are: UBS, Blackrock, Baillie Gifford, Pantheon, Mellon and Record Currency Management.

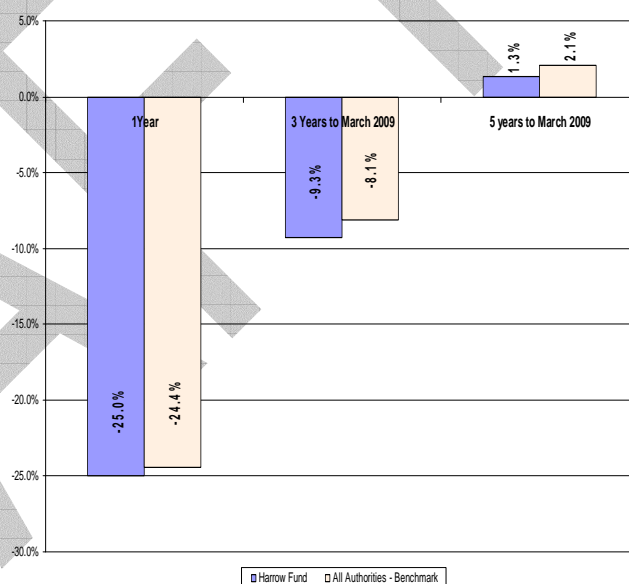
This statement sets out the Pension Fund's annual accounts for the year 2008-09.

The objective of this financial statement of the Pension Fund generally, is to provide information about the financial position, performance and financial adaptability of the Fund. This statement shows the accountability of management for the resources entrusted to it, and of the disposition of its assets at the period end.

### Membership of the Fund



### Pension Fund Performance



### 10.2. Statement of Accounting Policies

The accounts have been compiled in accordance with chapter 2 of the Recommended Accounting Practice of the Pension SORP 2007. The accounting policies have been drawn up in line with recommended accounting principles as specified in the Code of Practice on Local Authority Accounting and as disclosed below.

**Basis of Preparation** - Except where otherwise stated, the accounts have been prepared on an accruals basis.

**Investments** - These are shown in the accounts at market value which has been determined as follows:

- All United Kingdom investments traded within the Stock Exchange Electronic Trading Service (SETS) are valued using the last SETS traded price (last traded). All other listed securities and securities on the Unlisted Securities Market (USM) are shown wherever possible by reference

to bid market price at the close of business on 31 March 2009;

- Other unlisted securities are valued having regard to latest dealings, professional valuations, asset values and other appropriate financial information;
- Investments in the pooled investment vehicles are stated at the bid value of the latest prices quoted by their respective managers prior to 31 March 2009;
- Derivatives are valued at the appropriate closing exchange rate or the bid spot or forward rates.

This is a change from previous years when valuations were based on mid values for both securities and pooled investment funds.

Where appropriate, investments held in foreign currencies have been valued on the relevant basis and translated into sterling at the rate ruling on 31 March 2009.

### Benefits, Refunds of Contributions and Transfer Values

Benefits payable and refunds of contributions have been brought into the accounts on the basis of payments made during the year.

Transfer values are those sums paid to, or received from, other pension schemes and relate to periods of previous pensionable employment. Transfer values have been included in the accounts on a payments and receipts basis. The transfers can take a considerable time to determine and amounts can vary depending upon the date of settlement.

### Investment Income

Wherever possible, dividends and interest on government stocks, loans and deposits have been accounted for on an accrued basis. Foreign income has been converted into sterling at the date of the transaction.

### Investment Management and Administration

Regulations published in 1989 permit the Council to charge administration costs to the Pension Fund. A proportion of the relevant Council officers' salaries, including related on-costs, have been charged to the Fund based on estimated time spent on scheme administration and investment related business. The fees of the Fund's investment managers have been accounted for on the basis contained within their respective management agreements.

### 10.3. Pension Fund Account

Notes	2008-09 £000	2007-08 £000
<b>Dealings with members, employers and others directly involved in the scheme</b>		
Contributions receivable		
From employers	-17,892	-17,111
From members	-6,523	-5,747
Individual Transfers in from other schemes	-2,250	-2,214
Other Income		
Capital Costs	9.5.1 -104	-158
Benefits payable	9.5.12 16,698	15,462
Pensions		
Commutation of pensions and lump sum retirement benefits	3,797	5,483
Lump sum death benefits	218	273
Payments to and on account of leavers		
Refunds of contributions	8	11
Individual transfers out to other schemes	2,082	4,014
NI contributions: equivalent premium	-1	-7
Administrative expenses borne by the scheme	9.5.2 1,109	1,261
<b>Net additions from dealings with members</b>	<b>-2,858</b>	1,267
<b>Returns on Investments</b>		
Investment Income	9.5.3 -8,813	-10,302
Change in market value of investments	9.5.4 111,063	33,679
Investment management	9.5.2 1,005	1,060
<b>Net returns on investments</b>	<b>103,255</b>	24,437
Net increase/(decrease) in Fund during the year	100,397	25,704
Opening net assets of the	-409,027	-435,107
<b>Closing net assets of the scheme</b>	9.4 <b>-308,630</b>	<b>-409,403</b>

The difference of £0.377m between the closing net assets at 31 March 2008 and the opening net assets on 1 April 2008 is due to the change in valuation of securities from mid to bid value as required by the latest SORP. The accounts for 2007-08 have not been restated as the effect of this change is not considered to be material.

# PENSION FUND AND NOTES TO THE PENSION FUND

## 10.4. Net Asset Statement

		2008-09 £000	2007-08 £000	2008-09 £000	2007-08 £000	
<b>Investment Assets</b>						
Fixed interest securities		2,584	8,216			
Equities		167,386	235,547			
Pooled investment vehicles	9.5.7	133,156	144,539			
Derivatives	9.5.8	1,544	7,351			
		<b>304,670</b>	<b>395,653</b>			
<b>Investment Liabilities</b>						
Negative Valued Derivatives	9.5.8	-4,901	0			
<b>Net Investment Assets</b>	9.5.4	<b>299,769</b>	<b>395,653</b>			
<b>Net current assets and</b>						
Cash deposits	9.5.6	4,655	15,013			
		<b>304,424</b>	<b>410,666</b>			
Debtors	9.5.10	4,740	2,008			
Creditors	9.5.10	-534	-3,271			
<b>scheme</b>		<b>308,630</b>	<b>409,403</b>			
				Interest from fixed interest securities	731	1,477
				Dividends from equities	5,037	5,780
				Income from index-linked securities	340	311
				Income from pooled investment	1,682	2,162
				Interest on cash deposits and		
				equitisation account	721	306
				Foreign Exchange	302	266
					<b>8,813</b>	<b>10,302</b>

The accounts summarise the transactions of the scheme and deal with the net assets. They do not take account of the obligations to pay pensions and benefits which fall due after the end of the scheme year. The actuarial position of the Fund, which does not take account of such obligations is set out in 10.5.11.

## 10.5. Notes to the Pension Fund Accounts

### 10.5.1. Capital Costs

This is the payment to the Pension Fund from departmental budgets to make up for the funding shortfall following early retirement or ill health retirement.

### 10.5.2. Investment Management and Administration Expenses

	2008-09 £000	2007-08 £000
Investment management	1,005	1,060
Scheme administration		
Harrow Council	790	932
Misc. (including Actuary Fees)	319	329
	<b>1,109</b>	<b>1,261</b>
	<b>2,114</b>	<b>2,321</b>

### 10.5.3. Investment Income

Income from dividends has been accrued from the point when securities have been quoted Ex-dividend.

### 10.5.4. Analysis of Investments at Market Value

	Value at 01-Apr- 08 £000	Purchase at Cost £000	Sale Proceeds £000	Change in Market Value £000	Value at 31-Mar- 09 £000
Fixed Interest					
Overseas					
Public Sector					
Quoted	8,216	7,804	-15,282	1,846	2,584
Equities					
Uk	132,915	41,310	-35,413	-41,561	97,251
Overseas	102,255	12,288	-9,383	-35,025	70,135
Pooled Investment					
Vehicles	144,539	22,545	-16,702	-17,226	133,156
Derivatives	7,351	8,389		-19,097	-3,357
<b>Total</b>	<b>395,276</b>	<b>92,336</b>	<b>-76,780</b>	<b>-111,063</b>	<b>299,769</b>

The change in market value of investments during the year comprises 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.

The significant change in market values is due to the sharp fall in equity values as the global economic background deteriorated over the year. UK equity markets fell by 29% and overseas markets by 20%. £98.958m of the change was in respect of unrealised net losses at 31 March 2009.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include fees, commissions, stamp duty and other fees.

Transaction costs incurred during the year amounted to £0.369m. The comparable amount for 2007-08 is not available. In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately available.

# PENSION FUND AND NOTES TO THE PENSION FUND

## 10.5.5. Taxation

### UK Tax

The Fund is an exempt approved fund and is therefore not liable to UK capital gains tax, but is liable for income tax on UK dividends. Where a taxation agreement exists between this country and another whereby a proportion of withholding tax deducted from investment income can be recovered, this will be reclaimed, although the amount and timescales vary from one country to another.

## 10.5.6. Investments held by Fund Managers

	2008-09		2007-08	
	£000	%	£000	%
Black Rock	39,921	13%	45,608	11%
UBS	134,880	44%	185,273	45%
Baillie Gifford	117,813	39%	161,802	39%
Record Currency	-2,333	-1%	7,592	2%
Pantheon	12,691	4%	6,994	2%
Mellon	1,452	0%	3,397	1%
<b>Total Fund</b>	<b>304,424</b>	<b>100%</b>	<b>410,666</b>	<b>100%</b>

The above amounts include the investment assets, cash deposits and the negative valued derivative.

The Record Currency includes the £4.900m derivative shown under liabilities. This negative valuation is due to the weakened value of sterling on the currency hedge overlay on the overseas investments that has been made to negate the movement in exchange rates against sterling. This is offset by the 'currency gain' element in the value of the overseas investments.

The table below shows the types of each investment included in the mandate for each manager.

Black Rock	Global bonds and property
UBS	Multi asset portfolio
Baillie Gifford	Specialist UK and global equities
Record Currency	Active and passive currency
Pantheon	Private equity
Mellon	Equity futures

## 10.5.7. Pooled Investment Vehicles

### MARKET VALUES

	2008-09	2007-08
	£000	£000
UK Managed Funds - Property	24,808	34,013
UK Managed Funds - Other	35,885	39,825
Overseas Other	72,463	70,701
	<b>133,156</b>	<b>144,539</b>

## 10.5.8. Derivatives

	2008-09 £000	2007-08 £000
Futures	1453	3663
Other	-4810	-4914
	<b>-3357</b>	<b>-1251</b>

### Derivatives at 31 March 2009

Type of future	Expiration	Market Value £000
Foreign Exchange FTSE	3 months	1453
Forward Foreign Exchange Contracts		-4902
Equitisation Account		92

The scheme objective in using derivatives is to reduce risk in the portfolio by entering into futures positions to match assets that are already held in the portfolio without disturbing the underlying assets and to mitigate the effect of currency risk on overseas investments. The value of the economic exposure is £58.3m

## 10.5.9. Additional Voluntary Contributions (AVC)

Members of the Fund make AVC. These amounts are not included in the Pension Fund Accounts in accordance with regulation 5c of the Pension Scheme (Management and Investment of Funds) Regulations 1998.

	2008-2009 £000	2007-2008 £000
Value of AVC Fund at 1 April	2,299	2,390
Employee contributions	191	225
Investment income and change in market value	-86	58
Benefits paid and transfers out	-283	-375
<b>Value of AVC Fund at 31 March</b>	<b>2,121</b>	<b>2,298</b>

# PENSION FUND AND NOTES TO THE PENSION FUND

## 10.5.10. Creditors and Debtors

	31-Mar-09 £000	31-Mar-08 £000
<b>Creditors</b>		
London Borough of Harrow		-2,947
Sundry	-534	-324
	-534	-3,271
<b>Debtors</b>		
London Borough of Harrow	3,473	
Accrued dividends	1,267	1,827
Sundry		181
	4,740	2,008

## 10.5.11. Actuarial Valuation

An actuarial valuation of the Fund was carried out as at 31 March 2007. The market value of the Fund's assets at the valuation date was £435m and the total accrued liabilities of the Fund were £503m. The Fund deficit was therefore £68m producing a funding level of 87% (compared to 82% at 31 March 2004).

To reach the funding level of 100% over a period of 20 years, the common employers contribution rate is 19.4% of pensionable pay. Projected Unit method is used to determine this rate. Adjustments have been made to the common rate of employers contribution to take account of certain circumstances that are peculiar to individual employers.

The main actuarial assumptions are detailed below:

<b>Assumption</b>	<b>Rate at 31 March 2007</b>
	<b>Nominal</b>
Price Inflation (RPI)	3.2%
Pay Increases	4.7%
Investment Returns Bonds	4.5%
Investment Returns Equities	6.1%

The objective of the Fund's funding policy are as detailed below:

- To ensure the long term solvency of the Fund;
- To ensure that sufficient funds are available to meet all benefits as they fall due for payment;
- Maximise investment returns for an appropriate level of risk;
- To help employers recognise and manage pension liabilities as they accrue;
- To minimise the degree of short term change in the level of each employers contributions.

## 10.5.12. Analysis of Contributions and Benefits

	Administering Body £000	Admitted Bodies £000	Scheduled Bodies £000	<b>Total £000</b>
Contributions	-21,822	-769	-1,824	-24,415
Benefits	19,878	344	491	20,713

## 10.5.13. Related Party Transactions

	2008-09 £000	2007-08 £000
Employers pension contribution to the fund	-15,794	-15,326
Administration expenses paid to the Council	790	932
Cash in-hand/overdraw n(-)	3,473	-2,947

## 10.5.14. Statement of Investment Principles

The Local Government Pension Scheme (Management and Investment of Funds) (Amendment) Regulations 1999 require administering authorities to prepare, maintain and publish a written statement of principles governing their decisions about investments. The Pension Fund has adopted a formal Statement of Investment Principles which is published on the council website at [www.harrow.gov.uk](http://www.harrow.gov.uk)



## Section 11. Appendix

### 11.1. Glossary of Terms

The glossary's definitions are intended to provide a clear and concise explanation of the technical terms used in this publication.

#### Accounting Standards

By law local authorities are required to follow "proper accounting practices" which are set out both in Acts of Parliament and in professional codes and statements of recommended practice (SORP).

#### Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

#### Bad Debt Provisions

Amount of money set aside to meet cost of monies owed to the Council that are not expected to be repaid.

#### Best Value Accounting

The Best Value Accounting Code of Practice (BVACOP) modernises the system of local authority accounting and reporting to ensure that it meets the changed and changing needs of modern local government, particularly the duty to secure and demonstrate Best Value in the provision of services.

#### Capital Charges

A charge to services' revenue accounts to reflect the cost of fixed assets used in the provision of services.

#### Capital Expenditure

Expenditure on the purchase, construction and enhancement, of Council assets such as houses, offices, schools, roads, etc.

#### Capital Grants

Monies received from government departments and other statutory bodies towards the Council's capital expenditure.

#### Capital Receipts

Income received from the sale of land, buildings and other capital assets.

#### Community Assets

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life, and

that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

#### Contingent Liabilities

A condition which exists at the balance sheet date where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

#### Council Tax

A locally determined charge based on domestic property values levied by a local authority to enable it to provide its services.

#### Creditors

Amounts of money owed by the Council for goods or services received.

#### Debtors

Amounts of money owed to the Council for goods or services provided.

#### Depreciation

The measure used to determine the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, passing of time or obsolescence through technological or other changes.

#### Fixed Assets

Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one year.

#### General Fund

The account that covers the net cost of all services other than the provision of Council housing for rent.

#### Housing Revenue Account (HRA)

A statutory account which contains all expenditure and income relating to the provision of Council housing for rent. The HRA must be kept entirely separate from the General Fund. Local authorities are not allowed to make up any deficit on the HRA from the General Fund.

## Infrastructure Assets

A classification of fixed assets which have no market value, and which exist primarily to facilitate transportation and communication requirements (e.g. highways and footpaths) and similar environmental works.

## Levies

Payments to London-wide bodies, e.g. Environment Agency, Lee Valley Regional Park and West London Waste Authority. The cost of these bodies is borne by local authorities in the area concerned, based on their Council tax base and is met from the General Fund.

## Minimum Revenue Provision (MRP)

The minimum amount which must be charged to an authority's revenue account and set aside as provision for credit liabilities.

## National Non Domestic Rate (NNDR)

A flat rate in the pound set by Central Government and levied on businesses in the borough. The money is collected by the Council and passed to Central Government. Sums are then re-allocated to all Councils in proportion to their population.

## Non-operational Assets

Fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

## Operational Assets

Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

## Provisions

Monies set aside for liabilities and losses which are likely to be incurred but where exact amounts or dates are uncertain.

## Precept

A levy made by the precepting authority on Harrow, as the billing authority, requiring the collection of income from Council tax-payers for the precepting authority. For Harrow the preceptor is the Greater London Authority (GLA).

## Private Finance Initiative (PFI)

PFI is the procurement of public services and assets by local authorities where the private sector is responsible for the design, construction, finance and operation of an asset or service for a specified time after which it is transferred back into the public sector.

## Revenue Expenditure

The day-to-day running costs relating to the accounting period irrespective of whether or not the amounts due have been paid. These costs would include salaries and wages, premises and the costs of supplies and services.

## Revenue Support Grant

The main grant received from central government to support local authority revenue expenditure.

## Statement of Recommended Practice (SORP)

Its aims are to specify the principles and practices of accounting required to prepare a Statement of Accounts which presents fairly the financial position and transactions of a local authority.

## Abbreviations

ABG	Area Based Grant
BTP	Business Transformation Partnership
BVACOP	Best Value Accounting - Code of Practice
BVPP	Best Value Performance Plan
CDC	Corporate and Democratic Costs
CIPFA	Chartered Institute of Public Finance and Accountancy
DCLG	Department for Communities and Local Government (formerly ODPM)
DSCF	Department for Schools, Children & Families (formerly DFES)
EMU	European Monetary Union
ERP	Enterprise Resource Planning
FRS5	Financial Reporting Standard in respect of substance over form.
FRS8	Financial Reporting Standard in respect of Related Party Disclosure.
FRS15	Financial Reporting Standard in respect of tangible fixed assets.

## APPENDIX

FRS17	Financial Reporting Standard in respect of retirement benefits.	TTF	Treasury Task Force
FRS 25	Financial Instruments: Disclosure & Presentation	USM	Unlisted Securities Market
FRS 26	Financial Instruments: Recognition * Measurement	WLWA	West London Waste Authority
FRS 27	Financial Reporting Standard in respect of Life Assurance		
FRS 29	Financial Instruments: Disclosures		
GARM	Governance, Audit & Risk Management Committee		
GLA	Greater London Authority		
HRA	Housing Revenue Account		
ICES	Integrating Community Equipment Service		
ICT	Information & Communication Technology		
LAA	Local Area Agreement		
LAML	London Authorities' Mutual Ltd		
LASAAC	Local Authority Scotland Accounts Advisory Committee		
MIS	Management Information Service		
MRP	Minimum Revenue Provision		
NDC	Non Distributed Costs		
NI	National Insurance		
NNDR	National Non-Domestic Rate		
PFI	Private Finance Initiative		
PWLB	Public Works Loan Board		
RCCO	Revenue Contribution to Capital Outlay		
RSG	Revenue Support Grant		
SETS	Stock Exchange Electronic Trading Service		
SORP	Statement of Recommended Practice		
STRGL	Statement of Total Recognised Gains and Losses		
TPA	Teachers Pension Agency		



# APPENDIX

## 11.2. Best Value – Detailed Service Expenditure Analysis

Division of Service	2008-09 Gross Expend. £000	2008-09 Gross Income £000	2008-09 Net Expend. £000	2007-08 Net Expend. £000
<b>Best Value Service Analysis Summary</b>				
Adult Social Care	77,013	-17,156	59,857	55,835
Central Services to the Public	19,952	-18,775	1,177	45
Children and Education Services	213,802	-170,023	43,779	36,837
Cultural, Environmental and Planning Services	50,574	-13,748	36,826	51,191
Highways, Roads and Transport Services	28,852	-14,221	14,631	14,810
Housing Services	131,482	-125,026	6,456	1,295
Corporate and Democratic Core	13,659	-7,181	6,478	9,253
Non Distributed Costs	8,007	-208	7,799	3,904
<b>Net cost of services</b>	<b>543,341</b>	<b>-366,338</b>	<b>177,003</b>	<b>173,170</b>
Other items	21,089	-4,939	16,150	-8,928
<b>Net operating expenditure</b>	<b>564,430</b>	<b>-371,277</b>	<b>193,153</b>	<b>164,242</b>
<b>Adult Social Care</b>				
Service strategy	353	-9	344	396
Older people(Aged 65 or over) including older mentally ill	37,160	-9,012	28,148	24,736
Adults aged under 65 with a physical disability or sensory impairment	9,878	-1,087	8,791	7,211
Adults aged under 65 with a learning disabilities	22,327	-6,125	16,202	16,624
Adults aged under 65 with mental health needs	6,902	-781	6,121	6,362
Other adult services	393	-142	251	506
	<b>77,013</b>	<b>-17,156</b>	<b>59,857</b>	<b>55,835</b>
<b>Central Services to the Public</b>				
Local Tax Collection	18,652	-18,064	588	189
Registration of Births, Deaths and Marriages	385	-302	83	37
Elections	458	-99	359	422
Emergency Planning	109	0	109	2
Local Land Charges	348	-310	38	-605
	<b>19,952</b>	<b>-18,775</b>	<b>1,177</b>	<b>45</b>
<b>Children and Education Services</b>				
Nursery Schools	110	-70	40	9
Primary Schools	93,311	-85,643	7,668	6,703
Secondary Schools	66,435	-61,392	5,043	2,356
Special Schools	10,049	-9,219	830	1,834
Non School Funding	9,014	-3,574	5,440	2,955
Management and Support Services	4,933	-4,635	298	659
Service Strategy	3,029	-71	2,958	1,751
Children's services-commissioning and social work	2,975	-619	2,356	2,820
Children looked after	12,944	-2,010	10,934	11,475
Family support services	4,547	-728	3,819	3,096
Youth justice	1,643	-825	818	726
Asylum seekers	1,869	-926	943	281
Other children's and families' services	2,943	-311	2,632	2,172
	<b>213,802</b>	<b>-170,023</b>	<b>43,779</b>	<b>36,837</b>

# APPENDIX

Division of Service	2007-2008	2007-2008	2007-2008	2006-2007
	Gross Expend. £000	Gross Income £000	Net Expend. £000	Net Expend. £000
<b>Cultural, Environmental and Planning Services</b>				
Culture and Heritage	1,921	-429	1,492	1,837
Recreation and Sport	2,143	-557	1,586	20,833
Open Spaces	4,958	-976	3,982	3,175
Tourism	43	0	43	-9
Library Service	5,879	-497	5,382	5,186
Cemetary, cremation and mortuary services	2,102	-298	1,804	909
Environmental Health	2,641	-505	2,136	2,269
Community safety (Crime Reduction)	2,212	-724	1,488	797
Flood Defence and Land Drainage	1,097	-210	887	935
Trading Standards	1,081	-170	911	930
Street Cleansing (Not chargeable to highways)	4,821	-1,223	3,598	3,624
Waste Collection	5,823	-1,199	4,624	4,329
Trade Waste	1,188	-1,227	-39	88
Recycling	3,730	-346	3,384	2,658
Building Control	1,184	-965	219	55
Development Control	2,848	-1,201	1,647	1,769
Planning Policy	2,737	-1,372	1,365	659
Environmental initiatives	109	-86	23	0
Economic Development	665	-161	504	353
Community Development	3,392	-1,602	1,790	794
	<b>50,574</b>	<b>-13,748</b>	<b>36,826</b>	<b>51,191</b>
<b>Highways, Roads and Transport Services</b>				
Transport planning, policy and strategy	170	-22	148	32
Highways / roads (structural)	2,585	-326	2,259	2,246
Highways / roads (routine)	4,439	-616	3,823	3,435
Street Lighting	2,053	-8	2,045	1,786
Winter Maintenance	157	-47	110	186
Traffic Management and Road Safety	6,431	-4,487	1,944	2,459
Parking Services	4,909	-8,702	-3,793	-3,984
Public Transport	8,108	-13	8,095	8,650
	<b>28,852</b>	<b>-14,221</b>	<b>14,631</b>	<b>14,810</b>
<b>Housing Services</b>				
Housing strategy	473	-16	457	473
Housing advice	140	0	140	154
Housing advances	0	0	0	3
Private sector housing renewal	2,420	-277	2,143	0
Licensing of Private Sector Landlords	205	0	205	199
Homelessness	3,473	-646	2,827	2,678
Housing benefits payments	93,522	-94,228	-706	-433
Housing benefits administration	5,023	-2,025	2,998	1,327
Contribution to the HRA re:items shared by the whole community	85	0	85	96
Other council property	57	-8	49	40
Supporting People	3,917	-3,563	354	193
Housing Revenue Account	22,167	-24,263	-2,096	-3,435
	<b>131,482</b>	<b>-125,026</b>	<b>6,456</b>	<b>1,295</b>
<b>Corporate and Democratic Core</b>				
Democratic representation and management	6,832	-2,844	3,988	2,953
Corporate Management	6,827	-4,337	2,490	6,300
	<b>13,659</b>	<b>-7,181</b>	<b>6,478</b>	<b>9,253</b>
<b>Non Distributed Costs</b>				
Past service costs	8,007	-208	7,799	3,904
	<b>8,007</b>	<b>-208</b>	<b>7,799</b>	<b>3,904</b>

Details of all Council services may be found on the Council's website: [www.harrow.gov.uk](http://www.harrow.gov.uk)

Additional copies of this Statement of Accounts are available from the Corporate Director of Finance, PO Box 21, Civic Centre, Harrow, Middlesex, HA1 2UJ  
(e-mail address: [corporatefinance@harrow.gov.uk](mailto:corporatefinance@harrow.gov.uk))