

Summary Statement of Accounts 2016-2017

This document contains summarised information from the Council's 2016-17 Statement of Accounts, providing information on where the Council's money is spent, where the money comes from and the summary of the Council's assets and liabilities.

Financial Review

During the year the Council delivered its services within the approved budget, contained the pressures arising from the challenging financial environment and managed the risks around demand pressures. This resulted in a nil variance against the budget of £164.987m.

The Council's General Fund Balances remains at £10.008m. This maintains the Council's capacity to manage risks arising in future years from continuing demographic pressures, the economy, welfare reforms and further Government funding cuts.

Examples of the Council's key achievements over the last year are summarised below:

- Progress on the Hyde Housing/Barratt scheme at 51 College Road, the Fairview scheme at Gayton Road and the Redrow scheme at Lyon Road. These schemes in combination will achieve a substantial transformation of Harrow town centre
- Progress on redevelopment of the Civic Centre and Leisure Centre sites for housing. These are at the planning stage with the Civic Centre to be relocated to Wealdstone
- Purchase of 58 of the planned 150 homes for use initially as temporary accommodation. A further 36 homes were under offer as at 31st March 2017
- The Garden Waste scheme has registered some 28,000 customers generating £1.34m income
- Children's Services judged as 'Good' by Ofsted
- Successful prevention activity reducing the number of homeless families in bed and breakfast accommodation

The full Statement of Accounts has been prepared in accordance with accounting policies applicable to local authorities and is available on the Council's website (www.harrow.gov.uk). An unqualified opinion was issued by the External Auditor on 29th September 2017.

Dawn Calvert CPFA
Director of Finance 29th September 2017

Expenditure and Funding Analysis (EFA)

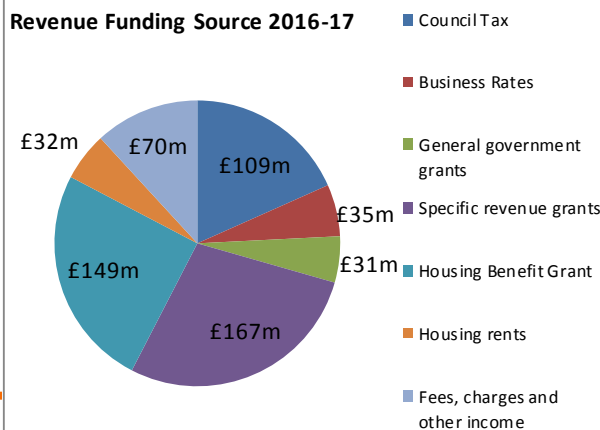
The EFA shows how expenditure in the year is applied and funded as per the outturn report, and compares this with the true economic cost valued in accordance with proper accounting practices shown in the Consolidated Income and Expenditure Statement (CIES). The true economic cost is different from the outturn report because amounts charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes are specified by regulations.

2015-16		2016-17		
£000		£000	£000	£000
Net Expenditure in Outturn Report		Net Expenditure in Outturn Report	Adj between Funding and Accounting Basis	Net Expenditure in CIES
61,799	People - Adult Services & Public Health	63,609	261	63,870
42,894	People - Children & Families *	46,460	11,093	57,553
36,996	Community	35,208	(4,511)	30,697
8,009	General Fund Housing	8,712	(1,209)	7,503
23,727	Resources & Commercial	22,520	1,349	23,869
(5,273)	Regeneration & Corporate Items **	(13,940)	13,150	(790)
(2,153)	Housing Revenue Account	(157)	(7,719)	(7,876)
165,999	Net Cost of Services	162,412	12,414	174,826
(167,381)	Other Income & Expenditure	(164,987)	(28,732)	(193,719)
(1,382)	Surplus or Deficit	(2,575)	(16,318)	(18,893)
(53,092)	Opening General Fund & Earmarked Reserves	(54,474)		
(1,382)	Plus Surplus on General Fund in Year	(2,575)		
(54,474)	Closing General Fund & Earmarked Reserves as at 31st March	(57,049)		

* People - Children & Families is £3,123k different than the outturn report due to net expenditure on schools not included in the outturn report (£109k 2016-17)

** Regeneration & Corporate Items is -£5,241k different than the total of other items in the outturn report due to the net increase in earmarked reserves included separately in the outturn report

Revenue Funding Source 2016-17



The graph shows the various sources of Council income. 24.2% of income comes from Council Tax and Business Rates, 53.2% from grants for specific revenue purposes and the other 22.6% from general grants, fees, charges, tenant rents and investment income etc.

Balance Sheet as at 31 March 2017

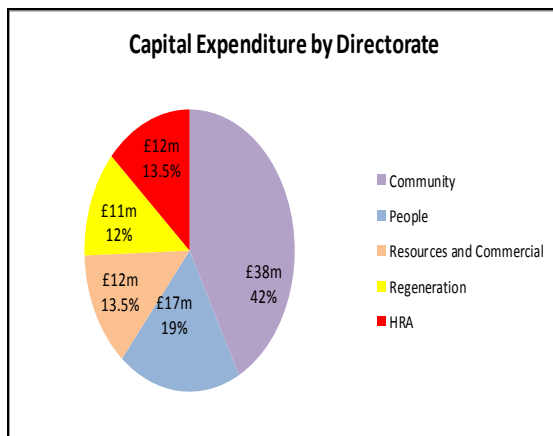
The balance sheet below summarises the Council's assets and liabilities.

	2016/17 £000	2015/16 £000
Land, Buildings and Other Assets *	1,152,895	1,046,538
Other Long Term Assets	38,114	18,471
Cash & Cash Equivalents	35,115	29,714
Current Assets	58,558	70,704
Current Liabilities	(98,146)	(73,764)
Long term Liabilities **	(719,395)	(700,711)
Net Assets	467,141	390,952
Usable Reserves	(104,094)	(90,102)
Unusable Reserves	(363,047)	(300,850)
Total Reserves	(467,141)	(390,952)

* **Land, Buildings and Other Assets:** This includes assets owned by the Council such as housing stock, schools, office buildings, roads, bridges, etc.,

** **Long term Liabilities:** This includes borrowing (£324m) to fund investments in buildings and other assets and Pensions liability of (£369m) for the accrued cost of retirement benefits. This liability will be funded from future pension contributions and pension investment returns.

Capital Expenditure



Capital expenditure is expenditure that provides long term benefit to the council such as the buying, improvement or construction of buildings, road improvements, IT equipment purchases etc. During 2016-17, the Council invested £90m including the acquisition and improvement of properties, new technology, the schools expansion programme and improvements to roads and parks etc.

The capital programme is mainly funded from borrowing, government grants, revenue contributions and sale proceeds from disposal of assets.

Housing Revenue Account

The Council owns and manages 4,836 properties which it lets for the purpose of social housing. The income and expenditure relating to these properties is required by legislation to be accounted for separately in a ring-fenced Housing Revenue Account.

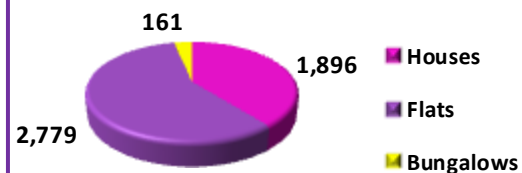
HRA	2016-17 £000	2015-16 £000
Income		
Council House Rents	(28,511)	(28,641)
Other Income	(3,960)	(3,499)
	(32,471)	(32,140)
Expenditure		
Repairs & Maintenance	9,636	8,580
Supervision & Management	8,947	8,570
Capital Financing Costs	5,156	(35,007)
Other Costs	2,104	2,587
	25,843	(15,270)
Surplus for the year	(6,628)	(47,410)
Transfers to/from reserves	6,471	45,257
HRA balance b/f	(6,737)	(4,584)
Balance c/f	(6,894)	(6,737)

What happens to the rents paid by council tenants?

Tenant rents can only be used to manage, repair and maintain the properties and pay interest on the borrowings taken out to build and improve them.

Unused income is carried forward to future years as the Housing Revenue Account balance.

Housing Stock



- At 31st March 2017 0.55% of available properties were vacant.
- There was a net decrease of 20 properties during the year. 31 properties were sold to tenants during the year while 11 properties were acquired.
- Average weekly rents were £113.80 per week in 2016-17.