

Summary Statement of Accounts 2018-2019

This document contains summarised information from the Council's 2018-19 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 of £168.9m, contained the pressures arising from the challenging financial environment and managed the risks around demand pressures.

The Council's General Fund Balances remains at £10.008m with £11m being added to the balance of earmarked reserves. This maintains the Council's capacity to manage risks arising in future years from demographic pressures, the economy, welfare reforms and further changes to Central Government funding.

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

- The Council's new state of the art transport fleet, including emission-free electric vehicles, launched in January 2019
- Cabinet in February 2019 approved the detailed Homes for Harrow programme, to provide 639 new genuinely affordable council homes, and agreed the letting of a contract for 26 new homes for Council rent at Chichester Court
- Harrow's school performance continues to be amongst the best in the country and there is continued improvement in the Early Years and educational outcomes for Children Looked After (standards and progress)
- The commercial team successfully launched the Meals on Wheels service for Hammersmith & Fulham
- Some 324 units for older people requiring Extra Care settings are now planned, with 109 units in the pipeline ready for 2020/21, following approval of a new strategy by Cabinet in November 2018

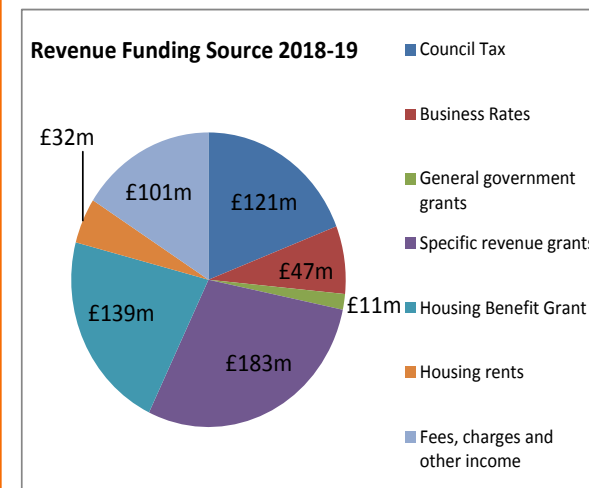
The full Statement of Accounts has been prepared in accordance with accounting policies applicable to local authorities and is available on the Council's website (www.harrow.gov.uk). The Audit opinion will be issued on 31st July 2019.

Dawn Calvert CPFA
Director of Finance 16th July 2019

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.

2017-18 £000		2018-19		
		£000	£000	
Net Expenditure in Outturn Report		Net Expenditure in Outturn Report	Adj between Funding and Accounting Basis	Net Expenditure in CIES
66,426	People - Adult Services & Public Health	67,687	(2,069)	65,618
39,254	People - Children & Families	40,971	10,006	50,977
37,834	Community	45,618	(1,664)	43,954
21,290	Resources & Commercial	14,641	5,826	20,467
164,804	Net Cost of Services	168,917	12,099	181,016
(164,804)	Other Income & Expenditure	(168,917)	50,277	(118,640)
0	(Surplus) or Deficit	0	62,376	62,376
(10,008)	Opening General Fund Balance	(10,008)		
0	Plus Surplus on General Fund in Year	0		
	Closing General Fund Balance as at 31st March	(10,008)		



The graph shows the various sources of Council income. 26.6% of income comes from Council Tax and Business Rates, 50.8% 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 2019

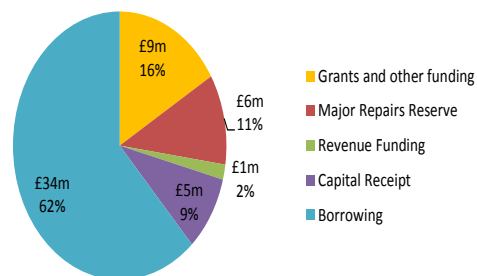
	2018-19 £000	2017-18 £000
Land, Buildings and Other Assets *	1,197,646	1,235,933
Other Long Term Assets	39,075	39,094
Cash & Cash Equivalents	12,652	5,140
Current Assets	44,504	51,533
Current Liabilities	(127,642)	(101,191)
Long term Liabilities **	(734,325)	(696,926)
Net Assets	431,910	533,583
Usable Reserves	(134,109)	(111,193)
Unusable Reserves	(297,801)	(422,390)
Total Reserves	(431,910)	(533,583)

* **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 (£302m) to fund investments in buildings and other assets and Pensions liability of (£406m) for the accrued cost of retirement benefits. This liability will be funded from future pension contributions and pension investment returns.

Capital Expenditure

£55m Capital Funding Source 2018-19



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 2018-19, the Council invested £55m on a new vehicle fleet, new technology, the acquisition of investment properties, as well as various redevelopments like the Central Depot, improvements and updates to the infrastructure 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 4,762 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.

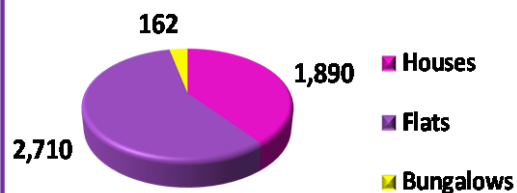
	2018-19 £000	2017-18 £000
HRA		
Income		
Council House Rents	(27,650)	(28,109)
Other Income	(4,125)	(4,936)
	(31,775)	(33,045)
Expenditure		
Repairs & Maintenance	8,351	7,932
Supervision & Management	9,057	10,329
Capital Charges	7,634	7,909
Financing Expenditure	8,126	6,406
Other Costs	2,893	(1,447)
	36,061	31,129
Surplus for the year	4,286	(1,916)
Transfers to/from reserves	(4,286)	1,336
HRA balance b/f	(7,474)	(6,894)
Balance c/f	(7,474)	(7,474)

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 2019 0.71% of available properties were vacant.
- There was a net decrease of 51 properties during the year. 55 properties were sold to tenants during the year while 4 properties were built or acquired.
- Average weekly rents were £111.57 per week in 2018-19.