

**LONDON BOROUGH OF HARROW
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2010**

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STATEMENT OF RESPONSIBILITIES

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; and
- 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; and
- complied with the local authority SORP.

The Chief Finance Officer has also:

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

I certify that the Statement of Accounts set out in this document presents fairly the financial position of the Council as at 31st March 2010 and its income and expenditure for the year.

Myfanwy Barrett
CPFA
Section 151 Officer
Corporate Director of Finance

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 29th June 2010 and was approved by resolution of the Committee.

Councillor John Cowan
Chairman: GARM Committee

2 Audit Opinion & Certificate

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3 Foreword by the Corporate Director of Finance



Myfanwy Barrett
Corporate Director of Finance

This foreword provides a guide to the Council's accounts for the year ended 31 March 2010. The Accounts and Audit Regulations 2003 require the Statement of Accounts to be approved by 30 June 2010.

The Statements have been prepared in accordance with proper accounting practices and all relevant statutory requirements. Proper accounting practices represent compliance with the following:

- All relevant Financial Reporting Standards (FRS) issued by the Accounting Standards Board (ASB – a constituent board of the Financial Reporting Council);
- The Code of Practice on Local Authority Accounting in the UK 2008 (the Statement of Recommended Practice or SORP issued by the CIPFA/LAASC Joint Committee, a body recognised by the ASB for the purpose of issuing SORPs);
- The Best Value Accounting Code of Practice 2008 (BVACOP issued by CIPFA) that establishes proper practice for consistent financial reporting below the Statement of Accounts level and has statutory recognition.

The Statement of Accounts comprises 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 of 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.

FOREWORD BY THE CORPORATE DIRECTOR OF FINANCE

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).

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 in section 9.

Accounting Developments

The SORP sets out the accounting concepts and accounting principles which underpin the Statement of Accounts. Significant changes to the 2009 SORP are:

- Private Finance Initiative (PFI) and similar contracts are now based on International Financial Reporting Standards (IFRIC12);
- Accounting for Council Tax now required to include appropriate share of debtors in the billing authorities' and major preceptors' Balance Sheets;
- Accounting for National Non-domestic Rate (NNDR) shall not recognise NNDR debtor in their Balance Sheet but instead recognise a creditor or debtor for cash collected from NNDR;
- Minor changes to disclosing officers' remuneration; and
- Disclosure requirements for section 137 expenditure, expenditure on publicity, building control account and income under the Local Authorities Goods and Services Act have been removed.

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.

3.1 Review of the year

In 2009-10 the Council's corporate priorities were:

- Deliver cleaner and safer streets;
- Improve support for vulnerable people; and
- Build stronger communities.

Environmental services successfully increased the recycling rates to 50%, improved street cleaning by 2% and completed the renewal of the vehicle fleet to reduce CO2 emissions. Residents have benefited from a reduction in rates of antisocial behaviour through the implementation of a borough-wide alcohol exclusion zone.

FOREWORD BY THE CORPORATE DIRECTOR OF FINANCE

The Adult services achieved a Care Quality Commission rating of 3 out of 4 for the first time ever which means that the service is performing well. Three new Neighbourhood Resource Centres were opened during the year which brings together care management, therapy and day services under the same roof for adults with learning disabilities.

Schools assessments and GCSE results continue to be excellent. A new Hindu school was opened during the year. The Council's adoption rate was the most improved in the country through a partnership with Coram.

Despite the economic climate, the collection team maintained their performance of collecting Council Tax and Business Rates.

The Council adopted new organisational values as set out below:

- **Customer First**
- **Respect**
- **Engaged Communication**
- **Actively 'one Council'**
- **Taking responsibility**
- **Energise and improve**

The Legal and Governance Services secured Investors in People accreditation with special commendations for departmental leadership and staff well-being.

During the year the Council committed to the Better Deal for Residents programme. This programme is the Council's response to the need to meet the rising expectations of residents whilst recognising the constraints on public funds. The programme has five workstreams:

- Cross Council Efficiency Review;
- Better Together;
- Future Operating Model;
- Service Efficiency Programme; and
- Place Shaping and Property.

2009 also saw recognition of the Council's performance. The Audit Commission judged the Council to be one of just a handful of local authorities across the whole of the UK to have improved against their new tighter inspection regime, improving to an overall score of 3 out of 4. The Council's improvement journey was also recognised by being short-listed for the Best Achieving Council award in the prestigious Municipal Journal awards and in a similar category in the Local Government Chronicle awards.

This is a major step towards achieving the Corporate Vision to be one of the best London Councils by 2012.

FOREWORD BY THE CORPORATE DIRECTOR OF FINANCE

3.2 Financial Summary for the year

General Fund Revenue Account (GF)

The Council's revenue budget outturn for 2009-10 confirmed an under spend of £1.678m. This represented 1% of the total net expenditure of £171.2m.

	2009-2010		Outturn	Outturn
	Budget	Outturn	Variation	Variation
	£m	£m	£m	%
Departmental Costs	336.139	335.093	-1.046	-0.3
Non Departmental Costs	-164.935	-169.001	-4.066	2.5
Carry forward for future commitments and pressures	0.000	2.153	2.153	0.0
Contributions to Provisions and Reserves	0.000	1.281	1.281	0.0
Net Expenditure	171.204	169.526	-1.678	-1.0
Contribution to				
Carry forward for future commitments and pressures	0.000	1.600	1.600	
General reserve	0.500	0.578	0.078	
Total	0.500	2.178	1.678	

The outturn position for the directorates of a £1m under spend, representing a variance of 0.3% against a net budget of £336.1m is a key achievement. The directorates have made considerable improvements in the robustness of monthly monitoring and forecasting. The under spend was due mainly to:

- Adults delivering a £0.860m under spend spread over a number of service areas;
- Community and Environment producing an under spend of £0.820m, of which £0.235m was from a rebate in respect of waste tonnages; and
- There were under spends in other areas which mainly resulted from vacancy management and projects not completed during the year.

This enabled pressures of £1.931m 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 remaining under spend of £4.1m on Non Departmental Costs mainly relates to:

- Capital Financing budgets resulting from borrowing delayed until the latter part of the financial year, lower borrowing rates obtained and higher returns on investments than anticipated given market conditions;
- The surplus on pay inflation; and
- Backdated VAT refunds, routine clearance of suspense account, Smart Water project commitments and Local Area Agreement projects not yet delivered.

The under spend of £1.134m has been carried forward for the commitments on the uncompleted projects and £1.019m has been carried forward to fund potential known pressures on care costs, Local Area Agreement project and other projects across the board.

In addition to the above, contribution to the provisions and reserves as required are being made for:

- Bad debts (including Housing Benefit overpayments);
- Insurance; and
- Litigation and Employment.

FOREWORD BY THE CORPORATE DIRECTOR OF FINANCE

From the Total net under spend of £1.678m, £1.600m had been allocated to:

- Children's Services;
- Special Projects Fund; and
- The Transformation Programme.

The balance of £0.078m has been transferred to general reserves. The total contribution to general reserves was £0.578m, exceeding the planned contribution by £0.078m. The balance carried forward into 2010-11 now stands at £6.294m.

The net cost of service for the year, was £286.3m (£211.1m in 2008/09). The main reason for the significant increase is the impairment charge, following valuation of the council's whole property portfolio. This impairment of the property portfolio does not in itself affect the council's ongoing finances unless disposals are planned at this time. There are no planned disposals in the near future.

Capital

Actual capital spend in the year was £96m, compared with an original capital programme of £61m. The increase in the programme was due to commitments, carried forward from 2008-09 and additions during the year, mainly in Childrens Services. The commitments brought forward for previous year and the additions during the year were mainly funded from grants. At year end there were projects which were not completed and therefore commitments of £18m were carried forward to 2010-11, of which £11m were grant funded projects.

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; and
- Further investment in new technology to drive out efficiencies in future.

Expenditure during the year was funded from grants (£58m), usable capital receipts (£1m), revenue contributions (£4m) and borrowing (£33m). The total capital programme including Housing Revenue Account (HRA) for 2010-11 is £46m.

Housing Revenue Account

The Council provides rented accommodation of 5,058 units. In 2009-10 average Council rents were £84.00 per week, an increase of 3% from 2008-09.

The HRA outturn confirmed a deficit of £0.358m in 2009-10. This was lower than planned and resulted in a decrease in the HRA balance from £5.1m to £4.8m.

Collection Fund

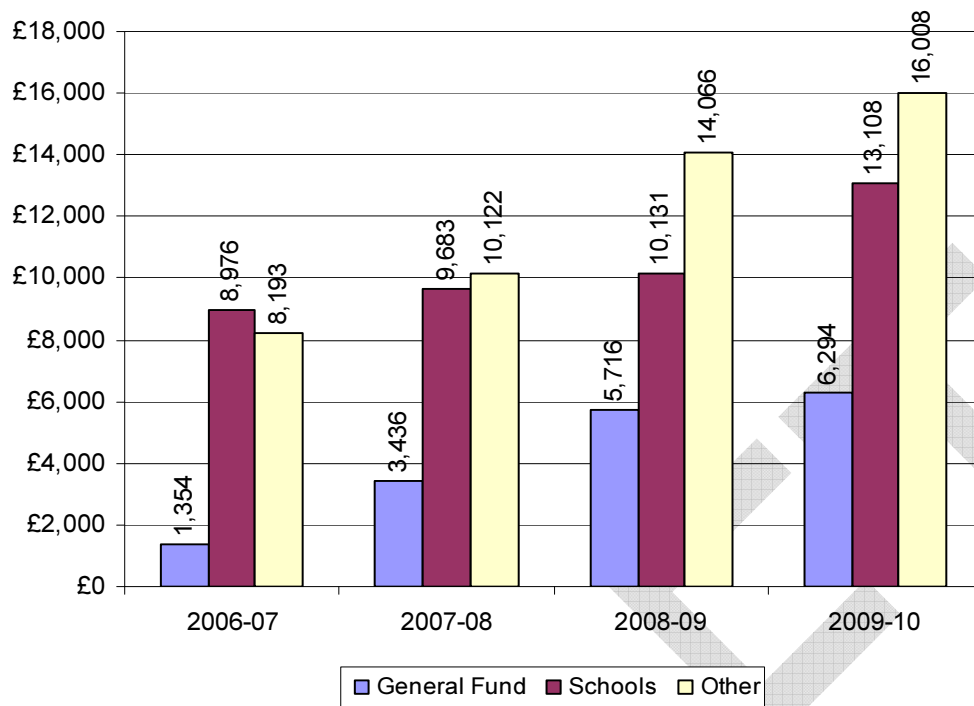
The outturn surplus on the Collection Fund at year end is £1.771m compared to the estimated figure of £1.826m. This is a movement of £1.416m from last year when there was a surplus of £0.355m. The Council's share of the surplus is £1.405m.

3.3 Financial Data

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

FOREWORD BY THE CORPORATE DIRECTOR OF FINANCE

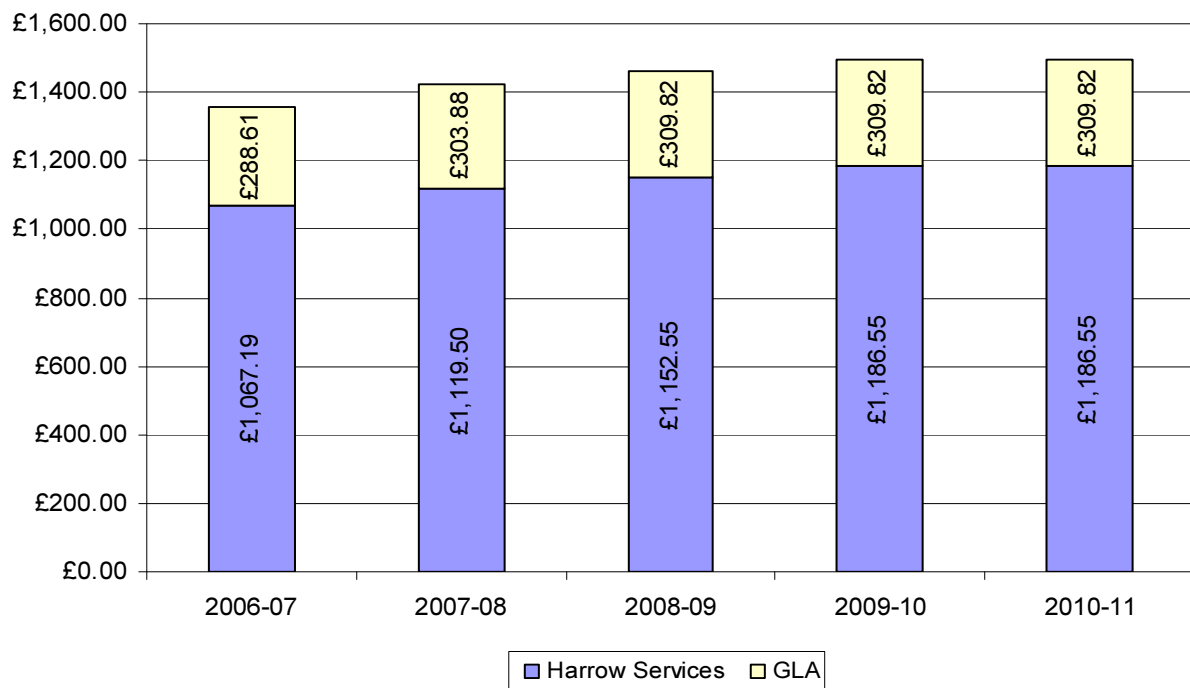
3.3.1 Council Revenue Balances



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

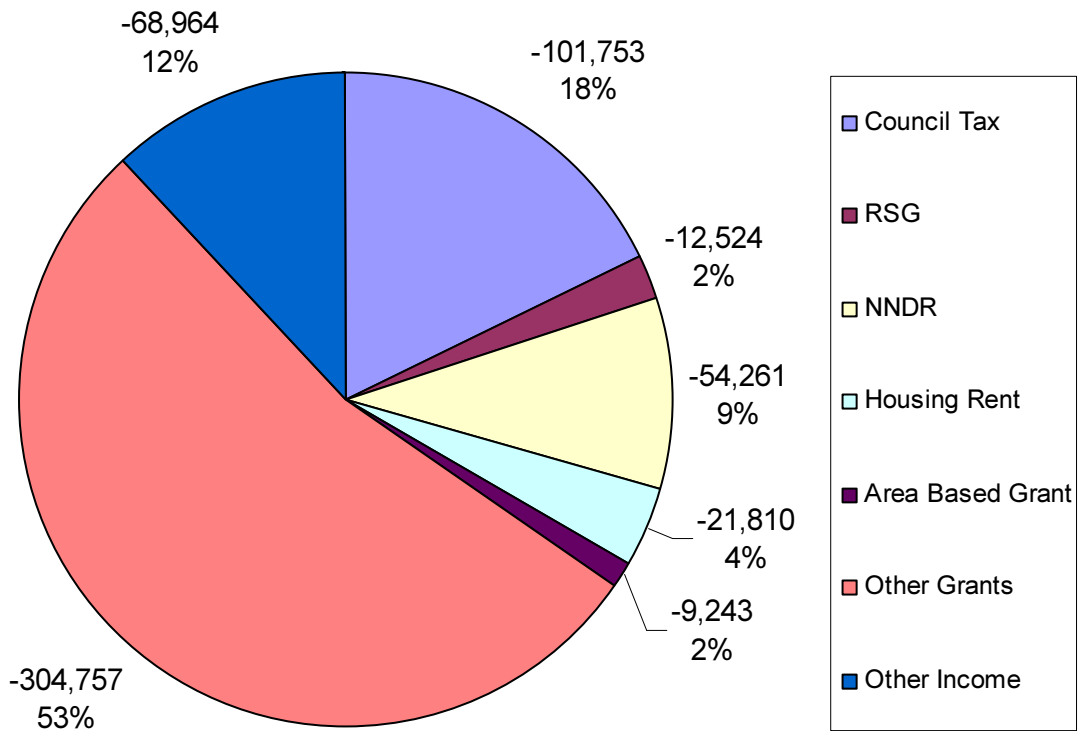
3.3.2 Council Tax Band D

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 £1,496.37, an increase of 2.32% in 2009-10.



FOREWORD BY THE CORPORATE DIRECTOR OF FINANCE

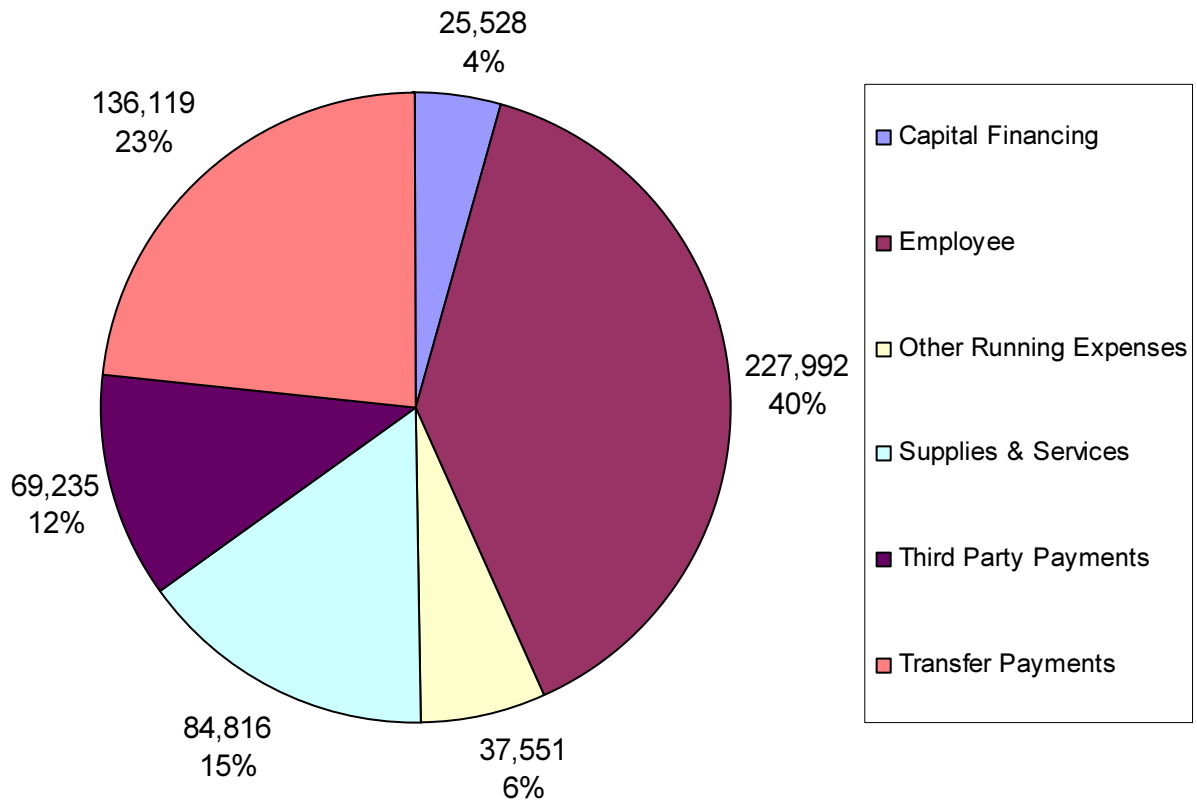
3.3.3 Analysis of Revenue Income (£000's)



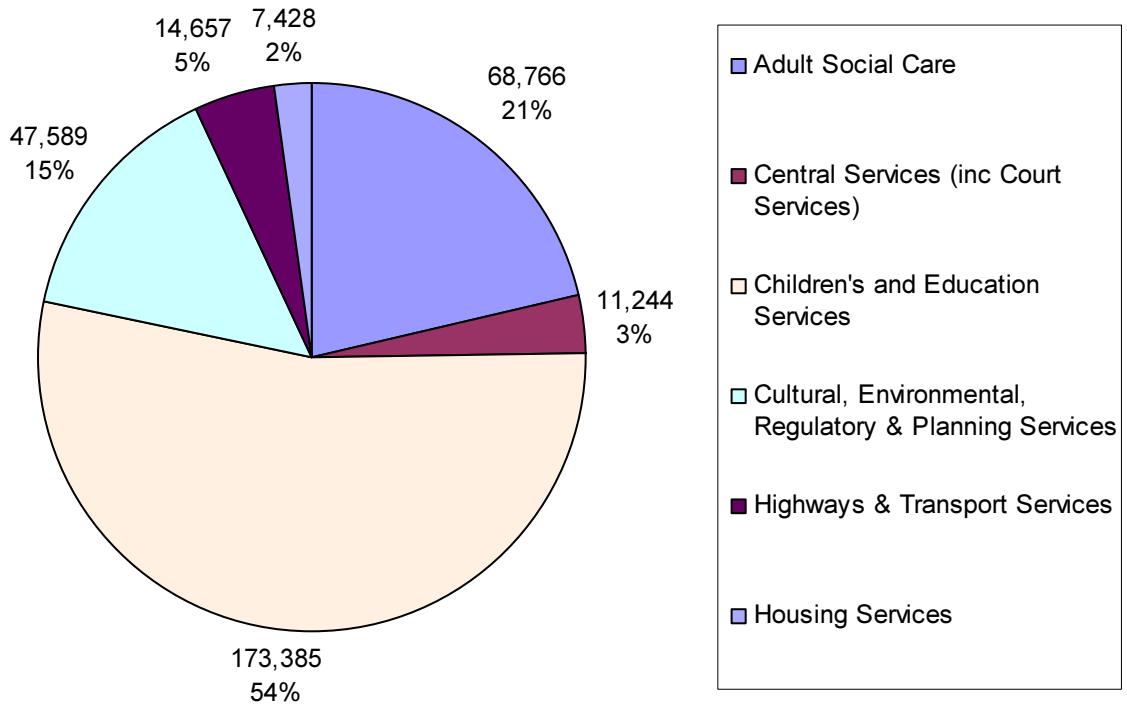
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FOREWORD BY THE CORPORATE DIRECTOR OF FINANCE

3.3.4 Analysis of Revenue Expenditure (£000's)



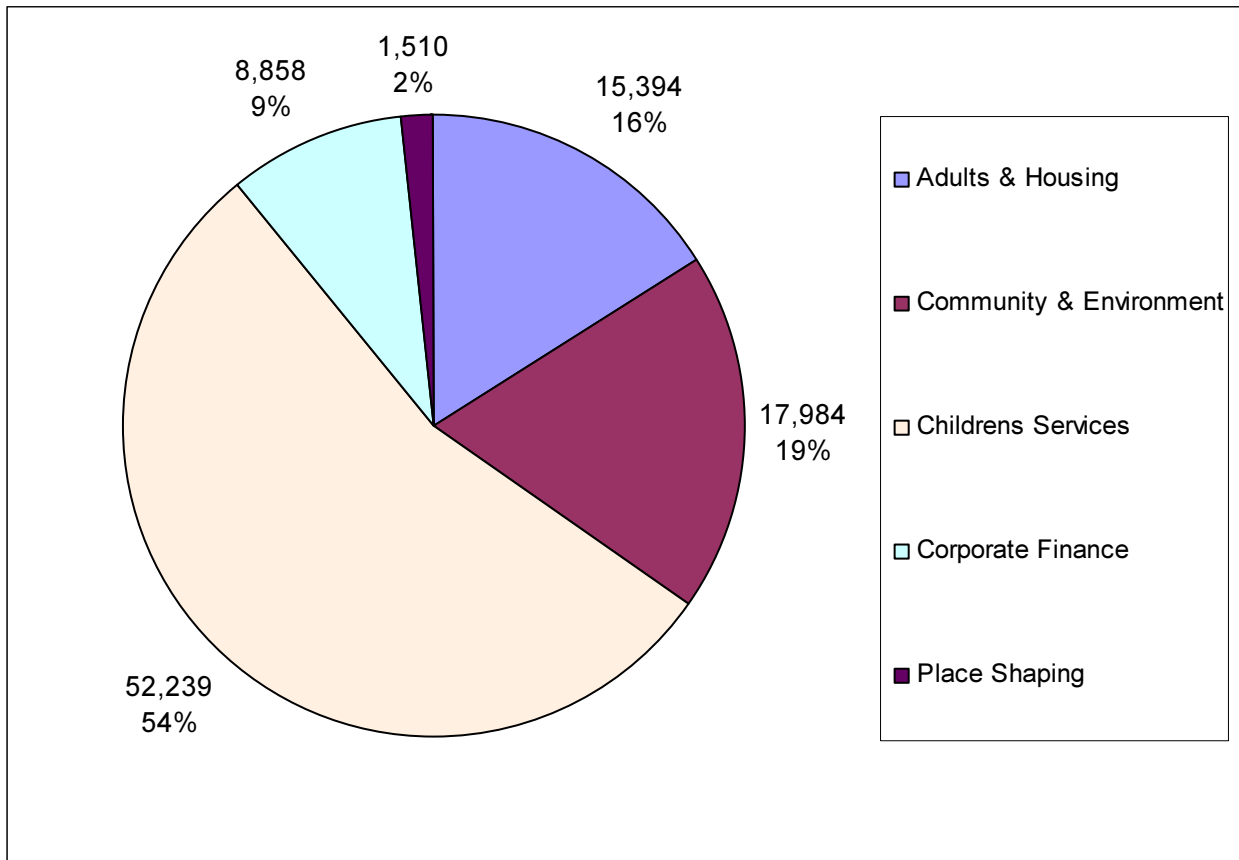
3.3.5 The Services Provided



FOREWORD BY THE CORPORATE DIRECTOR OF FINANCE

3.3.6 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.



Further information about the accounts is available from:

Corporate Finance
Civic 6, Civic Centre
Station Road
Harrow
Middx
HA1 2UJ

Under the Audit Commission Act 1998, sections 15-16, and the Accounts and Audit Regulations 2003 regulations 13,14 & 16, members of the public have a statutory right to inspect the Accounts before the Audit is completed. The period of availability of the Accounts for inspection is advertised in the local press and anyone wishing to do so may make objection to any item of the account to the Council's auditor. The auditors report on the Accounts will precede this foreword.

4 Annual Governance Statement

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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; and
- 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 2009/10 financial year and its position at the year-end of 31 March 2010.

It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice (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 £92.2m of certain categories of tangible fixed assets.

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

Accruals of Income and Expenditure

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

- Fees, charges and rents due from customers are accounted for as income at the date the council provides the relevant goods or services;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the Balance Sheet;
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

STATEMENT OF ACCOUNTING POLICIES

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 Financial Instruments

A financial instrument is any transaction that generates an asset in the accounts of one entity and a liability in the accounts of another entity. All Financial Instruments are either classified as Financial Assets or Financial Liabilities and insofar as the council is concerned this covers our borrowings, loans, investments, trade debtors and creditors.

The council's financial liabilities and financial assets are carried on the balance sheet at amortised cost. The Amortised Cost on initial recognition is at equivalent fair value. However, the SORP requires that the Fair Value of these instruments is disclosed in the notes to the account. The Fair value of an instrument is the amount for which it could be sold for in an open market based on the present value of the future cash flows.

Premiums paid on the early settlement of debt are also classified as Financial Instruments. Regulations allow such premiums to be charged to general fund balances over the number of years equal to that which was remaining on the original loan, or to charge such premiums over a shorter time frame if desired. The council's policy is to spread the premium over the term that was remaining on the original loan which gave rise to the premium. Further information on the council's Financial Instruments is set out in the Notes to the Core Statements.

5.4 Government Grants & 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 in line with depreciation. As per depreciation, these amounts are reversed in the reconciliation of general fund balance to avoid impact on local taxation.

5.5 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.

STATEMENT OF ACCOUNTING POLICIES

5.6 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.

5.7 Minimum Revenue Provision

Minimum Revenue Provision (MRP) is the amount of money the council has to set aside each year in respect of its capital borrowing debt. The MRP is a technical accounting entry which impacts on General Fund balances and Council Tax levels. The Capital Financing and Accounting Regulations place a duty on Local Authorities to make an MRP which is considered to be prudent and places a responsibility with the council to approve an Annual MRP Strategy.

The Regulations allow four different methods to be used for the calculation of MRP. The Council's Policy is to use:-

- Option 1 (the 'Regulatory method') for borrowings entered into before 1 April 2008 and for any future supported borrowing* after 1 April 2008. Under this method, MRP is set at a uniform rate of 4% of the adjusted CFR on a reducing balance method; and
- Option 3 (the 'Asset Life Method') for any unsupported borrowing** entered into after 1 April 2008. Under this method, MRP is spread over the estimated useful life of the asset created and is calculated using the equal instalment basis.

** Supported borrowing – borrowing for which the Government provides support through the Revenue Support Grant to meet the cost of borrowing for capital expenditure*

*** Unsupported Borrowing – borrowings for capital expenditure for which the Government will not provide support through the Revenue Support Grant*

5.8 Overheads & 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.

5.9 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:

5.9.1 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.

5.9.2 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.

5.10 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

STATEMENT OF ACCOUNTING POLICIES

of the scheme liabilities. The Council's triennial valuation takes a longer term view and provides a more appropriate measure of pension obligations.

5.11 Private Finance Initiative (PFI)

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

A substantive change introduced into the 2009 SORP is that the accounting requirements for the Private Finance Initiative (PFI) and similar contracts are no longer based on the UK accounting standard FRS 5 but on International Financial Reporting Standards (IFRS). The new requirement is based on IFRIC 12 Service Concession Arrangements interpreted for concession grantors and is consistent with the approach adopted by the Government's IFRS-based Financial Reporting Manual (the iFReM). Under IFRIC 12, a service concession arrangement exists where a private sector operator provides the services, related to an infrastructure, to the public on behalf of the Council and the asset is controlled by the Council. To be considered as controlled the local authority must regulate both, what services must be provided and control through beneficial entitlement or otherwise any significant residual interest in the asset at the end of the term of the arrangement.

Two of the Council's PFI contracts which were previously 'off Balance Sheet' are now required to be recognised on the Balance Sheet along with a liability for the financing provided by the PFI operator. The Council is therefore required at the inception of the contracts to recognise the fair value of the fixed assets on the Balance Sheet and for this to be matched by a lease liability to the provider. This liability is written down over the life of the contract. Following initial recognition, the fixed assets relating to these PFI arrangements are treated in line with the 'Tangible Fixed Assets' policy noted below.

The unitary charge payable to the PFI operators each year is now analysed as follows:

- fair value of the services received during the year – debited to the relevant service in the Income and Expenditure Account;
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to Interest Payable and Similar Charges in the Income and Expenditure Account;
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the relevant service in the Income and Expenditure Account;
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator; and
- lifecycle replacement costs – recognised as fixed assets on the Balance Sheet.

Details of the change in accounting policy as applied to each PFI arrangement, and the effect of the change on prior periods and the current year can be found in note 7.2 - Notes to the Core Financial Statements.

5.12 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.

5.13 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.

5.14 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. However statutory regulations allow such expenditure to be funded from available capital resources. Therefore a technical accounting adjustment is made which results in the charges to the Income & Expenditure Account not impacting on General Fund balances and which reduces the level of Capital Reserves held by the Authority.

5.15 Stocks

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

5.16 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.

5.16.1 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.

5.16.2 Measurement

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).

There is a rolling programme of valuations intended to embrace the whole of the property asset portfolio of the Council 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 re-valued accordingly.

- Non-specialised operational properties are valued on the basis of existing use value;
- Specialised operational properties are valued on the basis of depreciated replacement cost;
- Council dwellings are valued on the basis of existing use for social housing in accordance with Department of Communities and Local Government (DCLG) Guidance for Stock Valuation for Resource Accounting;
- Car parks, where charges are made, have been valued by capitalising the net receipts receivable;
- Non-operational properties have been valued at market value;
- Community assets are recorded at nominal value; and
- 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.

STATEMENT OF ACCOUNTING POLICIES

5.16.3 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; and
- 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.

5.16.4 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, 50% for land & other assets, net of statutory deductions & allowances) is payable to the Government. The balance of receipts is required to be 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. In accordance with DCLG regulations, no amounts are payable to the Government where the Authority earmarks the receipts for affordable housing or regeneration.

5.16.5 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 dwellings have 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:
 - Other operational buildings: 20-80 yrs;
 - Vehicle plant and equipment: 5 yrs; and
 - Infrastructure assets: 10-60 yrs.
- Freehold land and non-operational properties have not been depreciated; and
- Newly acquired or completed assets are depreciated in the year following acquisition or completion.

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6 Financial Statements

6.1 Income and Expenditure Account

For The Year Ended 31 March 2010

		2009-10		2008-09
	Notes	Gross Expenditure £000	Gross Income £000	Net Expenditure (restated) £000
Continuing Service				
Adult Social Care		90,626	-21,860	68,766
Central Services		37,087	-26,014	11,073
Court Services		170	0	170
Children's and Education Services		359,917	-186,532	173,385
Cultural, Environmental, Regulatory & Planning Services		59,978	-12,388	47,590
Highways & Transport Services		28,104	-13,447	14,657
Housing Services (General Fund)		131,269	-121,647	9,622
Housing Services (HRA)		22,726	-24,920	-2,194
Impairment on Council Housing Stock		-36,719		-36,719
Total Housing Services (HRA)		-13,993	-24,920	-38,913
Net Cost of Services		693,158	-406,808	286,350
Housing Pooled Capital Receipts				1,346
Gains on disposal of Fixed Assets				-1,950
Interest payable and similar charges				11,665
Interest and investment income				-1,559
Levies by other authorities	7.11			7,816
Pension Interest costs and return on Pension Assets				13,684
Net Operating Expenditure				317,352
Income from the Collection Fund				-103,177
Revenue Support Grant				-12,524
Area Based Grant				-9,243
Distribution from non-domestic rate pool				-54,262
Deficit for the year				138,146
				57,996

FINANCIAL STATEMENTS

6.2 Statement Of Movement On The General Fund Balance

	Notes	2009-10 £000	2008-09 (restated) £000
Deficit for year on the Income & Expenditure Account		138,146	57,996
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the Council Fund Balance for the year	7.14	-141,701	-60,724
Increase in General Fund Balance for the year		-3,555	-2,728
General Fund balance brought forward		-15,847	-13,119
General Fund balance carried forward		-19,402	-15,847
Amount of General Fund balance held by schools under local management schemes		-13,108	-10,131
Amount of General Fund balance Carried Forward		-6,294	-5,716
		-19,402	-15,847

6.3 Statement of Total Recognised Gains and Losses (STRGL)

	Notes	2009-10 £000	2008-09 (restated) £000
Deficit on the Income and Expenditure Account for the year		138,146	57,996
Surplus arising on revaluation of fixed assets		-35,949	-7,884
Actuarial losses/(gains) on Pension Fund assets and liabilities		145,923	76,813
Other		-1,425	-332
Total recognised losses for the year		246,695	126,593
Prior Period Adjustment		246,695	
Total recognised loss related to the year as above		-1,410	
Prior year adjustment	7.39	245,285	126,593

FINANCIAL STATEMENTS

6.4 Balance Sheet as at 31 March 2010

	Notes	2009-10		2008-09 (restated)
		£000	£000	£000
Tangible Fixed Assets	7.15			
Operational Assets				
Council Dwellings		448,552		355,621
Other land and buildings		441,504		605,290
Vehicles, plant, furniture and equipment		39,700		40,538
Infrastructure assets		105,990		98,606
Community assets		1		1
			1,035,747	1,100,056
Non Operational Assets				
Investment properties		42,472		40,906
Assets under construction		81,986		43,601
Surplus assets, held for disposal		19		104
			124,477	84,611
			1,160,224	1,184,667
Long Term investments			0	16,345
Long Term debtors	7.24		3,713	3,897
Total Long Term assets			1,163,937	1,204,909
Current Assets				
Stocks		26		91
Debtors	7.25	28,205		32,242
Investments	7.26	95,676		69,212
Cash and Bank		398		1,060
			124,305	102,605
Current Liabilities				
Short term borrowing	7.27	-16,181		-17,594
Creditors	7.28	-63,041		-69,376
Bank Overdraft		-8,058		-7,036
			-87,280	-94,006
Total Assets less Current Liabilities			1,200,962	1,213,508
Long term borrowing	7.30	-242,108		-212,217
Deferred liabilities	7.31	-18,902		-12,942
Government grants deferred	7.32	-84,974		-70,116
Capital Grants Unapplied	7.33	-87,786		-55,426
Deferred Credits	7.34	-126		-156
Provisions	7.35	-8,245		-9,249
Pension liability	7.44	-340,279		-189,575
Total Assets less Liabilities			418,542	663,827
Reserves				
Capital Adjustment Account	7.36	-645,618		-782,362
Financial Instruments Adjustment Account		4,416		4,397
Collection Fund Adjustment Account		-1,405		-280
Revaluation Reserve	7.37	-74,637		-39,338
Pension Reserve		340,279		189,575
Capital Receipts Reserve	7.38	-6,167		-5,906
Fund Balances and Reserves				
General Fund		-6,294		-5,716
Locally Managed Schools		-13,108		-10,131
Housing Revenue Account		-4,784		-5,142
Other Reserves		-11,224		-8,924
Total Equity	7.39 & 7.40		-418,542	-663,827

FINANCIAL STATEMENTS

6.5 Cash Flow Statement for Year Ended 31 March 2010

	Notes	2009-10 £000	2008-09 £000
Revenue Activities			
Cash outflows			
Cash paid in respect of employees		224,049	224,140
Other operating payments		252,219	209,414
Housing benefit paid out		93,825	78,535
Payment to the Capital Receipts Pool		1,346	465
		<u>571,439</u>	<u>512,554</u>
Cash inflows			
Rents (after rebates)		-7,479	-7,523
Council Tax Income		-89,298	-88,144
Receipts from NNDR Pool		-54,262	-57,670
Revenue Support Grant		-12,524	-8,028
DWP grants for benefits		-128,411	-107,414
Other Government grants	7.46	-179,905	-174,370
Cash received for goods and services		-41,100	-19,267
Other operating cash receipts		-70,856	-85,784
		<u>-583,835</u>	<u>-548,200</u>
Revenue Activities - Net Cashflow	7.47	<u>-12,396</u>	<u>-35,646</u>
Returns on Investments & Servicing of Finance			
Interest Paid		7,871	9,750
Interest Received		-2,030	-4,160
Servicing of Finance net cash outflow		<u>5,841</u>	<u>5,590</u>
Capital Activities			
Cash Outflows			
Purchase of fixed assets		88,239	93,717
Long term investments		0	5,183
Other capital cash payments		6,299	85
		<u>94,538</u>	<u>98,985</u>
Cash Inflows			
Sale of fixed assets		-2,922	-4,044
Capital grants received		-64,101	-49,925
Other capital cash income		-185	-325
		<u>-67,208</u>	<u>-54,294</u>
Capital Activities - Net cashflow		<u>27,330</u>	<u>44,691</u>
Net cash outflow/(-)inflow before financing	7.49	<u>20,775</u>	<u>14,635</u>
Management of liquid resources			
Net increase/decrease in other liquid resources		-1,077	2,622
Movement in investments	7.51	10,464	646
Financing			
Cash outflows			
Repayment of amounts borrowed		5,106	5,118
Cash Inflows			
New loans raised		-30,000	-10,000
New short term loans	7.5	-3,584	-10,148
		<u>-33,584</u>	<u>-20,148</u>
Financing net cash inflow(-)/outflow		<u>-28,478</u>	<u>-15,030</u>
Net decrease in cash	7.48	<u>1,684</u>	<u>2,873</u>

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). Appendix 10.2 sets out a detailed analysis.

7.2 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 2008-09. These are:

- Accounting for Private Finance Initiative and similar contracts are now based on IFRIC12; and
- Accounting for local taxes now require to include appropriate share of debtors in the billing authorities' and major preceptors' Balance Sheets.

These changes have had the following impact on the comparative figures for 2008-09 compared with those published in the 2008-09 Statement of Accounts.

	2009-10 £000	2008-09 £000	
		Post Adj	Pre Adj
Income & Expenditure Account			
Children's and Education Services	173,385	42,260	43,779
Net Cost of Services	286,350	211,093	173,170
Interest payable and similar charges	11,665	10,944	9,717
Net Operating Expenditure	317,352	231,172	231,464
Income from the Collection Fund	-103,177	-98,836	-97,139
Deficit for the year	138,146	57,996	59,985
Statement of Movement on the General Fund Balance			
Deficit for the year	138,146	57,996	59,985
Net additional amount required to be credited to Council			
Fund Balance for the year	-141,701	-60,724	-62,713
Increase in General Fund Balance	-3,555	-2,728	-2,728
General Fund balance brought forward	-15,847	-13,119	-13,119
General Fund balance carried forward	-19,402	-15,847	-15,847

NOTES TO THE CORE FINANCIAL STATEMENTS

	2009-10 £000	2008-09 £000	
		Post Adj	Pre Adj
Breakdown of reconciling items in the Statement of Movement on the General Fund Balance			
Amounts included in the Income & Expenditure account but required by statute to be included or excluded			
Council Tax Income Adjustment	1,125	1,697	0
Statutory provision for repayment of debt	9,002	6,393	6,101
Net additional amount required to be credited to the General Fund Balance for the year	-141,701	-60,724	-62,713
Statement of Total Recognised Gains and Losses			
Deficit for year on the Income & Expenditure Account	138,147	57,996	59,985
Surplus arising on revaluation of fixed assets	-35,949	-7,884	-6,793
Total recognised gains for the year	246,695	126,593	127,848
Balance Sheet			
Tangible Fixed Assets			
- Other land and buildings	441,504	605,290	591,788
Current Assets			
Debtors	28,205	32,242	32,674
Current Liabilities			
Creditors	-63,041	-69,376	-69,533
Total Assets less Current Liabilities	0	0	1,200,281
Deferred Liabilities	-18,902	-12,942	0
Total Assets less Liabilities	418,542	663,827	657,636
Capital Adjustment Account	-645,618	-782,362	-783,066
Collection Fund Adjustment Account	4,416	4,397	0
Revaluation Reserve	-74,637	-39,338	-38,274
Fund balances and reserves	-35,410	-29,913	-30,268
Total Equity	-418,542	-663,827	-657,636

7.3 Private Finance Initiative (PFI) transactions

The Council has entered into three PFI contracts.

Sancroft Hall

This is a residential and day care facility. The contract is for both the provision of the facilities and the care of the residents, and day care attendees. The site was sold by the Council to the provider and the establishment became operational in November 1999. The Council pays a unitary charge for these services which are subject to payment deductions for service and availability failures and to indexation based on the GDP deflator. The Council receives an annual Government grant which is credited to revenue in the year of receipt.

The contract ends in October 2024 and at the end of the contract the provider retains the assets. The Council is entitled to step in rights in the event of default by the provider.

The assets under the Sancroft contract do not revert back to the Council and therefore cannot be treated as a Service Concession Arrangement under IFRIC 12. Under the current accounting rules the contract does not also meet the requirements of a finance lease under SSAP 21, and has been treated as an operating lease during the year. The unitary payments are therefore treated as being expended during the year and the asset remains off the Council's balance sheet.

The annual payment under the contract was £ 1.367m in 2009-10 (£1.348m in 2008-09).

NOTES TO THE CORE FINANCIAL STATEMENTS

The table below shows the amount the Council is committed to make for the duration of the contract. These payments will vary subject to actual inflation.

	Within One Year £000	Within Two to Five Years £000	Within Six to Ten Years £000	Within Eleven to Fifteen Years £000	Total £000
Payments due under contract	1,406	6,024	8,519	8,909	24,858
Nominal prices based on 2.5% inflation					

Special Schools & Neighbourhood Resource Centres

The special schools PFI arrangement relates to two new schools for pupils with learning disabilities, and the refurbishment of a third first and middle school. The contract is for the provision of the facilities on Council sites under licence to the provider. The works were phased in and the three schools were fully operational by February 2006.

Three neighbourhood resource centres (NRCs) which have been provided under the LIFT initiative on Council sites under licence to the provider. These became operational in May 2009 with the contract lasting for 25 years.

Under both arrangements, the Council pays a unitary charge which is subject to payment deductions for service and availability failures, and increases each year for inflation based on RPI. The Council receives a Government Grant on an annuity basis with the impact of the grant evened out over the contract period by use of a sinking fund.

At the end of the contracts the assets and all rights under the agreements revert to the Council at no additional cost. The providers are required to undertake regular benchmarking exercises for certain operational costs and market test these where necessary. In the event of default by the provider the Council has the option to either, re-tender the contract and pay the contractor the highest compliant tender price, or to take over the contract and pay the contractor the estimated fair value of the agreement. In the event of voluntary termination the provider is entitled to a termination sum based on the debt outstanding. The Council is entitled to receive a 50% share of any refinancing gain.

The contracts for the schools and the NRCs both fall within the scope of service concession arrangements under IFRIC 12 as the use of the assets is controlled by the Council and the assets revert back to the Council on the expiration of the contracts.

The Council is committed to make the following payments to the providers for the duration of the contract. These payments will vary depending on actual inflation, performance and any agreed variations. The movements in the liabilities vary from year to year as the repayments are affected by the finance lease interest and the fluctuating lifecycle replacement costs.

NOTES TO THE CORE FINANCIAL STATEMENTS

PAYMENTS DUE UNDER PFI CONTRACTS

	Within One Year £000	Within Two to Five Years £000	Within Six to Ten Years £000	Within Eleven to Fifteen Years £000	within Sixteen to Twenty Years £000	Within Twenty one to Twenty Five Years £000	Total £000
Minimum Lease Charge							
Interest	1,189	4,534	5,082	4,149	2,959	936	18,849
Repayment of Liability	238	1,016	1,658	2,362	3,518	4,150	12,942
	<u>1,427</u>	<u>5,550</u>	<u>6,740</u>	<u>6,511</u>	<u>6,477</u>	<u>5,086</u>	<u>31,791</u>
Other Payments							
Lifecycle Costs	101	628	1,160	1,709	1,951	652	6,201
Service Charge	695	2,959	4,135	4,678	5,293	4,220	21,980
Contingent Rental	35	151	204	126	193	631	1,340
	<u>831</u>	<u>3,738</u>	<u>5,500</u>	<u>6,513</u>	<u>7,437</u>	<u>5,503</u>	<u>29,522</u>
Total Unitary Charge	<u>2,258</u>	<u>9,288</u>	<u>12,239</u>	<u>13,024</u>	<u>13,914</u>	<u>10,589</u>	<u>61,312</u>

NRCs

Minimum Lease Charge							
Interest	515	2,005	2,248	1,842	1,265	440	8,315
Repayment of Liability	2	468	842	1,231	1,607	2,050	6,200
	<u>517</u>	<u>2,473</u>	<u>3,090</u>	<u>3,073</u>	<u>2,872</u>	<u>2,490</u>	<u>14,515</u>
Other Payments							
Lifecycle Costs	0	41	246	302	661	317	1,567
Service Charge	305	809	943	1,067	1,208	1,363	5,695
Contingent Rental	18	250	713	1,207	1,650	1,892	5,730
	<u>323</u>	<u>1,100</u>	<u>1,902</u>	<u>2,576</u>	<u>3,519</u>	<u>3,572</u>	<u>16,564</u>
Total Unitary Charge	<u>840</u>	<u>3,573</u>	<u>4,992</u>	<u>5,649</u>	<u>6,391</u>	<u>6,062</u>	<u>27,507</u>

Other Payments at Nominal prices based on inflation of 2.5% per annum

7.4 Agency Services

There were no agency services carried out during 2009-10 (none in 2008-09).

NOTES TO THE CORE FINANCIAL STATEMENTS

7.5 Parking Control

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

	2009-10 £000	2008-09 £000
Income	-6,486	-6,067
Expenditure	2,670	2,599
Total Surplus for year	-3,816	-3,468
Use of surplus		
Design and implementation of traffic management schemes	1,087	2,268
Concessionary Fares	2,729	1,200
Total	3,816	3,468

7.6 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 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.

	2009-10 £000	2008-09 £000
Gross Income		
Harrow's Contribution	-277	-277
Schools Contribution	-19	-21
Harrow Primary Care Trust	-671	-423
	-967	-721
Gross Expenditure	1,095	804
Deficit for year	128	83

7.7 Members' Allowances

The total amount of Members' allowances paid in 2009-10 was £0.813m (£0.796m in 2008-09). Additional information on the Members' Allowance Scheme 2009-10 may be found in a leaflet available at Council libraries.

NOTES TO THE CORE FINANCIAL STATEMENTS

7.8 Officers Emoluments

The number of employees whose remuneration, excluding employer's pension contributions was £50,000 or more in bands of £5,000 was:

Remuneration Band	2009-10 Number of employees	2008-09 Number of employees
£50,000 - £54,999	112	106
£55,000 - £59,999	88	99
£60,000 - £64,999	48	32
£65,000 - £69,999	25	38
£70,000 - £74,999	33	13
£75,000 - £79,999	8	8
£80,000 - £84,999	8	6
£85,000 - £89,999	4	7
£90,000 - £94,999	7	6
£95,000 - £99,999	6	3
£100,000 - £104,999	1	0
£105,000 - £109,999	4	2
£110,000 - £114,999	2	2
£115,000 - £119,999	1	1
£120,000 - £124,999	1	0
£125,000 - £129,999	1	2
£130,000 - £134,999	3	1
£135,000 - £139,999	0	1
£140,000 - £144,999	2	1
£170,000 - £174,999	0	1
£185,000 - £189,999	1	0
	355	329

NOTES TO THE CORE FINANCIAL STATEMENTS

7.8.1 Senior Officers Emoluments

The following table sets out the remuneration disclosures for Senior Officers whose salary is £150,000 or more per year:

Name of Employee	Position Held	Salary (including fees and allowances)		Benefits in Kind		Total Remuneration excluding pension contributions		Employers pension contributions		Total Remuneration including pension contributions	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
		£	£	£	£	£	£	£	£	£	£
Michael Lockwood	Chief Executive	185,297	172,305	1,204	1,204	186,501	173,509	33,003	31,187	219,504	204,696

The following table sets out the remuneration disclosures for Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year:

Position Held	Notes	Salary (including fees and allowances)		Benefits in Kind		Total Remuneration excluding pension		Employers pension contributions		Total Remuneration including pension	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
		£	£	£	£	£	£	£	£	£	£
Corporate Director - Place Shaping		141,795	137,667	0	0	141,795	137,667	26,019	24,918	167,814	162,585
Corporate Director - Childrens Services	1	140,307	133,653	0	0	140,307	133,653	25,262	24,191	165,569	157,844
Corporate Director - Adults & Housing		133,653	129,858	84	84	133,737	129,942	24,525	23,504	158,262	153,446
Corporate Director - Finance		133,653	129,858	0	0	133,653	129,858	24,525	23,504	158,178	153,362
Director of Legal & Governance Services		127,157	114,468	1,186	1,186	128,343	115,654	23,413	20,719	151,756	136,373
Corporate Director - Community & Environment	2	122,138	0	1,528	0	123,666	0	22,218	0	145,884	0
Assistant Chief Executive		106,137	104,739	1,178	1,178	107,315	105,917	19,797	18,958	127,112	124,875
		904,840	750,243	3,976	2,448	908,816	752,691	165,759	135,794	1,074,575	888,485

*Note 1: The Corporate Director for Children's Services left the Council on 31st March 2010

*Note 2: The Corporate Director for Community & Environment joined the Council on 5th May 2010. The above disclosures only relate to amounts actually paid in the year.

Employee pension contributions for the above officers towards their Local Government Pension Scheme during the year were 7.5% of their pensionable earnings.

NOTES TO THE CORE FINANCIAL STATEMENTS

7.9 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 Treasurers position 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.

7.9.1 West London Waste Authority

	2009-10 £000	2008-09 £000
Payments to WLWA	6,517	5,872
Payments from WLWA	759	590
Cash balances invested with the Council as at 31 March 2009	11,521	8,828
Long Term lending to WLWA	3,297	3,415

7.9.2 London Borough of Harrow Pension Fund

	2009-10 £000	2008-09 £000
Employers pension contribution to the Fund	16,622	15,794
Administration expenses paid by the Fund	-690	-790
Cash due to the Fund	4,378	3,473

7.9.3 Other Funds

	2009-10 £000	2008-09 £000
Cash due to Harrow Weald Common Conservators	22	15
Cash due to Edward Harvist Trust	82	106
Cash due to Harrow Recreation Trust	82	80
Cash due to Middlesex Guildhall Collection	57	56
Cash due to Pinner Memorial Park	24	24

7.9.4 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 7.46

7.10 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; and
- Certification of grant claims and returns under section 28 of the Audit Commission Act 1998.

NOTES TO THE CORE FINANCIAL STATEMENTS

The Audit Commission appointed Deloitte 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.

	2009-10 £000	2008-09 £000
Annual audit	405	396
Inspection fees	62	87
Grants audit	100	110
Total audit fees	567	593
Audit of Harrow Pension Fund	38	38
Non-audit work	20	19
Total non audit fees	58	57

7.11 Levies

	2009-10 £000	2008-09 £000
London Boroughs Grants Committee	748	753
Coroners Court	0	0
London Pension Fund Authority	348	360
WLWA	6,284	5,306
Lee Valley	264	261
Environment Agency	172	173
Total	7,816	6,853

7.12 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 2009-10 are as follows:

	Central Expenditure £000	Individual Schools £000	2009-10 Total £000
Final DSG for 2009/10			-137,869
Deficit Brought Forward from 2008/09			454
Carry Forward to 2010/11 agreed in advance			382
Agreed Budget Distribution in 2009/10	-14,382	-122,651	-137,033
Actual Central Expenditure for the Year	14,254		14,254
Actual ISB deployed to schools		123,591	123,591
Deficit excluding agreed carry forward	-128	940	812
Deficit Carry forward to 2010/11 including agreed carry forward			430

NOTES TO THE CORE FINANCIAL STATEMENTS

7.13 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; and
- 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; and
- 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.

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

	2009-10 £000	2008-09 £000
Amounts included in the Income & Expenditure account but required by statute to be excluded		
Depreciation and impairment	-150,084	-68,721
Government Grants deferred	4,498	4,198
Revenue Expenditure Funded from Capital under statute	-1,178	-3,865
Net gain on sale of fixed assets	1,950	398
Premiums and Discount	-19	21
Equal Pay Back Pay Account	0	867
Charges made for retirement benefits in accordance with FRS17	-24,335	-20,183
Council Tax Income Adjustment	1,125	1,697
	-168,043	-85,588
Amounts not included in the Income & Expenditure account but required by statute to be included		
Statutory provision for repayment of debt	9,002	6,393
Capital expenditure charged to the General Fund balances	122	1,000
Transfer from usable capital receipts	-1,346	-465
Employer's contributions payable to the Pension Fund	16,622	15,794
	24,400	22,722
Transfers to or from the General Fund balance		
Transfer from HRA	-358	-1,117
Transfer to Earmarked Reserves	2,300	3,259
	1,942	2,142
Net additional amount required to be credited to the General Fund Balance for the year	-141,701	-60,724

NOTES TO THE CORE FINANCIAL STATEMENTS

7.15 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
Certified Valuation as at 1 April 2009 - (re-stated)	369,849	635,681	72,476	148,384	1	84,611	1,311,002
Additions	11,107	18,148	12,306	9,775	566	47,527	99,429
Disposals	-722	0	0	0	0	-347	-1,069
Reclassifications	0	-5,971	49	4,842	0	1,080	0
Revaluations	86,324	8,813	0	0	0	1,503	96,640
At 31 March 2010	466,558	656,671	84,831	163,001	567	134,374	1,506,002
Depreciation and impairments							
At 1 April 2009 - (re-stated)	-14,228	-30,391	-31,938	-49,778	0	0	-126,335
Charge for 2009-2010	-3,778	-6,368	-13,193	-7,233	0	0	-30,572
Revaluations	0	-178,408	0	0	-566	-9,897	-188,871
At 31st March 2010	-18,006	-215,167	-45,131	-57,011	-566	-9,897	-345,778
Balance Sheet amount as at 31 March 2010	448,552	441,504	39,700	105,990	1	124,477	1,160,224
Balance Sheet amount as at 1 April 2009 - (re-stated)	355,621	605,290	40,538	98,606	1	84,611	1,184,667
Nature of asset holding							
Owned	448,552	415,408	39,700	105,990	1	124,477	1,134,128
PFI	0	26,096	0	0	0	0	26096
	448,552	441,504	39,700	105,990	1	124,477	1,160,224

NOTES TO THE CORE FINANCIAL STATEMENTS

7.16 Capital Financing

Capital expenditure in 2009-10 was financed as follows:

	2009-10 £000	2008-09 Restated £000
Opening Capital Financing Requirement	257,094	217,206
Capital Investment		
Fixed Assets	88,239	93,717
Fixed Assets - PFI	6,299	0
Revenue Expenditure funded from Capital under Statute	7,746	5,183
Sources of finance		
Capital Receipts	-1,315	-3,355
Capital Grants	-57,516	-44,707
Revenue financing	-3,900	-4,557
Minimum Revenue Provision	-9,002	-6,393
Closing Capital Financing Requirement	287,645	257,094
<u>Explanation for Movements in year</u>		
Increase in supported borrowing	6,872	8,322
Increase in unsupported borrowing	26,382	37,959
Notional Borrowing for PFI	6,299	
Minimum Revenue Provision	-9,002	-6,393
Increase in Capital Financing Requirement	30,551	39,888

7.17 Revenue Expenditure funded from Capital under statute

	2009-10 £000	2008-09 £000
Balance as at 1 April	0	0
Additions		
Improvement Grants	1,925	2,313
Petts Hill Project (Contri. From Ealing)	1,568	0
Supported Housing - HIV Grant	1,012	148
VA Schools	2,055	0
Single Status	0	910
Other	1,186	1,812
Written off during year	-7,746	-5,183
Balance as at 31 March	0	0
of which:		
Funded by Grants	6,568	1,309
Funded by borrowing	1,178	3,865
	7,746	5,174

7.18 Fixed Asset Valuation

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

Valuations carried out after 1 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

During 2009-10, 20% of the portfolio for Other Land & Buildings, Community Assets and Non-Operational Properties was re valued as at 1 April 2009 in line with the 5 year rolling programme and a desk top review taken of the remaining 80%.

The HRA portfolio was valued in line with the 5 year rolling programme. The Land Registry index was used to calculate any material adjustments required to effect the movement in the property price index for operational HRA properties between 1 April 2009 and 31 March 2010. This has resulted in an upward revaluation during the year of £86.3m (2008-09 resulted in £56.8m downward revaluation).

	Council Dwellings £000's	Other Land & Buildings £000's	Vehicles and Plant 39,700	Non- operationa l Assets £000's	Total £000's
Valued at historical cost					39,700
Valued at current value in:					
2009-2010	448,552	441,504		124,477	1,014,533
2008-2009	355,621	591,788		84,611	1,032,020
2007-2008	400,441	550,300		59,818	1,010,559
2006-2007	369,188	564,965		50,483	984,636
2005-2006	352,854	555,563		36,305	944,722
2004-2005	358,561	567,988		29,012	955,561
2003-2004	241,040	449,925		27,236	718,201

7.19 Depreciation

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

7.20 Changes in the value of PFI assets since inception and during 2009-10

The PFI arrangements only refer to the building assets. When considering the impact of a revaluation or impairment, both the land and building element are considered together and the net adjustments processed.

Analysis of Movements in PFI Assets during 2009-10

	School Building £000	NRC Building £000	Total £000
Valuation brought forward as at 1 April 2009	13,505	0	13,505
Additions - Lifecycle costs	122	0	122
Additions - New Construction	0	6,299	6,299
Revaluations/Impairments	-386	0	-386
Depreciation brought forward as at 1 April 2009	-710	0	-710
Depreciation charge for 2009-2010	-197	-97	-294
Value carried forward as at 31st March 2010	12,334	6,202	18,536
Balance Sheet amount as at 1 April 2009	12,795	0	12,795

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

	2010-11 £000	2011-12 £000	2012-13 £000
BTP	5,200	2,000	2,000
LBH Anywhere	3,400	1,000	1,000
Social Care Sites	1,000	700	0
Autistic Spectrum Disorder and School Amalgamation	560	600	0
Catering in schools	3,191	0	0
Whitmore High School	1,250	0	0
Schools Capital Projects	8,977	700	500
Disabled Facilities Grants	845	845	845
Affordable Warmth, Empty Property and Renovation Grants	765	765	765
Major Works Corporate Buildings	790	790	790
Public Realm Infrastructure	4,410	4,410	4,410
Prosperity Action Teams	210	210	210
School Landlord Works	750	750	750
Transport for London Schemes	3,970	3,970	3,970
Sports and Leisure Sites	100	100	100
Strategic Development	2,000	2,000	2,000
Housing Improvement (HRA)	7,610	6,160	6,160
Other	610	500	500

NOTES TO THE CORE FINANCIAL STATEMENTS

7.22 Fixed Assets Statistical Analysis

Fixed Asset	31-Mar-10 Number	31-Mar-09 Number
Primary Schools	42 [↑]	45
High Schools	8	8
Special Education	4	4
Teachers Centre	1	1
Youth Club Premises	2 [↑]	3
Day Nurseries	3	3
Misc Education Properties	9	9
Children's Services	5	5
Disability Services	9 [↑]	6
Mental Health Services	8	8
Social Services Offices	2	2
Elderly Services	1	1
Dwellings (inc properties managed by LBH)	5058 [↑]	5,067
Garages	993	993
Community Centres	10	10
Car Ports	59	59
Gypsy Caravan Sites	1	1
Hostels for the Homeless	1 [↑]	2
Highways (km)	481	480
Depots	1	1
Off Street Car Parks	18	18
Public Conveniences	10	10
Civic Centre	1	1
Parks & Open Spaces (hectares)	579	579
Swimming Pool (unattached)	1	1
Leisure Centre	1	1
Libraries	11	11
Cemetries	8	8
Allotments	32	32
Community Halls	3	3
Misc Shops	34	34
Misc Offices	1 [↑]	3
Voluntary aided schools not included in the assets of the authority, as shown below:		
High Schools	2	2
Primary Schools	7	7

NOTES TO THE CORE FINANCIAL STATEMENTS

7.23 Leasing

The amount charged to revenue in respect of Rentals Payable under operating lease was £0.418m for Land & Buildings and £4.612m for Vehicles, Plant & Equipment. (2008-09 £0.285m for Land & Buildings and £4.137m for Vehicles, Plant & Equipment).

The Council was committed at 31 March 2010 to making payments of £3.781m in the next financial year, analysed as follows:

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000
Leases expiring within 1 year	-	218
Leases expiring between 2 to 5 years	228	1,747
Leases expiring after 6th year and subsequent	190	1,398
	418	3,363

Under operating leases, the Council has total commitments at 31 March 2010 of £18.088m over their remaining term.

7.24 Long Term Debtors

	31-Mar10 £000	31-Mar-09 £000
Employees Car Loans	153	187
House Purchase Loans to Individuals	126	156
West London Waste Authority	3,297	3,415
Other Loans	137	139
Total	3,713	3,897

7.25 Debtors

	31-Mar-10 £000	31-Mar-09 (restated) £000
Employees	42	45
Government Departments	12,343	16,845
Rate and Council Tax Payers	5,257	5,351
Sundry	18,731	16,991
Housing Rents	1,504	1,407
Gross Debts	37,877	40,639
Provision for Doubtful Debt	-9,672	-8,397
Net Current Debts	28,205	32,242

7.26 Investments

	31-Mar-10 £000	31-Mar-09 £000
Temporary Lending:		
Managed in-house	95,316	68,855
Deposits - with Council's Bank	357	354
Internal Investments	3	3
Total	95,676	69,212

NOTES TO THE CORE FINANCIAL STATEMENTS

7.27 Short Term Borrowing

	31-Mar-10 £000	31-Mar-09 £000
Public Works Loan Board	-15	-5,012
West London Waste Authority	-11,521	-8,828
Pension Fund	-4,377	-3,473
Other Loans	-268	-281
Total	-16,181	-17,594

7.28 Creditors

	31-Mar-10 £000	31-Mar-09 (restated) £000
Government Departments	-6,342	-8,312
Receipts in advance:		
Tenants	-513	-468
Other	-11,539	-12,133
Rate and Council Tax Payers	-2,808	-3,051
Trust Funds	-43	-42
Sundry	-41,796	-45,370
Total	-63,041	-69,376

7.29 Analysis of Bequest Funds

	31-Mar-10 £000	31-Mar-09 £000
Education Scholarship Funds	-12	-12
Libraries and Arts	-29	-28
George Hallam Bequest	-2	-2
Total	-43	-42

7.30 Long Term Borrowing

	31-Mar-10 £000	31-Mar-09 £000
Source of Loan:		
Public Works Loan Board	-130,323	-130,417
Other Financial Institutions	-111,800	-81,800
Total	-242,123	-212,217
Analysis of loans by maturity:		
1-2 years (1.4.2011 - 31.3.2012)	-40	-39
2-5 years (1.4.2012 - 31.3.2015)	-16,158	-10,192
5-10 years (1.4.2015 - 31.3.2020)	-32,015	-26,088
More than 10 years (1.4.2020+)	-193,895	-175,898
Total	-242,108	-212,217

NOTES TO THE CORE FINANCIAL STATEMENTS

7.31 Changes in the PFI liability since inception and during 2009-10

Analysis of movement in PFI Liability

	Special Schools £000	NRC £000	Total £000
As at 1 April 2009	13,141	0	13,141
Additional liability for asset recognition	0	6,299	6,299
Lease repayment	-1,406	-500	-1,906
Finance charge	1,207	401	1,608
As at 31 March 2010	<u>12,942</u>	<u>6,200</u>	<u>19,142</u>

2009-10

Analysed as follows:	£000	£000	£000
Due within one year	238	2	240
Due after more than one year	12,704	6,198	18,902
	<u>12,942</u>	<u>6,200</u>	<u>19,142</u>

2008-09

Analysed as follows:	£000	£000	£000
Due within one year	199	0	199
Due after more than one year	12,942	0	12,942
	<u>13,141</u>	<u>0</u>	<u>13,141</u>

7.32 Government Grants Deferred

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

	31-Mar-10 £000	31-Mar-09 £000
Implementing Electronic Government	-139	-342
National Lottery	-2,292	-2,258
Department of Children, Schools and Families	-29,520	-17,943
Transport Supplementary and Transport for London	-44,666	-38,020
Waste Management	-294	-566
Learning Skills Council	-990	-3,963
Department of Health	-189	0
Other	-6,884	-7,024
Total	<u>-84,974</u>	<u>-70,116</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

7.33 Capital Grants Unapplied

Capital grants unapplied represents capital grants received, which will be credited to revenue in future years in line with the related fixed assets.

	31-Mar-10 £000	31-Mar-09 £000
National Lottery	-53	-59
Department of Childrens, Schools and Families	-56,919	-25,380
Transport Supplementary and Transport for London	-1,922	-5,918
Learning Skills Council	-25,539	-21,387
Department of Health	-2,171	-2,273
Other	-1,182	-409
Total	-87,786	-55,426

7.34 Deferred Credits

Deferred Capital Receipts of £0.126m (£0.156m 2008-09) refer to amounts derived from the sale of assets that will be received in instalments over agreed periods of time.

7.35 Provisions

	As at 01-Apr-09 £000	Provided in year £000	Payment/R leases in year £000	As at 31-Mar-10 £000
Insurance Provision	-5,600	-1,648	2,087	-5,161
Employee Related Provision	-1,971	-398	600	-1,769
Disrepair Provision	-80	-84		-164
Litigation Provision	-1,169		276	-893
Refunds under the Mental Health Act (s117)	-429		171	-258
Total	-9,249	-2,130	3,134	-8,245

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 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 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; and
- There is a provision for claims in relation to charges made in the past for accommodation under the Mental Health Act (s117).

NOTES TO THE CORE FINANCIAL STATEMENTS

7.36 Capital Adjustment Account

		31-Mar-10		31-Mar-09 (restated)
	£000	£000	£000	£000
Opening Balance		-782,362		-842,387
Capital Financing :				
Capital Receipts Applied	-1,315		-166	
Minimum Revenue Provision	-9,002		-6,393	
Major Repairs Allowance	<u>-3,778</u>	<u>-14,095</u>	<u>-3,557</u>	-10,116
Amortisation of Government Grants Deferred - General Fund		-4,498		-4,198
Direct Revenue Financing		-122		-1,000
Asset Impairment - General Fund		162,066		6,626
Asset Impairment - Housing Revenue Account		-38,776		38,776
Asset Depreciation - General Fund		26,794		24,135
Asset Depreciation - Housing Revenue Account		3,778		3,557
Fixed Assets Written out		1,069		232
Revenue Expenditure Funded from Capital		1,178		3,865
Revaluation Reserve depreciation write down		-30		-792
Revaluation Reserve disposals		-620		-1,060
Closing Balance		<u>-645,618</u>		<u>-782,362</u>

7.37 Revaluation Reserve

	2009-10	2008-09 (restated)
	£000	£000
Balance at 1st April	-39,338	-33,306
Upward Revaluation - General Fund	-10,316	-25,892
Upward Revaluation - HRA	-86,324	0
Recognition of assets not previously on asset register	-4,889	0
Utilisation of revaluation surplus for current year impairments GF	26,804	0
Utilisation of revaluation surplus for current year impairments HRA	38,776	18,008
Write out Asset on Disposal	620	1,060
Historic cost depreciation adjustment	30	792
Total	<u>-74,637</u>	<u>-39,338</u>

7.38 Capital Receipts Reserve

	2009-10	2008-09
	£000	£000
Balance unapplied at 1 April	-5,906	-5,697
Receipts in year	-2,922	-840
Pooling payment to the DCLG	1,346	465
Applied during the year	1,315	166
Balance unapplied at 31 March	<u>-6,167</u>	<u>-5,906</u>

Affordable Housing

Also included in capital receipts unapplied is £3.761m 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 2009-10.

NOTES TO THE CORE FINANCIAL STATEMENTS

7.39 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-09 (restated) £000	Net Movement In Year £000	Balance as at 31-Mar-10 £000
Capital Adjustment Account	-782,362	136,744	-645,618
Financial Instruments Adjustment Account	4,397	19	4,416
Collection Fund Adjustment Account	-280	-1,125	-1,405
Revaluation Reserve	-39,338	-35,299	-74,637
Pensions Reserve	189,575	150,704	340,279
Capital Receipt Reserve	-5,906	-261	-6,167
General Fund	-5,716	-578	-6,294
School Delegated Funds	-10,131	-2,977	-13,108
Housing Revenue Account	-5,142	358	-4,784
Earmarked Reserves			
Transformation Programme	-500	-556	-1,056
Borough Elections	-151	-76	-227
Building Schools for Future	-400	0	-400
Harvist - Harrow's Share	-26	16	-10
NW London Education Business Partnership	-93	0	-93
PFI Schools	-4,017	46	-3,971
Personal Injury Reserve	-103	-7	-110
Carry Forward	-2,369	-1,245	-3,614
Bad Debt Reserve	-250	75	-175
Insurance Reserve	-500	0	-500
Litigation and Employment Related Reserve	-515	-261	-776
PFI Neighbourhood Resource Centre	0	-292	-292
Total	-663,827	245,285	-418,542

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.

7.40 Analysis of Net Assets Employed

	31-Mar-10 £000	31-Mar-09 £000
General Fund	-41,584	-372,514
Housing Revenue Account	-376,958	-291,313
Total Equity	-418,542	-663,827

NOTES TO THE CORE FINANCIAL STATEMENTS

7.41 Contingent Liabilities

- There is a provision of £0.257m 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; and
- 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.

7.42 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 29 June 2010 and authorised for issue on 28 September 2010.

7.43 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-10 £000	31-Mar-09 £000
Harrow Recreation Trust	82	80
Edward Harvist	82	106
Middlesex Guildhall Collection	57	56
Pinner Memorial Park	24	24

7.44 Pension Liability

Participation in Pension 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 salary scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment 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:

NOTES TO THE CORE FINANCIAL STATEMENTS

Income and Expenditure Account

	31-Mar-10 £000	31-Mar-09 £000
Net cost of services:		
Current service cost	10,076	11,597
Past service costs	532	4,094
Curtailments and settlements	44	589
Net operating expenditure		
Interest cost	33,601	34,435
Expected return on scheme assets	-19,917	-27,680
Net Charge to the Income and Expenditure Account	24,336	23,035

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial losses of £145.923m were included in the STRGL. The cumulative amount of actuarial losses recognised in the STRGL is £232.751m.

Amounts recognised in STRGL

	31-Mar-10 £000	31-Mar-09 £000	31-Mar-08 £000	31-Mar-07 £000	31-Mar-06 £000
Actuarial (Losses)/Gains	-145,923	-76,813	5,425	22,329	4,945
Cumulative Actuarial Losses	-232,751	-86,828	-10,015	-15,440	-37,769

Reconciliation of present value of the scheme liabilities

	31-Mar-10 £000	31-Mar-09 £000
Opening Defined Benefit Obligation	490,023	496,877
Current service cost	10,076	11,597
Interest cost	33,601	34,435
Contributions by Members	5,977	5,796
Actuarial Gains	258,136	-41,671
Past Service Costs	532	4,094
Losses on Curtailments	44	589
Estimated Unfunded Benefits Paid	-2,931	-2,852
Estimated Benefits Paid	-19,920	-18,842
Closing Defined Benefit Obligation	775,538	490,023

Reconciliation of fair value of the scheme assets

	31-Mar-10 £000	31-Mar-09 £000
Opening Fair Value of Employer Assets	300,448	388,504
Expected Return on Assets	19,917	27,680
Contributions by Members	5,977	5,796
Contributions by the Employer	16,622	15,794
Contributions in respect of Unfunded Benefits	2,931	2,852
Actuarial Gains	112,214	-118,484
Unfunded Benefits Paid	-2,931	-2,852
Benefits Paid	-19,920	-18,842
Closing Fair Value of Employer Assets	435,258	300,448

NOTES TO THE CORE FINANCIAL STATEMENTS

Scheme history

	31-Mar-10 £000	31-Mar-09 £000	31-Mar-08 £000	31-Mar-07 £000	31-Mar-06 £000
Fair Value of Employer Assets	435,258	300,448	388,504	414,643	390,200
Present Value of Defined Benefit Obligations	-775,538	-490,023	-496,877	-530,900	-527,200
Deficit	-340,280	-189,575	-108,373	-116,257	-137,000
Experience (Losses)/Gains on Assets	112,214	-118,484	-57,599	-6,572	58,568
Experience (Losses)/Gains on Liabilities	-1,244	-1,659	-19,958	181	1,904

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £775m 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 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 2011 will be approximately £17m.

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 2009, 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.

The actual return on scheme asset for the year was 43.8%.

Breakdown of the expected return on Assets

	Long Term Return at 31-Mar-10 % p.a.	Assets £000	Long Term Return at 31-Mar-09 % p.a.	Assets £000
Assets				
Equities	7.8%	352,559	7.0%	234,349
Bonds	5.0%	47,878	5.4%	39,058
Property	5.8%	26,116	4.9%	24,036
Cash	4.8%	8,705	4.0%	3,005
Estimated Employer Assets		435,258		300,448

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

Average future life expectancies at age 65

	Males	Females	
Current Pensioners	20.8 years	24.1 years	
Future Pensioners	22.3 years	25.7 years	
		31-Mar-10	31-Mar-09
		%p.a.	%p.a.
Price Increases		3.8%	3.1%
Salary Increases		5.3%	4.6%
Pension Increases		3.8%	3.1%
Discount rate		5.5%	6.9%

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 2009-10 the Council paid £9.131m (£8.430m in 2008-09) 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 2009-10 these amounted to £0.732m (£0.713m in 2008-09) representing 1.07% (1.17% in 2008-09) 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 2010 was nil (£1.041m 2008-09).

7.45 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

7.46 Other Government Grants

	2009-10 £000	2008-09 £000
Standards Fund	-12,019	-14,065
Schools Standard Fund	-6,084	-5,949
Dedicated Schools Grant	-137,869	-132,762
Asylum Seekers	-488	-1,322
LSC	-7,104	-5,092
Housing Benefits Administration Grant	-2,472	-1,916
Supporting People	-3,833	-3,833
Area Based Grant	-9,243	-8,642
Other Grants	-793	-789
Total Government Grants	-179,905	-174,370

7.47 Reconciliation of Income & Expenditure Account to Net Cash Flow

	2009-10 £000	2008-09 (restated) £000
Deficit per I&E Account	138,146	57,996
Interest payable & similar charges	-11,665	-10,944
Interest and Investment income	1,559	4,541
Non-Cash Transactions		
Movement in Provisions and Reserves	-270	-2,051
Capital Financing charges	-150,542	-71,087
Contribution from Pension Reserve	-4,782	-4,389
Gains on disposal of Fixed Assets	1,950	398
Collection Fund	1,425	-1,365
Other adjustments	-1,814	-1,370
Items on an accrual basis:		
Decrease (-)/Increase in Stock	-66	-48
Decrease in Debtors	3,193	-5,468
Increase in Creditors	10,470	-1,859
Net cash outflow from revenue	-12,396	-35,646

7.48 Analysis of Balances of Cash

	As at 31-Mar-10 £000	As at 31-Mar-09 £000	Movement £000
Cash and Bank	398	1,060	662
Cash Overdrawn	-8,058	-7,036	1,022
	-7,660	-5,976	1,684

NOTES TO THE CORE FINANCIAL STATEMENTS

7.49 Reconciliation of movement in Cash to movement in Net Debt

	As at 31-Mar-10 £000	As at 31-Mar-09 (restated) £000
Decrease in Cash	1,684	2,873
Decrease in Investments	10,464	-646
Increase/Decrease (-) in other liquid resources	1,077	-2,622
Increase/Decrease (-) in Debt	28,478	15,030
Movement in net debt	41,703	14,635

7.50 Reconciliation of Financing and Management of Liquid Resources

	As at 31-Mar-10 £000	As at 31-Mar-09 £000	Movement £000
External Investments	95,676	85,212	10,464
Short Term Borrowing	-16,165	-12,581	-3,584
Long Term Borrowing	-242,123	-217,229	-24,894

7.51 Analysis of Liquid Resources

	As at 31-Mar-10 £000	As at 31-Mar-09 £000	Movement £000
Contractors Deposits	357	354	3
Education Investments	3	3	0
Banks	60,395	31,955	28,440
Other Bodies	14,921	0	14,921
Building Societies	20,000	52,900	-32,900
	95,676	85,212	10,464

7.52 Financial Instruments

Amortised Costs

The Council's Financial Instruments consist of:

	31-Mar-10		31-Mar-09	
	Long-term £000	Current £000	Long-term £000	Current £000
Financial liabilities at amortised cost	-261,010	-74,341	-225,159	-75,012
Loans and receivables	3,713	111,576	20,242	85,312

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 £95.3m.

For further details of gross amounts held under debtors and creditors, and the corresponding provisions for bad debt, please refer to notes 7.25 and 7.28. These notes provide a more

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

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 063/10;
- Accrued interest has been included in the fair value calculations;
- For other market debt and investments the rate used was obtained from the market on 31st March using bid price where applicable;
- No early repayment or impairment is recognised; and
- 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:

	31-Mar-10		31-Mar-09	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Liabilities	242,123	-254,604	-212,217	-225,477
Financial Assets	95,292	97,226	84,852	87,102

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.

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 2009-10 approved by the Council in February 2009.

NOTES TO THE CORE FINANCIAL STATEMENTS

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 AAA sovereign rating 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.

	Amount at 31-Mar-10 £000	Historical experience of default %	Historical experience of adjusted for market conditions at 31-Mar-10 %	Estimated exposure to default and uncollectibil ity £000
Deposits with Banks and Other financial Institutions				
UK Banks	49,660	0	2.1	1,042
UK Building Societies	20,000	0	2.1	420
UK Money Market Funds	14,918	0	2.1	313
Overseas Banks	10,735	0	2.1	225
Customers	25,492	25.00	37.94	9,672
Total	120,805			11,672

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.

Debtors

The Council does not generally allow credit for customers. There are no impaired debtors. The past due amount can be analysed by age as follows:

	Amount at 31-Mar-10 £000	Amount at 31-Mar-09 £000
Less than Three months	13,186	5,290
Three to six months	552	528
Six months to one year	593	665
More than one year	11,161	18,324
Total	25,492	24,807

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 7.30 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;
- 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; and
- 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 when a major debt restructuring exercise was carried out. Also, further Lenders Option Borrowers Option (LOBOs) totalling £30m were taken out at a favourable rate during the year. This along with the ones taken out in earlier years brings the cumulative total of LOBOs to £63.8m (approximately 26.35% of the total debt portfolio). 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

8 Supplementary Single Entity Financial Statements

8.1 Housing Revenue Account (HRA)

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	2009-10 £000	2008-09 £000
Income			
Dwelling Rents (Gross)	8.2.1	-21,809	-21,202
Non-Dwelling Rents (Gross)	8.2.2	-800	-815
Charges for services and facilities		-1,963	-1,909
Leaseholder charges for services and facilities		-238	-232
Other charges for services and facilities		-26	-22
Contributions towards expenditure		-84	-83
Total Income		-24,920	-24,263
Expenditure			
Repairs and Maintenance	8.2.4	5,118	5,066
Supervision and management		6,762	6,462
Rent, Rates and Other charges		45	43
Negative HRA subsidy payable (including MRA element)	8.2.3	6,847	6,821
Depreciation of fixed assets	8.2.5	3,778	3,557
Impairment of fixed assets		-36,719	38,776
Debt management costs		40	45
Increase in bad debt provision		136	173
Total Expenditure		-13,993	60,943
Net cost of HRA Services as included in the whole Authority			
Income & Expenditure Account		-38,913	36,680
HRA services share of Corporate and Democratic Core		197	168
Net cost of HRA services		-38,716	36,848
Gain on sale of HRA Fixed Assets		-1,191	-398
Interest payable and similar charges	8.2.6	2,107	2,011
Interest and Investment Income		-115	-320
Deficit for the year		-37,915	38,141

Statement of Movement on the HRA Balance

	Notes	2009-10 £000	2008-09 £000
(Surplus) or Deficit for the year on the HRA Income and Expenditure Account		-37,915	38,141
Net additional amount required by statute to be debited or (credited) to the HRA balance for the year	8.2.12	38,273	-37,024
(Increase) or decrease in the HRA Balance		358	1,117
HRA surplus brought forward		-5,142	-6,259
HRA Surplus carried forward		-4,784	-5,142

SUPPLEMENTARY SINGLE ENTITY FINANCIAL STATEMENTS

8.2 Notes to the Housing Revenue Account

8.2.1 Dwelling Rents Income

This is the total income due for the year after allowance is made for voids etc. At year-end 1.13% of lettable properties were vacant; in 2008-09 the figure was 1.30%. The average depooled rents were £84.00 per week in 2009-10 (£81.55 in 2008-09). There was an average rent increase of 3.00% over the previous year.

8.2.2 Non-dwelling Rents

This includes garages. At the year-end 46.39% of garages were vacant compared with 36.69% in 2008-09.

8.2.3 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.

	2009-10 £000	2008-09 £000
Notional Expenditure		
Management and maintenance	9,118	8,640
Major Repairs Allowance	3,778	3,557
Charges for capital	2,217	2,430
Total notional expenditure	15,113	14,627
Notional Income		
Rents	-21,946	-21,344
Other	-10	-12
Total notional income	-21,956	-21,356
Other		
HRA subsidy	6,843	6,729
Prior year adjustment	4	92
Total Subsidy payable	6,847	6,821

8.2.4 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-09 £000	Net Expenditure £000	Contribution s from HRA £000	Balance 31-Mar-10 £000
Movements	0	5,118	-5,118	0

SUPPLEMENTARY SINGLE ENTITY FINANCIAL STATEMENTS

8.2.5 Depreciation

	House £000	Other Properties £000	Total 2009-10 £000
Net book value as at 1 April 2009	339,666	22,243	361,909
Revaluations and restatements	98,412	-3,160	95,252
Value at 31 March 2010	438,078	19,083	457,161
Disposals	-722	-243	-965
Gross book value as at 31 March 2010	437,356	18,840	456,196
Depreciation for year	-3,778	0	-3,778
Net book value as at 31 March 2010	433,578	18,840	452,418

Basis of valuation : Existing Use Value (Social Housing)
In accordance with Guidance on Stock Valuation (DCLG 2005)

The valuation of HRA fixed assets has been prepared on the basis of Existing Use Value and calculated in accordance with the Guidance on Stock Valuation published by the DCLG in July 2005 (This recognises their value as social housing). The HRA portfolio has been adjusted in line with the 5 year rolling programme of valuations as set out in Accounting Policies 5.16 Tangible Fixed Assets.

A vacant possession valuation for dwellings at 1 April 2009 would have been £894.663m (£1046.869m at 1 April 2008), therefore recognising the economic cost to the Government of providing Council housing at less than open market value of £563.638m.

Although the SORP requires disclosure of Economic cost of providing Council housing at less than open market rent by resource accounting, the equivalent cost based on Land Registry index as at 1 April 2009 is £707.694m.

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.

8.2.6 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.

8.2.7 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-09 £000	Transfer to Reserve £000	Capital Expenditure £000	Balance 31-Mar-10 £000
Movements	0	3,778	-3,778	0

SUPPLEMENTARY SINGLE ENTITY FINANCIAL STATEMENTS

8.2.8 Capital Expenditure and Funding Statement

	2009-10 £000	2008-09 £000
HRA Capital Expenditure		
Dwellings	11,163	15,590
Total	11,163	15,590
Financed by:		
Borrowing	6,895	10,673
Revenue Contributions	0	1,000
Capital Grant	39	100
Capital Receipts	451	260
Major Repairs Reserve	3,778	3,557
Total	11,163	15,590

8.2.9 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.

	2009-10 £000	2008-09 £000
Balance at 1 April	0	0
Receipts in year:		
Houses	1,797	621
Paid to ODPM Pool	-1,346	-465
Applied in the year	-451	-156
Balance at 31 March	0	0

8.2.10 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 7.44 gives further details.

SUPPLEMENTARY SINGLE ENTITY FINANCIAL STATEMENTS

8.2.11 Housing Revenue Account Statistics

Housing Stock	Houses	Flats	Bungalows	2009-10 Total	2008-09 Total
4 or more bedrooms	97	1	1	99	99
3 bedrooms	1300	108	1	1,409	1,416
2 bedrooms	562	926	26	1,514	1,515
1 bedroom	1	1899	136	2,036	2,037
LBH managed stock as at 1 April *				5,058	5,067
Garages				1,052	1,052
Summary of change in stock					
Stock as at 1 April				5,067	5,070
Less					
Sales				-9	-3
Conversions				0	0
Total HRA stock at 31 March				5,058	5,067

Measures of performance & information for disclosure notes to HRA

Average weekly costs per dwelling of management and maintenance	£45.13	£43.74
Rent arrears (current and former tenants)	£1.397m	£1.311m
Rent collection rate [BVPI 66a]	97.19%	96.17%
Current tenant arrears as percentage of the authorities rent roll (whether dwellings occupied or not)	3.46%	3.77%
Rent loss through voids	0.80%	0.86%
Write offs in year	£0.013m	£0.092m
Provision for bad debts	£1.010m	£0.887m

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

8.2.12 Statement of Movement on the HRA Balance

	2009-10 £000	2008-09 £000
Items included in the HRA Income & Expenditure Account but excluded from the movement on Balance for the year		
Impairment	36,719	-38,776
Difference between amounts charged to Income & Expenditure for premiums & discounts and charge for year determined in accordance with statute	230	270
Gain on sale of fixed assets	1,191	398
Net charges made for retirement benefits in accordance with FRS 17	-337	-316
	37,803	-38,424
Items not included in the Income & Expenditure Account but included in the movement on HRA balance for the year		
Employers contributions payable to London Borough of Harrow pension scheme	470	400
Capital expenditure funded by HRA	0	1,000
	470	1,400
Net additional amount required to be debited or (credited) to HRA balance for the year	38,273	-37,024

SUPPLEMENTARY SINGLE ENTITY FINANCIAL STATEMENTS

8.3 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).

Statement of Income and Expenditure

	Notes	2009-10 £000	2008-09 £000
Income			
Income from Council Tax		-112,795	-110,715
Council Tax Benefits		-18,802	-16,510
Income collectable from business ratepayers		-46,769	-45,848
Contributions			
Towards previous year's Collection Fund deficit		0	-1,735
Total Income		-178,366	-174,808
Expenditure			
Precepts and demands	8.4.3	128,321	124,983
Business Rates			
Payment to the National Pool		46,509	45,594
Costs of Collection		260	254
Contributions			
Towards previous year's Collection Fund surplus		380	0
Bad and Doubtful Debts			
Write offs		1,000	930
Provisions		479	891
Total Expenditure		176,949	172,652
Movement on fund balance: Surplus for the year		-1,417	-2,156
Deficit/Surplus(-) brought forward		-355	1,801
Surplus(-)/Deficit carried forward		-1,772	-355

SUPPLEMENTARY SINGLE ENTITY FINANCIAL STATEMENTS

8.4 Notes to the Collection Fund

8.4.1 Income from Council Tax

The 2009-10 Council Tax Base was £85,755 with a Band D of £1496.37. The Council Tax, as shown, reflects both Harrow Council and GLA services:

Valuation Bands	Band D Ratio	2009-10		2008-09	
		Property Numbers	Council Tax £	Property Numbers	Council Tax £
A= Not exceeding £40,000	6/9	284	997.58	278	974.92
B= £40,001 - £52,000	7/9	3,210	1,163.84	3,157	1,137.40
C= £52,001 - £68,000	8/9	18,018	1,330.11	17,627	1,299.89
D= £68,001 - £88,000	1	27,227	1,496.37	26,952	1,462.37
E= £88,001 - £120,000	11/9	21,659	1,828.90	21,624	1,787.34
F= £120,001 - £160,000	13/9	7,638	2,161.42	7,572	2,112.31
G= £160,001 - £320,000	15/9	6,021	2,493.95	6,013	2,437.29
H= £320,001 plus	18/9	1,131	2,992.74	1,118	2,924.74
Total		85,188		84,341	

8.4.2 Precepts and Demands

	2009-10 £000	2008-09 £000
1. Local Demand (Harrow)	101,753	98,504
2. Greater London Authority	26,568	26,479
	128,321	124,983

8.4.3 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 £128.84m (£113.84m in 2008-09) and the national non-domestic rate multiplier for 2009-10 was 0.485 (0.462 in 2008-09).

9 Pension Fund & Notes to the Pension Fund

9.1 Pension Fund Certificate

**Harrow Council
Pension Fund Accounts 2009-10**

I certify that the accounts set out in Section 9 present fairly the financial position of the Pension Fund as at 31 March 2010 and its income and expenditure for the year.

**Myfanwy Barrett
CPFA
Corporate Director of Finance**

9.2 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 certain 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; and
- Supporta Care.

Scheduled:

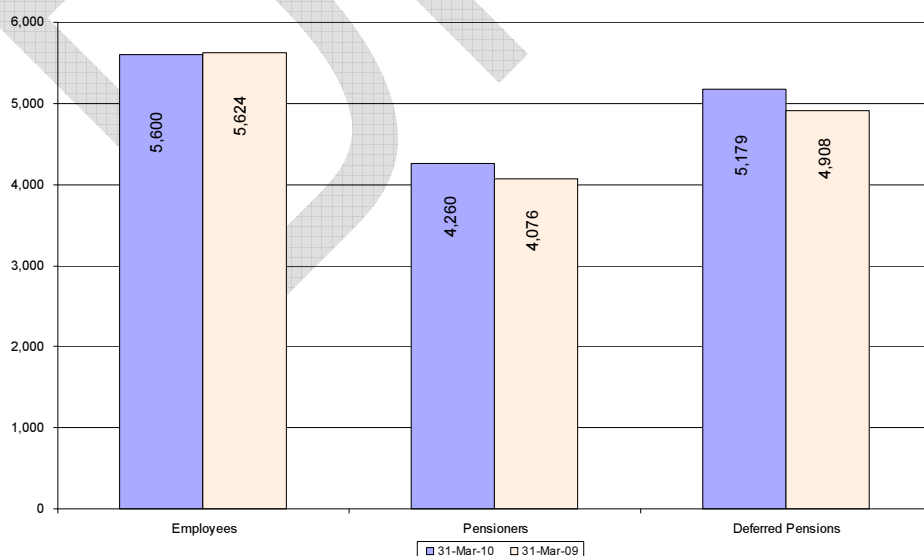
- St Dominics Sixth Form College;
- Stanmore College; and
- Harrow College.

Responsibility for the overall direction of the Fund's investment policy rests with a Council Panel. In implementing the Fund's investment policy, the Council has appointed nine investment managers with responsibility to deal at discretion within broad investment objectives laid down by the Council. These are: UBS, BlackRock, Fidelity, Longview, Wellington, State Street, Pantheon, Mellon and Record Currency Management.

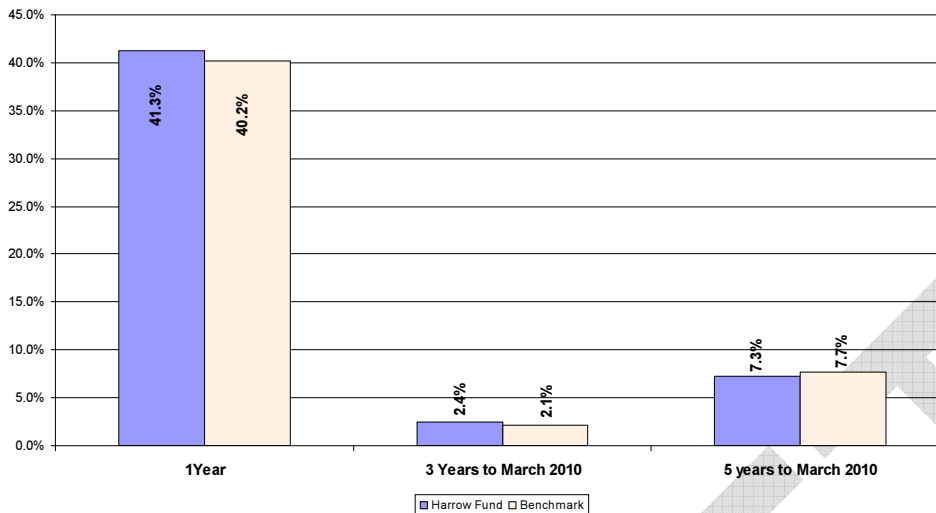
This statement sets out the Pension Fund's annual accounts for the year 2009-10.

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



9.3 Statement of Accounting Policies

The accounts have been compiled in accordance with chapter 2 of the Statement of Recommended Practice “Financial Reports of Pension Schemes” (revised May 2007) (“the SORP”). 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 listed investments are quoted at the bid price at the close of business on 31 March 2010;
- 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 2010; and
- Derivatives are valued at the appropriate closing exchange rate or the bid spot or forward rates. Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

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.

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 2010.

Benefits, Refunds of Contributions and Transfer Values

Benefits payable and refunds of contributions are accounted for in the period in which they are payable.

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

PENSION FUND AND NOTES TO THE PENSION FUND

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

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.

9.4 Pension Fund Account

	Notes	2009-10 £000	2008-09 £000
Dealings with members, employers and others directly involved in the scheme			
Contributions	9.6.12		
From employers		-18,520	-17,892
From members		-6,651	-6,523
Individual Transfers in from other schemes		-4,317	-2,250
Other Income		-93	-104
Benefits payable	9.6.12		
Pensions		18,123	16,698
Commutation of pensions and lump sum retirement benefits		4,778	4,000
Lump sum death benefits		629	317
Payments to and on account of leavers			
Refunds of contributions		9	8
Individual transfers out to other schemes		3,797	2,082
NI contributions: equivalent premium		-1	-1
Administrative expenses borne by the scheme	9.6.2	816	1,109
Net additions from dealings with members		<u>-1,430</u>	<u>-2,556</u>
Returns on Investments			
Investment Income	9.6.3	-5,668	-8,813
Change in market value of investments	9.6.4	-121,209	112,346
Investment management expenses	9.6.2	630	1,005
Net returns on investments		<u>-126,247</u>	<u>104,538</u>
Net (Increase)/decrease in Fund during the year		-127,677	101,982
Opening net assets of the scheme		-307,421	-409,403
Closing net assets of the scheme	9.5	<u>-435,098</u>	<u>-307,421</u>

PENSION FUND AND NOTES TO THE PENSION FUND

9.5 Net Assets Statement

The accounts summarise the transactions of the Fund 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 Fund year.

	Notes	2009-10 £000	2008-09 £000
Investment Assets			
Fixed interest securities			2,584
Equities			167,386
Pooled investment vehicles	9.6.8	432,068	133,702
Derivative contracts	9.6.9		91
		432,068	303,763
Investment Liabilities			
Derivative contracts	9.6.9	-1,891	-4,901
Net Investment Assets	9.6.4	430,177	298,862
Net current assets and liabilities			
Cash deposits			
		517	4,655
	9.6.6	430,694	303,517
Current Assets	9.6.11	5,122	4,740
Current Liabilities	9.6.11	-718	-836
Closing net assets of the scheme		435,098	307,421

9.6 Notes to the Pension Fund Accounts

9.6.1 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.

9.6.2 Investment Management and Administration Expenses

	2009-10 £000	2008-09 £000
Investment management	630	1,005
Scheme administration		
Harrow Council	690	790
Misc. (including Actuary Fees)	126	319
	816	1,109
	1,446	2,114

9.6.3 Investment Income

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

	2009-10 £000	2008-09 £000
Interest from fixed interest securities	-889	-731
Dividends from equities	-3,534	-5,037
Income from index-linked securities	-310	-340
Income from pooled investment	-1,371	-1,682
Interest on cash deposits	-168	-531
Income from derivatives	0	-190
Foreign Exchange	604	-302
	-5,668	-8,813

PENSION FUND AND NOTES TO THE PENSION FUND

9.6.4 Analysis of Investments at Market Value

	Value at 01-Apr-09 £000	Purchase at Cost and Derivative Payments £000	Sale Proceeds £000	Change in Market Value £000	Value at 31-Mar-10 £000
Fixed Interest Overseas Public Sector					
Quoted	2,584	0	-2,286	-298	0
Equities					0
Uk	97,251	205,681	-436,359	133,427	0
Overseas	70,135	40,625	-88,152	-22,608	0
Pooled Investment Vehicles					
Property	24,808	5,512	-4,861	981	26,440
Other	108,894	591,426	-303,905	9,213	405,628
Derivatives	-4,810	7,408	-4,983	494	-1,891
Total	298,862	850,652	-840,546	121,209	430,177

Fixed Interest Securities and Equities are both quoted. Pooled Investment Vehicles and Derivatives are unquoted.

The significant change in market values is due to the increase in equity values as the global economic background improved over the last year. Both the UK and Global equity markets rose in the range of 42% to 47%. £84.3m of the change was in respect of unrealised net gains at 31 March 2010.

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 £0.279m (£0.369m in 2008-09). 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.

The derivative payment of £7.4m is in respect of forward foreign exchange trades settled during the period.

9.6.5 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.

PENSION FUND AND NOTES TO THE PENSION FUND

9.6.6 Investments held by Fund Managers

	2009-10		2008-09	
	£000	%	£000	%
Black Rock	64,956	15%	39,921	13%
UBS	12,771	3%	134,880	44%
Baillie Gifford	0	0%	117,813	39%
State Street Global Advisors	117,459	27%	0	0
Longview Partners	32,736	8%	0	0
Fidelity International	85,927	20%	0	0
Wellington Management	98,251	23%	0	0
Record Currency	1,499	0%	-2,333	-1%
Pantheon	14,684	3%	11,784	4%
Mellon	2,411	1%	1,452	0%
Total Fund	430,694	100%	303,517	100%

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

The Record Currency includes the £1.891m 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 type of investment held in the mandate for each manager.

BlackRock	Global bonds and property
Fidelity	Global Equities
Longview	Global Equities
Mellon	Equity Futures
Pantheon	Private equity
Record Currency	Active and passive currency
State Street	UK Equities Passive
UBS	Property
Wellington	Global Equities

9.6.7 Investments Exceeding 5% of the Total Value of Net Assets

	2009-10 £m	2008-09 £m
SSGA MPF UK Equity Index Sub-Fund	117.6	0.0
Wellington Global Pooled Value Equity Portfolio	98.2	0.0
Fidelity Inst Select Global Pooled Equities	74.9	0.0
BlackRock Institutional Bond Fund-Corp Bond 10 Yrs A class	40.4	0.0
Longview Partners Invest - Global Pooled Equities FD K Class	32.7	0.0
UBS Life Global Optimal Thirds 'A' Units	0.0	51.1
	363.8	51.1

PENSION FUND AND NOTES TO THE PENSION FUND

9.6.8 Pooled Investment Vehicles

	Market Values	
	2009-10	2008-09
	£000	£000
UK Managed Funds - Property	26,440	24,808
UK Managed Funds - Other	174,030	37,338
Overseas Other	231,598	71,556
	432,068	133,702

9.6.9 Derivatives

	31-Mar-10	31-Mar-09
	£000	£000
Forward Foreign Exchange Contracts	-1,891	-4,901
Equitisation Account	0	91
	-1,891	-4,810

Counterparty	Duration	No. of Contracts	Value at 31-Mar-10
HSBC Bank - London	7 days - 6 mths	6	154
Northern Trust - London	7 days - 6 mths	6	-93
Royal Bank of Canada - London	7 days - 6 mths	11	190
Royal Bank of Scotland-London	3 mths - 6 mths	5	-718
UBS AG - London	7 days - 6 mths	9	-1,424
Westpac - Sydney	7 days - 4 mths	2	-0
		39	-1,891

The scheme objective in using derivatives is to reduce risk in the portfolio by entering into forward contracts 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 £59.9m.

9.6.10 Additional Voluntary Contributions (AVCs)

Members of the Fund make AVCs. 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.

	2009-10	2008-09
	£000	£000
Value of AVC Fund at 1 April	2,120	2,298
Employee contributions	223	191
Investment income and change in market value	166	-86
Benefits paid and transfers out	-276	-283
Value of AVC Fund at 31 March	2,233	2,120

PENSION FUND AND NOTES TO THE PENSION FUND

9.6.11 Current Assets & Liabilities

	31-Mar-10 £000	31-Mar-09 £000
Current Liabilities		
Unpaid Benefits	-516	-302
Other Unpaid liabilities	-202	-534
	-718	-836
Current Assets		
Cash balances held by London Borough of Harrow	4,378	3,473
Contributions due from employers	114	200
Other Current Assets	630	1,067
	5,122	4,740

The comparative figures for the above table have been restated to comply with the SORP disclosure categories.

9.6.12 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:

Assumption	Rate as at 31-Mar-07 nominal
Price Inflation (RPI)	3.2%
Pay Increases	4.7%
Gilt based discount rate	4.5%
Funding basis discount rate	6.1%

The objectives 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;
- To maximise investment returns for an appropriate level of risk;
- To help employers recognise and manage pension liabilities as they accrue; and
- To minimise the degree of short term change in the level of each employer's contributions.

PENSION FUND AND NOTES TO THE PENSION FUND

9.6.13 Analysis of Contributions and Benefits

	Administering Body £000	Admitted Bodies £000	Scheduled Bodies £000	Total £000
Contributions	-22,600	-703	-1,868	-25,171
Benefits	22,661	190	679	23,530

9.6.14 Related Party Transactions

	2009-10 £000	2008-09 £000
Employer's pension contribution to the fund	-16,622	-15,794
Administration expenses paid to the Council	690	790
Cash in hand/(overdrawn)	4,378	3,473

9.6.15 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

10 Appendix

10.1 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
ASB	Accounting Standards Board
AVC	Additional Voluntary Contributions
BTP	Business Transformation Partnership
BVACOP	Best Value Accounting - Code of Practice
BVPP	Best Value Performance Plan
CDC	Corporate and Democratic Costs
CFR	Capital Financing Regulations
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)
DSG	Dedicated Schools Grant
EMU	European Monetary Union
ERP	Enterprise Resource Planning
FRS	Financial Reporting Standards
FRS 5	Financial Reporting Standard in respect of substance over form.
FRS 8	Financial Reporting Standard in respect of Related Party Disclosure
FRS 12	Financial Reporting Standard in respect of Provisions, Contingent Liabilities and Contingent Assets
FRS 15	Financial Reporting Standard in respect of tangible fixed assets.
FRS 17	Financial Reporting Standard in respect of retirement benefits.

APPENDIX

FRS 25	Financial Instruments: Disclosure & Presentation
FRS 26	Financial Instruments: Recognition * Measurement
FRS 27	Financial Reporting Standard in respect of Life Assurance
FRS 29	Financial Instruments: Disclosures
GARM	Governance, Audit & Risk Management Committee
GDP	Gross Domestic Product
GLA	Greater London Authority
HRA	Housing Revenue Account
ICES	Integrating Community Equipment Service
ICT	Information & Communication Technology
iFReM	International Financial Reporting Manual
IFRIC	International Financial Reporting Interpretations Committee
IFRIC 12	International Financial Reporting Interpretations Committee relating to Service Concession Arrangements
LAA	Local Area Agreement
LAML	London Authorities' Mutual Ltd
LASAAC	Local Authority Scotland Accounts Advisory Committee
LBH	London Borough of Harrow Council
LIFT	Local Improvement Finance Trust
LOBO	Lenders Option Borrowers Option
MIS	Management Information Service
MRP	Minimum Revenue Provision
NDC	Non Distributed Costs
NI	National Insurance
NNDR	National Non-Domestic Rate
NPV	Net Present Value
NRC	Neighbourhood Resource Centre
PFI	Private Finance Initiative
PWLB	Public Works Loan Board

APPENDIX

RCCO	Revenue Contribution to Capital Outlay
RICS	Royal Institute of Chartered Surveyors
RSG	Revenue Support Grant
SETS	Stock Exchange Electronic Trading Service
SORP	Statement of Recommended Practice
SSAP	Statement of Standard Accounting Practice
SSAP 21	Statement of Standard Accounting Practice relating to Accounting for Leases and Hire Purchase Contracts
STRGL	Statement of Total Recognised Gains and Losses
TPA	Teachers Pension Agency
TTF	Treasury Task Force
USM	Unlisted Securities Market
WLWA	West London Waste Authority

APPENDIX

10.2 Best Value – Detailed Service Expenditure Analysis

Division of Service	2009-10 Gross Expend. £000	2009-10 Gross Income £000	2009-10 Net Expend. £000	2008-09 Net Expend. £000
Best Value Service Analysis Summary				
Adult Social Care	90,626	-21,860	68,766	59,625
Central Services	37,087	-26,014	11,073	12,369
Court Services	170	0	170	150
Children's and Education Services	359,917	-186,532	173,385	42,260
Cultural, Environmental, Regulatory & Planning Services	59,978	-12,388	47,590	36,826
Highways & Transport Services	28,104	-13,447	14,657	14,631
Housing Services	117,276	-146,567	-29,291	45,232
Net cost of services	693,158	-406,808	286,350	211,093
Other items	34,511	-3,509	31,002	20,079
Net operating expenditure	727,669	-410,317	317,352	231,172
Adult Social Care				
Service Strategy	353	-5	348	344
Older people(Aged 65 or over) including older mentally ill	40,581	-9,039	31,542	27,916
Adults aged under 65 with a physical disability or sensory impair	11,215	-779	10,436	8,791
Adults aged under 65 with a learning disabilities	27,345	-10,081	17,264	16,202
Adults aged under 65 with mental health needs	10,162	-1,691	8,471	6,121
Other adult services	970	-265	705	251
	90,626	-21,860	68,766	59,625
Central Services				
Corporate and Democratic Core	11,017	-4,343	6,674	6,245
Non Distributed Costs	3,758	-251	3,507	4,947
Local Tax Collection	20,819	-20,335	484	588
Registration of Births, Deaths and Marriages	405	-416	-11	83
Elections	708	-278	430	359
Emergency Planning	197	-6	191	109
Local Land Charges	183	-385	-202	38
	37,087	-26,014	11,073	12,369
Court Services				
Coroners' Court Services	170	0	170	150
	170	0	170	150
Children's and Education Services				
Nursery Schools	5,295	-4,320	975	40
Primary Schools	167,884	-88,106	79,778	7,668
Secondary Schools	115,715	-71,465	44,250	5,043
Special Schools	21,735	-9,501	12,234	-689
Non School Funding	11,409	-4,138	7,271	5,440
Management and Support Services	9,494	-2,682	6,812	298
Service Strategy	729	-436	293	2,958
Children's services-commissioning and social work	3,567	-773	2,794	2,356
Children looked after	14,287	-2,443	11,844	10,934
Family support services	3,429	-900	2,529	3,819
Youth justice	1,712	-907	805	818
Asylum seekers	1,865	-810	1,055	943
Other children's and families' services	2,796	-51	2,745	2,632
	359,917	-186,532	173,385	42,260

APPENDIX

Division of Service	2009-10 Gross Expend. £000	2009-10 Gross Income £000	2009-10 Net Expend. £000	2008-09 Net Expend. £000
Cultural, Environmental and Planning Services				
Culture and Heritage	4,757	-533	4,224	1,492
Recreation and Sport	8,877	-583	8,294	1,586
Open Spaces	4,375	-876	3,499	3,982
Tourism	46	-4	42	43
Library Service	7,964	-499	7,465	5,382
Cemetery, cremation and mortuary services	1,106	-428	678	1,804
Environmental Health	3,009	-386	2,623	2,136
Community safety (Crime Reduction)	1,520	-140	1,380	1,488
Flood Defence and Land Drainage	1,070	-210	860	887
Trading Standards	865	0	865	911
Street Cleansing (Not chargeable to highways)	5,982	-1,107	4,875	3,598
Waste Collection	5,596	-1,642	3,954	4,624
Trade Waste	1,183	-1,098	85	-39
Recycling	2,722	-162	2,560	3,384
Building Control	1,145	-1,040	105	219
Development Control	2,984	-869	2,115	1,647
Planning Policy	2,757	-777	1,980	1,365
Environmental initiatives	194	-86	108	23
Economic Development	616	-220	396	504
Community Development	3,210	-1,728	1,482	1,790
	59,978	-12,388	47,590	36,826
Highways and Transportation Services				
Transport planning, policy and strategy	127	-61	66	148
Structural Maintenance	3,220	-313	2,907	2,259
Environment Safety and Routine Maintenance	4,526	-573	3,953	3,823
Street Lighting	1,627	-17	1,610	2,045
Winter Service	351	-102	249	110
Traffic Management and Road Safety	6,186	-3,584	2,602	1,944
Parking Services	5,501	-8,764	-3,263	-3,793
Public Transport	6,566	-33	6,533	8,095
	28,104	-13,447	14,657	14,631
Housing Services				
Housing strategy	858	0	858	457
Housing advice	150	0	150	140
Private sector housing renewal	1,636	-207	1,429	2,143
Licensing of Private Sector Landlords	211	0	211	205
Homelessness	4,317	-427	3,890	2,827
Housing benefits payments	111,490	-111,110	380	-706
Housing benefits administration	6,273	-4,322	1,951	2,998
Contribution to the HRA re: items shared by the whole community	88	0	88	85
Other council property	18	-3	15	49
Supporting People	5,982	-5,557	425	354
Other Welfare services	246	-21	225	0
Housing Revenue Account	-13,993	-24,920	-38,913	36,680
	117,276	-146,567	-29,291	45,232

APPENDIX

10.3 Members Allowances

Councillor Name	Payments to Members	Councillor Name	Payments to Members
Husain Akhtar	£10,200.00	Christopher Noyce	£10,200.00
Nana Asante	£11,220.00	Phillip O'Dell	£10,200.00
David Ashton	£39,270.00	Asad Omar	£8,160.00
Marilyn Ashton	£28,050.00	Paul Osbourn	£28,050.00
Camilla Bath	£8,160.00	Anjana Patel	£28,050.00
Mavis Champagnie	£13,531.45	David Perry	£8,160.00
Christine Bednell	£28,050.00	Radika Ray	£8,160.00
Robert Benson	£8,160.00	Richard Romain	£0.00
Don Billson	£8,160.00	Paul Scott	£8,160.00
Mrinal Choudhury	£8,160.00	Anthony Seymour	£11,220.00
Golam Choudhury	£10,200.00	Navin Shah	£8,160.00
John Cowan	£10,200.00	Rejeshri Shah	£11,220.00
Bob Currie	£10,200.00	Stanley Sheinwald	£16,830.00
Margaret Davine	£11,220.00	Eric Silver	£17,571.37
Mano Dharmarajah	£8,160.00	Dinesh Solanki	£11,220.00
Tony Ferrari	£28,050.00	William Stephson	£16,830.00
Keith Ferry	£8,628.87	Sasikala Suresh	£8,160.00
Archie Foulds	£8,160.00	Yogesh Teli	£10,200.00
Brian Gate	£14,790.00	Keeki Thammaiah	£8,160.00
David Gawn	£8,160.00	Mark Versallion	£14,790.00
Mitzi Green	£14,790.00	Thomas Weiss	£10,200.00
Susan Hall	£28,050.00	Jeremy Zeid	£10,200.00
Graham Henson	£8,160.00		
Thaya Idaikkadar	£12,750.00		
Nisam Ismail	£8,160.00	Co-opted Members	
Krishna James	£8,160.00	Despo Speel	£444.96
Manji Kara	£10,200.00	Howard Bluston	£444.96
Eileen Kinnear	£8,160.00	Ramji Chauhan	£444.96
Ashok Kulkarni	£8,160.00	Sheila Darr	£444.96
Jean Lammiman	£20,660.49		
Barry MacLeod-Cullinane	£28,050.00		
Julia Merison	£10,200.00		
Salim Miah	£8,160.00		
Myra Michael	£8,160.00		
Jerry Miles	£11,220.00		
Vina Mithani	£11,220.00		
Chris Mote	£17,589.51		
Janet Mote	£11,220.00		
Narinder Singh Mudhar	£10,200.00		
John Nickolay	£13,328.16		
Joyce Nickolay	£10,200.00		

Details of all Council services may be found on the Council's website: 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)