



Summary Statement of Accounts 2017-2018

This document contains summarised information from the Council's 2017-18 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 £164.804m.

The Council's General Fund Balances remains at £10.008m with £3.2m being added to the balance of earmarked reserves. 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:

- Master planning work for the Poets Corner, Byron Quarter and new Civic Centre schemes has continued to progress, alongside cost analysis of the designs
- Six new 3 and 4 bedroom council houses have been completed in Stanmore and let, with a further 13 houses and four flats under construction
- The successful implementation of controlled access to the Household Reuse and Recycling Centre resulted in 5,000 fewer vehicles and 8% less waste going through the centre in December 2017 compared with December 2016
- Sancroft Residential Care Home and Day Service was successfully transferred to the Council's new company Sancroft Community Care Ltd in February 2018
- The newly extended Bedford House care home successfully received all residents transferred from Roxborough Park before Christmas 2017
- Eight schools in Harrow have now achieved gold awards under the Healthy Schools London Awards, with support from the Health Education Partnership

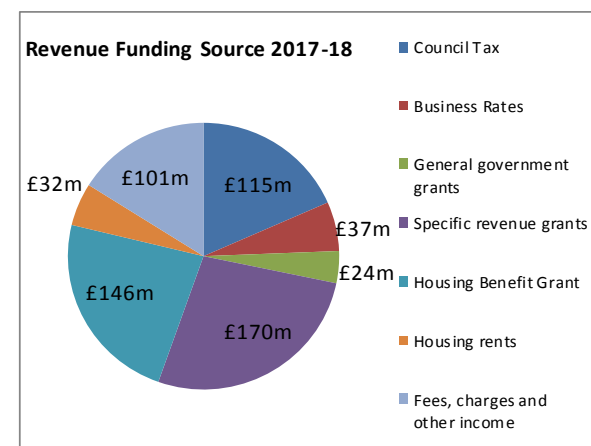
The full Statement of Accounts has been prepared in accordance with accounting policies applicable to local authorities and is available on the Council's website (www.harrow.gov.uk). The Audit opinion was issued on 30th July 2018.

Dawn Calvert CPFA
Director of Finance 30th July 2018

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.

| 2016-17 £000 | | 2017-18 | | |
|--|--|---|----------|-------------------------------|
| | | £000 | £000 | £000 |
| Net Expenditure in Outturn Report | | Net Adj between Expenditure Funding and in Outturn Accounting Basis Report | | Net Expenditure in CIES |
| 63,609 | People - Adult Services & Public Health | 66,426 | 296 | 66,722 |
| 43,337 | People - Children & Families | 39,254 | 10,052 | 49,306 |
| 43,920 | Community | 39,513 | 566 | 40,079 |
| 22,520 | Resources & Commercial | 21,290 | 1,799 | 23,089 |
| (8,399) | Regeneration & Corporate Items | (1,679) | 3,115 | 1,436 |
| 164,987 | Net Cost of Services | 164,804 | 15,828 | 180,632 |
| (164,987) | Other Income & Expenditure | (164,804) | (18,446) | (183,250) |
| 0 | Surplus or Deficit | 0 | (2,618) | (2,618) |
| (10,008) | Opening General Fund Balance | (10,008) | | |
| 0 | Plus Surplus on General Fund in Year | 0 | | |
| (10,008) | Closing General Fund Balance as at 31st March | (10,008) | | |



The graph shows the various sources of Council income. 24.3% of income comes from Council Tax and Business Rates, 54.4% from grants for specific revenue purposes and the other 21.3% from general grants, fees, charges, tenant rents and investment income etc.

Balance Sheet as at 31 March 2018

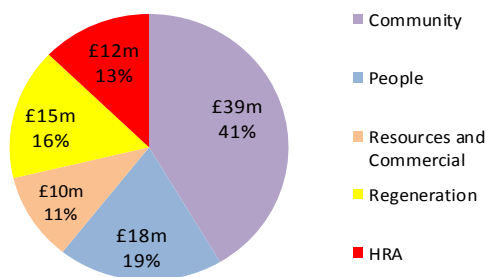
| | 2017-18 £000 | 2016-17 £000 |
|------------------------------------|-----------------|-----------------|
| Land, Buildings and Other Assets * | 1,235,933 | 1,152,895 |
| Other Long Term Assets | 39,094 | 38,114 |
| Cash & Cash Equivalents | 5,140 | 35,115 |
| Current Assets | 51,533 | 58,558 |
| Current Liabilities | (101,191) | (98,146) |
| Long term Liabilities ** | (696,926) | (719,395) |
| Net Assets | 533,583 | 467,141 |
| Usable Reserves | (111,193) | (104,094) |
| Unusable Reserves | (422,390) | (363,047) |
| Total Reserves | (533,583) | (467,141) |

* **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 (£314m) to fund investments in buildings and other assets and Pensions liability of (£355m) for the accrued cost of retirement benefits. This liability will be funded from future pension contributions and pension investment returns.

Capital Expenditure

£94m Capital Expenditure by Directorate 2017-18



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 2017-18, the Council invested £94m including the acquisition of an investment property, 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 4,813 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.

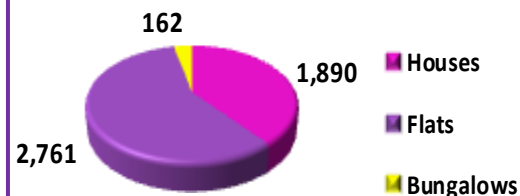
| | 2017-18 £000 | 2016-17 £000 |
|----------------------------|-----------------|-----------------|
| HRA Income | | |
| Council House Rents | (28,109) | (28,511) |
| Other Income | (4,350) | (3,960) |
| | (32,459) | (32,471) |
| HRA Expenditure | | |
| Repairs & Maintenance | 7,932 | 9,636 |
| Supervision & Management | 10,329 | 8,947 |
| Capital Financing Costs | 7,909 | 5,156 |
| Other Costs | 4,373 | 2,104 |
| | 30,543 | 25,843 |
| Surplus for the year | (1,916) | (6,628) |
| Transfers to/from reserves | 1,336 | 6,471 |
| HRA balance b/f | (6,894) | (6,737) |
| Balance c/f | (7,474) | (6,894) |

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 2018 0.54% of available properties were vacant.
- There was a net decrease of 23 properties during the year. 27 properties were sold to tenants during the year while 4 properties were built or acquired.
- Average weekly rents were £112.70 per week in 2017-18.