



Barnet 2022/23 Statement of Accounts

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Narrative Report

Introduction

This Narrative Report provides the context upon which to understand the financial performance of the council. The report covers both a summary of the financial performance for the financial year 2022/23 coupled with a narrative of the non-financial performance over the past 12 months.

Annual Governance Statement

The Annual Governance Statement sets out the council's governance framework, how it has reviewed governance arrangements as well as any actions proposed or taken to deal with any significant governance issues arising during 2022/23. The statement is included within the Statement of Accounts (pages 16 to 44).

About the Council

Barnet is the second largest borough by population in London, home to over 389,000 people, 26,000 businesses, and 1,000 charities. We are proud of our diverse communities and of being a place where people feel welcomed and celebrated. We have many strengths in the borough. But we know that for some residents health, social and economic inequalities limit the opportunities available to lead a good life. Tackling these problems requires us all to work together. We will become a listening council, changing our relationship with residents, building trust with our communities, having ongoing conversations and involving all in decision making.

Our focus is on Barnet being a great place to grow up, study, work, start a business and enjoy life.

The ambitious Brent Cross Cricklewood regeneration programme – one of the largest in Europe – is well underway. It is delivering a new net zero carbon neighbourhood, Brent Cross Town, in partnership with Related Argent. Set around 50 acres of green parks and playing fields, it will include 6,700 homes, retail and leisure facilities, and three million square feet of office space that will create 25,000 jobs. Our new train station, Brent Cross West, will open this year linking the area to central London in just 12 minutes.

The regeneration of Edgware and North Finchley Town Centres is now in its early stages of development, and we will be commencing a major public space improvement project in Finchley this year to help the high street to recover and attract footfall.

Work to install gigabit speed broadband network is progressing at pace, with our partnerships enabling over 20,000 homes to be connected in 2022, and full fibre availability across Barnet growing to over a third of all premises.

To help businesses during the cost of living crisis we launched a £1.5m support package to reach almost 1,000 companies across the borough. This targeted support included business health checks, mentoring and workshops in digital marketing and social media.

We've also supported residents feeling the effects of the cost of living crisis and we've done so via a number of immediate responses including a residents' support fund of £2million.

We're supporting residents with:

- budgeting
- accessing eligible benefits and pensions credits
- direct financial support
- accessing BOOST to help people secure jobs.

We're also providing additional funding to the voluntary, community and faith sector to enable community-led initiatives such as warm spaces and warm clothes banks.

As we do this, we continue to prioritise getting the basics right, including investing £500,000 more in enhanced street lighting, £1.89m more to upgrade the borough's CCTV, and £250,000 more to repair potholes and pavements.

Committee Structure

During 2022/23, Barnet council operated under a 'Committee System of Governance'. This means that decisions were taken by Committees which consisted of Members from all political parties, in proportion to their strength on the council.

Matters considered at Committee are of high importance and therefore dealt with at Councillor level with Members of the Committee voting on issues to make decisions. Councillors were appointed to Committees at the annual Full Council, where all 63 Councillors came together. The Full Council also set each Committee's Terms of Reference, which determines what they could do and the functions they were responsible for.

The council's officers gave advice to Committees and Members, implemented decisions, and managed the day-to-day delivery of its services under a code of practice governing the relationships between officers and Members of the Council.

The council will move to a Cabinet structure of governance from 2023/24.

Council Committee

The Full Council is a formal meeting of all Councillors and is required by law to take certain important decisions. Full Council also approves a number of key plans and strategies, which together form the Policy Framework including:

- Approving the strategic financing of the council upon recommendations of the Policy and Resources Committee.
- Determining of the council's financial strategy; and
- Approving the Budget

Council's Management Structure

The council's management team during 2022/23 is shown below:



Strategy and Resource Allocation

In March 2023, the council published its Plan for 2023-2026. The plan sets out a strategic vision for the Borough, built on the pillars of “**caaring for people, our places and planet**”. The plan sets out the key priorities and specific areas of focus – tackling inequalities, community participation, achieving Net Zero and becoming a borough of fun. It sets out the undertaking to deliver:

- **A council that cares for people** – We want everyone in Barnet to have a good quality of life; to be healthy and active, with access to excellent education, fulfilling employment, good housing, social connection and community. We will work with others to provide people with the right support when needed, to fight inequalities and reduce poverty.
- **A council that cares for our places** – We are an ambitious London suburb – a vibrant and fun place to live, work and visit. We will champion and develop our town centres and neighbourhoods, creating safe, clean, and welcoming places with quality homes that people can afford. As a borough of fun, we will be a destination, a place to visit, live and enjoy ourselves, where people connect to each other and feel a sense of belonging.
- **A council that cares for the planet** – We will work together with local people, communities and businesses across the borough to become net zero carbon in Barnet by 2042, and for the council by 2030.

The pillars are underpinned by a foundation of:

- **Engaged and Effective** - We will become a 'listening council' that collaborates, listens and builds a dialogue with residents and communities, together working for a better Barnet. In doing so, we will transform how we work as a council, into one that residents find easy to access and where we act on their concerns and involve them in decision-making. Supporting this ambition, we want to become an employer of choice.

The figure below demonstrates how the pillars and foundation work together:



Financial Performance

General Fund

The council managed a General Fund revenue budget of £336.377m during 2022/23 with overall spend recorded in line with budget as shown below:

Service Areas	2022-23 Budget	Outturn before reserves	Variance	Reserves applied	Outturn after reserves	Variance after reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adults and Health	122,420	140,819	18,399	(9,105)	131,714	9,294
Children's Family Services	72,419	77,635	5,216	(2,070)	75,565	3,146
Customer and Place	56,553	39,396	(17,157)	18,591	57,987	1,434
Assurance	8,408	5,974	(2,434)	2,418	8,392	(16)
Strategy & Resources	57,681	45,677	(12,004)	4,990	50,667	(7,014)
Public Health	18,895	19,926	1,030	(1,030)	18,896	0
Transformation	0	512	512	(512)	0	0
Total at Month 12	336,377	329,938	(6,439)	13,283	343,221	6,844

The following table sets out how the Service Areas performed in 2022/23 and accounting adjustments made to get to the Comprehensive Income and Expenditure Statement (CIES). The expenditure of the council was monitored and reported quarterly to Financial Performance and Contracts Committee and quarterly via the Strategic Performance Report to Policy and Resources Committee:

Service Areas	2022-23						
	Budget	Actual as per Outturn	(Under)/Overspend as per Outturn	Reserve and Non-specific grant Adjustments	Expenditure and Funding Analysis Note 7	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	(a)	(b)	(c)=(b)-(a)	(d)	(e)=(b)+(d)	(f)	(g)=(e)+(f)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adults and Health	122,420	131,714	9,294	9,105	140,820	(2,766)	138,054
Public Health	18,895	18,896	0	1,029	19,925	(18,318)	1,607
Assurance	8,408	8,392	(16)	(2,419)	5,973	(1,785)	4,188
Customer and Place	56,553	57,987	1,434	(19,850)	38,137	128,437	166,574
Strategy and Resources	57,681	50,677	(7,014)	(1,948)	48,719	(15,654)	33,065

Children's Family Services	72,419	75,565	3,146	(4,535)	71,030	28,648	99,678
Local Authority Housing (HRA)	0	0	0	(0)	(0)	14,472	14,472
Net Expenditure on Services	336,377	343,221	6,844	(18,617)	324,604	133,034	457,638
Other Income and Expenditure	0	0	0	(333,943)	(333,943)	9,919	(324,024)
(Surplus) or Deficit on Provision of Services	336,377	343,221	6,844	(352,599)	(9,339)	142,953	133,614

Capital Outturn

For 2022/23 the capital programme included a budget of £291.125m. The capital outturn is £244.115m, of which £151.932m relates to the General Fund programme and £92.184m relates to the HRA capital programme:

Service Area	2022/23 Budget	(Slippage)/ Accelerated Spend	2022/23 Outturn	Variance from Approved Budget
	£'000	£'000	£'000	£'000
Adults and Health	7,241	(2,038)	5,202	(2,038)
Children's Family Services	13,393	(293)	13,100	(293)
Assurance	350	268	618	268
Customer and Place	95,091	(16,421)	78,670	(16,421)
Brent Cross	73,894	(20,688)	53,206	(20,688)
Strategy & Resources	3,188	(2,053)	1,135	(2,053)
General Fund Programme Total	193,157	(41,225)	151,932	(41,225)
HRA	97,968	(5,784)	92,184	(5,784)
Grand Total	291,125	(47,009)	244,115	(47,009)

The key variance since updating the programme overall is Customer and Place of £16.421m, and Brent Cross of £20.688m

Reserves

The council has set aside specific amounts as reserves for future policy purposes or to cover contingencies. As at 1 April 2022, the council held reserves of £158.748m. Revenue reserves at 2022/23 outturn were £126.701m.

➤ **Capital Reserves:**

- Community Infrastructure Levy (CIL) contributions: the difference between amounts received and amounts spent carried to reserves at year end for use in future years.
- **Ringfenced Reserves**
 - These include the Public Health Grant, Dedicated Schools Grant and other Earmarked Revenue Grants carried to reserves at year end for use in future years.
- **Committed reserves.**
 - Service Specific Revenue Reserves totalling £14.737m
 - Transformation Reserve including with a carry forward of £6.177m
 - Financial Resilience Reserve with a carry forward of £33.216m

	Balance at 31 March 2022	In year Expenditure	Reserve movements	New Reserves Raised	Balance at 31 March 2023
	£000	£000	£000	£000	£000
Capital - Community Infrastructure Levy	28,226	(23,633)	0	20,107	24,699
Revenue implications of capital	3,921	0	(352)	0	3,569
Total Capital Reserves	32,147	(23,633)	(352)	20,107	28,268
Public Health	1,828	(225)	0	0	1,603
Dedicated Schools Grant	4,870	(861)	0	5,702	9,711
Special Parking Account	1,311	0	0	0	1,311
Earmarked Revenue Grants	5,837	(669)	(21)	356	5,503
Brent Cross Designated Area S31	13,449	0	0	0	13,449
Insurance Reserve	0	0	0	2,768	2,768
Council tax and NNDR smoothing	25,021	(27,320)	0	5,121	2,822
Total Ringfenced Reserves	52,315	(29,076)	(21)	13,948	37,167
Local Welfare Provision	4,658	(574)	0	0	4,084
Covid-19 Recovery	6,756	(6,756)	0	0	0
Service Specific Revenue Reserves	10,782	(6,609)	5,751	4,812	14,737
Climate change	1,600	(57)	0	0	1,543
Council Tax Rebate	2,100	0	(2,100)	0	0
Transformation Reserve	4,053	(876)	3,000	0	6,177
Residents Support Fund	0	(131)	2,500	0	2,369

Financial Resilience Reserve	44,336	(8,549)	(8,779)	5,347	32,356
Total Committed Reserves	74,286	(23,552)	372	10,159	61,266
Total Earmark Reserves	158,748	(76,261)	0	44,214	126,700

Further details on 2022/23 outturn report can be found in the report that will be presented to Cabinet on 26 June 2023 [Committee details - Cabinet \(moderngov.co.uk\)](#).

2023/24 Budget

Medium Term Financial Strategy (MTFS)

The MTFS is an integral part of the council’s overall planning and strategy to ensure a financially sustainable and stable platform from which to deliver its strategic objectives through the council’s corporate Plan.

The MTFS, covering 2023-27 was prepared alongside the council’s new corporate plan “**Our plan for Barnet 2023-2026**” and the Budget for 2023/24 presented to Committee in February 2023, provides detail on how the objectives of Our Plan and the MTFS will be implemented in the coming year. This has been prepared both to ensure that the services and responsibilities of the council are well resourced, and that the ongoing work of responding to and recovering from the pandemic is also appropriately funded.

The MTFS included assumptions with regards to council tax, other funding, expenditure forecasts and the savings and income generation plans necessary to set a balanced budget and to ensure resources are aligned to the strategic outcomes set out in Our Plan for Barnet 2023-26. It presented a balanced budget for 2023/24 with no use of reserves to balance the budget. This included an in-year savings requirement for 2023/24 of £11.778m.

The MTFS recognised a number of different financial pressures which will impact the council over the coming years. These included legacy impacts of the COVID-19 pandemic which placed huge pressures on council services. Post pandemic, we continue to see increasing demand for services, especially for those that support the most vulnerable, such as special education needs budgets, children’s social care, homelessness and adult social care.

This, combined with high inflation and energy and fuel prices, means that pressure on the council’s budget is likely to continue to increase. This is not a new challenge for the council, which we will manage through prudent financial planning and delivery of the Medium-Term Financial Strategy.

In putting together the MTFS due regard has been given to the CIPFA Code of Financial Management. The MTFS complies with the relevant sections of the FM code.

The organisational objectives in setting the MTFS were as follows:

- We will set a legal budget, balancing recurrent expenditure with estimated income within the medium term in order that the council has a sustainable financial position;
- We will plan over a medium term of at least 3 years in order that the council is fully informed as to future scenarios and can prepare appropriate action;
- A level of sustainable reserves will be maintained, this will be defined by the Section 151 officer during the budget setting process, considering prevailing risks and opportunities. For 2023, this has been identified as £15.000m for general fund balance and £40.000m for earmarked non-ringfenced revenue reserves;
- We will seek to build resilience to economic shocks and insulate from the requirement for sudden cuts to vital services;
- We will use reserves to invest in one-off investment or transformation requirements but not to the point of the organisation being in distress;
- We will ensure we have sufficient funding for on-going transformation and long term changes;
- We will provide a realistic amount of funding to support increasing demand, quickly addressing ongoing financial pressures with a permanent solution, reducing the instances where one off solutions are used;
- We will achieve the best possible outcomes within the funding available;
- We will ensure that budgets are aligned to the Barnet Plan and that we will actively disinvest where this is not the case;
- We will understand the implications of growth and ensure that both the reward and the increased costs to services are recognised, and;
- We will act lawfully and protect the integrity of regulations, ring fences and accounting rules.

The Local Government Finance Settlement (LGFS) 2022 outlined funding allocations for local authorities for 2023/24 only but gave confirmation of the majority of funding streams for 2024/25. Work on the 2024/25 MTFs has begun and, against this background of funding uncertainty we continue to look ahead and consider how to deliver services differently and find ever more innovative ways to deliver services to make Barnet a great place to live and work.

Risk Management

The council monitors & assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud.

The council has an established approach to risk management, which is set out in the Risk Management Framework. Strategic and service level risks, including any joint risks with strategic contractors (Capita, The Barnet Group and Barnet Education & Learning Service), are reviewed by the risk owners quarterly (as a minimum) and discussed at Directorate Senior Management Teams before being submitted to the Performance & Risk Team for a “check & challenge.” Any risks scoring 12 plus are escalated for review by the Council Management Team, along with the strategic risks. The high-level risks (scoring 15 plus) are then reported to Policy and Resources Committee.

Our approach to risk management ensures we have effective oversight of risks across the organisation and remains a key part of our internal control framework. We have an internal audit of the Risk Management Framework each year to check on its effectiveness, with the latest audit report

published in December 2022. This report shows we have a “strong risk management culture in place at Barnet Council in which risk owners and champions understand and fulfil their responsibilities relating to risk management.”.

Annual Governance Statement

CERTIFICATION



To the best of our knowledge the governance arrangements as defined have been effectively operating during the year 2022/23 except for those areas identified below. We propose over the coming year to take steps to address the matters to further enhance our governance arrangements.

We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation on an on-going basis through the year and as part of our next annual review at the end of the 2023/24.

SIGNED: _____ Date: xx xxxx 2023
Leader of the Council

SIGNED: _____ Date: xx xxxx 2023
Chief Executive

Introduction

Barnet Council is responsible for ensuring that council business is conducted in accordance with the law and proper standards. Barnet Council ensure that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.

The Council is duty bound under the Local Government Act 1999 to arrange secure continuous improvement in the way in which its functions are exercised, having regard to economy, efficiency, and effectiveness.

The Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions including the management of risk.

The Council acknowledges its responsibility for ensuring that there is effective governance within the Council. It has developed a Code of Corporate Governance that defines the principles and practices that underpin the governance arrangements operating within the Council.

This Annual Governance Statement explains how the Council meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015¹ in relation to the publication of a statement of internal control.

The Council has a separate Code of Corporate Governance which is reviewed annually and reported to the Audit Committee alongside this Statement and published as part of the Constitution². The Code is consistent with the principles of Good Governance as set out in the CIPFA.

Delivering Good Governance in Local Government Framework 2016³. How the Council complies with the principles will be reported annually alongside the Annual Governance Statement.

Governance

Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest, and accountable manner. Good governance leads to effective:

- leadership and management;
- performance and risk management;
- stewardship of public money; and
- public engagement and outcomes for our citizens and service users.

¹ <http://www.legislation.gov.uk/ukxi/2015/234/regulation/6/made>

² <https://barnet.moderngov.co.uk/ecSDDisplay.aspx?NAME=SD359&ID=359&RPID=24619495>

³ [Delivering Good Governance in Local Government Framework 2016 Edition | CIPFA](#)

Governance Arrangements

The Council's governance arrangements comprise two key elements. Firstly, the systems and processes which are in place to ensure that adequate controls exist (internal control framework; external audit; the Constitution; schemes of delegation; codes and protocols; and written decisions being subject to a report clearance process before they are published).

The strategic direction of the authority is set out in the Corporate Plan and the Council regularly monitors via its decision-making framework, delivery of its strategic objectives. Secondly, good governance is underpinned by the behaviours of Members, officers and partners which includes, but is not limited to, adherence to the decision-making framework as set out in the Constitution, adherence to codes and protocols, the culture and values of the organisation, and how the authority is accountable to and engages with the community it serves.

The system of internal control is a significant part of the Council's governance arrangements and is designed to manage risk to a reasonable level, if operating effectively it cannot eliminate all risk and can only provide reasonable, not absolute assurance of effectiveness.

The system is based on an on-going process designed to:

- make sure that public money and assets are safeguarded from inappropriate use, or from loss and fraud;
- that public money is properly accounted for and is used economically, efficiently and effectively;
- that the Council operates in a lawful, open, inclusive and honest manner;
- that the Council has effective arrangements for the management of risk;
- that the Council enables human, financial, environmental and other resources to be managed efficiently and effectively;
- that the Council secures continuous improvement in the way that it operates;
- that the Council properly maintains records and information;
- that the Council ensures its values and ethical standards are met:
 - identify and prioritise the risks to achievement of the Council's policies, aims and objectives,
 - evaluate the likelihood of those risks being realised together with the impact should they be realised, and
 - manage them efficiently, effectively and economically.

The governance arrangements as outlined above have been in place within Barnet Council for the year ended 31 March 2023 and up to the date of approval of the annual report and accounts.

Where improvements in the governance arrangement are required (as outlined in Section 7) they will be addressed in the coming year.

The Annual Governance Statement

The Annual Governance Statement is drafted from an annual assessment, which allows the Council to review the effectiveness of their operating governance arrangements. Barnet Council has an assurance framework which mainly includes the Council's formal governance arrangements and the Assurance Directorate.

This enables Members and Senior Management to identify the principal risks to the Council's ability to meet its key objectives. Elected Members and Senior Management can map out key controls to manage risks as well as how they are assured that these controls are effective in identifying, managing, and mitigating risks.

This framework is designed to provide assurance on internal controls that are in place and whether they are operating effectively and whether objectives are being achieved, except for those areas identified below which require further improvements. The assurance provided by the framework is based on sufficient evidence.

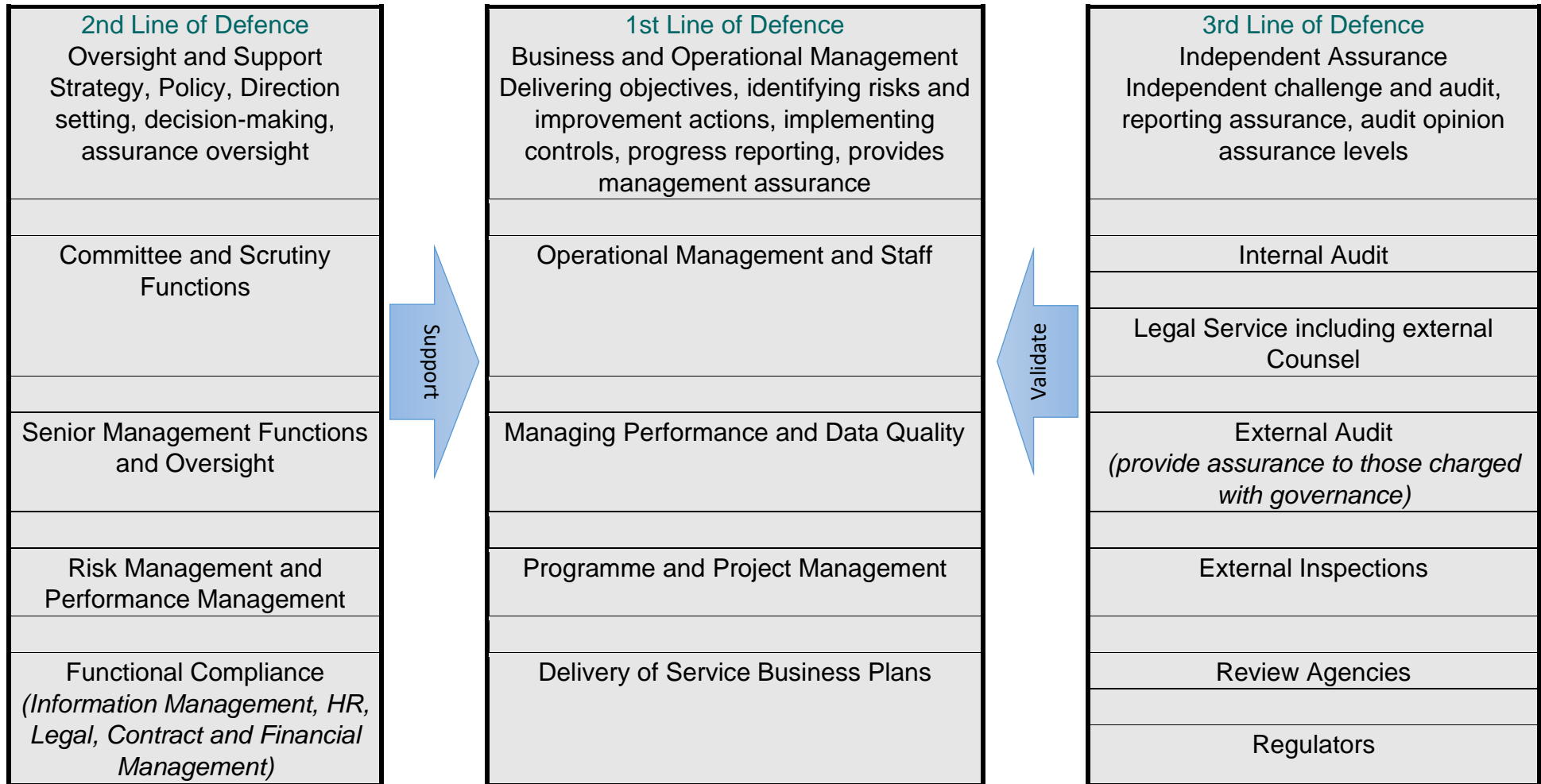
The Three Lines of Defence assurance model helps Elected Members and Senior Management understand where assurances are being obtained from, the level of reliance they place on that assurance and identify potential gaps in assurance to help inform Key Areas of Improvement.

The Three Lines of Defence in Effective Risk Management and Control

The three lines of defence model is designed to provide confidence, based on sufficient evidence, that internal controls are in place and are operating effectively and that objectives are being achieved.

As assurance is derived from multiple sources, the "Three Lines of Defence" concept helps identify and understand the different sources of assurance.

Where controls are not operating effectively then improvements to strengthen the control environment are required, such issues are set out below of the report and will be addressed in the coming year.



How has the Annual Governance Statement been prepared?

The Council has reviewed significant governance issues from the 2021/22 statement and there are detailed updates on each issue in the following section. In addition, the Council has considered emerging governance issues for 2023/24 and have included those in the Statement as issues to be monitored and addressed thought the coming year.

How do we know our arrangements are working?

Within this Annual Governance Statement, the Council has undertaken an assessment of previously identified significant governance issues and the progress made against these throughout the year. Any areas which have not been resolved will carry forward into 2023/24 and will continue to be monitored. Any issues that have been resolved during 2022/23 will no longer be monitored through the Annual Governance Statement but will continue to be monitored through appropriate channels.

We consider that the Council are compliant with the CIPFA Delivering Good Governance in Local Government Framework 2016. How the Council complies with the Code is documented via a separate Code of Corporate Governance 2023/24.

2022/23 Governance Issues		
1	Centre for Governance and Scrutiny Governance Risk and Resilience Framework	<p>The 2020/21 Annual Governance Statements, the Council committed to undertake a review against the Centre for Governance and Scrutiny (CfGS) Governance Risk and Resilience Framework.⁴ A self-assessment against the Framework was completed by the Monitoring Officer and Head of Governance. In addition, the Monitoring Officer and Head of Governance reviewed several Public Interest and Best Value reports from authorities where there have been significant governance failures to identify lessons learnt.</p> <p>This work was reported to Council Management Team (CMT) in April 2022 where it was agreed that further work should be undertaken on this including workshops during 2022/23 and that an action plan should be developed and implemented. It was agreed that progress on delivering the action plan will be monitored via the Annual Governance Statement during 2022/23.</p> <p>During 2022/23 the Council undertook the following activities:</p> <ul style="list-style-type: none"> • Held a facilitated workshop with CMT to self-assess against the CfGS Framework.

⁴ www.cfgs.org.uk/governancerisk

2022/23 Governance Issues		
		<ul style="list-style-type: none"> • Held six Senior Management Team facilitated workshops during October 2022 (83 out of 130 senior managers attended) which explored governance issues, particularly what works well in our current arrangements, and what could be improved. Three key areas for development in the new Executive governance system were identified as: <ul style="list-style-type: none"> ➤ Enhancing Member/Officer Relationships ➤ Community Engagement ➤ Decision-Making <p>Officers have produced a Governance Review Culture report which summarises: the findings from CfGS Framework; CMT workshop next steps report; SMT workshops next steps report; and lessons learnt from Public Interest and Best Value reports. The Culture report summarises findings and has an associated Action Plan covering the following themes:</p> <ul style="list-style-type: none"> ➤ Strategic Planning and Oversight ➤ Communication and Engagement ➤ Training and Support <p>Implementation of the Action Plan will be monitored via regular reports to CMT and the 2023/24 Annual Governance Statement.</p> <p>Status: Open</p> <p>Responsible Officers: Monitoring Officer and Head of Governance</p>
2	Local Government Ethical Standards	<p>In January 2019, the Committee for Standards in Public Life published a report on local government ethical standards⁵ which included 15 best practice recommendations. To comply with the recommendations, some minor updates were required to the Members Code of Conduct. The best practice recommendations and</p>

⁵ <https://www.gov.uk/government/collections/local-government-ethical-standards>

2022/23 Governance Issues	
	<p>actions were reported to and agreed by the Constitution & General Purposes Committee (12 October 2020⁶) and Council (20 October 2020⁷).</p> <p>During 2022/23 a single recommendation remained outstanding as follows:</p> <div style="border: 1px solid black; padding: 5px;"> <p><u>Best Practice Recommendation:</u> Councils should report on separate bodies they have set up or which they own as part of their annual governance statement and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness and publish their board agendas and minutes and annual reports in an accessible place.</p> </div> <div style="border: 1px solid black; padding: 5px;"> <p><u>Current:</u></p> <p>The first part of the recommendation is within the Council’s control but the second part is down to the subsidiary companies.</p> <p>The Council has a number of bodies which it has established to discharge various functions including (but not limited to): The Barnet Group (including Barnet Homes (and subsidiaries) and Your Choice Barnet; Regional Enterprise (Re) until 31st March 2023; and joint ventures. The Barnet Group has set up subsidiary companies and the Council is not a shareholder to these companies.</p> </div> <div style="border: 1px solid black; padding: 5px;"> <p><u>Actions:</u></p> <p>Details of separate bodies established or owned will be included in the Council’s Annual Governance Statement.</p> <p>The Monitoring Officer and Head of Governance will discuss with separate bodies whether they currently publish board papers and encourage them to do so.</p> </div>

⁶ [Agenda for Constitution and General Purposes Committee on Monday 12th October, 2020, 6.00 pm | Barnet Council \(moderngov.co.uk\)](#) (see item 10, Appendix A)

⁷ [Agenda for Council on Tuesday 20th October, 2020, 7.00 pm | Barnet Council \(moderngov.co.uk\)](#) (see item 11.2, Appendix A)

2022/23 Governance Issues	
	<p>In the 2021/22 Statement, the council’s subsidiary companies were identified as:</p> <ul style="list-style-type: none"> • The Barnet Group Ltd⁸; Barnet Holdings Ltd; Regional Enterprise Ltd; LBB BX Holdings Ltd (which includes BXS GP Ltd and BXS Ltd Partnership); Hillgreen Homes Ltd; Barnet Education and Learning Services Ltd. <p>It was established that only the following subsidiary company published information on their website:</p> <ul style="list-style-type: none"> • Barnet Education & Learning Service (BELS)⁹ <p>The following subsidiary companies did not publish information on their websites:</p> <ul style="list-style-type: none"> • The Barnet Group Ltd; Barnet Holdings Ltd; Regional Enterprise Ltd; The Inglis Consortium; BX Holdings Ltd (which holds the Council’s interests in BXS GP Ltd and BXS Ltd Partnership); Hillgreen Homes Ltd. <p>It was noted in the 2021/22 Statement that the performance of some subsidiary companies was reported via the council’s governance arrangements. For example, Regional Enterprise (Re) performance was regularly reported to the council’s Financial Performance & Contracts Committee¹⁰ and Barnet Homes (which is a subsidiary of Barnet Group) performance was regularly reported to the same committee.</p> <p>An action area for 2022/23 was to review the reporting arrangements in place for all the council’s subsidiary companies and ensure that they are reported either to a council committee or are publicly accessible elsewhere.</p> <p>In addition, the Government published a response on 18 March 2022 to the recommendations made by the Committee on Standards in Public Life. Many of these responses will require primary or secondary legislation.</p>

⁸ *Note: The Council is not a shareholder to The Barnet Group subsidiary companies: Your Choice Barnet Ltd; Barnet Homes Ltd; The Barnet Group Flex Ltd; Open door Ltd; and Bumblebee Lettings.

⁹ [Meeting Minutes | Barnet Education & Learning Service \(bels.org.uk\)](https://www.barnet.gov.uk/your-council/barnet-education-and-learning-service/bels.org.uk)

¹⁰ [Browse meetings - Financial Performance and Contracts Committee | Barnet Council \(moderngov.co.uk\)](https://www.barnet.gov.uk/your-council/committees/financial-performance-and-contracts-committee/moderngov.co.uk)

2022/23 Governance Issues

The Council reviewed the response to relevant recommendations and sought to address these during 2022/23 to ensure that we are in alignment with recommended best practice in relation to ethical standards.

During 2022/23 the Monitoring Officer and Head of Governance reviewed the:

1. Reporting arrangements for all the separate bodies established or owned by the council and worked with responsible officers to improve openness and transparency where this is required. This review included performance reporting via the council’s governance arrangements and reporting via the bodies own websites; and
2. Government responses to the Committee on Standards in Public Life and ensured that these are addressed.

An update on the areas to be monitored during 2022/23 is set out below:

The Barnet Group Ltd

The London Borough of Barnet has a wholly owned Local Authority Trading Company, The Barnet Group. The Barnet Group includes Barnet Homes, the council’s Arms-Length Management Organisation, which manages the council’s social housing stock on its behalf and delivers its statutory homelessness and housing allocation service. Barnet Homes and The Barnet Group have independent non-executive boards that have responsibility and accountability for effective governance, risk management, focus, and regulatory, statutory, and legislative compliance. The London Borough of Barnet appoints an independent board member as chair of The Barnet Group, and two councillors are also appointed for effective oversight. The Barnet Group’s boards publish financial statements and annual accounts to obtain reasonable assurance and have in place a range of controls including regarding risk management and an internal audit programme undertaken by independent 3rd party experts that is overseen by its Audit and Risk Committee.

The council has delegated responsibility to Barnet Homes for overseeing homelessness and allocations, as well as the management and maintenance of its residential stock in accordance with a ten-year management agreement. In addition to the assurances provided by The Barnet Group’s own governance structure and internal controls, during 2022/23 the London Borough of Barnet received ongoing assurance through regular performance reporting to the Housing and Growth Committee and the management team-led Strategic Review

2022/23 Governance Issues		
		<p>Board. An agreed annual Delivery Plan for Barnet Homes sets out the actions and measures to delivering the relevant sections of the council’s Housing and Growth Delivery Plan, and regular reporting on this provides additional assurance to the council.</p> <p>The Barnet Homes Management Agreement includes a requirement for Barnet Homes to take part in an annual benchmarking process through expert housing consultancy Housemark, allowing valuable comparisons with our peers (local authorities and ALMO’s) across London on a wide range of cost and quality measure. The Barnet Homes results for the 2021/22 financial year were produced in February 2023, once again evidencing high performance levels in most areas of service delivery across both quality and cost measures, including:</p> <ul style="list-style-type: none"> • Top quartile performance for tenant satisfaction with overall landlord service provided. • Top quartile performance for the cost of delivering housing services (excluding major works) <p>The Barnet Group publish Board agendas and minutes to their website¹¹ and information relating to their subsidiary companies (The Barnet Group Flex Ltd, Opendoor Homes and Bumblebee Lettings) are also on The Barnet Group website. Annually the Council’s Policy & Resources Committee approve of The Barnet Group Budget and Business Plan¹². Delivery of social housing funded through the Council’s £XXXM loan to Opendoor Homes is governed through loan agreements.</p> <p>Performance of the subsidiary companies have been reported via the council’s governance arrangements:</p> <ul style="list-style-type: none"> • Barnet Homes performance is reported quarterly to the Housing & Growth Committee¹³ • Your Choice Barnet Performance is reported quarterly to the Adults & Safeguarding Committee¹⁴

¹¹ [Board meetings – The Barnet Group](#)

¹² Item 18: [Agenda for Policy and Resources Committee on Wednesday 22nd February, 2023, 7.00 pm \(moderngov.co.uk\)](#)

¹³ Item 11: [Agenda for Housing and Growth Committee on Wednesday 16th November, 2022, 7.00 pm \(moderngov.co.uk\)](#)

¹⁴ Item 12: [Agenda for Adults and Safeguarding Committee on Monday 13th March, 2023, 7.00 pm \(moderngov.co.uk\)](#)

2022/23 Governance Issues	
	<p>Regional Enterprise</p> <p>Regional Enterprise (RE) was a joint venture between Capita (51%) and the London Borough of Barnet (49%) created in 2013 to deliver development and regulatory services on behalf of the Council. The Council's arrangement with RE ceased on 31 March 2023 and all council services delivered by the joint venture have been returned. RE contract performance was reported via the council's governance arrangements. Some elements are reported to Policy & Resources Committee¹⁵, some to the Housing & Growth Committee¹⁶ and some to Environment & Climate Change Committee¹⁷.</p> <p>Barnet Holdings Limited</p> <p>Barnet Holdings is the holding company which owned the Council's 49% share of RE and allowed the Council to appoint directors to the Joint Venture. An elected Member and Council officer are appointed as directors. Due to the end of the contractual relationship between the Council and Capita RE, the company will be wound up and shares sold.</p> <p>The Inglis Consortium</p> <p>The Inglis Consortium¹⁸ is a limited liability partnership established in 2011 for the purposes of land acquisition, development and disposal related to the Millbrook Park development site in Mill Hill, London. The designated members were: VSM Estates (57.55% of profit share); London Borough of Barnet (13.9% of profit share); and Annington Property (28.55% of profit share). The company is dormant and therefore no reporting is required.</p> <p>BXS GP Limited and BXS Limited Partnership</p> <p>BXS GP Limited Acts as a general partner to BXS Limited Partnership whose principal activity is the redevelopment of the Brent Cross Town site in North London. The Council, through its subsidiary LBB BX Holdings, and Related Argent are joint shareholders of the company whose work is undertaken by the BX JV</p>

¹⁵ Item 9: [Agenda for Policy and Resources Committee on Tuesday 13th December, 2022, 7.00 pm \(moderngov.co.uk\)](#)

¹⁶ Item 11: [Agenda for Housing and Growth Committee on Wednesday 16th November, 2022, 7.00 pm \(moderngov.co.uk\)](#)

¹⁷ Item 12: [Agenda for Environment and Climate Change Committee on Monday 21st November, 2022, 7.00 pm \(moderngov.co.uk\)](#)

¹⁸ [Mill Hill East | Barnet Council](#)

2022/23 Governance Issues

Board which meets monthly to develop and implement the business plan agreed by the shareholders to bring forward the development in the interests of the council and its development partner. The Board comprises three members (officers) from the Council and three from Related Argent. Decisions of the shareholder are typically taken by Housing and Growth Committee, or in some circumstances Policy and Resources Committee or full Council, although the Chief Executive holds a delegation to take shareholder decisions should they be required outside the committee cycle.

Hillgreen Homes Limited

In 2016, the Council set up a wholly owned company, Hillgreen Homes, as a legal entity to be utilised for the purpose of owning and selling private sale housing units. The company has two Barnet officers as directors. Accounts for a dormant company were filed on 5th September 2022.

Government Response to Committee on Standard in Public Life

The Council have reviewed the Government’s response¹⁹ and the Council are complaint in all areas except the recommendations relating to:

1. Providing a legal indemnity to Independent Persons if their views or advice are disclosed; and
2. Updating the Whistleblowing Policy to include a named contact for the external auditor.

In relation to 1., officers are exploring with the Head of Insurance an amendment to the Council’s insurance policy to include Independent Persons alongside Co-opted Members.

In relation to 2., the Whistleblowing Policy has been amended accordingly.

Conclusion

Robust arrangements are in place in respect of the Local Government Ethical Standards and this issue will not be monitored through the Annual Governance Statement 2023/24.

¹⁹ [Government response to the Committee on Standards in Public Life review of local government ethical standards \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/consultations/committee-on-standards-in-public-life-review-of-local-government-ethical-standards)

2022/23 Governance Issues		
		<p>Status: Closed</p> <p>Responsible Officers: Monitoring Officer and Head of Governance</p>
3	Emergency Planning and Organisational Preparedness	<p>The 2020/21 Statement set out:</p> <ul style="list-style-type: none"> • The Council’s duties under the Civil Contingencies Act 2004 • How the Emergency Planning Team had been reviewing and updating key plans • That a review against Resilience Standards for London had been completed and state of preparedness had been reported to London Resilience • Recruitment had taken place for emergency response roles to increase capacity and resilience. • Developing a best practice framework for responses to major incidents <p>Emergency Planning and Organisational Preparedness was monitored during 2021/22 which showed:</p> <ul style="list-style-type: none"> • Organisational Resilience Team were able to respond effectively through a team of trained responders. • A self-assessment rating of ‘Assured’ against the Resilience Standards for London • Review of the Borough Risk Register which was approved and adopted by the Borough Resilience Forum. • Low risk that Barnet would not be able to provide an adequate emergency response. <p>Whilst robust arrangements have been in place in respect of emergency planning and organisational preparedness, the Council committed via the self-assessment process, to include a summary of our arrangements annually in the Annual Governance Statement.</p> <p>In addition, the 2021/22 Statement noted that the 2022/23 review would include oversight of the Chemical, Biological, Radiological and Nuclear (CBRN) Borough Response Framework which was drafted in 2021/22.</p> <p>During 2022/23 Organisational Resilience has continued to provide:</p> <ul style="list-style-type: none"> • Skilled and trained emergency responders to maintain an adequate state of preparedness. • Captured and acted on lessons learnt following each emergency response.

2022/23 Governance Issues		
		<ul style="list-style-type: none"> • Reviewed and updated key plans in line with the risk and London Resilience frameworks including a full review of the council’s Chemical, Biological, Radiological and Nuclear (CBRN) Response Plan. • Tested and exercised plans through live incidents and training. • Completed self-assessment to Resilience Standards for London and identified an action plan to improve resilience where improvement is identified. <p>There is low current risk that Barnet would not be able to provide an adequate emergency response.</p> <p>Whilst robust arrangements are in place in respect of emergency planning and organisational preparedness, the council committed via the self-assessment process, to include a summary of our arrangements annually in the Annual Governance Statement.</p> <p>Status: Open</p> <p>Responsible Officer: Head of Organisational Resilience</p>
4	Governance of Major Capital Programmes including Brent Cross Cricklewood Regeneration	<p>The 2020/21 Statement provided assurance on the Council’s major capital programmes including:</p> <ul style="list-style-type: none"> • Brent Cross Cricklewood Regeneration Scheme including: delivery of the new Brent Cross Thameslink station; the acquisition of the Brent Cross South Retail Park; and programme governance arrangements. • Highways Capital Investment • Housing Revenue Account capital portfolio • Council capital delivery projects (including: depot; education and families; town centres; greenspaces, parks and leisure; property and operations; and the Hendon Hub) <p>Governance of major capital programmes was an issue that was monitored during 2021/22. In the 2021/22 Statement, it was concluded that robust arrangements were in place in respect the governance of major capital programmes, including Brent Cross Cricklewood regeneration, and most of the issues referred to above will not be monitored through the Annual Governance Statement during 2022/23. However, as the Council had underwritten the development costs for the Brent Cross Thameslink station which remains a significant financial risk for the authority, this element only has continued to be monitored during 2022/23.</p>

2022/23 Governance Issues		
		<p>The extract from the 2021/22 Statement on the Brent Cross Thameslink station is set out below:</p> <p>“Ensuring that the station construction is completed by late 2022 and is operational by March 2023 is another risk that is being actively managed as the construction phase of the station nears its end, and risks identified earlier in the scheme are increasingly likely to crystallise. The coming year will focus on delivering a functioning train station that is operating in a sustainable and safe manner. Overall delivery of the station including adherence to the agreed programme, continues to be overseen by the Railway Operations Assurance Board. The Board reports into the already established Government Assurance Board and can escalate issues which may require input from more senior levels.”</p> <p>The 2022/23 update is as follows: The station is now nearing completion and is expected to open later in 2023. Completion has been delayed by Network Rail strikes and the funeral of Her Majesty Queen Elizabeth II. The council are in ongoing discussions with the station contractor, VolkerFitzpatrick Limited, and Network Rail on the closeout process for the major station delivery contracts. Update reports have continued to be issued to Housing & Growth Committee, Brent Cross Governance Board and Government Assurance Board. An alternative funding strategy was also developed and approved to respond to any overspend risk. This element of the programme will continue to be monitored during 2023/24 until the major contracts have been closed out.</p> <p>Status: Open</p> <p>Responsible Officer: Deputy Chief Executive and Brent Cross Director</p>
5	Annual Internal Audit Opinion – Key Findings	<p>Each year the work of Internal Audit is summarised to give an overall opinion on the system of internal control and corporate governance within the Council. This is a requirement of the Public Sector Internal Audit Standards (PSIAs). The Opinion covers the internal audit work completed delivering the 2022/23 audit plan to 31 March 2023.</p>

2022/23 Governance Issues		
		<p>2022/23 Update</p> <p>The Annual Opinion will be drafted in May 2023 and will be presented to the Governance, Audit & Risk Management Committee in July 2023.</p> <p>Status: Open</p> <p>Responsible Officer: Head of Internal Audit</p>
6	Cyber Security and Information Management	<p>The 2020/21 Statement:</p> <ul style="list-style-type: none"> • Highlighted that the Covid-19 pandemic had seen a significant increase in cyber-attacks on organisations. • Set-out the council's approach to protecting against attacks and recovery. • Noted that Business Continuity plans were being reviewed across the organisation. <p>Cyber security was an issue that was monitored during 2021/22. Despite the actions outlined in the 2021/22 Statement taken to reduce risk in this area, cyber security remained a significant governance issue for the Council, and it was therefore monitored during 2022/23. The update is set out below:</p> <p>The threat of cyber security is a key risk to the authority's data, systems, and services; there is consistent monitoring and controls in place to mitigate this risk. Despite the ongoing actions taken to reduce risk in this area, cyber security remains a significant risk due to the potential impact and likelihood of a cyber-attack.</p> <p>There is a continued maturing, structured approach that proactively reviews technical controls in place to ensure they are in line with changing threat levels, so that technologies and processes evolve to mitigate the threat. The Council works with relevant agencies and partners both locally and nationally, such as the National Cyber Security Centre, to ensure live threats and intelligence are monitored and responded to. This ensures awareness and vigilance remain high, and clear protocols to respond to evolving threats are developed and maintained.</p> <p>Whilst it is not considered best practice to publish technical mitigations in place to thwart a cyber-attack these are being continually updated and improved. In 2023 Barnet successfully achieved accreditation following an</p>

2022/23 Governance Issues		
		<p>annual Public Sector Network assessment. Internal audit in 2022/2023 focused on risks with regards to third party suppliers accessing Barnet systems and staff action and training; recommendations are being implemented. There is staff training and awareness already in place that compliments these controls, and we continuously look to increase the level of knowledge and awareness among staff to remind them to remain vigilant. The level of governance with regards security measures and reviews combines daily, weekly, monthly, quarterly, and annual measures to protect the information and system assets of the authority.</p> <p>Cyber security and information management will continue to be monitored as an issue during 2023/24.</p> <p>Status: Open</p> <p>Responsible Officers: Assistant Director Customer and Digital Services and Head of Assurance and Business Development</p>
7	Emerging Legislation and Inspection Regimes	<p>In the 2021/22 Statement it was reported that there were areas where there would be:</p> <ul style="list-style-type: none"> • New legislation which had been progressing through parliament, or had recently become legislation; or • Changes to external inspection regimes which were due to take place, or where there had been substantial changes to the current inspection regime. <p>The following areas were identified for monitoring during 2022/23 in case of any governance issues arising:</p> <ul style="list-style-type: none"> ➤ Children’s Services – during the year a range of services would be inspected including a Children in Care Focussed Visit, SEND (Special Educational Needs and Disability) inspection, HIMP (Her Majesty's Inspectorate of Prisons) inspection of the Youth Offending Service as well as New Park House Children's Home. In addition, the Government's SEND Review, Care Review and Education White Paper would be published all of which will impact on the authority. Risks relating to the children and young people aspects of contingency hotels would also be monitored. ➤ Adult Social Care (ASC) – the Health and Care Act came into effect at the end of April 2022. This brought into effect new duties and requirements on councils with ASC responsibilities. Councils would be required to implement the Cap on Care costs, which brought new duties to conduct Care Act Needs Assessments

2022/23 Governance Issues

of people wishing to use the cap system and set up systems to monitor people’s progress toward £86,000 lifetime cap on care. Councils had been asked to conduct early assessments from April 2023 prior to the cap go-live in October 2023. The Act would also bring in a new national assurance regime of council’s ASC duties under the Care Act. This would involve enhanced data collection, monitoring and inspection, led by the Care Quality Commission, with go-live planned for April 2023. The national social care reform programme would also make several other requirements of councils, within the year 2022/23: the requirement to conduct fair cost of care exercises with the care market and plans to implement a new national performance reporting system including client-level data. 2023/24 would be a year of significant preparation for the changes to come into effect in April 2023, along with significant developments in year.

- Environment Act – the Environment Act 2021 introduced a range of duties on local authorities in relation to waste and recycling, air quality, protecting the natural environment and water. Details of the implementation of, and new burdens funding for, these duties were still being developed by Government, but had the potential to create significant challenges for the Council. The Council would engage in sector-wide efforts to influence the development of these requirements, and the implications and any governance issues arising from them would be monitored accordingly.

The 2021/22 Statement also included a section on fire safety which had been monitored from 2020/21 onwards and would continue to be during 2022/23. A separate section on fire safety has been enclosed and merged with this section.

In addition to those areas above, several additional areas to be monitored during 2023/24 have been identified. Updates on all these areas are set out below:

Building Safety

‘Building a Safer Future’ (BSF) is a Government-led initiative in response to the Grenfell Tower tragedy. It is a framework within which the shortcomings identified in the post Grenfell review of Building Regulation and Fire Safety can be addressed. These shortcomings include the way high-rise residential buildings are built and managed. BSF is also intended to deal with situations where residents may raise concerns about the safety of their buildings, which they may feel are not taken seriously by their landlord. Two key pieces of legislation support this initiative – the Building Safety Act and the Fire Safety Act.

2022/23 Governance Issues

The new Building Safety Regulator, working under the responsibility of the Health and Safety Executive and with responsibility for ‘high risk’ / ‘in-scope’ buildings (e.g., residential blocks over 18 metres, but other criteria may be defined through subsequent statutory instruments) will be operational in 2023/24. Following formal introduction of the Acts an additional £0.9m per annum has therefore been included in the Housing Revenue Account {HRA} Business plan as revenue expenditure within the plan to deliver the requirements of ‘Building a Safer future’ and associated legislation.

An update on the council’s progress in putting in place the requirements of the Building Safety Act was submitted to Housing and Growth Committee on 23rd March 2023. The Committee also approved the following recommendations:

1. Note that the Council will be the ‘Accountable Person’ for the purposes of the Building Safety Act 2022 and ask Council to approve that the functions of the ‘Accountable Person’ be delegated to the Deputy Chief Executive and that the Constitution be updated; and
2. Approve that the Housing Management Agreement between the Council and Barnet Homes be updated as some duties of the ‘Accountable Person’ will be carried out by them as agent for the council.

Fire safety has continued to be monitored throughout 2022/23 with quarterly updates provided to Housing and Growth Committee:

- The £52m Fire Safety Investment Programme for high-risk council owned housing blocks is now complete;
- Barnet Homes have delivered the fire risk assessment survey programme for low and medium rise blocks totalling 900+ reports. An assessment of future investment need has been developed and budget provision of £29.5m for a 5-year investment programme has been approved. These works will include compartmentation; fire doors to communal areas and flats; fire detection systems; emergency lighting and fire signage;
- Regular updates on risk assessments in private sector buildings (residential).

2022/23 Governance Issues

Housing Quality and Regulation

Fire safety has been included in the Annual Governance Statement since the Grenfell Tower fire in June 2017. Given the progress in delivering the £52m fire safety investment programme in relation to the council housing stock is now complete, the changing regulatory environment, and the growing focus over the last 6 months on damp and mould, the fire safety update has been incorporated into a wider Housing quality and regulation update.

Housing quality and landlord responsibility is a key priority for the Council. In terms of council housing stock failure to achieve regulatory requirements for the housing stock could lead to health, safety and compliance issues resulting in death to residents, staff and public, legal challenges, reputational damage and financial costs. The Housing Act 2004 (sections 3 and 4) requires local authorities to keep the housing conditions in their area under review and to inspect the same if it considers a Category 1 or 2 hazard (as defined by the Act) exists and gives powers to intervene where they consider housing conditions to be in breach of the same.

Damp and Mould

Reports to Housing and Growth Committee on 17th January 2023 and 23rd March 2023 have provided an update on the response to Damp and Mould in Barnet.

Of the retained council stock, 100% of external surveys and 80% of internal surveys to the properties were completed by the end of Q2 2022/23. The remaining 20% of the internal stock remains due to be surveyed in Q1 2023/24, with a minimum of 20% of the stock surveyed annually thereafter.

Barnet Homes are recruiting additional and immediate resources in the form of a 'Healthy Homes Team' to manage the current caseload of damp and mould. This is at a cost of circa. £0.200m per annum. The cost for 2022/23 is approximately £0.035m and has been funded by the Housing Revenue Account revenue repairs budget. Around £2.200m is required to address the known issues of Health and Safety Rating System (HHSRS) category 2 damp and mould across the stock. This includes an additional £1.200m of revenue costs and £1m of capital works which have been factored into the latest update of the HRA business plan.

2022/23 Governance Issues

A combination of methods are used to ensure compliance with the Housing Act 2004 and other relevant legislation relating to ensuring minimum standards are met in the private rented sector. The Housing HHSRS is a risk-based evaluation tool that is used to help local authorities identify and protect against potential risks and hazards to health and safety due to deficiencies identified in dwellings. Damp and mould are one of twenty-nine potential risks/hazards. This system helps to classify reported issues and determine when the council must act to ensure the safety of residents in Barnet. The Council’s Environmental Health (EH) Service uses the Idox Uniform data management system to record and monitor all licensing and housing conditions related service requests, and associated enforcement activities. This same system is used to calculate and record HHSRS assessments.

To ensure a comprehensive approach to conditions in the private rented sector and try and reduce the number of homelessness applications to the council due to poor housing conditions (including Damp and Mould), an additional Housing Enforcement Officer is being recruited to the Private Sector Housing Team. This new role should enable the tenants applying for rehousing to be prioritised for an inspection, and more rapid engagement with landlords around improvement, so that the tenancy can be maintained where possible. This resource will also help put a system in place to audit Temporary Accommodation to try to ensure appropriate minimum standards are being met.

Social Housing

The Building Safety Act 2022 received Royal Assent on 28 April 2022 and will be fully implemented in October 2023. Building owners will be required to have their building safety regime in place by this time. The Act sets out safety requirements for landlords of higher-risk buildings that are at least 18m or 7 storeys high and have 2 or more residential units. It covers the different stages of building including design, planning, construction, and whilst tenants and leaseholders are living in a building. The Act has introduced new duty holder roles, a new gateway process for the planning and construction stages, a new building safety regime, and created a new Building Safety Regulator and a New Homes Ombudsman. Landlords need to register higher risk buildings they own with the new Regulator between April and October 2023. Barnet Homes’ Property Services team has been resourced to implement the requirements of the Act, and a decision is currently being made regarding the Accountable Person duty holder role for the council’s housing stock.

2022/23 Governance Issues

The Social Housing (Regulation) Bill received its first reading in the House of Commons on 31 October 2022. Consideration of amendments is underway, and the Bill is likely to be enacted in 2023. The Bill is intended to deliver the reforms outlined in the Government’s Social Housing White Paper and bring forward a stronger and more proactive regulatory regime to drive up standards in the sector and hold social landlords to account for the service they provide to their tenants. It includes a focus on safety, transparency, and accountability of landlords, requires a named health and safety lead in every registered provider, and also introduces powers for the Regulator of Social Housing to gather performance information on landlords through the Tenant Satisfaction Measures that must start to be monitored from 1 April 2023. Proposed amendments include introducing Awaab’s Law which will require social landlords to investigate and fix reported hazards in their homes within a specified timeframe or rehouse tenants where a home cannot be made safe, and a requirement for all social housing managers to have a professional qualification.

The Levelling Up and Regeneration Bill is presently at the Committee Stage in the House of Lords. In terms of social housing, the Bill will increase certainty in planning decisions and improvements to the application process, introduce a new infrastructure levy which will replace Section 106, and will introduce a new section in the Town and Country Planning act to expand existing powers to vary or remove planning conditions attached to grants of planning permission.

Private Sector Rented Housing

The Government published its White Paper “A Fairer Private Rented Sector” in June 2022, in which it proposed to introduce a Renters Reform Bill. A Bill has not yet been introduced, however would be expected to introduce new measures to ensure decent, well looked after homes are available for rent. The Bill is expected to repeal Section 21 of the Housing Act 1988 which will abolish ‘no fault’ evictions, reform the other grounds for possession, make the Decent Homes Standard legally binding in the private rented sector with local authorities being given the tools to enforce the standard, introduce a new ombudsman for private renting, and establish a new property portal.

The emerging legislation and inspection regimes in areas such as Housing Regulation; Office for Local Government; Children’s Social Care Reform; SEND Reforms change the landscape of functioning and delivery, therefore creating uncertainty and overall creating risk.

Status: Open

2022/23 Governance Issues		
		<p>Responsible Officer: Various Directorates</p>
8	Workplace Wellbeing	<p>In 2021/22 the following issue was identified to be monitored during 2022/23:</p> <p>The pandemic introduced many challenges for the council to maintain our employees’ mental and physical health and wellbeing whilst dealing with significant changes in the way we worked. Members of staff directly involved in the response where under considerable strain, worked long hours and were left exhausted. All staff were impacted by the pandemic, in particular the first lockdown meant that we had to quickly introduce safe ways of working from home.</p> <p>Measures that were introduced included:</p> <ul style="list-style-type: none"> ➤ Risk assessments and regular review, to manage risks introduced with the new ways of working. ➤ Accessible advice and guidance on home working and working in isolation. ➤ Provision of equipment to enable staff to work from home safely. ➤ On-line activities, events and webinars with advice on healthy options and to enable staff to remain in regular contact with colleagues. ➤ Regular promotion of our Employee Assistance programme and other staff welfare resources ➤ Development of an on-line “Wellbeing Hub” with wellbeing resources for staff to readily access <p>These enforced new ways of working have led to a rethink of how the council operates and a move to a more agile workforce. Many of the measures introduced will be maintained as well as new initiatives and resources being introduced. A Workplace Wellbeing Strategy was being produced in 2022/23 with an associated action plan that will ensure continued management of these risks and lead to improvements in staffs general health and wellbeing.</p> <p>The 2022/23 update is as follows:</p> <p>Focus on Workplace Wellbeing continued during 2022/23 with the Strategy published and a particular emphasis on interventions including promotion of mental health and wellbeing, prevention of burnout and</p>

2022/23 Governance Issues		
		<p>stress at work. During 2022-23, a considerable number of sickness absence days lost were attributable to mental ill health and stress; the most common cause of management referral to our Occupational Health (OH) providers was mental ill health and Employee Assistance Programme (EAP) saw an increase in referrals due to anxiety and stress at work and low mood. Analysis of staff feedback and OH/EAP data highlights issues with relationships between managers and staff, within teams, and staff feeling disengaged. There were indications of a high degree of 'presenteeism', in that many of our staff are present at work, but not performing at their best due to stress and anxiety. These findings were in line with other public services across the country.</p> <p>There are examples of good practices across the Council on support and interventions provided to employees on preventing mental ill health and managing mental ill health and stress at work however, there is a significant risk that the current culture of some parts of the organisation and management practices would inevitably lead to increased levels of absence, increases in disciplinary issues due to poor performance and an increase in staff turnover due to disaffection with the organisation.</p> <p>A focus on Workplace Wellbeing for 2023/24 will therefore continue to be one of the main priorities for the Council with a particular emphasis on providing relational wellbeing and psychological wellbeing support, support and training for managers, continuation of 'Energising at Work' coaching programme, culturally specific counselling for minoritized staff and a range of other management interventions at directorate levels. These initiatives will be integrated with a wider cross-Council leadership, organisational and development programmes. This will result in a healthier work culture at the council and therefore improved services to Barnet residents.</p> <p>Status: Open</p> <p>Responsible Officer: Head of Health, Safety and Wellbeing</p>
9	Inflation	<p>In 2021/22 the following issue was identified to be monitored during 2022/23:</p> <p>The Council's agreed Budget and Medium-Term Financial Strategy (MTFS) make provision for inflation. However, global events have increased upward pressure on inflation and interest rates, and it is not currently clear what the overall impact will be on council services and capital programmes. The council will monitor the</p>

2022/23 Governance Issues

impact of rising costs on both in-year budgets and the MTFS, and any impacts will be addressed through regular Business Planning reports to the Policy & Resources Committee.

We are satisfied that these steps will address the need for improvements that have been identified and we will monitor their implementation and operation through appropriate committees throughout the year as well as part of the next annual review.

The Council will also continue to ensure elected Members are kept fully briefed of any new significant issues that may arise in year.

The 2022/23 update is as follows:

In 2022/23 inflation was as high as 11.1%, this created a sharp increase in cost of delivering services for the council and while the council's agreed budget and Medium-Term Financial Strategy (MTFS) make provision for inflation, it was necessary to drawdown on contingency to help manage the in-year financial position. The Chancellor's budget on 15th March 2023 forecast inflation to return to 2.9% by the end of 2023 but given the economic volatility over the last financial year, it would be prudent to keep this under review until the forecast has been achieved. The Council will continue to monitor the impact of rising costs on both in-year budgets and the MTFS, and any impacts will be addressed through regular Business Planning reports to the Policy & Resources Committee or Cabinet.

We are satisfied that these steps will address the need for improvements that have been identified and we will monitor their implementation and operation through appropriate committees throughout the year as well as part of the next annual review.

The Council will also continue to ensure elected Members are kept fully briefed of any new significant issues that may arise in year.

Status: Open

Responsible Officers: Executive Director Strategy and Resources

Conclusion

During 2022/23 the council has progressed and resolved some of the significant governance issues identified. The following governance issues will carry forward from 2022/23 into 2023/24 (as detailed above):

1. Governance Risk and Resilience Framework
2. Emergency Planning and Organisational Preparedness
3. Brent Cross Station Governance (linked to Governance of Major Capital Programmes items previously reported)
4. Cyber Security and Information Management
5. Head of Internal Audit Annual Opinion
6. Emerging Legislation and Inspection Regimes
7. Workplace Wellbeing
8. Inflation

In addition, Members and CMT have identified the additional areas to be monitored during 2023/24 via the Annual Governance Statement:

9. Auditor Capacity and Impact on Audit of Accounts

The independent audit of a local authority's statutory accounts and arrangements for achieving value for money is a key transparency and accountability mechanism which is fundamental to sustaining public confidence in systems of local democracy. Local audit enables taxpayers, and local bodies themselves, to have confidence that financial accounts are true and fair and that the authority has been acting with propriety and has arrangements in place to secure value for money through the economic, efficient, and effective use of its resources.

Recent years have seen delays in audit completion due to increased regulatory requirements of audit firms and capacity and capability issues within the external audit sector. Despite this, the council's accounts to 2019/20 have been successfully audited. In 2020/21, an additional issue relating to the reporting of infrastructure assets led to delays in local authority audits, principally for highways authorities. This has resulted in delays to the audit of the council's 2020/21 financial statements and a delay in the commencement of the 2021/22 external audit. A temporary solution has been agreed by CIPFA/LASAAC for the infrastructure issue meaning that the audit of the 2020/21 accounts is now nearing completion with the 2021/22 audit due to commence in August 2023.

In the absence of the external assurance, and to provide transparency and accountability to elected councillors and residents, the council continues to maintain a strong internal audit function and regular dialogue with Audit Committee to ensure councillors are kept up to date of progress, on-going issues and actions that are being taken to address any concerns.

On a wider level, the government has recognised these issues in the audit sector and is establishing a new audit regulator, the Audit, Reporting and Governance Authority to replace the Financial Reporting Council. The government announced plans for the new regulator in March 2019, and published detailed proposals in March 2021; the new regulator is expected to be fully implemented in 2023.

10. Change of Governance Arrangements

It is expected that the Council will change governance arrangements from a Committee System to an Executive system effective from Annual Council (23 May 2023). The change will require the Council to adopt a new Constitution and implement several new processes and procedures including: introducing a single party Executive (or Cabinet); introducing decision-making by individual Members; creating a new overview and scrutiny function; and enhancing opportunities for democratic engagement. It is essential that the transition to the new arrangements is seamless and that the Council undertakes a process of reviewing and refining the new system during 2023/24. This is an issue that will therefore be monitored during the coming year.

Statement of Responsibilities

The Council's Responsibilities

The council 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 the London Borough of Barnet that officer is the Executive Director of Strategy & Resources and Section 151 Officer.
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Executive Director of Strategy & Resources and S151 Officer Responsibilities

The Executive Director of Strategy & Resources and Section 151 Officer is responsible for the preparation of the London Borough of Barnet's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy 2022/23 Code of Practice on Local Authority Accounting in the United Kingdom (The Code).

In preparing this Statement of Accounts, the Executive Director of Strategy & Resources and Section 151 Officer has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with The Code.
- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification of Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of the London Borough of Barnet Council as at 31 March 2023 and its income and expenditure for the year then ended. The draft accounts were published on 31 May 2023.

Anisa Darr (CPFA)
Executive Director of Strategy & Resources and Section 151 Officer

Approval of Accounts

In accordance with the Accounts and Audit Regulations 2015, I certify that the Statement of Accounts was approved by the Governance, Audit, Risk Management and Standards Committee on xx xxxx 2023.

Chair of Governance, Audit, Risk Management and Standards Committee
Councillor Arjun Mitra

Auditor's Statement

Auditor's Statement (to follow)

Core Financial Statements

Core Financial Statements: Council Comprehensive Income and Expenditure Statement (CIES)

This statement summarises the income and expenditure of the council in providing services during 2022/23. The statement also shows how the council's services are funded through Council Tax, Business Rates, Government grants and fees and charges made by the council for its services.

Re-stated 2021/22*					2022/23		
Gross Expenditure	Gross Income	Net Expenditure	Comprehensive Income and Expenditure Statement (CIES)	Note	Gross Expenditure	Gross Income	Net Expenditure
£'000					£'000		
177,748	(65,930)	111,817	Adults and Health		199,607	(61,553)	138,054
25,603	(20,922)	4,682	Public Health		21,177	(19,570)	1,607
12,751	(6,561)	6,190	Assurance		11,559	(7,371)	4,188
233,304	(144,032)	89,271	Customer and Place		290,776	(124,201)	166,575
253,096	(198,859)	54,237	Strategy and Resources		232,148	(199,083)	33,065
411,850	(318,095)	93,755	Children's Services		446,176	(346,499)	99,677
58,419	(62,576)	(4,157)	Local Authority Housing (HRA)		81,700	(67,228)	14,472
1,172,771	(816,976)	355,795	Cost of Services	7	1,283,143	(825,505)	457,638
1,210	(11,791)	(10,581)	Other Operating Income and Expenditure	10	1,210	(22,043)	(20,833)
35,658	(7,955)	27,703	Financing and Investment Income and Expenditure	11	53,897	(14,016)	39,881
0	(358,487)	(358,487)	Taxation and Non-Specific Grant Income	12	0	(343,072)	(343,072)
36,869	(378,233)	(341,364)	Subtotal		55,107	(379,131)	(324,024)
1,209,640	(1,195,209)	14,430	(Surplus)/Deficit on Provision of Services		1,338,250	(1,204,636)	133,614
		1,490	(Surplus)/Deficit on revaluation of non-current assets				(73,538)
		(113,713)	Remeasurement of the net defined benefit liability	35			(345,400)
		(112,223)	Other Comprehensive Income and Expenditure				(418,938)
		(97,793)	Total Comprehensive Income and Expenditure				(285,324)

* There has been a re-statement of the service headings since 2021/22 accounts were published to reflect management reporting lines. Please refer to Note 6 for an explanation of changes to services.

Core Financial Statements: Group Comprehensive Income and Expenditure Statement

This statement summarises the income and expenditure of the council and its subsidiaries (The Barnet Group Ltd and Barnet Education and Learning Services Ltd (BELS)). In 2022/23 Barnet Group company made an operating loss of £2.128m (£4.249m loss in 2021/22) and BELS made an operating profit of £0.025m (£0.047m profit in 2021/23).

Re-stated 2021/22*				2022/23		
Gross Expenditure	Gross Income	Net Expenditure	Comprehensive Income and Expenditure Statement (CIES)	Gross Expenditure	Gross Income	Net Expenditure
£'000				£'000		
178,236	(68,198)	110,038	Adults and Health	199,949	(62,140)	137,809
25,603	(20,922)	4,681	Public Health	21,028	(19,431)	1,596
12,751	(6,561)	6,190	Assurance	11,517	(7,329)	4,188
241,639	(152,461)	89,178	Customer and Place	282,800	(128,378)	154,421
247,280	(194,453)	52,827	Strategy and Resources	232,125	(199,061)	33,063
399,428	(305,732)	93,696	Children's Services	433,930	(334,291)	99,640
191,032	(70,845)	120,187	Local Authority Housing (HRA)	209,574	(65,991)	143,582
1,295,969	(819,172)	476,797	Cost of Services	1,390,922	(816,622)	574,300
1,210	(11,791)	(10,581)	Other Operating Income and Expenditure	1,210	(22,043)	(20,833)
38,291	(4,975)	33,316	Financing and Investment Income and Expenditure	59,069	(7,114)	51,955
0	(359,567)	(359,567)	Taxation and Non-Specific Grant Income	0	(343,072)	(343,072)
0	(47)	(47)	Corporation Tax	10	0	10
39,501	(376,380)	(336,879)	Subtotal	60,289	(372,229)	(311,940)
1,335,470	(1,195,552)	139,918	Group (Surplus)/Deficit on Provision of Services	1,451,211	(1,188,851)	262,360
		1,490	(Surplus)/Deficit on revaluation of non-current assets			(73,538)
		(129,690)	Remeasurement of the net defined benefit liability			(345,400)
		(128,200)	Other Comprehensive Income and Expenditure			(418,938)
		11,718	Total Comprehensive Income and Expenditure			(156,578)

* There has been a re-statement of the service headings since 2021/22 accounts were published to reflect management reporting lines. Please refer to Note 6 for an explanation of changes to services.

Core Financial Statements: Council Movement in Reserves Statement

This statement shows the movement on the different reserves held by the council, analysed into useable and unusable reserves, and shows the increase or decrease in the net worth of the council. It provides an explanation of the changes in, and movements between, reserve accounts to increase or reduce the resources available to the council. It shows how the council's total Comprehensive Income and Expenditure is allocated to the council's reserves.

	Note	General Fund Balance	School Balances	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Movements in Reserves 2021/22											
Balance as at 31 March 2021		15,084	12,697	143,741	4,000	11,539	6,847	211,299	405,207	504,872	910,079
Surplus / (Deficit) on provision of services		(31,687)	2,965	0	14,292	0	0	0	(14,430)	0	(14,430)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	0	112,223	112,223
Total Comprehensive Income and Expenditure		(31,687)	2,965	0	14,292	0	0	0	(14,430)	112,223	97,793
Adjustments between accounting basis and funding basis	8	54,822	0	(8,128)	(14,272)	9,022	(4,849)	(58,591)	(21,995)	21,995	0
Net increase / (decrease) in year		23,135	2,965	(8,128)	20	9,022	(4,849)	(58,591)	(36,425)	134,218	97,793
Transfer to/(from) earmarked reserves	9	(23,135)	0	23,135	0	0	0	0	0	0	0
Balance as at 31 March 2022		15,084	15,662	158,748	4,020	20,561	1,998	152,708	368,784	639,089	1,007,873

Movements in Reserves 2022/23											
		15,084	15,662	158,748	4,020	20,561	1,998	152,708	368,784	639,089	1,007,873
Balance as at 31 March 2022											
Surplus / (Deficit) on provision of services		(118,477)	(2,818)	0	(12,319)	0	0	0	(133,614)	0	(133,614)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	0	418,938	418,938
Total Comprehensive Income and Expenditure		(118,477)	(2,818)	0	(12,319)	0	0	0	(133,614)	418,938	285,324
Adjustments between accounting basis and funding basis	8	86,427	0	0	12,421	23,266	0	(34,311)	87,803	(87,803)	0
Net increase / (decrease) in year		(32,050)	(2,818)	0	102	23,266	0	(34,311)	(45,811)	331,135	285,324
Transfer to/(from) earmarked reserves	9	32,048	0	(32,048)	0	0	0	0	0	0	0
Balance as at 31 March 2023		15,082	12,844	126,700	4,122	43,827	1,998	118,397	322,969	970,222	1,293,191

Core Financial Statements: Group Movement in Reserves Statement

This statement shows the movement on the different reserves held by the council and its subsidiaries (The Barnet Group Ltd and Barnet Education and Learning Services Ltd), analysed into useable and unusable reserves, and shows the increase or decrease in the net worth of the Group. It provides an explanation of the changes in, and movements between, reserve accounts to increase or reduce the resources available to the Group. It shows how the Group's total Comprehensive Income and Expenditure is allocated to the Group's reserves.

	General Fund Balance	School Balances	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Council Usable Reserves	Council Unusable Reserves	Council Total Reserve	Share of Subsidiary Reserves	Total Reserve
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Movements in Reserves 2021/22												
Balance as at 31 March 2021	15,084	12,697	143,741	4,000	11,539	6,847	211,299	405,208	504,872	910,079	(119,536)	790,545
Surplus / (Deficit) on provision of services	(28,064)	2,965	0	14,292	0	0	0	(10,807)	0	(10,807)	(129,189)	(139,996)
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	0	0	112,223	112,223	15,977	128,200
Total Comprehensive Income and Expenditure	(28,064)	2,965	0	14,292	0	0	0	(10,807)	112,223	101,416	(113,212)	(11,796)
Adjustment between Council account and Group accounts	(3,623)	0	0	0	0	0	0	(3,623)	0	(3,623)	101,121	97,498
Net increase / (decrease) before transfers	(31,687)	2,965	0	14,292	0	0	0	(14,430)	112,223	97,793	(12,091)	85,702
Adjustments between accounting basis and funding basis	54,822	0	(8,128)	(14,272)	9,022	(4,849)	(58,591)	(21,996)	21,996	0	0	0
Net increase / (decrease) before transfers to earmarked reserve	23,135	2,965	(8,128)	20	9,022	(4,849)	(58,591)	(36,426)	134,219	97,793	(12,091)	85,702
Transfer to/(from) earmarked reserves	(23,135)	0	23,135	0	0	0	0	0	0	0	0	0
Balance as at 31 March 2022	15,084	15,662	158,748	4,020	20,561	1,998	152,708	368,784	639,089	1,007,873	(131,626)	876,247

Movements in Reserves 2022/23												
Balance as at 31 March 2022	15,084	15,662	158,748	4,020	20,561	1,998	152,708	368,784	639,089	1,007,873	(131,626)	876,247
Surplus / (Deficit) on provision of services	(107,430)	(2,818)	0	(12,319)	0	0	0	(122,567)	0	(122,567)	(139,783)	(262,350)
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	0	0	418,938	418,938	0	418,938
Total Comprehensive Income and Expenditure	(107,430)	(2,818)	0	(12,319)	0	0	0	(122,567)	418,938	296,371	(139,783)	156,588
Adjustment between Council account and Group accounts	(11,047)	0	0	0	0	0	0	(11,047)	(2)	(11,052)	141,945	130,894
Net increase / (decrease) before transfers	(118,477)	(2,818)	0	(12,319)	0	0	0	(133,614)	418,936	285,319	2,163	287,482
Adjustments between accounting basis and funding basis	86,427	0	0	12,421	23,266	0	(34,311)	87,803	(87,803)	0	0	0
Net increase / (decrease) before transfers to earmarked reserve	(32,050)	(2,818)	0	102	23,266	0	(34,311)	(45,811)	331,133	285,319	2,163	287,482
Transfer to/(from) earmarked reserves	32,048	0	(32,048)	0	0	0	0	0	0	0	0	0
Balance as at 31 March 2023	15,082	12,844	126,700	4,122	43,827	1,998	118,397	322,971	970,222	1,293,191	(129,462)	1,163,731

Core Financial Statements: Council and Group Consolidated Balance Sheet

The Balance Sheet shows the value at the balance sheet date of the assets and liabilities recognised by the council. The net assets of the council are matched by the reserves. Only usable reserves are available to support delivery of the council's services to residents. Details of the usable reserves can be seen in the Movement in Reserves Statement.

31 March 2022			31 March 2023	
Council	Group		Council	Group
£'000		Balance Sheet	£'000	
		Note		
1,675,198	1,737,048	Property plant and equipment	1,749,731	1,831,162
1,733	1,733	Heritage assets	1,733	1,733
167,543	167,543	Investment properties	175,424	175,424
16,798	28,075	Intangible assets	14,824	25,623
194,829	35,367	Long term debtors	223,166	41,417
5,000	0	Long term investments	0	0
2,061,101	1,969,766	Total Long-Term Assets	2,164,878	2,075,359
161	161	Inventories	131	131
85,847	85,847	Short term investments	26,144	21,144
179,807	179,491	Short term debtors	173,544	178,706
7,000	7,000	Assets held for sale	7,000	7,000
140,800	159,615	Cash and cash equivalents	103,353	141,266
413,615	432,114	Total Current Assets	310,172	348,247
(22,509)	(22,509)	Bank Overdrafts	0	0
(2,609)	(2,609)	Short term borrowing	(2,570)	(2,570)
(263,850)	(275,508)	Short term creditors	(214,459)	(245,429)
(6,001)	(6,001)	Short Term Provisions	(6,149)	(6,149)
(294,969)	(306,627)	Total Current Liabilities	(223,178)	(254,148)
(589,463)	(589,027)	Long term borrowing	(688,437)	(687,921)
(12,161)	(12,194)	Long term provisions	(9,209)	(9,237)
(557,253)	(604,787)	Pension scheme	(248,832)	(296,366)
(12,997)	(12,997)	Long term lease (PFI)	(12,203)	(12,203)
(1,171,874)	(1,219,005)	Total Long-Term Liabilities	(958,681)	(1,005,727)
1,007,873	876,248	Net Assets	1,293,191	1,163,731
(368,784)	(237,157)	Usable reserves	(322,969)	(193,509)
(639,089)	(639,089)	Unusable reserves	(970,222)	(970,222)
(1,007,873)	(876,248)	Total Reserves	(1,293,191)	(1,163,731)

Note 39 gives details of movements from Council to Group Balance sheet.

Certification by the Chief Financial Officer

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Council as at 31 March 2023 and its income and expenditure for the year then ended.

Anisa Darr (CPFA)
Executive Director of Strategy & Resources
& Statutory Section 151 Officer

xxxxxxx 2023

Core Financial Statements: Council and Group Consolidated Cash Flow Statement

This shows the changes in cash and cash equivalents of the council and its subsidiaries (The Barnet Group Ltd and Barnet Education and Learning Services Ltd) during the year. The statement classifies the Group's cash flows between operating, investing, and financing activities. Operating activities reflect the day-to-day income from grants and taxation together with expenditure on services provided by the Group. Investing activities summarise the expenditure made to support future activities, for example capital expenditure on housing and schools. Financing activities demonstrate how the Group has managed its borrowings to fund its operating and investing activities.

2021/22				2022/23		
Council	Group			Council	Group	
£'000		Cash Flow Statement		Note	£'000	
(14,352)	(139,918)		Net surplus/(deficit) on the provision of services		(133,614)	(262,360)
133,445	258,654		Adjustment to the surplus on the provision of services for non-cash movements*	23	84,372	249,340
(20,377)	(7,849)		Adjustment for items included in the net surplus on the provision of services that are investing and financing activities **		(94,525)	(105,398)
98,716	110,888		Net cash flows from operating activities		(143,767)	(118,418)
(256,261)	(309,765)		Net cash flows from investing activities	24	3,180	(5,739)
153,627	198,744		Net cash flows from financing activities		125,649	128,319
(3,918)	(133)		Net (decrease)/increase in cash and cash equivalents		(14,937)	4,162
122,209	137,237		Cash and cash equivalents at the beginning of the reporting period		118,291	137,106
118,291	137,106		Cash and cash equivalents at the end of the reporting period***	19	103,353	141,266

* Includes £131m write down cost to Expected Use Value for Social Housing on new dwellings @ 75%

**Group cashflow includes TBG adjustments of £10.9m relating to ODH Loan Deferred income and £15.9m Actuarial gain on Defined benefit on pension scheme

Notes Relating to the Core Financial Statements

Note 1 Accounting Policies

1.1 Introduction

The Statement of Accounts summarises the London Borough of Barnet's transactions for the financial year 2022/23 and its financial position as at 31 March 2023. The accounting policies adopted, that are material to the context of the council's accounts for 2022/23, are set out within the following pages. The accounting policies explain the basis for the recognition, measurement and disclosure of transactions and other events within the Statement of Accounts.

1.2 General Principles

The council's Statement of Accounts are prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS) and statutory regulations.

The Statement of Accounts has been prepared using the going concern and accruals basis. The historical cost convention has been applied, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.3 Accruals of Income and Expenditure

The council recognises income and expenditure in the financial year in which the associated economic benefits are transferred, rather than when payments are physically made and received. Debtors and Creditors (Accruals) are raised at year end to reflect the difference between amounts due and amounts paid up to 31 March. In general, the council does not normally raise accruals for individual amounts under £0.025m, although exceptions are made for:

- Grant related income & expenditure
- Transactions between entities that form part of the council's Group accounts.
- Services which involve high volume transactions with shared characteristics, e.g., Client placements within Adults or Children's Social Care.

1.4 Income Recognition

Income is recognised when there is reasonable certainty that the inflow of economic benefits or service potential has occurred and can be measured reliably. In accordance with IFRS 15 (Revenue from Contracts with Customers) the council recognises revenue from contracts with service recipients once it has satisfied any performance obligations by transferring promised goods or services to a recipient, measured as the amount of the overall transaction price allocated to that obligation.

Interest receivable on deposits and payable on borrowings is accounted for as income and expenditure respectively on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows set out in the relevant contract.

1.5 Fair Value Measurement

The council measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the council's financial statements are categorised within the fair value hierarchy as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the council can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

1.6 Provisions

Provisions are charged as an expense to the appropriate service expenditure line in the CIES, where an event has taken place that gives the council a legal or constructive obligation that probably will be settled by the transfer of economic benefit or service potential and a reliable estimate can be made of the amount of the obligation. Provisions are held on the balance sheet at the best estimate of expenditure required to settle the obligation taking into account the relevant risks and uncertainties.

1.7 Government Grants and Contributions

Government grants and third-party contributions and donations are recognised as due to the council when there is reasonable assurance that the council will comply with any conditions attached to them and the grants and contributions are likely to be received. Once the conditions are satisfied the grants and contributions are credited to the CIES as follows:

- Ring-fenced revenue grants and contributions - credited to the relevant service line in the CIES.
- Ring-fenced capital grants and contributions - credited to Taxation and Non-Specific Grant income in the CIES.
- Non-Ring-fenced revenue grants - credited to Taxation and Non-Specific Grants income in the CIES.

Where specific revenue grants and contributions are credited to the CIES, but the associated expenditure has not yet been incurred, the grant is set aside in an earmarked reserve so that it can be matched with the expenditure when it is incurred in a subsequent year. Where a revenue grant is received, and conditions are not satisfied it is carried in the Balance Sheet as a receipt in advance. When the condition is met, it is then credited to the CIES.

Capital grants and contributions are reversed out of the General Fund Balance through the Movement in Reserves Statement and are either transferred to the Capital Adjustment Account, if the eligible expenditure has been incurred, or to the Capital Grants Unapplied Account. Grants are subsequently released into the Capital Adjustment Account when the eligible expenditure is incurred.

1.8 Council Tax and Non-Domestic Rates ("Business Rates")

The council as a billing authority act as an agent collecting Council Tax and Non-Domestic Rates (NDR) on behalf of the major preceptors and, as principals, collecting Council Tax and NDR for themselves. Billing authorities are required by statute to maintain a separate 'Collection Fund' account, for the collection and distribution of Council Tax and NDR. Billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of Council Tax and NDR could be less or more than predicted.

The Council Tax and NDR income included in the CIES is the council's share of accrued income for the year. However, regulations determine the amount of Council Tax and NDR that must be included in the council's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The council's Balance Sheet includes the council's share of Council Tax and NDR arrears, prepayments, impairment allowance for doubtful debts, NDR appeals and the council's portion of any surplus or deficit on the Collection Fund Account. Amounts due to or from precepting authorities are recorded as debtors or creditors on the council's Balance Sheet.

1.9 Employee Benefits

Benefits Payable during Employment

Short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense in the year in which employees render service to the council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before

the year-end which employees can carry forward into the next financial year. The accrual is charged to the Surplus or Deficit on the Provision of Services and then reversed through the Movement in Reserves Statement and held as a balance on the Accumulating Compensated Absences Adjustment Account.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These costs are charged on an accrual basis to the appropriate service line in the CIES at the earlier of when the council can no longer withdraw the offer of the benefit or when the council recognises the costs of restructuring.

Post-Employment (Retirement) Benefits

Employees of the council are members of two separate pension schemes:

- The Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The Local Government Pension Scheme (LGPS) for which the Council is the administering authority.

Both schemes provide defined benefits to members (retirement lump sums and pensions) based on earnings and service while employed by the Council or other participating employers.

Local Government Pension Scheme (LGPS)

The scheme is accounted for as a defined benefits scheme. Hence:

- The liabilities of the LGPS attributable to the council are included in the council's balance sheet on an actuarial basis, using the projected unit cost method.
- The Fund's liabilities are discounted to their value at current prices, using a discount rate that is based upon the indicative rate of return on a high-quality corporate bond of equivalent currency and term to the scheme's liabilities.
- The Fund's assets attributable to the council are included on the Balance Sheet at fair value.
- Changes in the net pension liability are analysed into the following components:
 - i. Service costs comprising current service and past service costs are charged to the service lines of the CIES.
 - ii. Net interest on the net defined benefit asset/liability is charged or credited to the 'Financing and Investment Income and Expenditure' line of the CIES.
 - iii. The council recognises the cost of retirement benefits in the Comprehensive Income and Expenditure Statement (Cost of Services) when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the council is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement.

- iv. Re-measurements of the net pension liability (comprising return on assets excluding amounts included in net interest and the net defined benefit liability and actuarial gains and losses) are charged to the Pension Reserve as part of 'Other Comprehensive Income and Expenditure' line.
- v. Employer contributions paid to the Fund in settlement of liabilities are not accounted for as an expense within the CIES.

Teachers' Pension Scheme

The Teachers' Pension Scheme, whilst being a defined benefit scheme, is treated as a defined contribution scheme, as under the scheme arrangements the liabilities of the scheme cannot be identified specifically to the council. This means that the pension costs reported for any year are equal to the contributions payable for the scheme for the same period. The costs are recognised within Surplus or Deficit on Provision of Services. The council's Balance Sheet does not include a liability for future payments under the scheme.

Discretionary Benefits

The council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for in line with the accounting arrangement for the LGPS.

1.10 Minimum Revenue Provision

Statute requires the council to set money aside each year for the repayment of loans originally taken out to finance capital expenditure. This is called the Minimum Revenue Provision (MRP) and is calculated in line with the 2021/22 MRP Policy agreed by Council in March 2021 and the Local Government Guidance on MRP. The council's MRP policy is to:

- For any capital expenditure incurred prior to 1 April 2008 or financed from supported borrowing, the council charges MRP over 50 years on an annuity basis.
- For any capital expenditure carried out after 1 April 2008 being financed by unsupported borrowing the council adopts the asset life method where MRP is based on the capital expenditure divided by a determined asset life or profile of benefits to give annual instalments. The annual instalment is calculated on an annuity basis.

MRP in respect of leases and Public Finance Initiatives (PFI) brought onto the Balance Sheet under the Code will match the annual principal repayment for the associated deferred liability. There is no requirement on the Housing Revenue Account (HRA) to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made.

In 2022/23, the council made an additional voluntary contribution to MRP of £3.500m above the statutory minimum.

1.11 Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

1.12 Reserves

The council sets aside specific amounts as earmarked reserves for future policy purposes or to cover contingencies. Reserves are created by apportioning amounts out of the General Fund or Housing Revenue Account balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus / Deficit on the Provision of Services in the CIES.

The reserve is then appropriated back into the General Fund or Housing Revenue Account balance in the Movement in Reserves Statement, so that there is no net charge against council tax or rents for the expenditure. All applications for specific reserves are subject to approval by the Chief Finance Officer. Specific reserves are discretionary not mandatory.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement and employee benefits and do not represent usable resources for the council to fund expenditure – these reserves are explained in the relevant policies.

1.13 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment or replacement of components of highways network is capitalised on an accrual basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the council and the cost of the item can be measured reliably.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred. Any expenditure on an asset that is under £0.01m is considered non-enhancing and is

treated as revenue expenditure. Any acquisitions such as equipment and vehicles for less than £0.01m are assessed and included in Property, Plant and Equipment if considered appropriate to do so.

The council has schools in the following categories: community schools, foundation schools, voluntary aided schools, and academies. Community and foundation schools are included in the council's Balance Sheet based on the risks and rewards the council is deemed to have, and voluntary aided schools and academies are excluded from the council's Balance Sheet. This means that the council recognises the Property, Plant and Equipment of the following categories of locally maintained schools in the financial statements:

- Community and community special schools
- Foundation and Foundation Trust schools (other than those owned by religious bodies)

The Property, Plant and Equipment of voluntary aided schools are not recognised in the council's financial statements. In most cases, the council has ownership of the playing fields for these categories of schools, which are recognised on the council's balance sheet.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price; and
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of assets acquired other than by purchase, is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line of the CIES unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the CIES they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement basis:

- Infrastructure (including street lighting PFI), community assets and assets under construction – depreciated historical cost.
- Highways Infrastructure Network – depreciated historical cost. However, this is a modified form of historical cost. Opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH).
- Surplus assets - the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.

- All other assets (For example schools, leisure centres, crematorium, etc. – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, the valuation method of Depreciated Replacement Cost (DRC) is used as an estimate of current value. Examples of specialist assets include schools, leisure centres, crematoria, and cemeteries prior to their being run on a more commercial basis. The DRC method of valuation provides the current cost of replacing an asset with its Modern Equivalent Asset (MEA) less deductions for all physical deterioration and all relevant forms of obsolescence and optimisation. The council, where possible, has used direct evidence from its own capital programmes to determine the MEA cost basis for specialist assets. Where this evidence is not available, Building Cost Information Service construction cost figures have been used.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost is used as a proxy for current value. The freehold and leasehold properties that comprise the council’s property portfolio are subject to a five-year rolling programme of revaluation, although the top ten properties, shops and industrial sites, all schools and all assets valued on a DRC basis are valued every year, which is 90% (by value) of the council’s property portfolio. This ensures that where market conditions or rebuilding costs alter, all affected assets are considered over a reasonable period.

Accounting for property value gains and losses

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service. Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, its date of formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised. Any remaining upward revaluation will be credited to the revaluation reserve.

Depreciation and useful lives

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for those assets without determinable finite useful lives (i.e., freehold land and certain community assets) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following basis:

Asset Category	Depreciation Basis	Estimated Useful Life
Land	n/a	n/a
Buildings, Council Dwellings and Schools	Straight Line	1 to 50 years as estimated by valuers
Vehicles, Plant and Equipment	Straight Line	5 to 20 years
Infrastructure	Straight Line	10 to 30 years
PFI Street Lighting	Straight Line	25 years

Highways Network Infrastructure depreciation is provided on the parts of the highways network that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis. Annual depreciation is the depreciation amount allocated each year. Useful lives of the various parts of the highways network have either been assessed by the Highways Engineer using industry standards, existing inventories or best estimate where applicable, and will be reviewed annually. The estimated useful life are as follows:

Part of the highways network	Depreciation Basis	Estimated Useful Life
Carriageways	Straight Line	30 years
Footways and cycle tracks	Straight Line	30 years
Structures (bridges, tunnels and underpasses)	Straight Line	30 years
Street lighting	Straight Line	30 years
Street furniture	Straight Line	30 years
Traffic management systems	Straight Line	15 to 30 years

Depreciation charges commence in the first full year after the asset is purchased or becomes operational. The impact of not depreciating an asset from the date of its acquisition (or the date it is brought into use) is not material.

Assets under construction are re-categorised upon completion, from which point depreciation is charged on a straight-line basis based on the estimated useful life for the asset category concerned.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Componentisation

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. A component is considered significant when the cost of the component is 20% or greater of the total cost of the asset and has a differing useful life. Each component is depreciated separately except where there is more than one significant component within the same asset which has the same useful life and depreciation method; such components may be grouped in determining the depreciation charge.

Any component parts of an asset are de-recognised when the component is replaced, even if the original component had not been recognised separately for depreciation purposes. If it is not practical to determine the carrying amount of the replaced components, the cost of the new component is indexed back and then adjusted for depreciation. This is used as a reasonable proxy.

Disposals and derecognition

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. When Property, Plant and Equipment or a component of the Highways network is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the CIES. The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Receipts from Disposal

Receipts from disposals (if any) are credited to the same line in the CIES as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts received for a disposal are categorised as capital receipts. Receipts are appropriated to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement and can then only be used for new capital investment or set aside to reduce the council's underlying need to borrow (the capital financing requirement).

Receipts from sale of Council Houses

A proportion of receipts relating to housing disposals (net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve.

1.14 Heritage Assets

The council's heritage assets are held in support of the primary objective of increasing the knowledge, understanding and appreciation of the council's history and local area. Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the council's accounting policies on property, plant, and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The council's collections of heritage assets are accounted for as follows:

Property Heritage Assets

These are held on the Balance Sheet based on the following valuation methods as appropriate for each asset:

- Current value based on a Depreciated Replacement Cost (DRC), fair value, or insurance valuation.

The assets are revalued every five years as part of the council's rolling programme of revaluations.

Mayor's Regalia and Silverware

These assets are held at insurance valuation and are valued every three years.

General Accounting Policy

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, for example where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the council's general policies on impairment. The council will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the council's general provisions relating to the disposal of property, plant, and equipment. The collection of heritage assets is relatively static, and acquisitions and donations are rare. Where they do occur, acquisitions are initially recognised at cost and donations are recognised at valuation. The heritage assets are deemed to have indeterminate lives and a high residual value; hence the council does not consider it appropriate to charge depreciation.

1.15 Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Measurement

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. As a non-financial asset, investment properties are measured at highest and best use. Investment Properties are not depreciated. Shops and industrial units are revalued annually. The remaining investment properties are revalued on a five-year cycle unless market conditions at year end change.

Accounting Arrangements

Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

1.16 Private Finance Initiative (PFI)

PFI and similar contracts are agreements to receive services where the responsibility for making available the property, plant and equipment needed to provide the services, are passed to the PFI contractor. As the council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the council at the end of the contract for no additional charge, the council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment. The council has one PFI contract for the maintenance of street lighting in the borough.

The assets are accounted for in accordance with the accounting policy for Property, Plant and Equipment. A PFI liability is also recognised on the council's Balance Sheet for amounts due to the scheme operator for capital investment. The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of services received during the year – debited to the relevant service in the CIES.
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line on the CIES.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the CIES.
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- Lifecycle replacement costs – a proportion of the amount payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

1.17 Leases

The council does not utilise or lease out any property, plant, equipment, or vehicles under finance lease arrangements.

IFRS 16 Leases: CIPFA/LASAAC have deferred implementation of IFRS16 for Local Government to 1 April 2024. IFRS 16 will impact the way in which the council reports operating leases. Under IFRS 16 the Council will be required to recognise a right of use asset and a lease liability on the Balance Sheet (subject to certain exemptions); currently the Council includes these costs as operating lease payments in the CIES.

Operating Leases

The council as Lessee

Rentals paid under operating leases are charged to the CIES as an expense related to the services benefiting from use of the leased property, plant, or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a rent-free period at the commencement of the lease).

The council as Lessor

Where the council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Financing and Investment Income and Expenditure line in the CIES if the asset is an investment property or the relevant service area line in the CIES if it is Property, Plant and Equipment. Credits are made on straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

1.18 Intangible Assets

These are assets that do not have a physical form, but which are identifiable and provide the council with rights to future economic benefits. Intangible Assets comprise Purchased Software Licences. The policy is to amortise the costs of the assets over their economic life, which varies from one asset to another, on a straight-line basis up to a maximum of 10 years.

1.19 Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset for the council has been charged as expenditure to the relevant service in the CIES in the year. Examples include home improvement grants and expenditure on voluntary aided school land and buildings. Where the council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement to the General Fund Balance from the Capital Adjustment Account then reverses out the amounts charged, so that there is no impact on the level of Council Tax.

1.20 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that have a maturity date of less than three months and are readily convertible to known amounts of cash with insignificant risk of change in value.

1.21 Contingent Assets and Liabilities

Contingent assets are events which may give rise to future economic benefits to the council but cannot be estimated with reasonable certainty at the balance sheet date and whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council.

A contingent liability arises where an event has taken place that gives the council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent Assets and Contingent Liabilities are not recognised in the Balance Sheet but, if material, are disclosed in a note to the accounts.

1.22 Interests in Companies and Other Organisations

The council reviews annually the extent to which other entities (over which the council has a controlling interest) need to be consolidated into group accounts. The council has controlling interests in:

- The Barnet Group Ltd (which includes Your Choice Barnet Ltd, Barnet Homes Ltd, The Barnet Group Flex Ltd, Open door Ltd and Bumblebee Lettings).
- Barnet Holdings Ltd, Regional Enterprise Ltd.
- The Inglis Consortium.
- BX Holdings Ltd (which includes BXS GP Ltd and BXS Ltd Partnership).
- Hill Green Homes Ltd.
- Barnet Education and Learning Services Ltd.

These entities have the nature of subsidiaries, associates and/or joint ventures and the council is therefore required to prepare group accounts, unless the overall impact on the group accounts is not material.

All locally maintained schools (i.e., community, foundation, voluntary aided, voluntary controlled, community special and foundation special schools) are deemed to be under the council's control. For this reason, schools' transactions, and balances attributable to the governing bodies are consolidated into the council's financial statements, applying accounting policies for recognition and measurement consistent with those applied by

the council to its own income, expenditure, cash flows, assets, and liabilities. Transactions and balances between the council and the schools have been eliminated. Assets provided to a school without the right to continuing use, such that they can be taken back by the owners at some point, are not recognised in the council's financial statements.

Academy and free schools are independently managed. None of these schools' income and expenditure, assets, liabilities, or reserves are included within the council's financial statements.

1.23 Events after the Reporting Period

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.24 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

1.25 Pooled Budgets

The council has six pooled budgets in conjunction with NHS North Central London Integrated Care Board. The council's pooled budgets with NHS NCL ICB relate to community equipment, learning disabilities, preventative services, speech, language, and occupational therapies, looked after children and the Better Care Fund.

The council recognises the income that it gains and expenditure that it incurs on a gross basis in the Comprehensive Income and Expenditure Statement. The Balance Sheet recognises any assets and liabilities resulting to the council from the pooled budget.

1.26 Financial Instruments

The definition of a financial instrument is: “Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity”. The term “financial instrument” covers both financial assets and financial liabilities. The council’s borrowing, service concession arrangements (PFI and finance leases), investments, loans to other entities, debtors, creditors and cash and cash equivalents are classified as financial instruments.

Financial Liabilities

Financial liabilities are initially measured at fair value and are carried at their amortised cost. Interest is charged to the Financing and Investment Income and Expenditure line of the CIES, based on the carrying amount of the liabilities, multiplied by the effective interest rate for the instrument. This means that:

- The amount included in the Balance Sheet is the outstanding principal repayable, plus the accrued interest.
- Interest charged to the CIES is the amount payable for the year in accordance with the loan agreement.

Financial liabilities are de-recognised when the obligation is discharged, cancelled, or expired.

Financial Assets

Expected credit losses are provided for the present value of the difference between the cash flows that the council is contracted to receive in relation to each financial asset and the cash that it expects actually to receive, taking into account the risks that defaults might occur over the remaining term either on a 12-month or a lifetime basis.

This means the council must take a forward look at the likelihood of repayment default and, if material, recognise by way of an Expected Credit Loss provision before any actual impairment event has taken place. The expected credit loss model now applies to all of the council’s contractual Financial Instrument Assets apart from Financial Instrument Assets with:

- Central Government Bodies;
- Other Local Authorities; and
- NHS Organisations

Which are guaranteed to be repaid by statute, and

- Council Tax Debtors
- Business Rate Debtors

Which are statutory tax-based debts rather than contractual debts.

The above are outside the scope of IFRS9, and therefore impairment losses are recognised under incurred loss model where there is evidence that the debtor is unlikely to make the payments due.

The council's Accounting Policy for Expected Credit Losses is to review all Financial Instrument Assets within the Scope of IFRS9 for possible impairment based on the following approach:

- Only to individual Financial Instruments with carrying value above 2% of the council's materiality figure set by the auditors. This figure is £340k and is based on the 2020/21 Audit Planning Report.
- Apply Collective Assessment for Financial Instrument with shared risk characteristics and to apply the simplified approach using lifetime expected credit losses – i.e., General Trade Debtors, Housing Related Debtors and Parking Debt.
- The above is done through carrying out collective assessment of loss allowances calculated largely using provision matrices based on historical experience in accordance with the Code and applying the general principle of materiality for any judgement that might be required to determine the loss allowance.
- Where reasonable and supportable information is available without undue cost or effort, the remaining Financial Instruments will be assessed separately to measure expected losses. The Risk assessment will be carried out on such instruments at initial recognition and reviewed annually for possible credit risk increased since initial recognition. Loss allowance will be calculated using 12 month expected credit losses.
- Where there is objective evidence of a reduction in the value of an asset because of a past event then, if material the council will recognise this by way of a provision before any impairment event has taken place.
- Cumulative Assessment of certain Financial Instrument Assets will be carried out using historic collection rates as the basis for Expected Credit Loss. This means if sufficient provision was raised using historic collection data, the methodology will continue to be used to calculate the loss allowance for that type of debt. Example would be Housing Rent and Parking debts.
- Impairment losses are not a proper charge to the General Fund where the acquisition of an investment or debtor balance meets the applicable statutory definition of capital expenditure. Therefore, movement in the loss allowance for these areas will not impact on General Fund Balances as the amount debited / credited to the Comprehensive Income and Expenditure will be reversed out in the Movement in Reserves Statement to the Capital Adjustment Account.
- All Financial Instrument that fall inside the scope of IFRS are held at amortised costs, these includes all Short and Long term Investments, Debtor and Cash and Cash equivalents.
- Assessment of credit losses under the ECL approach is based on forward looking data where applicable, such as budgets, forecasts which considers micro and macro factors affecting counterparties in the industries they operate in.

1.27 Group Accounts

Introduction

For a variety of legal, regulatory, and other reasons, local authorities often choose (or are required) to conduct their activities not through a single entity but through two or more legal entities which fall under their ultimate control. For this reason, the financial statements of the local authority do not necessarily, in themselves, present a full picture of its economic activities or financial position. Because of this, the Code of Practice requires a local authority to prepare group accounts if it has a control over one or more other legal entities. The aim of the group accounts is to give an overall picture of the extended services and economic activity that is under the control of the local authority.

The London Borough of Barnet (the reporting authority) has two subsidiary companies reported in the group accounts:

The Barnet Group Ltd

The London Borough of Barnet owns 100% of the share capital of The Barnet Group Ltd. The Barnet Group has five subsidiaries:

- Barnet Homes Ltd
- Your Choice (Barnet) Ltd
- TBG Flex Limited
- TBG Open Door Ltd and
- Bumblebee Lettings Ltd.

The Barnet Group Ltd is the sole member and guarantor of Barnet Homes Ltd, a company limited by guarantee. The Barnet Group Ltd owns 100% of the share capital of the other four subsidiaries. The Barnet Group Ltd has a board consisting of ten members, two of which are members of the council.

Barnet Education and Learning Services Ltd

In July 2020, London Borough of Barnet established a new company called Barnet Education & Learning Service (BELS) to deliver the council's education and skills services. The London Borough of Barnet owns 100% of the share capital of BELS. BELS has a board consisting of eight members, two of which are members of the council, one being senior officer Chris Munday.

Basis of Consolidation

The group CIES, group balance sheet, group movement in reserves statement and group cash flow statement have been prepared by consolidating the accounts of the reporting authority (London Borough of Barnet) and its subsidiaries (The Barnet Group Ltd and Barnet Education and Learning Services Ltd) on a line by line basis. The accounts of the subsidiaries have been prepared using similar accounting policies and practices to that of

the reporting authority. However, some accounting policies and practices do differ in some respects from the council's due to legislative requirements and these are aligned on consolidation.

BELS accounts are qualitatively and quantitatively below materiality, but they have been consolidated into the council's group accounts on the basis of anticipated increase in activity in the coming years.

The council's detailed accounting policies are disclosed above.

The Barnet Group Ltd, a Local Authority Trading Company

The London Borough of Barnet contracts with The Barnet Group Ltd for the provision of adult social care services, housing management and homelessness services. The Barnet Group Ltd then contracts on a back to back basis with Your Choice (Barnet) Ltd and Barnet Homes Ltd in respect of adult social care services and housing management and homelessness services respectively. As a result, The Barnet Group Ltd receives the management fee from The London Borough of Barnet on behalf of Barnet Homes Ltd and Your Choice (Barnet) Ltd. It also invoices for ad hoc services on behalf of the two companies.

Barnet Education and Learning Services Ltd

The London Borough of Barnet contracts with Barnet Education and Learning Services Ltd (BELS) to deliver the council's education and skills services. BELS main source of income is a management fee paid by the council which it uses to deliver the council's services. In addition, BELS operates a traded services function which generates additional income.

Note 2 Accounting Standards Issued Not Yet Adopted

The Code requires the council discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted or amendment to an existing standard. The following accounting standards have been amended or issued but will not be adopted under the Code until later years:

- Annual Improvements to IFRS Standards 2018–2020 issued in May 2020
- IFRS 3 Business Combinations - amendments to definition of a business
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) issued in May 2020
- IFRS 16 Leases (replaces IAS 17) - initially due to be implemented for 2022/23 accounts but implementation has been deferred to 2024/25.

Note 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The council is deemed to control the services provided under the agreement for street lighting and control the residual value of the assets at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the streetlights are recognised as Property, Plant and Equipment on the council’s Balance Sheet.
- The Brent Cross South development has progressed during the year, with large parts of the site cleared and being prepared for a major regeneration scheme to develop new homes, offices, and retail space. Further work is on-going to prepare the site for this development and will be transferred into a joint venture with a development partner to build the new developments. As the site is not currently available for transfer and this is likely to take place in 2023/24, the land has been classified as surplus land rather than assets held for sale.

Note 4 Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The current cost of living crisis continues to have a significant impact on various areas of the council’s finances. In order to provide the reader of these accounts with information on the impact, the key issues have been combined into one note. The council’s response to some of the key issues and the work we have done is described in the narrative statement.

Events after the Balance Sheet Date

The delay on providing an audit opinion on the 2021/22 Statement of Accounts means that the updated information arising from the March 2022 triennial funding valuation is likely to have an impact on the IAS19 data reported in the 2021/22 Statement of Accounts.

The 2021/22 IAS19 disclosures are based on membership data “rolled forward” from the 2019 triennial funding valuation and actuarial assumptions set out by the actuary as at 31 March 2022. At the time the 2021/22 Statement of Accounts were authorised for issue, the results of the March 2022 funding valuation were not available.

Given that the opinion on the 2021/22 Statement of Accounts has not been issued, the external auditors are required to undertake procedures under International Standard on Auditing 560 Subsequent Events (ISA 560) to determine whether events occurring between the date the Statement of Accounts were authorised for issue and the date of the auditor’s report should be reflected in the Statement of Accounts.

The Authority has engaged the London Borough of Barnet’s Pension Fund actuary, Hymans Robertson, to prepare a revised IAS19 report for the Council for 2021/22, using the updated membership data from the March 2022 triennial funding valuation.

At the time of publishing these draft accounts for 2022/23, the impact of the revised IAS19 report for 2021/22 is not known and we expect this to impact on opening 2021/22 balances. Any changes to IAS19 opening balances or any other adjustments resulting from the 2021/22 audit of the Statement of Accounts will be reflected in the final published accounts for 2022/23.

Material Uncertainty (Property Valuation)

The items in the council’s Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.</p>	<p>The effect of the net pension liability due to changes in individual assumptions can be measured although the assumptions interact in complex ways. The impact of changes in assumptions is shown in note 35 Defined Benefit Pension Schemes.</p>
Property Plant and Equipment and Investment Properties	<p>Property Plant and Equipment The carrying values of property, plant and equipment and investment properties are primarily dependent on judgements of such variables as the state of the property market, location, asset lives, condition of the property, indices etc. Valuation is an inexact science with assessments provided by different surveyors rarely agreeing and with prices subsequently realised diverging from valuations.</p> <p>Investment Properties Where level 1 inputs are not available, the council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the principal valuation manager).</p> <p>The council uses Level 2 observable inputs for valuing its investment properties. The Investment Property valuations have utilised either the square footage of the property based on newly agreed lease rents, or through utilising data on new rents of comparable buildings in the local market.</p> <p>Where this is not possible judgement is required in establishing fair values (Level 3). These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions made could affect the fair value of the council’s assets and liabilities.</p> <p>Brent Cross The 22/23 Brent Cross valuation was an internal valuation using forecasts of receipts based on the Brent Cross Business Plan and Cash flow model. The valuation of the land at year end was £56.764m with a valuation loss of £47.810m going into the CIES.</p>	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties were to reduce by 3.23%, this would result in a charge to the Comprehensive Income and Expenditure Statement of approximately £56.52m. An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p> <p>Investment Property inputs are those that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability. In that, rents used are based on current rents or rents of comparable market rents, as evidenced in valuation certificates. Professional valuers have applied their opinion where observable market data is applied to each individual property. Some yields, such as those of residential properties are determined by case law, others are determined using substantial comparable market data as specified above.</p> <p>Significant changes in any of the observable inputs would result in significantly lower or higher fair values.</p>

Item	Uncertainties	Effect if actual results differ from assumptions
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Brent Cross Surplus Assets

Given the nature of the valuation, the use of internal unobservable data through the cash flow forecast analysis, the valuation certificate includes a recommendation to keep the valuation under frequent review.

Information about fair value measurements of Brent Cross Surplus Asset using unobservable inputs (Level 3)

Development	Valuation Technique	ERV per Sq. Ft			Equivalent Yield			Costs to Complete/ Sq. Ft		
		Max (£)	Min (£)	Average (£)	Max (%)	Min (%)	Average (%)	Max (£)	Min (£)	Average (£)
Retail	Residual Method	37	18	27	7%	4%	6%	338	41	152
Office	Residual Method	53	43	47	6%	5%	5%	381	325	327
Other Commercial	Residual Method	25	3	20	7%	6%	7%	339	149	212
Residential	Residual Method	50	16	32	4%	4%	4%	409	301	347

Impairment for doubtful debt and Expected Credit Loss (ECL)	<p>The council had an outstanding balance of short-term debtors totalling £173.544m, against which an impairment allowance of £89.122m has been made. It is not certain that this impairment allowance would be sufficient as the council cannot assess with certainty which debts will be collected and which will not.</p> <p>ECL of £4.647m is applied to non-statutory debt and statutory debt continues to be impaired (£35.162m) on the incurred loss model. Please refer to Note 18 for a breakdown.</p> <p>ECL impairment is based on historical information such as collection rates adjusted to reflect current and future economic conditions. Whereas incurred loss impairment, mainly business rates, council tax, housing benefit overpayments, housing rents and parking is based on historical data such as collection rates.</p>	<p>An understatement of doubtful debts would lead to a future adjustment and impairment to be reflected.</p> <p>If collection rates fall or improve by 5% the impairment would increase or decrease by £3.053m.</p>
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Going Concern

The CIPFA Code confirms that local authority accounts must be prepared on a going concern basis in line with the requirements of the code.

Note 5 Post Balance Sheet Events

Since the Balance Sheet date of 31 March 2023 there have been no material events which would require an adjustment to the financial statements of the council.

Note 6 Comprehensive Income and Expenditure Statement (CIES) Restatement

Due to change in reporting segment in 2022/23, numerous prior year comparators have been re-presented in the Expenditure and Funding Analysis and the CIES. These changes are summarised in the table below and reflected in the restated 2021/22 Expenditure and Funding Analysis and the CIES.

Reporting Segment	2021/22 Original			Restatements		2021/22 Revised		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Gross Expenditure	Gross Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adults and Health	175,066	(64,728)	110,339	2,681	(1,202)	177,748	(65,930)	111,817
Public Health	25,603	(20,922)	4,682	0	0	25,603	(20,922)	4,682
Assurance	12,751	(6,561)	6,190	0	0	12,751	(6,561)	6,190
Customer and Place	0	0	0	233,304	(144,032)	233,304	(144,032)	89,271
<i>Growth and Corporate Services</i>	184,835	(116,364)	68,470	(184,835)	116,364	0	0	0
Strategy and Resources	0	0	0	253,096	(198,859)	253,096	(198,859)	54,237
<i>Resources</i>	250,494	(198,666)	51,827	(250,494)	198,666	0	0	0
Children's Family Services	411,850	(318,095)	93,755	0	0	411,850	(318,095)	93,755
Local Authority Housing (HRA)	58,419	(62,576)	(4,157)	0	0	58,419	(62,576)	(4,157)
<i>Environment</i>	53,753	(29,064)	24,689	(53,753)	29,064	0	0	0
Cost of Services	1,172,771	(816,976)	355,795	0	0	1,172,771	(816,976)	355,795
Other Operating Income and Expenditure	1,210	(11,791)	(10,581)			1,210	(11,791)	(10,581)
Financing and Investment Income and Expenditure	35,658	(7,955)	27,703			35,658	(7,955)	27,703
Taxation and Non-Specific Grant Income	0	(358,487)	(358,487)			0	(358,487)	(358,487)
(Surplus)/Deficit on Provision of Services	1,209,639	(1,195,209)	14,429			1,209,639	(1,195,209)	14,429
(Surplus)/Deficit on revaluation of non-current assets			1,490					1,490
Remeasurement of the net defined benefit liability			(113,713)					(113,713)
Other Comprehensive Income and Expenditure			(112,223)					(112,223)
Total Comprehensive Income and Expenditure			(97,794)					(97,794)

These changes were the result of amendments to management reporting lines across council services. These changes came into effect in April 2022. The core changes are summarised in the below points:

- Streetscene, Highways and Sustainability teams joined Environment and Growth and Corporate Services to create the new Customer and Place directorate.

- Strategy and Communications moved to the Resources directorate, now named Strategy and Resources
- Greenspaces budgets have been moved to Adults

Note 7 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how the council's annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's delivery units. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The note to the Expenditure and Funding Analysis shows the main adjustments to the Net Expenditure reported to the council's decision makers to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- For financing and investment income and expenditure – the statutory charges for capital financing i.e., Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

This column adjusts for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the council as allowed by statute and the replacement with current service costs and past service costs. For financing and investment income and expenditure the net interest on the defined benefit liability is charged to the CIES.

Non-Specific Grants

This column recognises adjustments for non-service-specific grants credited to services which are reported under taxation and non-specific grant income.

Other Differences

This column adjusts for amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the code. This is a timing difference as any difference will be brought forward in future surpluses or deficits in the Collection Fund.

2021/22							2022/23					
Net Expenditure Chargeable to GF and HRA	Net Capital Adjustments	Net Pensions Adjustments	Non-Specific Grants	Other Differences	Net Expenditure in CIES	Analysis of Adjustments in Expenditure and Funding Analysis:	Net Expenditure Chargeable to GF and HRA	Net Capital Adjustments	Net Pensions Adjustments	Non-Specific Grants	Other Differences	Net Expenditure in CIES
£'000						Reporting Segment:	£'000					
105,334	5,398	5,132	(5,526)	0	110,338	Adults and Health	139,967	6,248	3,777	(11,939)	0	138,054
72,872	8,767	14,447	372	(2,703)	93,755	Children's Family Services	75,785	15,344	10,644	(158)	(1,936)	99,678
33,901	84,532	6,492	(33,200)	1,434	93,160	Customer and Place	39,419	128,569	4,485	(8,311)	2,412	166,574
6,690	866	1,426	(2,791)	0	6,190	Assurance	5,544	866	916	(3,138)	0	4,188
63,865	1,375	1,733	13,155	(28,300)	51,827	Strategy and Resources	48,719	(2)	1,832	0	(17,485)	33,065
(0)	5,367	0	0	(9,524)	(4,157)	Local Authority Housing (HRA)	(14,682)	40,150	0	0	(10,996)	14,472
19,860	0	0	(15,179)	0	4,681	Public Health	19,925	0	0	(18,318)	0	1,607
302,521	106,305	29,230	(43,169)	(39,093)	355,794	Cost of Services	314,677	191,175	21,654	(41,863)	(28,005)	457,638
(320,516)	(45,101)	12,860	(27,953)	39,346	(341,365)	Other Income and Expenditure	(338,697)	(61,048)	15,325	17,365	43,031	(324,024)

(17,995)	61,204	42,090	(71,122)	252	14,429	Difference between the Statutory Charge and the Surplus or Deficit in the CIES	(24,020)	130,127	36,979	(24,499)	15,026	133,614
(175,522)						Opening GF and HRA Revenue Reserves	(193,514)					
(17,995)						Net chargeable expenditure to GF and HRA	(24,020)					
(193,514)						Closing GF and HRA Revenue Reserves	(217,531)					

The council's income and expenditure is broken down as follows:

2021/22 £'000	Analysis of Income and Expenditure by Nature	2022/23 £'000
336,785	Employee benefits expenses	353,462
805,693	Other services expenses	831,681
47,434	Depreciation, amortisation and impairment	117,426
17,239	Interest Payments	19,945
1,210	Precepts and Levies	1,210
0	Payments to Housing Capital Receipts Pool	0
0	Capital Grants and Contributions unapplied credited to CIES	0
1,278	Costs relating to investment properties	14,526
1,209,639	Total Expenditure	1,338,250
	Income	
(252,434)	Fees, charges and other service income	(278,399)
(5,691)	Interest and investment income	(8,764)
0	Income relating to investment properties	(3,036)
(11,791)	Gain on the disposal of assets	(22,043)
(250,574)	Income from council tax, non-domestic rates, district rate income	(253,212)
(674,720)	Government grants and contributions	(639,181)
(1,195,210)	Total Income	(1,204,636)
14,429	(Surplus)/Deficit on the provision of services	133,614

Note 8 Adjustments between Accounting Basis and Funding Basis under Regulations

	Note	General Fund Balance	School balances	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments relating to the year ended 31 March 2022											
Balance as at 31 March 2021		15,084	12,697	143,741	4,000	11,539	6,847	211,299	405,208	504,872	910,079
Movement in reserves during 2021/22											
Surplus / (Deficit) on provision of services		(31,687)	2,965	0	14,292	0	0	0	(14,430)	0	(14,430)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	0	112,223	112,223
Total Comprehensive Income and Expenditure		(31,687)	2,965	0	14,292	0	0	0	(14,430)	112,223	97,793
Adjustments involving the Capital Adjustment Account:											
Reversal of items debited or credited to the CIES											
Charges for depreciation, impairment and revaluation losses		26,725	0	0	18,686	0	0	0	45,411	(45,411)	0
Movements in the Market value of Investment Properties		11,648	0	0	(7,258)	0	0	0	4,390	(4,390)	0
Amortisation of Intangible assets		2,024	0	0	0	0	0	0	2,024	(2,024)	0
Capital Grants and contributions applied		(18,630)	0	0	(498)	0	0	0	(19,128)	19,128	0
Movement in donated assets account		0	0	0	0	0	0	0	0	0	0
Disposals and Derecognition		1,031	0	0	2,508	0	0	0	3,540	(3,540)	0
Revenue Expenditure Funded from Capital Under Statute		72,589	0	0	839	0	0	0	73,428	(73,428)	0
Inclusion of items not debited or credited to the CIES:											
Statutory provision for the financing of capital investment		(16,611)	0	0	0	0	0	0	(16,611)	16,611	0
Capital expenditure charged against the General Fund and HRA balances		0	0	(8,128)	0	0	0	0	(8,128)	8,128	0
Adjustments involving the Capital Grants Unapplied Account:											
Capital Grants and Contributions unapplied credited to CIES		(43,616)	0	0	(1,905)	0	0	45,520	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account		0	0	0	0	0	0	(104,111)	(104,111)	104,111	0
Adjustments involving the Capital Receipts Reserve:											
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES		(1,812)	0	0	(12,487)	14,299	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure		0	0	0	0	(5,626)	0	0	(5,626)	5,626	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool		0	0	0	0	0	0	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		0	0	0	0	0	0	0	0	0	0
Adjustments involving the Deferred Capital Receipts Reserve:											
Deferred sale proceeds credited as part of the gain/loss on disposal to the CIES		0	0	0	0	349	0	0	349	(349)	0
Adjustments involving the Major Repairs Reserve (MRR):											
Reversal of HRA depreciation charged to the Major Repairs Reserve		0	0	0	(14,155)	0	14,155	0	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure		0	0	0	0	0	(19,004)	0	(19,004)	19,004	0
Adjustments involving the Financial Instruments Adjustment Account:											
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements		(3)	0	0	(2)	0	0	0	(5)	5	0
Adjustments involving the Pension Reserve:											
Reversal of items relating to retirement benefits debited or credited to the CIES		64,698	0	0	0	0	0	0	64,698	(64,698)	0
Employer's pension contributions and direct payments to pensioners payable in the year		(22,608)	0	0	0	0	0	0	(22,608)	22,608	0
Adjustments involving the Collection Fund Adjustment Account:											
Amount by which council tax and NNDR income credited to the CIES is different from council tax and NNDR income calculated for the year in accordance with statutory requirements		(20,864)	0	0	0	0	0	0	(20,864)	20,864	0
Adjustment involving the Accumulated Absences Account:											
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		252	0	0	0	0	0	0	252	(252)	0
Adjustments between accounting basis and funding basis under regulations		54,823	0	(8,128)	(14,272)	9,022	(4,849)	(58,591)	(21,995)	21,993	0
Net increase / (decrease) in year		23,136	2,965	(8,128)	20	9,022	(4,849)	(58,591)	(36,425)	134,216	97,791
Transfer to/(from) earmarked reserves	9	(23,135)	0	23,135	0	0	0	0	0	0	0
(Decrease) /Increase in Year		1	2,965	15,007	20	9,022	(4,849)	(58,591)	(36,425)	134,216	97,791
Balance as at 31 March 2022		15,084	15,662	158,748	4,020	20,561	1,998	152,708	368,784	639,089	1,007,873

Note 8 Adjustments between Accounting Basis and Funding Basis under Regulations

	Note	General Fund Balance	School balances	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments relating to the year ended 31 March 2022											
Balance as at 31 March 2021		15,084	15,662	158,748	4,020	20,561	1,998	152,708	368,784	639,089	1,007,873
Movement in reserves during 2021/22											
Surplus / (Deficit) on provision of services		(118,477)	(2,818)	0	(12,319)	0	0	0	(133,614)	0	(133,614)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	0	418,938	418,938
Total Comprehensive Income and Expenditure		(118,477)	(2,818)	0	(12,319)	0	0	0	(133,614)	418,938	285,324
Adjustments involving the Capital Adjustment Account:											
Reversal of items debited or credited to the CIES											
Charges for depreciation, impairment and revaluation losses		75,968	0	0	39,318	0	0	0	115,286	(115,286)	0
Movements in the Market value of Investment Properties		5,109	0	0	9,417	0	0	0	14,526	(14,526)	0
Amortisation of Intangible assets		2,140	0	0	0	0	0	0	2,140	(2,140)	0
Capital Grants and contributions applied		(11,436)	0	0	(7,298)	0	0	0	(18,734)	18,734	0
Movement in donated assets account		0	0	0	0	0	0	0	0	0	0
Disposals and Derecognition		29,755	0	0	5,647	0	0	0	35,402	(35,402)	0
Revenue Expenditure Funded from Capital Under Statute		44,734	0	0	835	0	0	0	45,569	(45,569)	0
Inclusion of items not debited or credited to the CIES:											
Statutory provision for the financing of capital investment		(15,949)	0	0	0	0	0	0	(15,949)	15,949	0
Capital expenditure charged against the General Fund and HRA balances		(22,920)	0	0	0	0	0	0	(22,920)	22,920	0
Adjustments involving the Capital Grants Unapplied Account:											
Capital Grants and Contributions unapplied credited to CIES		(32,013)	0	0	0	0	0	32,013	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account		0	0	0	0	0	0	(66,324)	(66,324)	66,324	0
Adjustments involving the Capital Receipts Reserve:											
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES		(6,886)	0	0	(20,815)	27,701	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure		0	0	0	0	(4,772)	0	0	(4,772)	4,772	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool		0	0	0	0	0	0	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		0	0	0	0	0	0	0	0	0	0
Adjustments involving the Deferred Capital Receipts Reserve:											
Deferred sale proceeds credited as part of the gain/loss on disposal to the CIES		0	0	0	0	337	0	0	337	(337)	0
Adjustments involving the Major Repairs Reserve (MRR):											
Reversal of HRA depreciation charged to the Major Repairs Reserve		0	0	0	(14,681)	0	14,681	0	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure		0	0	0	0	0	(14,681)	0	(14,681)	14,681	0
Adjustments involving the Financial Instruments Adjustment Account:											
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements		(3)	0	0	(2)	0	0	0	(5)	5	0
Adjustments involving the Pension Reserve:											
Reversal of items relating to retirement benefits debited or credited to the CIES		62,010	0	0	0	0	0	0	62,010	(62,010)	0
Employer's pension contributions and direct payments to pensioners payable in the year		(25,031)	0	0	0	0	0	0	(25,031)	25,031	0
Adjustments involving the Collection Fund Adjustment Account:											
Amount by which council tax and NNDR income credited to the CIES is different from council tax and NNDR income calculated for the year in accordance with statutory requirements		(19,051)	0	0	0	0	0	0	(19,051)	19,051	0
Adjustment involving the Accumulated Absences Account:											
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		0	0	0	0	0	0	0	0	0	0
Adjustments between accounting basis and funding basis under regulations		86,427	0	0	12,421	23,266	0	(34,311)	87,803	(87,803)	0
Net increase / (decrease) in year		(32,050)	(2,818)	0	102	23,266	0	(34,311)	(45,811)	331,135	285,324
Transfer to/(from) earmarked reserves	9	32,048	0	(32,048)	0	0	0	0	0	0	0
(Decrease) /Increase in Year		(2)	(2,818)	(32,048)	102	23,266	0	(34,311)	(45,811)	331,135	285,324
Balance as at 31 March 2022		15,082	12,844	126,700	4,122	43,827	1,998	118,397	322,969	970,222	1,293,191

Note 9 Transfers to / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and SPA balances in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund and SPA expenditure in 2022/23.

		Balance at 31 March 2021	In year Expenditure	Reserve movements	New Reserves Raised	Balance at 31 March 2022	In year Expenditure	Reserve movements	New Reserves Raised	Balance at 31 March 2023
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Capital - Community Infrastructure Levy		12,146	(5,228)	0	21,308	28,226	(23,633)	0	20,107	24,699
Revenue implications of capital	(a)	3,921	0	0	0	3,921	0	(352)	0	3,569
Total Capital Reserves		16,067	(5,228)	0	21,308	32,147	(23,633)	(352)	20,107	28,268
Public Health	(c)	1,901	(73)	0	0	1,828	(225)	0	0	1,603
Dedicated Schools Grant		3,244	0	0	1,626	4,870	(861)	0	5,702	9,711
Special Parking Account		1,311	0	0	0	1,311	0	0	0	1,311
Earmarked Revenue Grants		3,052	(732)	0	3,517	5,837	(669)	(21)	356	5,503
Brent Cross Designated Area S31		13,449	0	0	0	13,449	0	0	0	13,449
Insurance		0	0	0	0	0	0	0	2,768	2,768
Council tax and NNDR smoothing		30,825	(23,290)	0	17,486	25,021	(27,320)	0	5,121	2,822
Total Ringfenced Reserves		53,781	(24,095)	0	22,629	52,315	(29,076)	(21)	13,948	37,167
Housing Benefits	(b)	921	(270)	(1,652)	1,000	0	0	0	0	0
Local Welfare Provision		4,658	0	0	0	4,658	(574)	0	0	4,084
Covid-19 Recovery		13,824	(10,037)	(650)	3,620	6,756	(6,756)	0	0	(0)
Service Specific Revenue Reserves		7,067	(1,147)	650	4,212	10,782	(6,609)	5,751	4,812	14,737
Climate change		0	0	1,600	0	1,600	(57)	0	0	1,543
Council Tax Rebate		0	0	2,100	0	2,100	0	(2,100)	0	0
Transformation Reserve	(d)	7,990	(557)	(3,380)	0	4,053	(876)	3,000	0	6,177
Residents Support Fund		0	0	0	0	0	(131)	2,500	0	2,369
Financial Resilience Reserve	(e)	39,433	0	1,331	3,572	44,336	(8,549)	(8,779)	5,347	32,356
Total Committed Reserves		73,893	(12,011)	0	12,404	74,286	(23,552)	372	10,159	61,266
Total Earmarked Reserves	(f)	143,742	(41,334)	0	56,340	158,748	(76,261)	0	44,214	126,700

Notes:

- (a) Revenue Implications of Capital: funds set aside meet costs from the capital programme which do not strictly meet the definition of capital.
- (b) Public Health: ringfenced reserve to cover future Public Health expenditure
- (c) Transformation Reserve: to meet the one-off costs of transformation in order to achieve service improvement or MTFs related savings.
- (d) Financial Resilience: the purpose of this reserve is to set aside funds which can be drawn down purpose as a short-term mitigation for funding losses, economic shocks etc.

Note 10 Other Operating Income and Expenditure

2021/22	Note 10 Other Operating Income and Expenditure	2022/23
£'000		£'000
1,210	Precepts and Levies	1,210
0	Payments to the Government Housing Capital Receipts Pool	0
(11,791)	(Gains)/Losses in the disposal of non-current assets	(22,043)
(10,581)	Total	(20,833)

Note 11 Financing and Investment Income and Expenditure

2021/22	Note 11 Financing and Investment Income and Expenditure	2022/23
£'000		£'000
17,239	Interest Payable and similar charges	19,945
12,860	Net interest on the net defined benefit liability	15,325
(5,691)	Interest receivable and similar income	(8,763)
1,278	Income and expenditure in relation to the investment properties and changes in their fair value	11,490
0	(Gain) or Loss on disposal of investment properties	0
238	Impairment allowance	177
1,080	Trading operations	1,707
27,004	Total	39,881

Note 12 Taxation and Non-specific Grant Income

2021/22	Note 12 Taxation and Non-specific Grant Income	2022/23
£'000		£'000
(199,751)	Council Tax income	(200,740)
(50,823)	Non-Domestic Rates income and expenditure	(52,472)
(85,394)	Non-specific Government grants*	(50,720)
(22,519)	Capital grants and contributions	(39,140)
(358,487)	Total	(343,072)

Note 13 Grant Income

2021/22	Analysis Non-ringfenced grant income included in Note 12 Taxation and Non-Specific Grants	2022/23
£'000		£'000
(20,571)	Business Rates Related	(13,732)
(1,357)	Housing Benefit Admin Grant	(1,308)
(556)	Council tax Administration	(565)
(8,260)	New Homes Bonus	(4,847)
(4,795)	Homelessness Prevention Grant	(4,258)
(8,606)	Adults Social Care Grant	(12,059)
(2,235)	Private Finance Initiative Grant	(2,235)
0	Un-Ringfenced 2022/23 Services Grant	(4,049)
(10,225)	Covid Grant - Emergency Funding	0
(264)	Covid Grant - Discretionary Test & Trace	0
(2,639)	Covid Grant - Contain Outbreak Management Fund	0
(902)	Covid Grant - Estimated reimbursement of losses from Sales, Fees and Charges	0
(12,732)	Covid Grant - Additional Restrictions Grant	0
(159)	Covid Grant - Local Restrictions Support Grant (Open)	0
(12,094)	Other Grants Non-Specific	(7,657)
(85,394)	Non-ringfenced government grants	(50,710)
(22,518)	Capital Grants and Contributions*	(39,141)
(107,913)	Total Non-Specific Grants	(89,851)

2021/22	Analysis the grant income that has been credited to services in the CIES	2022/23
£'000		£'000
(17,817)	Public Health Grant	(18,318)
(9,339)	Improved Better Care Fund	(10,599)
(1,340)	Independent Living Grant	(1,340)
(4,736)	Asylum Seekers Grant	(5,068)
(240,232)	Dedicated Schools Grant**	(253,961)
(35,355)	Education Related Grants	(42,024)
(763)	Elections Funding	0
(187,846)	Housing Benefit Subsidy	(175,962)
(341)	London Crime Prevention Fund	(145)
0	Council Tax Rebate Grant	(12,225)
(13,143)	Other Grants Specific	(20,113)
0	Basic Needs	0
(2,929)	SEN	0
(31,901)	MHCLG Thameslink	(5,250)
(2,885)	Disabled Facilities Grant	(3,138)
(4,283)	Transport for London	(1,188)
(13,896)	Covid 19 Grant	0
(0)	S106 Contributions	0
(566,808)	Total Specific Grants	(549,331)

* The council has received a number of capital grants and contributions, which stipulate certain conditions. Once the council is satisfied that those conditions are or will be met, the income is recognised within the Comprehensive Income and Expenditure Statement and either applied to finance capital expenditure or transferred to the Capital Grants Unapplied Account via the Movement in Reserves Statement.

**Please refer to Note 14 Dedicated Schools Grant for a more detailed breakdown

Note 14 Dedicated Schools Grant

The council's expenditure on schools is funded primarily by grant monies provided by the Education Funding Agency. The DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools' Budget, as defined in the School Finance and Early Years (England) Regulations 2018.

The Schools' Budget includes elements for a range of educational services provided on a council-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2022/23 are as follows:

Dedicated Schools Grant (DSG) Breakdown	2021/22			2022/23		
	Central Expenditure	Individual Schools' Budget	Total	Central Expenditure	Individual Schools' Budget	Total
	£'000			£'000		
Final DSG before Academy recoupment	0	0	378,571	0	0	398,894
Academy figure recouped	0	0	(137,836)	0	0	(146,377)
Total DSG after academy recoupment	0	0	240,735	0	0	252,517
Plus: Brought forward from prior year	0	0	3,244	0	0	4,870
Less: Carry-forward to following year agreed in advance	0	0	0	0	0	0
Agreed initial budget distribution	60,615	183,363	243,979	62,899	185,055	247,955
In-year adjustments	(647)	0	(647)	426	2,311	2,737
Final budget distribution	59,969	183,363	243,332	63,325	187,367	250,692
Less: Actual central expenditure	(55,099)	0	(55,099)	(58,484)	0	(58,484)
Less: Actual ISB deployed to schools	0	(183,363)	(183,363)	0	(187,367)	(187,367)
Plus: Local authority contribution	0	0	0	0	0	0
Carry-forward from in year grant received	4,870	0	4,870	4,841	0	4,841

Note 15 Movement in Property, Plant and Equipment, Heritage Assets, Investment Properties, and Intangible Assets

Valuations

The Principal Valuation Manager, Robert Braham, who is employed by Capita as part of the CSG Estates service values the council’s freehold property portfolio in accordance with the statements of asset valuation practice and the guidance notes of the Royal Institute of Chartered Surveyors (RICS). The valuation basis for each of the asset categories included in the council’s Balance Sheet is detailed in the accounting policies.

The valuation date for council dwellings was 31 March 2023. Where applicable the valuation date for all other assets due for revaluation in the year was 31 December 2022. This date was used as directed by the valuer, to allow sufficient time to collect and assess valuation information. Any material changes in the market between 31 December 2022 and 31 March 2023 would be picked up during the valuers review process and factored into the valuation reports.

Council dwellings, schools, libraries, shops and the ten highest value assets are valued annually. The remaining assets in other land and buildings and investment properties are valued on a five year cycle. The assets valued annually represent 90% of the assets that can be valued.

The assets were revalued on 1 December 2022 and 31 March 2023 by Capita, RICS Registered Valuers.

Capital Commitments

At 31 March 2023, the council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2023/23 and future years, budgeted to cost £30.415m (£71.208m in 2021/22). This is broken down in the table below:

Capital Project	Commitments £'000
Care Homes Maintenance	9,938
BXCI - Electricity Sub-Station	1,060
BXW - Station Construction	3,265
BXW - Station Construction	2,689
BXW - Rail Systems & Sidings	10,778
BXW - Station Construction, Rail Systems & Sidings, TOC	1,051
Barnet EV 500 Project	1,634
Total Commitments	30,415

"BX" refers to projects relating to the Brent Cross Cricklewood Regeneration Scheme

Rolling Revaluation

The Council carries out a rolling programme that ensures that all property, plant, and equipment required to be measured at current value is revalued at least every five years.

Capita PLC undertook valuations on behalf of the Council of operational property and investment property. HRA Stock was valued at 31st March 2023 and all Other Land and Buildings as at 31st December 2022.

The valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture, and equipment are based on current prices. where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

	Council Dwellings	Land & Buildings	Schools	Plant / Vehicles / Equipment	Infrastructure	Community	Surplus	Assets Under Construction	Intangible	Held for Sale	Heritage	Investment Properties	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Held at Historic Cost and Depreciated Historic Cost	558	40,175	0	18,936	161,095	533	11,702	117,225	14,824	0	1,648	2,929	369,625
Different Valuations are applied to different asset classes													
31st March 2023	862,373	221,736	170,334	0	0	377	70,922	0	0	0	85	168,948	1,494,775
31st March 2022	0	53,857	0	1,047	0	34	374	0	0	0	0	2,828	58,140
31st March 2021	0	6,463	1,589	0	0	0	0	0	0	7,000	0	719	15,771
31st March 2020	0	2,216	0	0	0	0	0	0	0	0	0	0	2,216
31st March 2019	0	2,983	0	0	0	0	4,718	0	0	0	0	0	7,701
31st March 2018	0	490	0	0	0	0	0	0	0	0	0	0	490
Net Book Value of Asset at 31 March 2023	862,931	327,920	171,923	19,983	161,095	944	87,716	117,225	14,823	7,000	1,733	175,424	1,948,718

	Council House Dwellings	Other Land and Buildings	Schools	Vehicles Plant and Equipment	Infrastructure	Community Assets	Surplu s assets	Assets under Construction	Total PPE	Heritage Assets	Investment Properties	Intangible Assets*	Held for Sale	Total Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation of Assets at 1 April 2021	800,452	245,638	197,429	64,171		282	133,374	44,876	1,705,266	1,733	167,791	30,298	8,181	1,913,269
Reclassifications	2,185	3,511	0	175		36	0	(6,732)	(825)	0	-2	827	0	0
Additions	56,327	9,955	1,987	634		0	9,774	50,467	141,113	0	4,144	294	11	145,562
Revaluation increases/ (Decreases) recognised in the Revaluation Reserve	3,250	(2,581)	(10,767)	(125)		107	(853)	0	(10,969)	0	0	0	0	(10,969)
Revaluation increases/ (Decreases) recognised in the Surplus/Deficit on the Provision of Service	(12,969)	(275)	(2,129)	0		0	(6,967)	0	(22,340)	0	(870)	0	0	(23,210)
Derecognition - Disposals	(3,355)	0	0	0		0	(1,343)	(222)	(4,920)	0	(3,520)	0	(1,192)	(9,632)
Derecognition - Other	0	0	0	0		0	0	(810)	(810)	0	0	0	0	(810)
Gross Value of Assets at 31 March 2022	845,890	256,248	186,520	64,855		425	133,985	87,579	1,806,515	1,733	167,543	31,419	7,000	2,014,210
Accumulated Depreciation at 1 April 2021	0	(4,504)	0	42,111		0	0	0	121,341	0	0	12,598	0	133,939
Reclassifications	0	0	0	0		0	0	0	0	0	0	0	0	0
Writeback of depreciation on revaluation recognised in the Revaluation Reserve	-412	-2,649	-6,294	-126		0	0	0	-9,481	0	0	0	0	-9,481
Writeback of depreciation on revaluation recognised in the Surplus/Deficit on the Provision of Service	-11,763	-1,894	-1,170	0		0	0	0	-14,827	0	0	0	0	-14,827
Derecognition - Disposals	-47	0	0	0		0	-27	0	-74	0	0	0	0	-74
Derecognition - Other	0	0	0	0		0	0	0	0	0	0	0	0	0
Depreciation charge	12,222	5,225	7,502	2,498		0	27	0	34,353	0	0	2,024	0	36,377
Accumulated Depreciation 31 March 2022	0	5,186	38	44,483		0	0	0	131,312	0	0	14,622	0	145,934
Net Book Value of Asset at 31 March 2021	800,452	241,135	197,430	22,059	144,318	282	133,374	44,876	1,583,921	1,733	167,791	17,700	8,181	1,779,327
Net Book Value of Asset at 31 March 2022	845,885	251,062	186,482	20,372	149,408	425	133,985	87,579	1,675,198	1,733	167,543	16,798	7,000	1,868,272

	Council House Dwellings	Other Land and Buildings	Schools	Vehicles Plant and Equipment	Infrastructure	Community Assets	Surplus assets	Assets under Construction	Total PPE	Heritage Assets	Investment Properties	Intangible Assets	Held for Sale	Total Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation of Assets at 1 April 2022	845,886	256,248	186,521	64,854		424	133,986	87,579	1,806,512	1,733	167,543	31,420	7,000	2,014,208
Reclassifications	558	25,002	0	330		40	(207)	(29,897)	(2,067)	0	2,067	0	0	0
Additions	57,505	7,498	4,171	1,860		160	3,676	60,690	153,573	0	20,341	166	0	174,080
Revaluation increases/ (Decreases) recognised in the Revaluation Reserve	286	76,159	(14,033)	0		363	364	0	63,139	0	0	0	0	63,139
Revaluation increases/ (Decreases) recognised in the Surplus/Deficit on the Provision of Service	(37,906)	(4,854)	(4,659)	0		(44)	(47,810)	0	(95,273)	0	(14,526)	0	0	(109,799)
Derecognition - Disposals	(3,402)	0	0	(15)		0	0	0	(3,417)	0	0	0	0	(3,417)
Derecognition - Other	0	(27,544)	0	0		0	(2,292)	(1,147)	(32,185)	0	0	0	0	(32,185)
Gross Value of Assets at 31 March 2023	862,927	332,509	172,000	67,029	249,932	943	87,717	117,225	1,890,281	1,733	175,425	31,586	7,000	2,106,025
Accumulated Depreciation at 1 April 2022	0	5,186	39	44,483		0	0	0	131,313	0	0	14,622	0	145,935
Reclassifications	0	0	0	0		0	0	0	0	0	0	0	0	0
Writeback of depreciation on revaluation recognised in the Revaluation Reserve	(412)	(4,244)	(5,743)	0		0	0	0	(10,399)	0	0	0	0	(10,399)
Writeback of depreciation on revaluation recognised in the Surplus/Deficit on the Provision of Service	(12,223)	(1,924)	(1,460)	0		0	0	0	(15,607)	0	0	0	0	(15,607)
Derecognition - Disposals	(47)	0	0	(5)		0	0	0	(52)	0	0	0	0	(52)
Derecognition - Other	0	(77)	0	0		0	0	0	(148)	0	0	0	0	(148)
Depreciation charge	12,683	5,647	7,241	2,568		0	0	0	35,442	0	0	2,140	0	37,582
Accumulated Depreciation 31 March 2023	1	4,588	77	47,046		0	0	0	140,549	0	0	16,762	0	157,311
Net Book Value of Asset at 31 March 2022	845,885	251,063	186,482	20,370	149,409	424	133,986	87,579	1,675,198	1,733	167,543	16,798	7,000	1,868,272
Net Book Value of Asset at 31 March 2023	862,926	327,921	171,923	19,983	161,095	943	87,717	117,225	1,749,731	1,733	175,424	14,824	7,000	1,948,712

A breakdown on intangible assets is given in the following table.

Description	Net Book Value as at 31-Mar-23 £'000
Asset Register Project	38
Colindale office EcoPilot	108
Children's Services Care Management Controcc (E Financial)	99
CS Early Intervention System	87
CSG - Project management – Verto work collaboration	196
CSG Estates	118
CSG Software	420
Drupal	1,158
End point software	621
Exor Asset Management System	849
Info Mngmt Data Software 1920	1,363
Integra Enhancement	28
Mosaic (Adults Care Management System)	6,385
My account - one digital	1,564
Office 365	1,123
Sharepoint	668
TOTAL Per Note 15	14,824

Infrastructure Assets

Movements on balances

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

	2021/22 £'000	2022/23 £'000
NBV (modified historical costs)	£'000	£'000
At 1 April	144,318	149,408
Additions	11,969	20,120
Derecognitions	0	(1,131)
Depreciation	(6,879)	(7,303)
Impairment	0	0
Other movements in cost	0	0
NBV At 31 March	149,408	161,095

The authority has determined in accordance with Regulation 30M England of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

	2021/22	2022/23
	£'000	£'000
Infrastructure assets	149,408	161,095
Other PPE assets	1,525,790	1,588,636
Total PPE assets	1,675,198	1,749,731

Of the total £161.095m for infrastructure assets, in 2022/23 the net carrying amount for the highways network increased to £124.164m, there were no significant events that impacted on estimates of useful lives. Annual depreciation for 2022/23 was estimated to increase pro rata to £4.927m

Note 16 Investment Property

The following items of income and expense have been accounted for in the CIES under Financing and Investment Income and Expenditure and disclosed in Note 11:

	2021/22	2022/23
Investment Properties	£'000	£'000
Rental income from investment property	(3,112)	(3,036)
Direct operating expenses arising from investment property	0	0
Net Gain	(3,112)	(3,036)

Investment Property Movements

Movements in the fair value of investment properties are detailed in Note 15 (Movement in Property, Plant and Equipment, Heritage Assets, Investment Properties, and Intangible Assets).

Gains or losses arising from changes in the fair value of investment property are recognised in Surplus or Deficit on the Provision of Services under Financing and Investment Income and Expenditure line and included in Note 11 to the CIES.

All investment properties are valued using level 2 observable inputs.

Highest and Best Use of Investment Properties

The highest and best use of the properties is used in estimating the fair value of the council’s investment properties.

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties. Valuation techniques used to measure the fair value for Investment properties involve using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Note 17 Financial Instruments

Income, Expenses, Gains and Losses:

The gains and losses recognised in the Comprehensive Income and Expenditure Statement relating to financial instruments consist of:

	2021/22				2022/23			
	Financial Liabilities measured at amortised cost	Financial Assets measured at amortised cost	Financial Assets measured at fair value through profit or loss	Total	Financial Liabilities measured at amortised cost	Financial Assets measured at amortised cost	Financial Assets measured at fair value through profit or loss	Total
	£'000				£'000			
Interest expense	(17,239)	0	0	(17,239)	(19,945)	0	0	(19,945)
Total expense in Surplus or Deficit on the Provision of Services	(17,239)	0	0	(17,239)	(19,945)	0	0	(19,945)
Interest income	0	5,666	25	5,691	0	7,371	1,392	8,763
Total income in Surplus or Deficit on the Provision of Services	0	5,666	25	5,691	0	7,371	1,392	8,763
Net (Loss)/Gain for the Year	(17,239)	5,666	25	(11,548)	(19,945)	7,371	1,392	(11,182)

The following categories of financial instruments are carried in the Balance Sheet:

	Long-term		Current	
	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23
	£'000		£'000	
Investments:				
Fair value through profit or loss	0	0	0	0
Amortised costs	5,000	0	85,847	26,144
Total Investments	5,000	0	85,847	26,144
Debtors:				
Amortised costs	194,829	223,166	179,807	173,544
Total included in Debtors	194,829	223,166	179,884	173,544
Cash and cash equivalents:				
Fair value through profit or loss	0	0	35,222	39,000
Amortised costs	0	0	105,579	64,353
Total cash and cash equivalents*	0	0	140,800	103,353
Borrowing:				
Financial liabilities at amortised cost	589,463	688,437	2,609	2,570
Total included in Borrowing	589,463	688,437	2,609	2,570
Other Long-term Liabilities:				
PFI and finance lease liabilities carried at amortised cost	12,997	12,203	701	794
Total Other Long-term Liabilities	12,997	12,203	701	794
Creditors:				
Financial liabilities at amortised cost	0	0	263,850	214,459
Total Creditors	0	0	263,850	214,459

No Material soft loans existed at either date.

Fair Values of Financial Instruments

For each class of financial asset and financial liability carried at amortised cost, the council is required to disclose the fair value of that class of asset and liability in such a way that a comparison with the carrying amount is possible.

The council's loan investments (other than money market funds) are carried in the Balance Sheet at amortised cost or fair value through the Comprehensive income statement. The short-term element is mainly term deposits with a bank, while the longer-term element mostly comprises a loan to a wholly owned subsidiary of the Council. Money market funds are included within Cash and cash equivalents (they can be realised daily at cost) as fair value through profit and loss.

The portion of debt and investments due to be settled within 12 months of the Balance Sheet date are presented in the Balance Sheet under short-term liabilities or short-term investments. This also includes accrued interest for long term investments and borrowings, as well as accrued interest for cash and cash equivalents.

The fair value of assets and liabilities held at amortised cost are disclosed for comparison purposes.

The fair value of an instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The valuation basis adopted for assets carried at fair value uses Level 2 inputs – i.e. inputs other than quoted prices that are observable for the financial asset/liability. These have been independently measured and provided by the council’s treasury advisor, Link Asset Services. There has been no change in the valuation method used during the year for Financial Instruments.

The following valuation basis has been used:

- Valuation of fixed term deposits (maturity investments): The valuation is made by comparing the fixed term investment with a comparable investment with the same/similar lender for the remaining period of the deposit.
- Valuation of loans receivable: For loans receivable, prevailing benchmark market rates have been used to provide the fair value.
- Valuation of PWLB loans: For loans from the PWLB, fair value estimates using new borrowing (certainty rate) discount rates have been used.
- Valuation of non-PWLB loans payable: For non-PWLB loans, Link Asset Services have provided fair value estimates using prevailing market rates.

The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value in the Balance Sheet. Since this will include accrued interest as at the Balance Sheet date, accrued interest is included in the fair value calculation.

The rates quoted in this valuation were obtained by Link Asset Services from the market on 31 March 2023 (prior year 31 March 2022), using bid prices where applicable.

The fair value of a financial instrument on initial recognition is generally the transaction price. The council’s debt outstanding at 31 March 2023 consisted of loans from PWLB, market loans and interest free loans for specific environmental projects. The council has a continuing ability to borrow at concessionary rates from the PWLB. A supplementary measure of the additional interest that the council will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £621.58 million would be valued at £457.08 million, as recognised in the table below. But, if the council were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £528.72 million. The council also has long-term market loans totalling £62.50 million as at 31 March 2023. Using a similar methodology

as PWLB loans the fair values are £56.52m using new borrowing rates (the basis used in the table below) or £69.93 million based on premature repayment. As the council does not intend to repay debt prior to maturity, it will not incur penalty costs associated with premature repayment.

The council's investment portfolio at the Balance Sheet date consisted almost entirely of term deposits with banks, call/notice account deposits and Money Market Fund (MMF) investments. In the case of short-term instruments, the council deems the carrying amount to be a reasonable approximation of the fair value.

Financial Liabilities				
	31-Mar-22		31-Mar-23	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000		£'000	
Bank Overdrafts	22,509	22,509	0	0
Borrowing held at amortised cost	589,093	614,994	688,437	513,597
PFI lease liabilities	12,997	21,959	12,203	18,172
Trade creditors	109,403	109,403	99,026	99,026
Total	734,002	768,866	799,666	630,795

Financial Assets				
	31-Mar-22		31-Mar-23	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000		£'000	
Long term debtors	194,829	194,829	223,166	206,673
Cash and cash equivalents	140,800	140,800	103,353	103,353
Short term investments	85,847	85,847	26,144	26,144
Long term investments	5,000	5,000	0	0
Trade debtors	66,271	66,271	63,748	63,748
Total	492,747	492,747	416,411	399,918

With the exception of a loan relating to the development of residential properties, for which a 0.64% provision has been made, and a loan to a community organisation, for which a 0.05% provision has been made, the fair values of financial assets are identical to the carrying values as the maturities are mainly short-term and interest rates are low.

The fair value for financial assets and financial liabilities in the table above is measured as Level 2 inputs (other significant observable inputs).

Notes Relating to the Balance Sheet

Note 18 Debtors

	31-Mar-22	31-Mar-23
	£'000	£'000
Trade receivables Outstanding	72,969	74,957
Less impairment allowance	(6,698)	(11,209)
Net Trade receivables	66,271	63,748
Local Taxation receivables Outstanding	58,924	61,052
Less impairment allowance	(35,166)	(35,162)
Net Local Taxation receivables	23,758	25,890

Other receivables amount Outstanding	91,833	85,840
Less impairments	(48,360)	(42,752)
Net Other receivables amounts	43,473	43,089
Central Government Receivables	41,181	21,794
Prepayments	5,124	19,023
TOTAL	179,807	173,544

Breakdown of non-impaired Local Taxation Debtors		
2021/22		2022/23
1,299	Due in less than three months	1,153
336	Three to six months	243
5,763	Six months to one year	5,566
16,359	More than one year	18,928
23,758		25,890

Note 19 Cash and Cash Equivalents

Cash and Cash Equivalents	31-Mar-22	31-Mar-23
	£'000	
Cash	34,028	15,753
Short-term deposits - money market funds	35,222	39,000
Short-term deposits – term deposits	71,550	48,600
Total	140,800	103,353

Note 20 Creditors

	31-Mar-22	31-Mar-23
	£'000	
Trade Payables	(109,403)	(99,026)
Other Payables	(154,477)	(115,433)
Total	(263,850)	(214,459)

Creditors	31-Mar-22	31-Mar-23
	£'000	£'000
Public Sector		
HMRC-PAYE	(2,923)	(2,265)
Central Government Bodies	(102,310)	(49,773)
Other Public Sector Creditor	(14,875)	(9,577)
NHS	(4,169)	(4,756)
LBB Pension Fund	(2,101)	(1,176)
Sub-Total Public Sector	(126,377)	(67,547)
Non-Public Sector		
Other Non-Public sector Creditor	(78,316)	(71,960)
HRA	(9,342)	(18,647)
Council Tax	(13,236)	(14,294)
NNDR	(1,701)	1,651
Receipts in Advances	(34,877)	(43,662)
Sub-Total Non-Public Sector	(137,472)	(146,602)
Total	(263,850)	(214,459)

Note 21 Provisions

		As at 31 March 2021	In year related payments	Written back in year	In year increase	New provisions raised	As at 31 March 2022	In year related payments	Written back in year	In year increase	New provisions raised	As at 31 March 2023
	Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Insurance	i)	8,469	0	0	0	0	8,469	(2,172)	0	0	0	6,297
Service Related	ii)	5,965	(165)	(138)	100	239	6,001	(206)	(582)	234	702	6,149
Business Rates Appeals	iii)	10,347	(30,797)	0	24,142	0	3,692	(27,396)	0	26,616	0	2,912
Total		24,781	(30,962)	(138)	24,242	239	18,162	(29,774)	(582)	26,850	702	15,358
	Short Term	5,965					Short Term	6,001			Short Term	6,149
	Long term	18,816					Long term	12,161			Long term	9,209

Insurance Provision

This provision is for liabilities that have occurred but where the timing of the payment is dependent upon the claim settlement process. The Provision reflects 100% of the council's ultimate projected liabilities.

It covers all historic legal liability claims including personal accident, risk to employees whilst carrying out their duties, public and other liability claims, the losses from the inability of contractors to fulfil obligations, fire and all other past claims under the policy excess which have not been settled to date.

The council's insurance provision is based on an assessment as at 31 March 2023 of the potential financial impact of outstanding insurance claims, by independent actuaries, Arthur J. Gallagher Insurance Brokers Limited (an Insurance, Risk Management & Consulting Company); in line with national actuarial guidelines.

Service Related

These relate mainly to a provision for the repayment of overcharged water and sewerage to council tenants between 2001 and 2016 following a Court of Appeal ruling in October 2020.

Business Rates Appeals

The Business Rates Provision relates to backdated and future Business Rate appeals. The total business rates appeals provision is based on the success rate of settled appeals and withdrawn appeals for income generated up to 31 March 2023. The table above is the council's share of the total appeals provision.

Note 22 Unusable Reserves

Revaluation Reserve

The Revaluation Reserve contains the gains made by the council arising from increases in the value of its Property, Plant and Equipment and Heritage Assets. The reserve was created on 1 April 2007. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of and the gains are realised.

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in the Comprehensive Income and Expenditure Statement. This will include the benefits earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. The debit balance on the Pensions Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources the council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The account is credited with the amounts set aside by the council as financing for the costs of acquisition, construction, and enhancement. The account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the council.

	Revaluation Reserve	Capital Adjustment Account	Financial Instruments Adjustment Account	Collection Fund Adjustment Account	Pension Reserve	Accumulating Absences Adjustment Account	Deferred Capital Receipts	Total Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2021	152,464	968,934	(520)	(35,223)	(628,876)	(6,800)	54,893	504,872	910,079
Movement in unusable reserves during 2021/22									
Surplus / (Deficit) on provision of services	0	0	0	0	0	0	0	0	(14,430)
Other Comprehensive Income and Expenditure	(1,490)	0	0	0	113,713	0	0	112,223	112,223
Total Comprehensive Income and Expenditure	(1,490)	0	0	0	113,713	0	0	112,223	97,793
Adjustments involving the Capital Adjustment Account:									
Reversal of items debited or credited to the CIES									
Charges for depreciation, impairment and revaluation losses	(4,615)	(37,488)	0	0	0	0	0	(42,103)	0
Movements in the Market value of Investment Properties	0	(4,390)	0	0	0	0	0	(4,390)	0
Amortisation of Intangible assets	0	(2,024)	0	0	0	0	0	(2,024)	0
Capital Grants and contributions applied	0	19,128	0	0	0	0	0	19,128	0
Disposals and Derecognition	(171)	(6,676)	0	0	0	0	0	(6,676)	(3,308)
Revenue Expenditure Funded from Capital Under Statute	0	(73,428)	0	0	0	0	0	(73,428)	0
Inclusion of items not debited or credited to the CIES									
Statutory provision for the financing of capital investment	0	16,611	0	0	0	0	0	16,611	0
Capital expenditure charged against the General Fund and HRA balances	0	8,128	0	0	0	0	0	8,128	0
Adjustments involving the Capital Grants Unapplied Account:									
Application of grants to capital financing transferred to the Capital Adjustment Account	0	104,111	0	0	0	0	0	104,111	0
Adjustments involving the Capital Receipts Reserve:									
Use of the Capital Receipts Reserve to finance new capital expenditure	0	5,626	0	0	0	0	0	5,626	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	0	0	0	0	0
Adjustments involving the Deferred Capital Receipts Reserve:									
Deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	0	0	0	0	0	0	(349)	(349)	0
Adjustments involving the Major Repairs Reserve (MRR):									
Use of the Major Repairs Reserve to finance new capital expenditure	0	19,004	0	0	0	0	0	19,004	0
Adjustments involving the Financial Instruments Adjustment Account:									
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	5	0	0	0	0	5	0
Adjustments involving the Pension Reserve:									
Reversal of items relating to retirement benefits debited or credited to the CIES	0	0	0	0	(64,698)	0	0	(64,698)	0
Employer's pension contributions and direct payments to pensioners payable in the year	0	0	0	0	22,608	0	0	22,608	0
Adjustments involving the Collection Fund Adjustment Account:									
Amount by which council tax and NNDR income credited to the CIES is different from council tax and NNDR income calculated for the year in accordance with statutory requirements	0	0	0	20,864	0	0	0	20,864	0
Adjustment involving the Accumulated Absences Account:									
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0	0	0	0	0	(252)	0	(252)	0
Adjustments between accounting basis and funding basis under regulations	(4,786)	48,602	5	20,864	(42,090)	(252)	(349)	21,995	(2)
Net increase / (decrease) in year	(6,276)	48,602	5	20,864	71,623	(252)	(349)	134,217	97,792
Transfer to/(from) earmarked reserves	0	0	0	0	0	0	0	0	0
(Decrease) /Increase in Year	(6,276)	48,601	5	20,864	71,623	(252)	(349)	134,217	97,792
Balance as at 31 March 2022	146,188	1,017,536	(515)	(14,359)	(557,253)	(7,052)	54,544	639,089	1,007,873

	Revaluation Reserve	Capital Adjustment Account	Financial Instruments Adjustment Account	Collection Fund Adjustment Account	Pension Reserve	Accumulating Absences Adjustment Account	Deferred Capital Receipts	Total Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2022	146,188	1,017,536	(515)	(14,359)	(557,253)	(7,052)	54,544	639,089	1,007,873
Movement in unusable reserves during 2021/22									
Surplus / (Deficit) on provision of services	0	0	0	0	0	0	0	0	(133,614)
Other Comprehensive Income and Expenditure	73,538	0	0	0	345,400	0	0	418,938	418,938
Total Comprehensive Income and Expenditure	73,538	0	0	0	345,400	0	0	418,938	285,324
Adjustments involving the Capital Adjustment Account:									
Reversal of items debited or credited to the CIES									
Charges for depreciation, impairment and revaluation losses	(4,441)	(110,845)	0	0	0	0	0	(115,286)	0
Movements in the Market value of Investment Properties	0	(14,526)	0	0	0	0	0	(14,526)	0
Amortisation of Intangible assets	0	(2,140)	0	0	0	0	0	(2,140)	0
Capital Grants and contributions applied	0	18,734	0	0	0	0	0	18,734	0
Disposals and Derecognition	(59)	(35,343)	0	0	0	0	0	(35,402)	0
Revenue Expenditure Funded from Capital Under Statute	0	(45,569)	0	0	0	0	0	(45,569)	0
Inclusion of items not debited or credited to the CIES									
Statutory provision for the financing of capital investment	0	15,949	0	0	0	0	0	15,949	0
Capital expenditure charged against the General Fund and HRA balances	0	22,920	0	0	0	0	0	22,920	0
Adjustments involving the Capital Grants Unapplied Account:									
Application of grants to capital financing transferred to the Capital Adjustment Account	0	66,324	0	0	0	0	0	66,324	0
Adjustments involving the Capital Receipts Reserve:									
Use of the Capital Receipts Reserve to finance new capital expenditure	0	4,772	0	0	0	0	0	4,772	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	0	0	0	0	0
Adjustments involving the Deferred Capital Receipts Reserve:									
Deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	0	0	0	0	0	0	(337)	(337)	0
Adjustments involving the Major Repairs Reserve (MRR):									
Use of the Major Repairs Reserve to finance new capital expenditure	0	14,681	0	0	0	0	0	14,681	0
Adjustments involving the Financial Instruments Adjustment Account:									
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	5	0	0	0	0	5	0
Adjustments involving the Pension Reserve:									
Reversal of items relating to retirement benefits debited or credited to the CIES	0	0	0	0	(62,010)	0	0	(62,010)	0
Employer's pension contributions and direct payments to pensioners payable in the year	0	0	0	0	25,031	0	0	25,031	0
Adjustments involving the Collection Fund Adjustment Account:									
Amount by which council tax and NNDR income credited to the CIES is different from council tax and NNDR income calculated for the year in accordance with statutory requirements	0	0	0	19,051	0	0	0	19,051	0
Adjustment involving the Accumulated Absences Account:									
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0	0	0	0	0	0	0	0	0
Adjustments between accounting basis and funding basis under regulations	(4,500)	(65,043)	5	19,051	(36,979)	0	(337)	(87,802)	0
Net increase / (decrease) in year	69,038	(65,043)	5	19,051	308,421	0	(337)	331,135	285,324
Transfer to/(from) earmarked reserves	0	0	0	0	0	0	0	0	0
(Decrease) /Increase in Year	69,038	(65,043)	5	19,051	308,421	0	(337)	331,135	285,324
Balance as at 31 March 2023	215,226	952,491	(510)	4,692	(248,832)	(7,052)	54,207	970,222	1,293,191

Notes Relating to the Cash Flow Statement
Note 23 Operating Activities

2021/22	Operating activities within the cash flow statement include the following cash flows relating to interest	2022/23
£'000		£'000
(5,691)	Interest received	(8,764)
17,239	Interest paid	19,945
11,548	Net Interest	11,181

Net Cash Flows from Operating Activities		
2021/22	Adjust net Deficit on the Provision of Services for non-cash movements	2022/23
£'000		£'000
37,660	Depreciation	35,443
7,275	Impairment and downward valuations	79,667
2,024	Amortisation	2,057
38,697	Increase/decrease in Creditors	(50,704)
(23,890)	Increase/decrease in Debtors	(24,967)
(5)	Increase/decrease in Inventories	30
42,090	Movement in Pension Liability	36,979
1,031	Value of non-current assets disposed or derecognised	(5,658)
28,563	Other non-cash items charged to the net Surplus or Deficit on the Provision of Services	11,525
133,445	Net Cash Flows from Operating Activities	84,372

2021/22	Adjustment for items included in the net (Surplus)/Deficit on the Provision of Services that are investing or financing activities	2022/23
0	Proceeds from short and long-term investments	0
14,299	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(27,701)
(35,005)	Capital Grants & Contributions	(59,957)
329	Capital Receipts	(6,867)
0	Any other item of which the cash effects are investing or financing cashflow (capital grants)	0
(20,377)	Sub-Total	(94,525)

Note 24 Financing and Investing Activities

2021/22	Cash Flows Arising from Financing Activities	2022/23
£'000		£'000
99,962	Cash receipts of short and long-term borrowing	98,935
(701)	Cash payments for the reduction of outstanding liabilities relating to finance leases and on Balance Sheet PFI Contracts	701
(1,075)	Repayment of short and long-term borrowing	(1,710)
55,441	Other payments for financing activities	27,724
153,627	Net Cash Flows from Financing Activities	125,649

2021/22	Cash Flows Arising from Investing Activities	2022/23
£'000		£'000
(145,562)	Property, Plant and Equipment, intangible and investment properties purchased	(174,080)
(85,847)	Purchase of short term and long-term investments	109,215
(45,229)	Loans to Saracens & Open Door Homes	(22,101)
0	Other payments for Investing Activities	(4,379)
(14,299)	Proceeds from sale of Property Plant and Equipment, Investment Property and Intangible Assets	27,701
35,005	Capital Grants & Contributions	59,957
(329)	Capital Receipts	6,867
0	Other Receipts from Investing Activities	0
(256,261)	Total Cash Flows from Investing Activities	3,180

Note 24a Reconciliation of Liabilities Arising from Financing Activities

	31-Mar-21	Financing Cash Flows	Non Cash Changes	31-Mar-22
	£'000	£'000	£'000	£'000
Long Term Borrowings	489,589	97,978	1,896	589,463
Short Term Borrowings	2,973	(364)	0	2,609
Lease Liabilities	23,661	(4,526)	0	19,135
On Balance sheet PFI liabilities	13,698	(701)	0	12,997
Banks Overdrafts	32,011	(9,502)	0	22,509
TOTAL	561,932	82,886	1,896	646,713

	31-Mar-21	Financing Cash Flows	Non Cash Changes	31-Mar-22
	£'000	£'000	£'000	£'000
Long Term Borrowings	589,463	98,974	0	688,437
Short Term Borrowings	2,609	(39)	0	2,570
Lease Liabilities	19,135	(1,554)	0	17,581
On Balance sheet PFI liabilities	12,997	(794)	0	12,203
Banks Overdrafts	22,509	0	0	0
TOTAL	646,713	96,587	0	720,791

Other Notes
Note 25 Pooled Budgets

The council is party to a number of pooled budget arrangements with NHS North Central London Integrated Care Board. The aggregate financial summary for the year of these agreements is shown in the table below.

The council has six pooled budget arrangements for the provision of the following:

- community equipment services
- learning disability services
- to support people with learning disabilities who have been living in long stay NHS accommodation to be re-settled to live within the local community.
- to develop an approach to commissioning preventative services
- to reduce duplication, maximise outcomes and improve health and social care outcomes for service users of speech and language therapy, occupational therapy and looked after children.
- Agreements in respect of the Better Care Fund (BCF).

Where funding and expenditure are not shown separately in the following tables it is because all funding has been expensed. Surpluses or deficits are absorbed by the party to which they are attributable.

2021/22	Pooled Budgets	2022/23
£'000		£'000
(25,387)	London Borough of Barnet	(29,046)
(21,176)	NCL Integrated Care Board*	(23,577)
(46,563)	Total Funding	(52,623)
25,567	London Borough of Barnet	29,444
21,726	NCL Integrated Care Board*	25,161
47,293	Total Expenditure	54,605
730	Net deficit arising on pooled budget in year	1,982
197	Council share of (surplus)/ deficit on the pooled budget	405

* NHS NCL ICG was formerly known as NHS NCL CCG (includes Barnet CCG and four other north London CCGs)

Section 75 Agreement for in respect of the Better Care Fund

From 1 April 2015 the council entered into an aligned budget arrangement with the ICB* for the Better Care Fund, identifying spend and jointly reporting on income and expenditure. The fund is used for continued delivery of services in the Better Care Fund plan under the existing integrated health and social care section 75 agreement. Details of the use of the BCF are shown below:

	2021/22	2022/23

Use of BCF:	Barnet Council	NHS NCL ICB*	Total	Barnet Council	NHS NCL ICB*	Total
Carers Support	1,853	0	1,853	1,979	0	1,979
Integrated Care	1,231	0	1,231	1,314	0	1,314
Personalised Support	1,358	0	1,358	1,450	0	1,450
Reablement	994	0	994	893	0	893
Social Care	4,006	0	4,006	4,277	0	4,277
Disabled Facilities Grant	2,885	0	2,885	2,885	0	2,885
Improved Better Care Fund	9,339	0	9,339	9,622	0	9,622
Winter Pressure funding	0	0	0	0	0	0
Community Equipment	0	0	0	2,238	0	2,238
Frail Elderly	0	133	133	0	124	124
Community Services	0	14,891	14,891	0	13,922	13,922
Enablement	0	94	94	0	88	88
Hospice Contracts	0	1,839	1,839	0	1,719	1,719
Memory Assessment	0	294	294	0	275	275
Additional Enablement	0	1,138	1,138	0	1,064	1,064
Total Better Care Fund	21,666	18,389	40,055	24,658	17,192	41,850

* NHS NCL ICB was formerly known as NHS NCL CCG (includes Barnet CCG and four other north London CCGs)

Note 26 Member's Allowances

2021/22	Member's Allowance	2022/23
£'000		£'000
1,025	Members' Allowances	1,016
1,025	Total	1,016

Note 27 Officer's Remuneration

The number of employees who received taxable remuneration in excess of £50,000, excluding employer's pension contributions for the year and excluding employees in senior employee table (including teachers) was:

2021/22 Total Number of employees	Remuneration band	2022/23 Total Number of employees
217	£50,000 - £54,999	215

138	£55,000 - £59,999	203
111	£60,000 - £64,999	147
48	£65,000 - £69,999	47
41	£70,000 - £74,999	51
23	£75,000 - £79,999	36
35	£80,000 - £84,999	25
20	£85,000 - £89,999	30
11	£90,000 - £94,999	16
10	£95,000 - £99,999	15
8	£100,000 - £104,999	11
8	£105,000 - £109,999	3
2	£110,000 - £114,999	4
2	£115,000 - £119,999	7
3	£120,000 - £124,999	1
0	£125,000 - £129,999	3
0	£130,000 - £134,999	1
2	£135,000 - £139,999	1
0	£140,000 - £144,999	1
1	£145,000 - £149,999	0
2	>£150,000	2
682		819

Senior officers are defined as all those whose remuneration (including employer’s pension contributions) is £150,000 or above and includes the following statutory posts:

- Head of Paid Service
- Director of Children’s Services
- Director of Adult Social Services,
- Chief Education Officer
- Monitoring Officer and Section 151 Officer, and
- Any officer who reports directly to the Head of Paid Service whose salary is more than £150,000.

The following table includes the names of individuals whose annual equivalent salary exceeds £150,000:

2022/23 Post Title and Name	Note	Salary	Expense s or Allowanc es	Contribution for Loss of Office	Pension Contributions	Total Remuneration
-----------------------------	------	--------	-----------------------------------	------------------------------------	--------------------------	-----------------------

		£	£	£	£	£
Chief Executive (Head of Paid Service) - John Hooton		205,493	-	-	59,388	264,881
Deputy Chief Executive - Cath Shaw		173,866	-	-	50,247	224,113
Executive Director of Children and Young People - Chris Munday		162,512	6,333	-	44,778	213,623
Executive Director of Communities, Adults and Health - Dawn Wakeling		162,512	6,333	-	44,778	213,623
Executive Director of Strategy & Resources (S151) - Anisa Darr		139,726	6,345	-	42,215	188,285
Director of Public Health & Prevention - Tamara Djuretic		148,466	55	-	38,617	187,138
Executive Director of Assurance - Clair Green		139,726	-	-	40,381	180,107
Chief Legal Advisor and Monitoring Officer- Jessica Farmer	i	87,000	-	-	-	87,000
Director of Transformation - Deborah Hinde	ii	20,937	4,187	-	7,261	32,385

- (i) Jessica Farmer has been the Monitoring Officer from 1st January 2020. She provides services to Barnet via a secondment agreement with London Borough of Harrow.
(ii) Deborah Hinde became Director of Transformation from November 2022.

2021/22 Post Title and Name	Note	Salary	Expenses or Allowances	Contribution for Loss of Office	Pension Contributions	Total Remuneration
		£	£	£	£	£
Chief Executive (Head of Paid Service) - John Hooton		201,488	-	-	58,230	259,718
Executive Director of Environment - Geoff Mee		160,586	27,189	-	54,267	242,042
Deputy Chief Executive - Cath Shaw		171,941	-	-	49,691	221,632
Executive Director of Children and Young People - Chris Munday		160,587	6,258	-	48,218	215,063
Executive Director of Adults and Health - Dawn Wakeling		160,587	6,258	-	48,218	215,063
Director of Finance (S151) - Anisa Darr		137,801	6,258	-	41,633	185,692
Director of Public Health - Tamara Djuretic		146,402	-	-	34,398	180,800
Director of Assurance - Clair Green		137,801	-	-	39,824	177,626
Chief Legal Advisor and Monitoring Officer- Jessica Farmer	i	87,000	-	-	-	87,000

- (i) Jessica Farmer has been the Monitoring Officer from 1st January 2020 and will continue to August 2022. She provides services to Barnet via a secondment agreement with London Borough of Harrow.

The number of exit packages, with total cost per band, is set out in the table below:

	*Exit Packages by:
--	---------------------------

Pay Band	2022/23		2021/22	
	Number	£'000	Number	£'000
£nil - £20,000	40	298	58	403
£20,001 - £40,000	8	213	10	289
£40,001 - £60,000	3	198	5	268
£60,001 - £80,000	1	61	0	0
£80,001 - £100,000	0	0	0	0
More than £150,000	0	0	0	0
Total	52	771	73	960

*These include "pension strain" costs which are payable to the Pension Fund.

All exit packages included in the table above are compulsory and include pension fund strain costs. The total number of exit packages agreed in 2022/23 has decreased by 21 which resulted in £0.200m decrease when compared to 2021/22.

Note 28 External Audit Fees

BDO LLP are the council's external auditors, appointed by the Public Sector Audit Appointments Ltd (PSAA). The amounts payable by the council to BDO for external audit services are as follows:

2021/22	Audit Fee Breakdown	2022/23
£'000		£'000
253	Fees payable for external audit services for the year*	306
5	Fees payable for certification of grant claims and returns and other services provided	2
258	Total*	308

*2022/23 audit fees are subject to change for any additional fees agreed with external auditors. The fee for 2022/23 is £326k. 2022/23 fees include additional fees of £15k in respect of prior years' audit.

Note 29 Related Parties

The council is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the council.

Central Government

Central government has significant influence over the general operations of the council, it is responsible for providing the statutory framework within which the council operates, provides most of its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties (e.g., Council Tax bills, Housing Benefits etc). Grant income received during 2022/23 is shown in note 13.

Other Local Authorities

The council has a number of significant transactions with other local authorities and local health authorities, and these include:

- Pooled Budgets with Clinical Commissioning Group (CCG) are disclosed in note 25.
- Barnet children being placed in schools in neighbouring authorities.

The council is the administering authority for the pension fund. In 2022/23 the council's employer's contributions were £23.9m (£19.8m in 2021/22) and the council charged £0.261m for its administration (£0.595m in 2021/22). LBB paid its secondary (deficit) contributions of £20.477 million for the three years 20/21 to 22/23 upfront in April 2020. The purpose of paying in advance is the 4.2% discount rate allowed for when calculating the early payment lump sum.

Member Allowances and Interest in Voluntary Organisations

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2022/23 is shown in note 26. In addition, members may participate in other public bodies and community groups. The council has well established mechanisms and procedures for preventing undue influence which includes the register of members' interests.

Every year members complete a declaration of their related party transactions. In 2022/23 £3.832m was paid to voluntary groups/charities and academy schools where 25 members were on the governing bodies. In 2021/22 the council paid a total of £2.384m to voluntary groups/charities and academy schools in which 26 members held a position on their governing bodies.

Senior Officers and Member's Interests in Companies

Senior Officers also declare their related party transactions. During the financial year 2022/23, five officers were company directors or board members (five in 2021/22) and three members acted as a company director on behalf of the council. In addition, one Senior Officer is a board member of the Peabody Housing Trust. The council has nomination rights for housing within this organisation. One Senior Officer is a trustee of YouthZone.

The council requires all Members and Senior Officers to complete a related party declaration form. In 2022/23, returns were received from all Senior Officers and 58 out of 63 Members.

Interests in Companies and Group Relationships

The London Borough of Barnet has six subsidiaries:

- The Barnet Group Ltd
- Barnet (Holdings) Ltd
- BX Holdings Ltd
- Hill Green Homes Ltd
- Cricklewood Regeneration Ltd

➤ Barnet Education and Learning Services Ltd

The Barnet Group

The London Borough of Barnet owns 100% of the share capital of The Barnet Group Ltd. Two Members of the council are on the board. The Barnet Group has five subsidiaries, Barnet Homes Limited, Your Choice (Barnet), TBG Flex Limited, TBG Open Door Limited and Bumblebee Lettings Ltd. The Barnet Group Ltd is the sole member and guarantor of Barnet Homes Ltd, a company limited by guarantee. 100% of the shares of the other four subsidiaries are held by the Barnet Group.

The London Borough of Barnet contracts with The Barnet Group Ltd for Adult Social Care Services, Housing Management Services and Homelessness Services. The Barnet Group Ltd then contracts with Your Choice Barnet for Adult Social Care and with Barnet Homes for Housing Management Services and Homelessness Services. As a result, the Barnet Group receives a management fee from the council. The Barnet Group also invoices the council for ad hoc services and capital works carried out on behalf of the council by Barnet Homes Ltd. The following transactions happened between the council and The Barnet Group (TBG):

	2021/22	2022/23
	£'000	£'000
Expenditure by the council paid to TBG*	206,379	259,924
Income received from TBG	(9,570)	(25,902)
Amount owed to TBG	(15,997)	(11,375)
Amount TBG owes the council excluding loans to Open Door Ltd detailed below.	4,380	2,743

*Includes capital expenditure of £15m (2022: £77m) capitalised by the council.

Open Door Ltd and the council have agreed a loan arrangement of £72m to be drawn down over several years, which had previously been £65m but the facility has been extended. £64.24m has been drawn down so far. In 2022/23, there were no drawdowns of principal, however £2.29m of interest was accrued. In 2022/23 the council did not transfer any Right to Buy receipts and other grants to Open Door Ltd.

In addition, there is also a £45m financing facility that relates to the transfer of properties from the council to Open Door limited. Of this, the full £45m was owed prior to 2022/23.

Expected credit loss applied on the loan to Open Door Ltd is based on 12 month historical default probabilities of similar loans for BB rated entities in the year to 31 December 2022 as provided by Link, the council's treasury advisors, considering circumstances specific to the loan and the arrangements. An Expected Credit Loss of £1.136m has been made in 2022/23 (£0.962m in 2021/22).

Barnet (Holdings) LTD

The London Borough of Barnet owns 100% of the share capital of Barnet (Holdings) Ltd, which owns 49% of the share capital in Regional Enterprise Ltd (RE Ltd) with Capita plc. As at the reporting date the board of RE Ltd included Councillor Richard Barnes and senior officer Dawn Wakeling. Regional Enterprise Ltd is a joint venture created between Capita Plc and the London Borough of Barnet.

The council contracts with RE Ltd for development and regulatory services. As at the reporting date the board of RE Ltd included one Councillor and one senior officer. The following transactions occurred between the council and this company:

	2021/22	2022/23
	£'000	£'000
Income received by the council	(4,484)	(3,130)
Expenditure incurred by the council	21,968	24,642
Net Balanced owed to the council	15,060	14,660

BX Holdings LTD and Hill Green Homes

The council owns 100% of the shares of BX Holdings and Hill Green Homes Ltd. One Senior Officer is a director of BX Holdings Ltd. Neither subsidiary traded in 2022/23. In 2018/19 the council advanced £5.0m to BX Holding Ltd to facilitate the purchase Cricklewood Regeneration Ltd. at 31st March 2019 and this remains repayable to the council as at 31 March 2023.

Cricklewood Regeneration LTD

In 2019/20, the council and BX Holding Ltd jointly acquired Cricklewood Regeneration Ltd. The Council and BX Holding Ltd each own 50% of the equity Shares in Cricklewood Regeneration Ltd. Accordingly as the Parent body, the council has full control over Cricklewood Regeneration Ltd.

BXS Limited Partnership

The Council own 50% of the Brent Cross South Limited Partnership. The council paid £23m through a loan facility to BXS Limited in Dec 2019 for Infrastructure Works. This was to be funded through borrowing. The council and BXS Limited Partnership subsequently completed an agreement with Homes England (HE), of whom repaid the £23m on the 31st of March 2020. This allowed substituting the current borrowing funding stream in year.

Inglis Consortium

The council has a 13.9% share in the Inglis Consortium which is a joint venture with VSM Estatic Ltd and Annington Property Ltd. No members or senior officers were on the board during 2022/23. There were no receipts received in 22/23 from Inglis Consortium.

Note 30 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the council that has yet to be financed.

Capital Expenditure and Funding Sources	2021/22	2022/23
	£'000	£'000
Opening Capital Financing Requirement	739,666	834,345
Capital Investment		
Property plant and equipment	140,623	153,573
Investment properties	4,144	20,341
Intangible assets	294	166
Revenue expenditure funded from capital under statute	73,428	45,569
Long term debtor treated as capital	48,798	26,557
Source of finance		
Capital receipts	(5,626)	(4,772)
Government grants and other contributions	(123,239)	(85,058)
Sums set aside from reserves	(27,132)	(37,601)
MRP	(16,611)	(15,949)
Closing Capital Financing Requirement	834,345	937,171
Explanation of movement in year		
Increase in underlying need to borrow (unsupported by government financial assistance)	94,205	102,309
Assets acquired under PFI contracts	517	588
Increase in Capital Financing Requirement	94,722	102,897

Note 31 Leases

Operating Leases

The council does not own all the property, vehicles, and other equipment that it uses. The items it does not own are held under operating leases.

	Property leased in	Property leased out
	£'000	£'000
Future Operating Lease Payments 31 March 2022:		
less than one year	1,737	(3,395)
one to five years	4,455	(11,535)
greater than five years*	12,943	(38,539)
Total	19,135	(53,469)
Future Operating Lease Payments 31 March 2023:		
less than one year	1,299	(3,447)
one to five years	4,455	(11,496)
greater than five years	11,827	(36,564)
Total	17,581	(51,506)

Note 32 Private Finance Initiatives (PFI) and Similar Contracts

In April 2006 the council entered into a PFI contract to provide street lighting. This consisted of a Core Investment Programme (CIP) for five years followed by a post CIP operating period of 20 years. The 25-year contract will expire in 2031.

	31-Mar-22	in-Year	31-Mar-23
	£'000	£'000	£'000
PFI Street Lights			
Gross book value	29,103	588	29,691
Accumulated depreciation	(16,797)	(1,509)	(18,306)
Net	12,306	(921)	11,385

Below is the movement in the lease liability for the PFI arrangement:

	31-Mar-20	In-Year	31-Mar-21	In-Year	31-Mar-22	In-Year	31-Mar-23
PFI Street Lights:	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total lease liability	14,941	(621)	14,320	(621)	13,699	(701)	12,998
Breakdown of Liability in:							
Short-Term Creditors	621	0	621	0	701	0	794
Long-Term Leases	14,320	0	13,699	0	12,998	0	12,203

	Repayment of Liability	Interest	Service Charges	Other Charges	Total
	£'000	£'000	£'000	£'000	£'000
2023/24	794	1,724	2,121	2,543	7,182
2024/25 - 2026/27	3,465	4,380	6,762	8,820	23,427
2027/28 - 2029/30	5,509	2,796	7,407	8,592	24,304
2030/31 - 2031/32	2,436	424	2,840	2,139	7,839
Total	12,203	9,324	19,130	22,094	62,752

If the assumptions around inflation were to vary by 2% it would result in a c£1.0m increase/decrease in payments over the life of the arrangement.

Note 33 Termination Benefits

The council terminated the contracts of a number of employees in 2022/23, incurring unreduced early retirement benefits of £0.060m (£0.017m 2021/22, £0.046m 2020/21, £0.097m 2019/20), of which £0.060m was payable to the employees and there was no effect on the pension strain. All other termination payments are included in note 27 (Officers' Remuneration).

Note 34 Pension Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The Scheme provides teachers with specified benefits upon their retirement, and the council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is a multi-employer defined benefit scheme. The scheme is unfunded, and the Department for Education uses a notional fund as the basis for calculating the employer’s contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The scheme has in excess of 3,700 participating employers and consequently the council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2022/23, the council paid £26.0m to Teachers’ Pensions in respect of teachers’ retirement benefits, representing 23.68% in September 2020 of pensionable pay. The amount paid in 2021/22 was £25.7m, representing 23.68% of pensionable pay. Estimated Employer Contributions for 2023/24 are estimated to be £27.811m.

Note 35 Pension Schemes Accounted for as Defined Benefit Schemes

Participation in Pension Schemes

As part of the terms and conditions of officer employment, the council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the council has a commitment to make payments (for those benefits) and disclose them at the time that employees earn their future entitlement.

Transactions relating to Post-Employment Benefits

The following transactions have been made in the Comprehensive Income and Expenditure Statement (CIES) and the General Fund Balance via the Movement in Reserves Statement (MIRS) during the year:

Breakdown of Transactions in Core Financial Statements	2021/22	2022/23
<i>Transactions Included in the CIES</i>	£'000	£'000
Cost of services:		
Current service cost	51,784	46,541
Past service cost	54	144
Settlements & Curtailments	0	0
Financing and Investment Income and Expenditure:		
Net interest expense	12,860	5,325
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	64,698	62,010
Post-employment Benefits charged to Other Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	37,701	(45,661)
Actuarial (gains) / losses arising from changes in demographic assumptions	6,148	(2,039)
Actuarial (gains) / losses arising from changes in financial assumptions or other experience	69,864	393,100
Total Post-Employment Benefits Charged to Other Comprehensive Income and Expenditure	113,713	345,400

Total charged to the CIES	178,411	407,410
<i>Transactions Includes in the MIRS</i>		
Adjustments between accounting basis and funding basis under regulations:		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services	64,698	62,010
Actual amount charged against the General Fund Balance for pensions:		
Employers' contributions payable to the scheme	(22,608)	(25,031)
Pension Assets and Liabilities recognised in the Balance Sheet		
Present value of the defined benefit obligation	(1,336,655)	(1,028,171)
Fair value of plan assets	808,293	798,837
Net Liability	(528,362)	(229,334)
Present value of the unfunded obligation	(28,891)	19,498
Net Liability in Balance Sheet	(557,253)	(248,832)

The net liability shows the underlying commitments that the council has in the long term to pay retirement benefits. The total net deficit of £248,832m (2021/22: £557,253m), including the liability for the LGPS unfunded scheme has a substantial impact on the net worth of the council, as recorded in the Balance Sheet.

However, the financial position remains healthy, with arrangements for funding the net pension liabilities, governed by statute as follows:

- The required contribution from the council, taking into consideration projected investment returns, are re-assessed by the scheme actuary on a prudent funding basis every three years.
- The liability on the unfunded LGPS scheme will be paid by the council as pensions are paid.

The net liability calculated on an 'ongoing funding basis' that take into account the prudently estimated future investment returns is considerably lower at £175.519m (excluding unfunded obligations) as at 31 March 2019, the most recent triennial actuarial valuation. This is because of the different actuarial assumptions used to determine the council's required contribution rates.

Reconciliation of Scheme Assets and Benefit Obligations

	2021/22	2021/22
	£'000	£'000
Opening Fair Value of Scheme Assets	764,931	808,293
Interest income	15,193	21,709
Return on assets, excluding the amount included in the net interest expense	37,701	(45,661)
Contributions by the council including in respect of unfunded benefits	20,845	21,958
Contributions by scheme participants	6,369	23,600
Effects of settlement	0	7,511
Estimated benefit paid including unfunded benefits	(36,746)	0
Effects of business combinations and disposals	0	(38,573)

Closing Fair Value of Scheme Assets	808,293	798,837
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Reconciliation of the Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	2021/22	2022/23
	£'000	£'000
Opening Defined Benefit Obligation	1,393,807	808,293
Current service cost	(51,784)	(46,541)
Interest cost	(28,053)	(37,034)
Effects of settlement	0	0
Remeasurement gains and losses:		
Actuarial gains and losses arising from changes in Demographic assumptions	6,148	(2,039)
Actuarial gains and losses arising from changes in Financial assumptions	75,715	371,142
Other Experience gains and losses	(5,851)	0
Estimated funded benefit paid	36,746	38,573
Past service costs, including curtailments	(54)	(144)
Contributions by scheme participants	(6,369)	(7,511)
Unfunded pension payments	1,763	1,431
Effects of business combinations and disposals	0	0
Closing Defined Benefit Obligation	(1,365,546)	(1,047,669)

Scheme Asset

The Local Government Pension Scheme invests in a wide range of funds managed by external investment managers. The details of all mandates as at 31st March 2023 and 2022 are shown in the table below. Further details are contained in the pension fund's annual report and accounts:

Asset Class / Investment Manager	Holdings as at 31 March 2022		Holdings as at 31 March 2023	
	%	%	%	£'000
Equity	49.7%	402,065	51.7%	412,999
LGIM - Global index tracking listed equities	12.7%	102,293	13.7%	105,446
LGIM - Global equities on basis of fundamental factors (sales, cashflow, book value, dividends)	15.7%	127,129	0.0%	0
LGIM ESG tilted global market	11.3%	91,442	26.9%	214,887
LCIV Emerging market equities	4.5%	36,238	4.6%	36,747
Adam Street - Private Equity	2.5%	20,243	3.5%	27,959
Adam Street – Secondaries	0.2%	1,882	0.8%	6,391
LCIV Sustainable Equity Exclusion	2.8%	22,839	2.7%	21,569
Diversified Growth Funds	9.8%	78,847	0.0%	0
Schroder DGF	9.8%	78,847	0.0%	0
Newton Real Return	0.0%	0	0.0%	0
Corporate Bonds	8.7%	70,533	8.0%	63,907
Schroders All Maturities Corporate Bond Fund	8.7%	70,533	8.0%	63,907

Liquid Multi-Asset Credit	9.9%	79,923	12.9%	103,050
Alcentra - Clareant Global Multi Credit	1.3%	10,269	4.1%	32,752
Baring Global High Yield Credit Strategies	2.7%	21,762	2.7%	21,569
Insight - IIFIG Secured Finance	5.9%	47,892	6.1%	47,892
Illiquid Alternatives	17.8%	109,357	17.1%	136,601
Partners Multi Asset Credit 2015	0.3%	2,369	0.2%	1,598
Partners Multi Asset Credit 2017	1.0%	8,313	0.9%	7,190
Partners Multi Asset Credit 2019	1.9%	15,645	2.0%	15,977
Alcentra - Clareant Direct European Lending	1.1%	8,548	0.9%	7,190
M&G Lion Credit Opportunities Fund	0.0%	0	0.0%	0
IFM Global Infrastructure	5.6%	45,176	6.7%	53,522
LCIV Renewables Infrastructure	0.7%	5,885	1.2%	9,586
LCIV Private debt	1.6%	12,983	2.9%	23,166
Barings Special Situation Credit	1.3%	10,438	2.3%	18,373
Property	4.3%	34,096	5.9%	47,131
Aberdeen Long Lease Property	2.7%	20,567	1.8%	14,379
CBRE Property	2.00%	15,891	2.2%	17,574
Fiera Real Estate	0.00%	0	1.9%	15,178
Cash	4.10%	33,472	4.4%	35,149
Total	104%	808,293	100%	798,837

Basis for Estimating Assets and Liabilities

To assess the value of the employer's liability at 31 March 2023, the council's actuary (Hymans Robertson LLP) rolled forward the value of the employer's liabilities calculated for the funding valuation as at 31 March 2022, using the financial assumptions that comply with IAS 19.

Mortality Assumptions

The significant assumptions used by the actuary in its calculation for the Local Government Pension Scheme are summarised below:

Assumed Life Expectancy	Gender	2021/22	2022/23
		Years	Years
Retiring Today	Male	21.7	21.5
	Female	24.3	24.3
Retiring in 20 Years	Male	23.1	22.5
	Female	26.1	25.9

Financial Assumptions

Assumptions	2021/22	2022/23
	% p.a.	% p.a.
Rate of increase in salaries	3.9	4.0
Rate of increase in pensions	3.2	3.0

Rate for discounting scheme liabilities	2.7	4.75
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As at the date of the most recent valuation, the duration of the Employer's funded liabilities is 19 years.

Sensitivity Analysis

The estimate of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. Sensitivity analysis has been undertaken, based on reasonably possible changes of assumptions occurring at the end of the reporting period. This assumes, for each change, that the assumption analysed changes, whilst all other assumptions remain constant. In practice changes in some of the assumptions may be inter-related. The estimation in the sensitivity analysis has followed the accounting policies for the scheme. The method and types of assumption used in preparing the sensitivity analysis below have not changed from those reported in the prior financial year.

Impact on the Defined Benefit Obligation in the Scheme (£'000)	Increase in Assumption	Decrease in Assumption
Longevity (increase or decrease of 1 year)	31,430 to 52,383	(31,430) to (52,383)
Rate of inflation in salaries (increase or decrease by 0.5%)	912	(912)
Rate of inflation in pensions (increase or decrease by 0.5%)	15,267	(15,267)
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	(16,295)	16,295

The variable whose sensitivity has the greatest impact is changes in the discount rate. Long term interest rates have declined over the last decade (and longer) and are the major cause of the significant net liabilities.

The Barnet Pension Fund Committee models the range of future outcomes when setting investment strategy and seeks the lowest volatility consistent with the required future investment return. There is no explicit liability hedging in place.

Impact on the Council's Cashflows

Contributions payable by the council are assessed by the scheme actuary every three years. The Actuary is required to emphasise solvency and cost-efficiency but also seeks to ensure stability of contributions by limiting the extend of changes from year to year for employers. A Triennial valuation was undertaken in March 2019 with the aim of setting employer pension contribution rates for the period 1 April 2020 to 31 March 2023 with the aim of restoring full funding within 20 years.

The total amount of employer contributions expected to be paid to the LGPS in financial year 2023/24 is £26.6m.

Note 36 Contingent Liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events that are not wholly within the council's control.

- North London Business Park- Dilapidations - The council successfully agreed to break its lease on North London Business Park in 20/21. There is a possibility that Middlesex University (MU) (our former landlord) will claim dilapidations from the council. Building 2 at NLBP has a potential new tenant taking majority of the space and this letting does have a positive impact for the council on the dilapidations. The landlord can claim void period and the claim can be minimised if they are going to be letting the space without any works taking place. Charges could be levied by the head landlord (Comer) on Middlesex Uni (our landlord) and then potentially passed through to us. Currently the claim is at £3m down from £3.6m and could potentially reduce. The likelihood that this risk will materialise is reducing but currently we can't be sure when (as well as if) the liability will arise. Negotiations are still on going and MU's surveyors are waiting to hear back from Comer's surveyors, and we are a long way from having to deal with a claim.
- Dispute for Ordinary Residence - Dispute regarding Ordinary Residence costs between London Borough of Barnet and another council who are seeking repayment of community care provision. This dispute is likely to be settled by the Secretary of State.
- Dispute regarding S106 agreement - Project involving a S106 Agreement which provides for funds to be paid to the developer towards redevelopment of a site and public realm improvements to adjacent Colindale Avenue. The impact of Covid has resulted in delays in progress particularly in relation to third party developer. Though discussions are taking place between the developers, the council may be liable for costs greater than £100k if project is not completed.
- Dispute regarding care orders - This dispute concerns applications for care orders. The council may be liable to find appropriate accommodation which may cost greater than £100k.

Note 37 Nature and Extent of Risks Arising from Financial Instruments

Financial Instruments Risk

The council has adopted CIPFA's Code of Practice on Treasury Management (and subsequent amendments) and complies with The Prudential Code for Capital Finance in Local Government.

As part of the adoption of the Treasury Management Code, the council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy Statement (TMSS) includes an Annual Investment Strategy in compliance with the MHCLG's guidance on local government investments. This guidance emphasises that priority is to be given to security and liquidity, rather than yield. The council's Treasury Management Strategy, together with its Treasury Management Practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity. The Council's activities expose it to a variety of financial risks:

- Credit Risk: The possibility that other parties might fail to pay amounts due to the authority.

- **Liquidity Risk:** The possibility that the council might not have the funds available to meet its commitments to make payments.
- **Market Risk:** The possibility that financial loss might arise for the authority as a result of changes in such measures as interest rates and stock market movements.

Risk management is carried out by the Treasury team in accordance with policies that are regularly updated covering the risk areas mentioned above.

Credit Risk

Credit risk arises from deposits and loans with banks, financial institutions, corporate borrowers as well as credit exposure to the authority’s customers. The Council manages credit risk for short-term deposits by ensuring that investments are placed with counterparties (banks, other local authorities and AAA-rated money market funds) of sufficiently high credit quality as set out in the Treasury Management Strategy. A limit of £25m is placed on the amount of money that can be invested with a single counterparty and a minimum long-term credit rating of A- (apart from part nationalised UK banks). The council also sets a total group investment limit for institutions that are part of the same banking group and limits the geographical exposures to the UK and countries whose government debt is rated AA or higher.

In addition to short-term investments (maximum 12 months duration) the council also can lend long-term to counterparties described as ‘non-specified’ within the TMSS. The council’s 2022-23 TMSS determines time limits for classes of investments and states a maximum £100m total in non-specified investments. In 2022-23, all investments except for loans to Saracens (maximum 30 years) and TBG Open Door (maximum 49 years) were placed for less than 365 days.

Customers for goods and services are assessed, considering their financial position, past experience and other factors. Services are responsible for controlling the issue of credit in line with pre-determined arrangements and adhering to the arrangements for blocked customers.

It must also be noted that although credit ratings remain a key source of information, the council recognises that they have limitations and investment decisions are based on a range of credit indicators. All investments have been made in line with the Council’s Treasury Management Strategy for 2022-23, approved by Council on 28 February 2023.

The two tables below summarise the nominal value and credit ratings of the council’s investment portfolio at 31 March 2023, and confirms that all investments were made in line with the council’s approved credit rating criteria at the time of placing the investment:

Counterparty	Credit Rating Criteria Met When Investment Placed	Credit Rating Criteria Met on 31 March 2023	Balance Invested as at 31 March 2023					
			£'000					
	Yes/No	Yes/No	<=3 months	>3 months and <6 months	>6 months and <12 months	>12 months and <24 months	>24 months	Total
Housing Association - UK	Yes	Yes	5,000	0	0	0	0	5,000
Banks – UK	Yes	Yes	20,000	5,000	0	0	0	25,000
Banks – Non UK	Yes	Yes	23,600	15,700	0	0	0	39,300
Total Banks			43,600	20,700	0	0	0	64,300
Money Market Funds	Yes	Yes	39,000	0	0	0	0	39,000
Current accounts	Yes	Yes	15,753	0	0	0	0	15,753
Bank Overdraft	n/a	n/a	0					0
Total Cash and Cash Equivalents			103,353	20,700	0	0	0	124,053
Loans to community organisations	Yes	Yes	0	0	0	0	22,074	22,074
Other corporate loans	n/a	n/a	0	0	0	0	8,241	8,241
Investment in subsidiary								
Loans to council subsidiary**	Yes	Yes	0	0	0	0	177,493	177,493
Total Corporate Loans			0	0	0	0	207,809	207,809

**To be repaid over 48 years

The above analysis shows that all deposits outstanding as at 31st March 2023 met the council's credit rating criteria. No investment limits were exceeded during the year and the council does not anticipate any defaults on its treasury investments. Also included in the table are non-treasury investments arising from the Council's commercial activities.

	31-Mar-22		31-Mar-23	
	Current	Non-Current	Current	Non-Current
Credit Ratings	£'000	£'000	£'000	£'000
AAAmmf (funds)	35,212	0	39,000	0
AA-	0	0	0	0
AA+	41,900	0	30,000	0
A	51,000	0	14,300	0
A-	64,200	0	25,000	0
BBB+	0	0	0	0

Unrated local authorities	0	0	0	0
Unrated corporates	0	23,763	0	30,315
Wholly owned Subsidiary	0	155,207	0	177,493
Total	192,312	178,970	108,300	207,809

The credit ratings in the above table are the lowest of the long-term debt ratings from the three main rating agencies using the Fitch designations.

The risk of non-recovery applies to all the Council’s investments. Link Asset Services have estimated that the historic risk of default for Treasury investments (£108,300 in the above table) as 0.008% as at 31st March 2023. There is no evidence at the 31 March 2023 that a risk of loss is likely to crystallise on the other investments. However, in line with the requirement of IFRS9 a provision of £1.136 million has been made against the loan to the wholly owned subsidiary to reflect the long-term repayment profile and £0.011m provision against the unrated corporates.

Statutory Debt

The following analysis summarises the council’s balances and transactions arising from statutory functions and shows balances and provisions for bad debts in relation to Council tax and Business Rates:

Council Tax Debtors	Gross Debt £'000	Bad and Doubtful Debts Provision £'000
2021/22 Council Tax Debtors	50,353	(29,684)
2022/23 Council Tax Debtors	54,237	(31,002)

NNDR Debtors	Gross Debt £'000	Bad and Doubtful Debts Provision £'000
2021/22 NNDR Debtors	8,571	(5,482)
2022/23 NNDR Debtors	6,815	(4,160)

Liquidity Risk

The council has a comprehensive cashflow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the council has access to borrowing facilities including the Public Works Loan Board, commercial banks, bond issues, and other local authorities. There is no perceived risk that the council will be unable to raise finance to meet its commitments. The council also must manage the risk that it will not be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates by setting limits on the proportion of total debt expiring in any five-year period.

The council would only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

The Council manages its investment portfolio to ensure cash is available to meet all liabilities as they fall due for payment. At 31st March 2023, all treasury investment (£108.3 million) had a callable maturity of less than 12 months, of which £39 million was immediately available. The duration of the other investments is shown in the table above.

The Council undertakes long term projection of its capital programme to ensure that funding is undertaken as efficiently as possible using forecasts of future interest rates.

The maturity analysis of the nominal value of the council's debt including future debt interest payments as at 31 March 2023 was as follows:

Maturity Analysis of Borrowing:	31 March 2021 £'000	% of total debt portfolio	31 March 2022 £'000	% of total debt portfolio
0 to 5 years	92,911	11.02%	109,056	9.67%
Over 5 but not over 10 years	121,224	14.38%	171,169	15.18%
Over 10 but not over 15 years	144,145	17.10%	107,767	9.55%
Over 15 but not over 20 years	69,479	8.24%	123,107	10.91%
Over 20 but not over 25 years	102,784	12.19%	64,589	5.73%
Over 25 but not over 30 years	33,277	3.95%	42,635	3.78%
Over 30 but not over 35 years	61,165	7.26%	69,349	6.15%
Over 35 but not over 40 years	27,406	3.25%	36,764	3.26%
Over 40 but not over 45 years	37,260	4.42%	46,195	4.10%
Over 45 years	153,409	18.20%	357,300	31.68%
Total	843,060	100%	1,127,930	100%

Note: The maturities of PFI borrowing are shown in Note 32

Market Risk

Interest rate risk – the Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy, a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

As at 31 March 2022, the debt portfolio (nominal value) consisted of fixed rate PWLB debt of £621.58 million, market loans of £62.5million and interest free loans of £3.795m for environmental projects. The market debt includes options that allow the lender to change the rate of interest (and the Council to repay with no penalty if an option is exercised) such that these borrowings could be considered variable. Based on prevailing interest rates, it is unlikely that any options will be exercised in the next twelve months. The replacement of short-term debt is also subject to changes in market pricing. The Treasury Management Strategy aims to mitigate interest rate risks by setting an upper limit of 30% on external debt that can be subject to variable interest rates. At 31 March 2023, 100% of the debt portfolio was held in fixed rate instruments, of which 9.81% mature in the next five years. In addition, the debt balances with interest rate options represent 9.09% of the debt portfolio.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest receivable on variable rate investments	771
Impact on Surplus or Deficit on the Provision of Services	771
Share of overall impact credited to the HRA	302
Increase in fair value of fixed interest investments*	0
Impact on Other Comprehensive Income and Expenditure:	302
Decrease in fair value of fixed rate borrowings/liabilities*	(68,936)

*No impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure as these are carried at amortised cost.

The impact of a 1% decrease in interest rates on investment income, assuming no decrease in normal treasury Investments, is £771,000 (HRA share: £302,000). These assumptions are based on the same methodology as used in the 'Fair Value' disclosure note. (Note 17).

Price Risk

The council does not invest in equity shares and therefore is not subject to any price risk (i.e. the risk that the council will suffer loss as a result of adverse movements in the price of financial instruments).

Foreign Exchange Risk

The council has no financial assets or liabilities denominated in foreign currencies, and thus had no exposure to loss arising from movements in exchange rates.

Note 38 Group Pension Reserve

The London Borough of Barnet is required to prepare Group Accounts consolidating its subsidiaries where they have a material interest in the subsidiaries. The interest in the subsidiaries is considered material due to the respective pension scheme/reserve of the subsidiaries. As such, the respective single entity Pension Fund position and the consolidated group Pension Fund are highlighted below:

Consolidated Pension Fund	31 March 2022 £'000	31 March 2023 £'000
London Borough of Barnet	557,253	248,832
The Barnet Group Ltd	47,534	47,534
Total	604,787	296,366

The assumptions used and the detailed breakdown of the London Borough of Barnet Pension Liability of £248.832 can be seen in Note 35.

The Barnet Group Pension Liability

The figures shown below for The Barnet Group 2022/23 Pension Liability show no movement from 2021/22 as the final IAS19 figures are not yet available. The final figures will be published in the council's final 2022/23 Statement of Accounts.

Net Pension Fund Liability as at	31 March 2022 £'000	31 March 2023 £'000
Present Value of Funded Obligation	(140,337)	(140,337)
Fair Value of Scheme Assets	93,413	93,413
Net Liability	(46,924)	(46,924)
Present Value of Unfunded Obligation	(610)	(610)
Net Liability in Statement of Financial Position	(47,534)	(47,534)

The Barnet Group Pension Assets

Reconciliation of the Movement in Fair Value of Scheme Assets	31 March 2022	31 March 2023
	£'000	£'000
Opening Fair Value of Scheme Assets	85,494	85,494
Interest Income	1,720	1,720
Return on Assets	5,019	5,019
Administration expenses	27	27
Effect of business combination	0	0
Contributions by employer	2,688	2,688
Contributions by scheme participants	673	673
Estimated benefits paid including unfunded benefits	(2,208)	(2,208)
Fair value of scheme assets at end of period	93,413	93,413

Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligation)	31 March 2022	31 March 2023
	£'000	£'000
Opening Defined Benefit Obligation	145,410	145,410
Current service cost	5,060	5,060
Interest Cost	2,294	2,294
Remeasurement Gains & Losses:		
Actuarial gains and losses arising from changes in financial assumptions	(7,631)	(7,631)
Actuarial gains and losses arising from changes in demographic assumptions	(2,804)	(2,804)
Other Experience gains and losses	77	77
Liabilities extinguished on settlements	0	0
Estimated funded benefit paid	(2,181)	(2,181)
Past Service Cost	29	29
Effect of business combinations	47	47
Contributions by scheme participants	673	673
Unfunded pension payments	(27)	(27)
Closing Defined Benefit Obligation	140,947	140,947

Note 39 Group Disclosures

This note provides details of the material movements between the Council's accounts and the consolidated Group accounts.

39.1 Property plant and equipment (PPE)

2021/22		2022/23
£'000		£'000
1,675,198	Council PPE	1,749,731
178,401	The Barnet Group PPE	210,862
8,503	Assets transferred to The Barnet Group for £1 in 201819	8,503
(125,054)	Write down cost to expected use value of social housing on new dwellings @ 75%	(131,660)
0	Accounting standard IFRS16 - implemented by TBG; due to be implemented by the council in 2024/25	(6,275)
1,737,048	Consolidated Group	1,831,162

39.2 Intangible Assets

2021/22		2022/23
£'000		£'000
16,798	Council Intangible Assets (Licenses and certificates)	14,824
1,277	The Barnet Group Intangible Assets (Licenses and certificates)	799
10,000	Land option	10,000
28,075	Consolidated Group	25,623

39.3 Long Term Debtors

2021/22		2022/23
£'000		£'000
194,829	Council Long Term Debtors	223,166
(109,462)	Elimination debtor for loans to ODH	(131,749)
(45,000)	Transfer of properties to ODH for deferred capital Receipts	(45,000)
(5,000)	£5m long term debtor in Cricklewood	(5,000)
35,367	Consolidated Group	41,417

39.4 Short Term Debtors

2021/22		2022/23
£'000		£'000
179,807	Council Short Term Debtors	173,544
22,960	The Barnet Group Short Term Debtors	19,012
3,631	BELS Short Term Debtors	4,591
(4,380)	Amount due to parent undertaking by TBG	(2,210)
(3,129)	Amount due to parent undertaking by BELS	(4,178)
(15,997)	Amounts due from parent undertaking by TBG	(7,807)
(3,401)	Amounts due from parent undertaking by BELS	(4,245)
179,491	Consolidated Group	178,706

39.5 Cash and Cash Equivalents

2021/22		2022/23
£'000		£'000
140,800	Council Cash and cash equivalents	103,353
15,205	The Barnet Group Cash and cash equivalents	35,601
3,610	BELS Cash and cash equivalents	2,312
159,615	Consolidated Group	141,266

39.6 Short Term Creditors

2021/22		2022/23
£'000		£'000
(263,850)	Council Short Term Creditors	(214,459)
(31,799)	The Barnet Group Short Term Creditors	(45,503)
(6,766)	BELS Short Term Creditors	(6,403)

4,380	Amount due to parent undertaking by TBG	7,807
3,129	Amount due to parent undertaking by BELS	4,245
15,997	Amounts due from parent undertaking by TBG	4,704
3,401	Amounts due from parent undertaking by BELS	4,178
0	Accounting standard IFRS16 – Finance leases payable in less than one year	0
(275,508)	Consolidated Group	(245,429)

39.7 Pension Scheme

2021/22		2022/23
£'000		£'000
(557,253)	Council Pension Scheme	(248,832)
(47,534)	The Barnet Group Pension Scheme	(47,534)
0	Increase in pension liability in pension assets	0
(604,787)	Consolidated Group	(296,366)

Supplementary Statements and Notes Housing Revenue Account (HRA)

Income and Expenditure Statement

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with the Code, rather than the amount to be funded from rents and grants. The council charges rents to cover expenditure in accordance with regulations; however, these may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the HRA Statement.

2021/22	Income and Expenditure Statement	2022/23
£'000	Expenditure	£'000
10,664	Repairs & Maintenance	11,286
28,367	Supervision & Management	30,057
115	Rents, Rates, Taxes, and other charges	101
18,686	Depreciation, impairment, and revaluation losses of non-current assets	39,318
(3)	Debt Management Costs	(3)
589	Increase/(Decrease) in allowance for bad or doubtful debts	942
58,419	Total Expenditure	81,700
	Income	
(50,397)	Dwelling rents	(52,578)
(736)	Non-dwelling rents	(794)
(7,270)	Charges for services and facilities	(6,802)
(4,174)	Other	(7,054)
(62,576)	Total Income	(67,228)
(4,157)	Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	14,472
(9,978)	(Gains)/loss on sale of HRA Fixed Assets	(15,168)
10,103	Interest Payable and Similar Charges	11,520
0	HRA Interest and Investment Income	0
(598)	Investment property income	(624)
(7,258)	Movement in Investment Property valuation	9,417
(2,404)	Capital Grants and Contributions	(7,298)
(14,292)	Deficit for the year on HRA Services	12,319

Movement on HRA Statement

2021/22	Movement on HRA Statement	2022/23
4,000	HRA Balance as at 31 March 2020	4,020
(14,292)	Surplus/(Deficit) for the Year on HRA Services	12,319
	Adjustments Between Accounting and Funding Basis under Statute:	
(2)	Financial Instrument Adjustment	(2)
(14,155)	Transfer to Major Repairs Reserve	(14,681)
(9,978)	Gain/(loss) on sale of HRA non-current assets	(15,168)
11,767	Transfer to Capital Adjustment Account	42,270
0	Transfer to/from Capital Receipts Reserve	0
(1,905)	Transfer to Capital Grants Unapplied Reserve	0
(14,273)	Total Adjustments	12,419
20	Net increase / (decrease) in year	100
4,020	HRA Balance as at 31 March 2021	4,120

Note 1 Analysis of Housing Stock

Note 1 Analysis of Housing Stock		
At 31st March 2023, the council was responsible for managing a housing stock of 9,216 dwellings, comprising the following types:		
31-Mar-22	Asset Type	31-Mar-23
3,542	Houses	3,509
6,122	Flats	5,707
9,664	Total Stock	9,216

Note 2 Arrears and Bad Debt Provision

Note 2 Arrears and Bad Debt Provision		
31-Mar-22	Category	31-Mar-23
£'000		£'000
4,870	Council House Tenants	4,535
10,739	Leaseholders	12,034
1,428	Commercial Tenants	1,087
17,037	Total Arrears	17,656
(3,099)	Bad Debt Provision	(3,111)

Note 3 Balance Sheet Value of HRA Operational Assets

Note 3 Balance Sheet Value of HRA Operational Assets		
31-Mar-22	Asset Type	31-Mar-23
£'000		£'000
845,891	Council Dwellings	862,373
11,898	Other Land and Buildings	14,367
181	Heritage Assets	181
72,314	Investment properties	82,844
21,458	Surplus Assets not held for sale	15,258
951,741	Total Value	975,023
31-Mar-22		31-Mar-23
£'000		£'000
3,413,274	Value of Non-Operational Assets	3,382,569

*Vacant Possession value reflects the value in an open market. The Council stock is shown at 25% of MV, as rents are restricted and used for social housing.

Note 4 Impairment Charges and Revaluation Losses

Note 4 Impairment Changes and Revaluation Losses		
2021/22	Asset Type	2022/23
£'000		£'000
2,577	Council Dwellings	26,167
(7,258)	Other Land and Buildings and Investment Properties	9,417
(4,681)	Total	35,584

Note 5 Depreciation

Note 5 Depreciation		
2021/22	Asset Type	2022/23
£'000		£'000
12,222	Council Dwellings	12,683
580	Other Land and Buildings	468
12,802	Total	13,151

Note 6 Capital Expenditure and Financing

Note 6 Capital Expenditure and Financing		
2021/22	Breakdown	2022/23
£'000		£'000
69,804	Capital Expenditure	92,184
	Sources of Funding	
(19,004)	Major Repairs Reserve (MRR)	(14,681)
(1,877)	Capital Receipts	(945)
(48,923)	Other Contributions	(76,558)
(69,804)	Total	(92,184)

Note 7 Capital Receipts from Disposals

Note 7 Capital Receipts from Disposals		
2021/22	Asset Type	2022/23
£'000		£'000
6,350	Council Dwellings	16,639
6,137	Other Land and Buildings	4,225
12,487	Total	20,864

Note 8 Accounting for Pensions in the HRA

As day-to-day housing management is carried out by Barnet Homes Limited, the HRA employs very few staff directly. Therefore, although the HRA is reported in an IFRS basis, no attempt has been made to apportion the pension liability between the General Fund and the HRA.

Collection Fund

Collection Fund Statement

The Collection Fund Account is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the council as billing authority in relation to the collection from taxpayers and distribution to precepting bodies and the Government of Council Tax and Non-Domestic Rates (NDR).

2021/22			Collection Fund Statement	2022/23		
NDR	Council Tax	Total		NDR	Council Tax	Total
£'000			Income	£'000		
0	254,867	254,867	Council Tax	0	263,270	263,270
85,010	0	85,010	Business Rates Receivable	96,442	0	96,442
2,119	0	2,119	Business Rates Supplement	2,597	0	2,597
			Contributions to prior year's deficit			
24,379	0	24,379	Central Government	19,303	0	19,303
21,635	998	22,633	London Borough of Barnet	17,548	0	17,548
27,356	260	27,616	Greater London Authority	21,643	0	21,643
160,499	256,125	416,624	Sub-Total	157,533	263,270	420,803
			Expenditure			
			Disbursement of prior year's deficit			
0	0	0	Central Government	0	0	0
0	0	0	London Borough of Barnet	0	1,246	1,246
0	0	0	Greater London Authority	0	356	356
0	0	0	Sub-Total	0	1,602	1,602
			Precepts and demands			
37,637	0	37,637	Central Government	27,423	0	27,423
34,215	198,050	232,265	London Borough of Barnet	24,930	203,732	228,662
42,199	53,856	96,055	Greater London Authority	30,747	59,668	90,415
2,113	0	2,113	Crossrail (GLA)	2,591	0	2,591
116,164	251,906	368,070	Sub-Total	85,690	263,400	349,091
			Charges to Collection Fund			
391	0	391	Cost of collection allowance	385	0	385
6	0	6	BRS collection allowance	6	0	6
0	2,138	2,138	Increase/(decrease) in allowance for bad or doubtful debts	0	2,170	2,170
(22,183)	0	(22,183)	Movement in provision for appeals	(2,600)	0	(2,600)
988		988	Transitional Protection Payments (received)/payable	538	0	538
(20,797)	2,138	(18,659)	Sub-Total	(1,671)	2,170	499
(65,132)	(2,081)	(67,213)	(Surplus)/deficit for the year	(73,513)	3,903	(69,611)

Surplus on the Collection Fund

The (surplus)/deficit on the collection fund is attributable to the council, Central Government, and the Greater London Authority as follows:

31-Mar-22			(Surplus)/Deficit on the Collection Fund	31-Mar-23		
NDR	Council Tax	Total		NDR	Council Tax	Total
£'000				£'000		
12,376	1,983	14,359	London Borough of Barnet	(9,678)	4,974	(4,703)
15,264	541	15,805	Greater London Authority	(11,936)	1,453	(10,483)
13,614	0	13,614	Central Government	(10,645)	0	(10,645)
41,255	2,524	43,779	Total	(32,259)	6,427	(25,832)

Note 1 General

The council is required to maintain a separate agency Collection Fund Account. The Collection Fund account includes all transactions relating to the collection of business rates and council tax from taxpayers and their distribution to other local authorities and central government. This is a separate account from the General Fund account.

Note 2 Council Tax

Council tax derives from charges raised according to the value of residential properties, which are classified into eight valuation bands (A to H). Individual charges are calculated by taking the total income required to be taken from the Collection Fund by the various precepting authorities and dividing this by the council tax base (the equivalent numbers of band D properties).

The council tax at Band D is £1,746.29 for 2022/23. The tax base in Barnet has increased from 148,094 to 150,834.

		2021/22	2022/23
Band	Ratio	Band D Equivalent	Band D Equivalent
A	6/9	1,617	1,710
B	7/9	4,753	4,641
C	8/9	19,613	19,791
D	9/9	30,284	32,161
E	11/9	33,430	33,799
F	13/9	25,592	25,746
G	15/9	24,800	24,931
H	18/9	8,001	8,050
MOD Contribution		4	4
Tax Base		148,094	150,834

Note 3 Business Rates

The council collects business rates for its area on local rateable commercial property values provided by the Valuation Office Agency (VOA), multiplied by the uniform business rates multiplier set nationally by central government.

2021/22	Business Rates	2022/23
293,317,791	Non-domestic rateable value at 31 March	290,795,913
51.2	Business rate multiplier - standard rate	51.2
49.9	Business rate multiplier - small businesses	49.9

Note 4 Collection Fund Surplus/Deficit

The billing authority and preceptors share any council tax and NNDR surpluses or deficits in proportion to the precept requirement or regulatory shares.

Note 5 Business Rates Supplement

A Business Rates Supplement (BRS) is levied by the Greater London Authority on non-domestic properties with a rateable value of £70,000 or more and is subject to certain allowances and exemptions.

The aggregate rateable value of properties liable for the BRS at 31st March 2023 was £168.0m (the equivalent figure at 31st March 2022 being £168.7m). The multiplier has remained at 2.0p / £ since the BRS was introduced.

Pension Fund

STATEMENT OF ACCOUNTS

2022/23

Auditor's Statement – Pension Fund (to follow)

Main Statements: Fund Account

		2022/23	2021/22
	Notes	£000	£000
Dealings with members, employers and others directly involved in the fund			
Contributions	6	(66,878)	(61,990)
Transfers in from other pension funds	7	(6,072)	(9,247)
		(72,951)	(71,238)
Benefits	8	64,913	63,583
Payments to and on account of leavers	9	9,944	5,611
		74,858	69,194
Net (additions) from dealings with members		1,907	(2,044)
Management expenses	10	18,403	14,942
Net (additions) / withdrawals including fund management expenses		20,311	12,899
Returns on investments			
Investment income	11	(4,037)	(9,023)
Profit and losses on disposal of investments and changes in the value of investments	13	24,040	(110,902)
Net return on investments		20,002	(119,926)
Net (increase) / decrease in the net assets available for benefits during the year		40,314	(107,027)
Opening net assets of the scheme		1,501,627	1,394,600
Closing net assets of the scheme		1,461,313	1,501,627

Main Statements: Net Assets Statement

		31 March 2023	31 March 2022
	Notes	£000	£000
Investment assets		1,476,844	1,481,979
Long term investments		150	150
Total net investments	13	1,476,994	1,482,129
Current assets	18	14,781	69,353
Current liabilities	19	(30,461)	(49,855)
Net assets of the fund available to fund benefits at the end of the reporting period		1,461,313	1,501,627

The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at note 17.

Notes to the Pension Fund Statement of Accounts

Note 1 Description of the Fund

The London Borough of Barnet Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS). The Fund is administered by the London Borough of Barnet (LBB) and the Council is the reporting entity for the Fund.

The day to day administration of the Fund and the operation of the management arrangements and investment portfolio are delegated to the Chief Finance Officer (Section 151 Officer) of the Council.

The following description of the Fund is a summary only. For more detail, reference should be made to the London Borough of Barnet Pension Fund Annual Report 2022/23 and the underlying statutory powers underpinning the scheme.

General

The scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme Regulations 2013 (as amended)
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by the LBB Council to provide pensions and other benefits for pensionable employees of the Council and a range of other scheduled and admitted bodies.

A government scheme supplies teachers' pensions and as such they are not provided for under these arrangements.

The Fund's accounts provide information on the financial position, investment performance and risk showing the results of the Council's stewardship in managing the resources entrusted to it. The Fund is overseen by the Pension Fund Committee which is specifically set up as a committee of the London Borough of Barnet Council and has authority under the Council's constitution to approve the Pension Fund Annual Report and Pension Fund Statement of Accounts.

Membership

Membership of the LGPS is voluntary and employees, including non-teaching staff in schools, are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements (except teachers, who have a separate scheme). Organisations participating in the Fund are classed as admitted and scheduled bodies:

- Admitted Bodies – organisations that participate in the Fund under an admission agreement between the Fund and the organisation. Admitted bodies can include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.
- Scheduled Bodies – local authorities, academies, colleges and similar bodies whose staff are automatically entitled to be members of the Fund.

The numbers of members have been extracted from the underlying membership records in the live system as at 31 March 2023, including the comparative figures. An analysis of membership movement in the year is provided in the note below.

The number of employees contributing to the Fund increased during the year from 8,782 to 9,729 at 31 March 2023. During the same period, the number of pensioners increased from 8,116 to 8,587 and the number of deferred pensioners decreased from 9,721 to 9,517.

	31 March 2023	31 March 2022
Number of employers with active members	70	65
Number of employees in scheme		
London Borough of Barnet	3,961	3,561
Other employers	5,768	5,221
Total	9,729	8,782
Number of pensioners		
London Borough of Barnet	5,500	5,248
Other employers	3,087	2,868
Total	8,587	8,116
Deferred pensioners		
London Borough of Barnet	5,835	6,153
Other employers	3,682	3,568
Total	9,517	9,721
Total number of members in pension scheme	27,833	26,619

NB: Scheme members with multiple roles will be included more than once in the table as will contractors with more than one contract.

Funding

The Fund is financed by contributions from employers, employees and the income from the Fund's investments. The funding policy aims to ensure that the assets held by the scheme in the future are adequate to meet accrued liabilities, allowing for future increases in pay and pensions.

Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ended 31 March 2023. Employers also pay contributions and their rates are set based on triennial actuarial funding valuations. Further details of the last actuarial valuation are given in Note 16.

Benefits

The Fund is operated as a funded, defined benefit occupational pension scheme which provides for the payment of benefits to former employees of LBB and those bodies required to participate or otherwise admitted to the Fund referred to as "members". The benefits include not only retirement pensions, but also widows' pensions, death grants and lump sum payments.

Note 2 Basis of Preparation

The statement of accounts summarises the Fund's transactions for the 2022/23 financial year and its position at year-end as at 31 March 2023. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The accounts have been prepared on a going concern basis.

Note 3 Summary of Significant Accounting Policies

Fund account – revenue recognition

Contribution income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the Fund actuary in the payroll period to which they relate.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date. Where the Actuary has agreed to a pre-payment of deficit contributions, the amount paid is allocated to the year in which it was paid and not apportioned between financial years.

Augmentation contributions are accounted for when the contributions are receivable, which is mainly when the relevant benefits are paid.

Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations 2013.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Investment income

- **Distributions from pooled funds** are recognised at the date of payment. Should there be a timing delay between the date the net asset value is reduced to reflect the distribution and the date of receipt, the income is disclosed in the net assets statement as a current financial asset.
- **Movement in the net market value of investments** are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund account – expense items

Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

Taxation

The Fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. As the London Borough of Barnet is the administering authority of the Fund, VAT input tax is recoverable on all Fund activities.

Members are entitled to request the Pension Funds pays their tax liabilities due in respect of annual allowance and lifetime allowance in exchange for a reduction in pension. Where the Fund pays members tax liabilities direct to HMRC it is treated as an expense in the year in which the payment occurs.

Management expenses

The Fund discloses its pension fund management expenses in accordance with CIPFA's Accounting for Local Government Pension Scheme Management Expenses (2016).

- All **administrative expenses** are accounted for on an accruals basis. Associated management, accommodation and other overheads are apportioned to this activity, based on estimated time spent, and charged as expenses to the Fund. A proportion of the Council's costs representing management time spent by officers on investment management is also charged to the Fund.
- All **oversight and governance expenses** are accounted for on an accruals basis. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.
- All **investment management expenses** are accounted for on an accruals basis. Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. These expenses also include performance fees and expenses incurred by the investee funds.

Net assets statement

Financial assets

Investment assets are included in the net assets statement on a fair value or cost basis as at the reporting date. Cash held by fund managers, money market fund investments, long-term investments, receivables and own cash are at amortised cost. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date, any gains or losses arising from changes in the fair value of the asset are recognised in the Fund account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13. For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016). Further details are provided by note 13.

Purchases and sales of investments in foreign currencies have been accounted for at the spot market rate at the date of the transaction. End of year spot market exchange rates are used to value non-sterling denominated investments.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the Fund's external managers.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Financial liabilities

The Fund recognises financial liabilities at amortised cost as at the reporting date. A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability.

Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 26 and relevant actuarial standards.

Additional voluntary contributions

The Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the pension Fund. The Fund has appointed Prudential and Aviva as its AVC providers. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (note 20).

Post Balance Sheet Events

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Pension Fund a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Net Asset Statement but, if material, are disclosed in a note to the accounts.

Note 4 Critical Judgements in Applying Accounting Policies

The net pension Fund liability, which is disclosed within note 17 but excluded from the Net Assets Statement, is recalculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines.

This estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Note 16.

These actuarial revaluations are used to set future contribution rates and underpin the Fund's most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return.

Note 5 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

There is a significant risk of material adjustment in the forthcoming financial year is as follows.

Actuarial present value of promised retirement benefits

Estimation of the net liability to pay pensions, which is disclosed within note 21 but excluded from the Net Assets Statement, depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. A firm of consulting actuaries is engaged to provide expert advice about the assumptions to be applied. Sensitivity analysis and the effects of changes in individual assumptions on the net pension liability are shown in Note 21.

Fair Value of Unquoted Investments

The valuation of unquoted investments in infrastructure, property, private equity and distressed debt is made by the relevant fund manager based on net asset values, in most cases derived from valuations provided by the underlying investee companies. Full details of the valuations of these investments is provided in note 13D. These valuations are based on estimates and judgements that cannot be verified. There may be a timing difference between the date of the valuation information and the date of the Fund's financial statements during which the underlying investment values may have increased or decreased by a material amount. Furthermore, because there is no liquid market for these investments, their values may differ from the values that might be achieved had such a market existed. These differences could be material. Sensitivity analysis is also provided in note 13D. The valuation techniques used by fund managers is reviewed for reasonableness using audited accounts and internal controls reporting when available.

Note 6 Contributions Receivable

By category

	2022/23	2021/22
	£000	£000
Employees' contributions:	(14,079)	(13,073)
Employers' contributions:		
Normal contributions	(44,900)	(40,759)
Deficit recovery contributions	(3,897)	(4,023)
Augmentation contributions	(4,003)	(4,135)
Total employers' contributions	(52,800)	(48,917)
Total contributions receivable	(66,878)	(61,990)

By authority

	2022/23	2021/22
	£000	£000
London Borough of Barnet	(39,748)	(35,569)
Scheduled bodies	(23,487)	(22,282)
Admitted bodies	(3,643)	(4,140)
Total contributions receivable	(66,878)	(61,990)

The contributions shown in the table above for the London Borough of Barnet, included the following wholly owned subsidiaries of the Council:

Barnet Homes	£1.832 million	(2021/22: £2.265 million)
Your Choice	£0.664 million	(2021/22: £0.563 million)
Barnet Education & Learning Services	£0.604 million	(2021/22: £0.860 million)

Contributions paid by London Borough of Barnet in 2020/21 included £20.477 million advance payment of deficit contributions due for the period 1 April 2020 to 31 March 2023 of which £7.804 million was payable in 2022/23. As a consequence of paying these contributions early, the Actuary reduced the amount due by £1.409 million. The advance payment was allocated to 2021/22 and 2020/21 contributions and not spread over the period to which it relates.

Note 7 Transfers in from other Pension Funds

	2022/23	2021/22
	£000	£000
Group transfers	0	0
Individual transfers	(6,072)	(9,247)
Total transfers in from other Pension Funds	(6,072)	(9,247)

Note 8 Benefits Payable
By category

	2022/23	2021/22
	£000	£000
Pensions	53,542	51,384
Commutation and lump sum retirement benefits	9,584	10,479
Lump sum death benefits	1,788	1,719
Total benefits payable	64,913	63,583

By authority

	2022/23	2021/22
	£000	£000
London Borough of Barnet	46,769	45,503
Scheduled bodies	13,103	13,570
Admitted bodies	5,047	4,510
Total benefits payable	64,913	63,583

Note 9 Payments to and on Account of leavers.

	2022/23	2021/22
	£000	£000
Refunds to members leaving service	222	153
Individual transfers	9,723	5,458

Total payments to and on account of leavers	9,944	5,611
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Note 10 Management Expenses

	2022/23	2021/22
	£000	£000
Administrative costs	953	1,049
Investment management expenses	16,585	13,137
Oversight and governance costs	865	757
Total management expenses	18,403	13,349

Administration costs represent charges from the third-party pension administrator and LB Barnet staff costs relating to pension administration. Oversight and governance costs include staff cost recharges from LB Barnet, actuarial fees, investment advisory fees and audit fees. A more detailed discussion of investment costs is provided in the annual report, including details of savings achieved through pooling. Most costs (2022/23: £15.64 million, 2021/22: £12.1 million) are charged directly to investee funds.

Note 10a Investment Management Expenses

	2022/23	2021/22
	£000	£000
Management fees	6,293	6,273
Performance related fees	7,311	4,713
Custody fees	(3)	15
Transaction costs	2,985	2,136
Total investment management expenses	16,586	13,137

All investment management expenses relate to pooled investments, except for £31,000 (2021/22: £15,000) that relate to money market funds.

Note 11 Investment Income

	2022/23	2021/22
	£000	£000
Pooled investments – unit trusts and other managed funds	(2,524)	(9,002)
Interest on cash deposits	(1,514)	(22)
Total investment income	(4,037)	(9,023)

Note 12 Audit Costs

	2022/23	2021/22
	£000	£000
Payable in respect of external audit	40	36
Total external audit costs	40	36

Prior year audit costs in the above table include additional charges agreed after the closure of the accounts.

Note 13 Investments

2022/23					
	Market value	Purchases during the year	Sales during the year	Change in market value during the year	Market value
	1 April 2022				31 March 2023
	£000	£000	£000	£000	£000
Investment assets:					
Pooled investments	1,456,977	407,442	(403,123)	(22,972)	1,438,323
Money market funds	25,000	19,250	(5,750)		38,500
Long term investments	150				150
	<u>1,482,127</u>	<u>426,692</u>	<u>(408,873)</u>	<u>(22,972)</u>	<u>1,476,973</u>
Other investment balances:					
Cash deposits	2				20
Net investment assets	<u><u>1,482,129</u></u>				<u><u>1,476,994</u></u>

2020/21					
	Market value	Purchases during the year	Sales during the year	Change in market value during the year	Market value
	1 April 2021				31 March 2022
	£000	£000	£000	£000	£000
Investment assets:					
Pooled investments	1,345,152	273,220	(272,297)	110,902	1,456,977
Money market funds	1,530	23,470			25,000
Long term investments	150				150
	1,346,832	296,690	(272,297)	110,902	1,482,127
Other investment balances:					
Cash deposits	2				2
Net investment assets	1,346,834				1,482,128

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 and any income attributed to the unitised funds that has been retained by the funds and reinvested. Transaction costs are included in investment management expenses (note 10A). Pooled funds include property, private equity and infrastructure and movements in these investments are disclosed with note 13D.

Note 13a Analysis of Investments

	31 March 2023	31 March 2022
	£000	£000
Pooled funds – additional analysis		
UK		
Unit trusts	587,697	603,354
UK managed funds	755,185	782,137
Money market funds	38,500	25,000
Non-UK		
Overseas Managed Fund	95,440	71,485
	1,476,824	1,481,976
Long term investments	150	150
Cash deposits	2	2
Total investment assets	1,476,994	1,482,128

All investments are held through managed pooled entities and comprise underlying investments that are domiciled in both the UK and overseas.

Note 13b Investments analysed by Fund Manager

	Market value	31 March 2023	Market value	31 March 2022
	£000	%	£000	%
Legal and General	587,697	39.7	603,354	40.7
Schroder Investment Management	117,107	7.9	280,896	19.0
LCIV	227,015	15.4	146,718	9.9
Alcentra	13,161	0.9	35,384	2.4
Partners Group	46,099	3.1	49,506	3.3

Barings	73,469	5.0	60,546	4.1
Insight Investments	89,530	6.1	90,056	6.1
IFM Investors	98,001	6.6	84,949	5.7
Aberdeen Long Lease Property	26,397	1.8	34,234	2.3
CBRE	32,599	2.2	29,881	2.0
Adams Street	62,841	4.3	41,604	2.8
Fiera Real Estate	27,577	1.9	0	0.0
Allianz	18,500	1.3	0	0.0
Pemberton*	18,500	1.3	0	0.0
Legal and General Liquidity Fund	19,250	1.3	0	0.0
Aberdeen Standard Life	19,250	1.3	25,000	1.7
	1,476,994	100.0	1,482,128	100.0

*The Fund entered into an agreement for an £18.5m investment with Pemberton for 31st March 2023. However, the payment was made in April 2023, this is reflected in sundry creditors (note 19).

The investments of the Pension Fund are wholly invested within pooled vehicles with year-end valuations provided by the fund operator. Some of the underlying investments in these pools are highly illiquid and valuations are not verifiable to identical transactions at the year-end and are therefore estimated by the fund operator based on established models and guidelines. In particular, holdings in property, infrastructure and private equity with a year-end valuation of £254.1 million (31.3.22: £198.2 million) are particularly difficult to verify and rely on the fund operator adopting prudent valuation techniques. Valuations are monitored both internally and by the external investment advisor.

Pooling

The Fund became a shareholder in the London LGPS CIV Ltd (the organisation set up to run pooled LGPS investments in London) in 2015 and holds £150,000 of regulatory capital in the form of unlisted UK equity shares. The Fund's was invested in five pooled products at 31 March 2023 being LCIV Emerging Market Equities, value £67.3 million (31.3.22: £68.1 million), LCIV Sustainable Equities, value £39.7 million (31.3.22: £42.9 million), LCIV Private Debt value £41.8 million (31.3.22: £24.4 million), LCIV Renewables Infrastructure value £17.9 million (31.3.22: £11.1 million), and LCIV Multi-Asset Credit value £60.2 million representing 15.5% of the fund's value. The Fund's investments with Legal & General (39.7% of investments) are monitored by LCIV. The table below provides further analysis of the investments as at 31 March 2023 by both asset class and geographical exposure, breaking down pooled funds into their underlying exposures. Additional details of each fund are provided in the investment policy report.

INVESTMENTS ANALYSED BY ASSET CLASS

Asset Class		31 March 2023			31 March 2022		
		£'000	£'000	%	£'000	£'000	%
Equities							
	UK	31,318		2%	44,155		3%
	Overseas	669,168		46%	697,376		46%
	Global	0		0%	34,397		2%
			700,487	48%		775,928	52%
Bonds							
	UK	124,393		9%	142,174		9%
	Overseas	258,576		18%	211,587		14%
	Global	41,797		3%	55,994		4%
			424,767	29%		409,755	27%
Property							
	UK	55,049		4%	42,041		3%
	Overseas	31,524		2%	28,895		2%
			86,573	6%		70,936	5%
Infrastructure			115,897	8%		97,499	6%
Private Equity			62,841	4%		41,604	3%
Other assets			37,000	3%		37,807	2%
FX Forward derivative			0	0%		0	0%
Cash			57,160	4%		48,600	3%
Net Current Assets			-23,412	-2%		19,498	1%
Total Investment Assets			1,461,313	100%		1,501,627	100%

Where no geographic split is available, global in the table above represents both UK and overseas. None of the investment funds are listed. However, the underlying investments e.g. those managed by Legal & General, may be listed.

The following investments represent more than 5% of the net assets of the scheme. These funds are registered in the UK.

	31 March 2023		31 March 2022	
	£000	as % of investment assets	£000	as % of investment assets
Legal and General Future Worlds Fund	394,606	26.7	171,947	11.6
Legal and General RAFI 3000 Tracker Fund	193,092	13.1	239,054	16.1
Schroder All Maturities Corporate Bond Fund	117,087	7.9	132,630	8.9
IFM Global Infrastructure	98,001	6.6	84,949	5.7
Insight IIFIG	89,530	6.1	90,056	6.1

Note 13c Fair Value – Basis of Valuation

Financial assets are shown in the Net Asset Statement at Fair Value. Fair Value has been determined as:

- Unit trust investments are stated at the latest closing bid prices quoted by their respective managers as at 31 March 2023.
- UK managed funds are stated at net asset value as calculated by their respective managers as at 31 March 2023.
- Infrastructure funds - The fund manager values the investments by engaging external valuation services. Different valuation techniques are used by the valuers to value the different investments of the funds. For instance the discounted Cash flows applied to equity and debt instruments.

Note 13d Fair Value - Hierarchy

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

Level 1

Assets and liabilities at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and exchange traded quoted unit trusts.

Level 2

Assets and liabilities at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value. This included unit trusts priced by the fund managers that are not held as exchange traded funds.

Level 3

Assets and liabilities at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

31 March 2023				
	Quoted Market Price Level 1	Using Observable Inputs Level 2	With Significant Unobservable Inputs Level 3	Amortised Cost
	£000	£000	£000	£000
Financial Assets				
Fair value through profit and loss	38,500	1,184,439	254,055	
Amortised cost				
Total financial assets	38,500	1,184,439	254,055	0
Grand Total:				1,476,994

31 March 2022				
	Quoted Market Price Level 1	Using Observable Inputs Level 2	With Significant Unobservable Inputs Level 3	Amortised Cost
	£000	£000	£000	£000
Financial Assets				
Fair value through profit and loss	25,000	1,258,932	198,196	
Amortised cost				
Total financial assets	25,000	1,258,932	198,196	0
Grand Total:				1,482,128

All investments are classified as Level 2 with the exception of most property, infrastructure and private equity, which are classified as Level 3. The Aberdeen Money Market Fund and LGIM Sterling Liquidity Fund are the only investment classed as Level 1. These disclosures take into consideration the classifications used in the underlying funds' own financial statements. Level 3 investments as at 31 March 2023 comprise:

IFM Infrastructure	£98.001 million (31 March 2022: £84.950 million)
CBRE Global Property	£32.599 million (31 March 2022: £29.881 million)
Aberdeen Long Lease Property	£26.397 million (31 March 2022: £34.234 million)

Adams Street Private Equity	£51.584 million (31 March 2022: £38.064 million)
LCIV Renewables Infrastructure	£17.896 million (31 March 2022: £11.066 million)
Fiera Real Estate Fund	£27.576 million (31 March 2022: £0)

Note 13e Fair Value Measurements using Significant Unobservable Inputs (Level 3)

IFM Investors (Infrastructure) – valuation 31 March 2023 £98.001 million

The significant unobservable inputs used in the fair value measurement of the fund’s equity and debt instruments are cashflow forecasts and discount rates. The fund manager determines the fair value for these securities by engaging external valuation services. These external valuation services utilise cash flow forecasts obtained from investee company management and other sources. Significant increases or decreases in either of these inputs in isolation would result in a significant change in fair value measurement.

CBRE (Pooled Global Property) – valuation 31 March 2023 £32.599 million

Level 3 investments include (1) open-ended investee funds are classified as level 3 when subject to lock-up provisions or redemption notice periods which do not qualify as near-term, or which are exposed to a low level of trading or significant liquidity issues, and (2) close-ended investee funds that cannot be redeemed at the option of the fund manager.

The fair value of the investee funds classified in level 3 is based on their published NAV from the respective administrators or fund managers adjusted where deemed necessary by the Pricing Committee of CBRE.

The significant unobservable inputs used in the fair value measurement are related to the fair value of the underlying property assets of the investee funds. Based on the current investee funds’ portfolios, these underlying assets comprise a mixture of office, retail and industrial properties mainly located in developed countries within Americas, Europe and Asia Pacific. To value these assets, investee funds use recognized valuation techniques (including discounted cash flow and income capitalization methods) for which the significant unobservable inputs include discount rate, capitalization rate, estimated rental value and long-term vacancy rate.

Aberdeen (Pooled UK Long Lease Property) – valuation 31 March 2023 £26.397 million

The fair value of long lease property is based on valuations provided by external property valuation experts. The fair value of investment properties is measured based on each property’s highest and best use from a market participant’s perspective and considers the potential uses of the property that are physically possible, legally permissible and financially feasible.

Valuations are completed in accordance with the Royal Institution of Chartered Surveyors (RIGS) valuation standards. These are predominantly produced using an income capitalisation approach. The income capitalisation approach is based on capitalising an annual net income stream using

an appropriate yield. The annual net income is based on both current and estimated future net income. The yield and future net income used is determined by considering recent transactions involving properties with similar characteristics to the property being valued. Where it is not possible to use an income capitalisation approach, for example on property with no rental income, a market comparison approach is used by considering recent transactions involving properties with similar characteristics to the property being valued. In both approaches, where appropriate, adjustments will be made by the valuer to reflect differences between the characteristics of the property being valued and the recent market transactions considered.

As income capitalisation and market comparison valuations generally include significant unobservable inputs including unobservable adjustments to recent market transactions, equivalent yield and estimated rental value these assets are categorised as level 3 within the fair value hierarchy.

[Adams Street \(Private Equity\) – valuation 31 March 2023 £51.584 million](#)

Level 3 investments held by the fund typically consist of other investments that are not measured at net asset value. When observable prices are not available management uses valuation techniques for which sufficient and reliable data is available. The valuation of non-marketable privately held investments requires significant judgment by management due to the absence of quoted market values, inherent lack of liquidity, changes in market conditions and the long-term nature of such assets. Such investments are valued initially based upon the transaction price. Valuations are reviewed quarterly utilizing available market data and additional factors to determine if the carrying value of these investments should be adjusted. Market data includes observations of the trading multiples of public companies considered comparable to the private companies being valued. Valuations are adjusted to account for company-specific issues, the lack of liquidity inherent in a non-public investment and the fact that comparable public companies are not identical to the companies being valued. In addition, a variety of additional factors are reviewed by Adams Street's management, including, but not limited to, estimates of liquidation value, prices of recent transactions in the same or similar issuer, current operating performance and future expectations of the particular investment, changes in market outlook and the financing environment. In determining valuation adjustments, emphasis is placed on market participants' assumptions and market-based information over entity specific information.

[LCIV Renewables Infrastructure \(Infrastructure\) – valuation 31 March 2023 £17.896 million](#)

The significant unobservable inputs used in the fair value measurement of the fund's equity and debt instruments are cashflow forecasts and discount rates. The fund manager determines the fair value for these securities by engaging external valuation services. These external valuation services utilise cash flow forecasts obtained from investee company management and other sources. Significant increases or decreases in either of these inputs in isolation would result in a significant change in fair value measurement.

[Fiera Real Estate Fund \(Property\) – valuation 31 March 2023 £27.576](#)

The fair value of property is based on valuations provided by property valuation experts.

Note 13f Reconciliation of Level 3 investments.

2022/23	Market Value 1 April 2022	Purchases during the year	Sales during the year	Change in Market Value	Market Value 31 March 2023
	£0	£0	£0	£0	£0
Infrastructure	96,016	4,465	-2,217	13,199	115,897
Pooled UK Long Lease Property	34,234	28,249	-1,287	-9,796	53,974
Pooled Property (global)	29,881			2,718	32,599
Private equity	38,064	17,458		-3,937	51,585
Total	198,196	50,172	-3,504	2,184	254,055

2021/22	Market Value 1 April 2021	Purchases during the year	Sales during the year	Change in Market Value	Market Value 31 March 2022
	£000	£000	£000	£000	£000
Infrastructure	69,521	11,706	(640)	15,428	96,016
Pooled UK Long Lease Property	30,035			4,199	34,234
Pooled Property (global)	25,678		(95)	4,299	29,881
Private equity	12,505	9,794		15,765	38,064
Total	137,739	21,500	(735)	39,691	198,196

Change in value represents unrealised gains and losses.

Note 13g Sensitivity of assets valued at Level 3

Using volatility data provided by PIRC, the fund has determined that the valuation is likely to be accurate to within the following ranges, and as set out below the consequent potential impact on the closing value of investments held at 31 March 2023 & 31 March 2022. These ranges consider

all potential factors including market prices, currency and valuation techniques. This is not a ‘worse’ case scenario but rather a measure of typical annual price movements.

Assets type	Assessed valuation range (+ / -)	Value as at 31 March 2023	Value on increase	Value on decrease
	£000	£000	£000	£000
Infrastructure	5.5%	115,897	122,272	109,523
Pooled UK Long Lease		53,974	55,647	52,300
Property	3.1%			
Pooled Property (global)	3.1%	32,599	33,610	31,589
Private equity	5.5%	51,585	54,422	48,747
Total		254,055	265,950	242,159

Assets type	Assessed valuation range (+ / -)	Value as at 31 March 2022	Value on increase	Value on decrease
	£000	£000	£000	£000
Infrastructure	5.5%	96,016	101,297	90,735
Pooled UK Long Lease Property	3.1%	34,234	35,296	33,173
Pooled Property (global)	3.1%	29,881	30,808	28,955
Private equity	5.5%	38,064	40,158	35,971
Total		198,196	207,558	188,834

The key unobservable inputs that are being sensitised in the above tables are identified on pages 18 and 19.

Note 14 Classification of Financial Instruments

The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading.

	31 March 2023			31 March 2022		
	Fair value through profit and loss	Amortised Cost	Financial liabilities at amortised cost	Fair value through profit and loss	Amortised cost	Financial liabilities at amortised cost
	£000	£000	£000	£000	£000	£000
Financial assets						
Pooled investments	1,438,323			1,456,977		
Cash and cash equivalents		46,251			87,941	
Other investment balances		150			150	
Receivables		7,050			6,414	
Total financial assets	1,438,323	53,451	0	1,456,977	94,505	0
Financial liabilities						
Creditors			(30,461)			(49,855)
Total financial liabilities	0	0	(30,461)	0	0	(49,855)
Total	1,438,323	53,451	(30,461)	1,456,977	94,505	(49,855)
Grand Total			1,461,314			1,501,627

The net return on investments is wholly attributable to assets held at fair value through the profit and loss except for interest earned on cash balances £1,514,000 (2021/22: £22,000) classified as loans and receivables.

Nature and Extent of Risks Arising from Financial Instruments

Note 15a Risk and risk management.

The Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to have a reasonable probability of achieving in the long-term returns at least in line with the 'prudent' return set by the Scheme Actuary when calculating the required employers' contributions. The Fund achieves this through selection of appropriate returning asset classes, asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the fund's forecast cash flows.

Responsibility for the fund's risk management strategy rests with the Pension Fund Committee. Risk management policies are established to identify and analyse the risks faced by the Council's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

The principal powers to invest are contained in the Local Government Pension Scheme (Management and Investment of Funds) regulations 2016, which require an administering authority to invest any pension fund money that is not needed immediately to make payments from the Pension Fund in accordance with its Investment Strategy Statement. The administering authority's overall risk management procedures focus on the unpredictability of the financial markets and implementing restrictions to minimise these risks.

The Pension Fund Committee has prepared an Investment Strategy Statement which sets out the Pension Fund's policy on matters such as the type of investments to be held, the balance between types of investments, investment restrictions and the way risk is managed. Investment performance by external investment managers is reported to the Pension Fund Committee quarterly. Performance of Pension Fund investments managed by external Investment managers is compared to benchmark returns.

Note 15b Market risk.

Market risk is the risk of loss from fluctuations in equity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk across all its investment activities.

The Pension Fund is exposed to the risk of financial loss from a change in the value of its investments and the risk that the Pension Fund's assets fail to deliver returns in line with the anticipated returns underpinning the valuation of its liabilities over the long term. In order to manage the market value risk, the Pension Fund has set restrictions on the type of investments it can hold, in accordance with the Local Government Pension Scheme (Management and Investment of Funds) regulations 2016. Details of the (Management and Investment of Funds) regulations 2016 can be found in the Investment Strategy Statement adopted by Pension Fund Committee on 14th March 2017 (updated 26th March 2019 & 24 February 2021).

Price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

Accounting standards require that potential changes in the valuation of investments in the next 12 months are provided, described as sensitivity analysis. This analysis is to be derived from an historical analysis of the factors that drive changes in valuation. As can be seen from recent events e.g. global financial crisis, Covid-19, conflict in Ukraine etc market movements are rarely predictable using look back techniques. The valuation ranges below are calculated using the volatility of the actual fund returns over the last three years by the Fund’s investment performance measurer, PIRC. Had the market price of the fund’s investments increased/decreased in line with the above, the change in the net assets would have been as follows (the prior year comparator is shown below).

Assets type	Assessed valuation range (+ / -)	Value as at 31 March 2023	Value on increase	Value on decrease
	£000	£000	£000	£000
Equity	15.6%	700,487	809,763	591,211
Bonds	5.9%	424,767	449,828	399,706
Property	3.1%	86,573	89,257	83,889
Alternatives	5.5%	215,738	227,604	203,872
Cash	0.8%	57,160	65,734	56,703
Total		1,484,725	1,642,186	1,335,381

Volatilities have been calculated at asset class level based on the ‘look through’ pooled fund valuations provided on page 16. Using PIRC volatility based on three years movements would have generated the following valuation ranges as at 31 March 2022:

Assets type	Assessed valuation range (+ / -)	Value as at 31 March 2022	Value on increase	Value on decrease
	£000	£000	£000	£000

Equity	15.6%	775,928	896,973	654,883
Bonds	5.9%	409,754	433,929	385,579
Property	3.1%	70,936	73,135	68,737
Alternatives	5.5%	176,860	186,587	167,133
Cash	0.8%	48,600	55,890	48,211
Total		1,482,078	1,646,515	1,324,543

The assessed valuation range as of 31 March 2023 represents 10.6% of asset value and is similar to the average annual change in asset value (positive or negative) during the last ten years of 8.9%. It should be noted that large changes in value in one direction are often followed by a reversal. For example, the 13.3% decline in Q1, 2020 due to Covid-19 was followed by a 27% gain in 2020/21.

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's exposure to interest rate movements as of 31 March 2023 is included within the tables immediately above.

The Pension Fund holds financial assets and liabilities in overseas financial markets and therefore could be exposed to the risk of loss from exchange rate movements of foreign currencies against sterling. This risk is deemed acceptable as the investments are widely diversified by currency and the scheme's short-term expenditure liquidity requirements are broadly covered by contributions and income. Many of the overseas investments are hedged into sterling by the investment managers. After hedging, the net exposure to non-sterling currencies is £623.0 million (2021/22: £546.0 million). The table below discloses the main foreign currency exposures and estimated currency volatility. For 2021/22 a volatility of +/- £41.429 million was included in last year's statement of accounts.

Currency	Assessed valuation range	Value as at 31 March 2023	Value on increase	Value on decrease
	(+ / -)	£000	£000	£000
US Dollars	8.3%	343,456	371,963	314,949
Euro	5.6%	128,473	135,668	121,279
Other	7.3%	151,283	162,327	140,240

Total	623,212	669,958	576,468
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Currency	Assessed valuation range (+ / -)	Value as at 31 March 2022	Value on increase	Value on decrease
	£000	£000	£000	£000
US Dollars	8.3%	295,240	319,745	270,735
Euro	5.6%	81,320	85,874	76,766
Other	7.3%	169,448	181,818	157,079
Total		546,007	587,436	504,579

Note 15c Credit risk.

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the fund's financial assets and liabilities.

In essence, the Fund's entire investment portfolio is exposed to some form of credit risk. However, the Pension Fund reviews its exposure to credit and counterparty risk through its external investment managers by review of the managers' annual internal control reports to ensure that managers exercise reasonable care and due diligence in their activities for the Pension Fund.

As at 31 March 2023 working capital was held in the Pension Fund bank accounts with NatWest, in a money market fund with Aberdeen Standard Life, and a Sterling Liquidity fund with Legal & General Investment Management, in accordance with the credit rating criteria within the Council's Treasury Management Strategy. Pension administration working capital was held in a bank account at HSBC operated by West Yorkshire Pension Fund on behalf of the Pension Fund.

Summary	Rating	Source	Balances	Balances
			as at	as at
			31 March 2023 £000	31 March 2022 £000
Standard Life MMF Cash	AAAm	Moody's	19,250	25,000
Legal and General Standard Liquidity Fund Cash	AAA- mf	Moody's	19,250	0
Royal Bank of Scotland	A1	Moody's	4,376	60,161
HSBC	Aa3	Moody's	3,355	2,778
Cash held by Fund Managers			20	2
Total			46,251	87,941

Note 15d Liquidity risk.

Liquidity risk is the risk that the fund will not be able to meet its financial obligations as they fall due.

The main risk for the Pension Fund is not having the funds available to meet its commitments to make pension payments to its members. To manage this, the Pension Fund has a comprehensive cash flow management system that seeks to ensure that the cash is available when needed. The Pension Fund also manages its liquidity risk by having access to money market funds and call accounts where funds are repayable without penalty and on notice of not more than 24 hours. The Fund is also able to sell units in its Pooled Investment Vehicles if required, most of which can be realised within one month.

The key refinancing risk is that the Council will be bound to replenish a significant proportion of its pension fund financial instruments at a time of unfavourable interest rates. The Council does not have any financial instruments that have a refinancing risk as part of its investment strategy.

Note 16 Actuarial Valuation

Hymans Robertson LLP were appointed as fund actuary in 2016 and undertook a formal triennial actuarial valuation of the fund as at 31 March 2022 in accordance with the Local Government Pension Scheme Regulations 2013. The actuarial valuation calculates the contribution rate payable by the employers, including the LBB Council, to meet the administering authority's funding objectives.

The funding level at 31 March 2022 was 95% (2019: 86%). This corresponded to a shortfall on the funding target of £72 million (2019: £190 million). The aggregate primary contribution rate for 2022/23 was a primary rate of 20.6% of pensionable pay plus a secondary contribution of £12.721 million. Under the new three-year schedule of contributions effective from 1 April 2023 the aggregate primary rate is 20.0% and the secondary contribution for 2023/24 is £14.921 million. This is the average required employer contribution to restore the funding position to 100% over the next 17 years. For the main employer, the London Borough of Barnet, the employer’s contribution rate for 2022/23 is 28.4% (2021/22: 28.9%).

The assumptions used for the triennial valuation were:

Financial assumptions

	31 March 2022	31 March 2019
	%	%
Assumed future investment return (Discount rate)	2.7	4.4
CPI	3.2	2.3
Pension increases rate	3.2	2.3
Salary increases rate	3.9	3.0

The assumed future return is based on an economic scenario generator that utilises a range of future economic outcomes, each with an associated asset class return highlighted in the table below. The table ranks outcomes from 1st percentile (worst case) to 100th percentile (most favourable). At the 2022 triennial valuation, the Actuary determined that there is a 71% likelihood of the Fund’s investments achieving at least an annual return of 4.9% p.a. over the next 20 years.

	Annualised total returns																	17 year real yield (CPI)	17 year yield		
	Cash	Index Linked Gilts (medium)	Fixed Interest Gilts (medium)	Develop ed World ex UK Equity	Private Equity	Property	Emerging Markets Equity	Unlisted Infrastruct ure Equity	Multi Asset Credit (sub inv grade)	Asset Backed Securities (AA rated) GBP	Asset Backed Securities (BBB rated) GBP	Direct Lending (private debt) GBP Hedged	CorpSho rt A	CorpMediu m A	CorpSho rt BBB	CorpMed ium BBB	Inflation (RPI)			Inflation (CPI)	
10 Years	18th %ile	0.8%	-1.9%	-0.3%	-0.7%	-1.2%	-0.8%	-2.5%	0.7%	1.7%	1.1%	1.3%	2.7%	1.4%	-0.1%	1.3%	0.0%	2.4%	1.6%	-1.7%	1.1%
	50th %ile	1.8%	0.2%	1.1%	5.6%	9.4%	4.4%	5.6%	5.9%	3.5%	2.3%	2.9%	6.0%	2.4%	1.6%	2.7%	1.9%	4.1%	3.3%	-0.5%	2.5%
	84th %ile	2.9%	2.4%	2.4%	11.7%	20.1%	9.5%	14.4%	11.2%	5.2%	3.6%	4.5%	9.2%	3.4%	3.2%	3.9%	3.6%	5.7%	4.9%	0.7%	4.3%
20 Years	18th %ile	1.0%	-1.5%	0.7%	1.5%	2.4%	1.4%	0.1%	2.6%	1.5%	1.9%	4.3%	2.0%	1.1%	2.2%	1.3%	1.6%	1.2%	1.2%	-0.7%	1.3%
	50th %ile	2.4%	0.1%	1.5%	6.1%	10.0%	5.0%	6.3%	6.5%	4.4%	3.0%	3.5%	6.8%	3.2%	2.1%	3.5%	2.5%	3.1%	2.7%	1.1%	3.2%
	84th %ile	4.0%	1.9%	2.2%	10.8%	17.6%	8.9%	12.8%	10.6%	6.0%	4.7%	5.4%	9.2%	4.6%	3.2%	5.0%	3.6%	4.7%	4.3%	2.7%	5.7%
40 Years	18th %ile	1.2%	-0.3%	1.5%	3.1%	4.7%	2.6%	2.1%	3.9%	3.6%	1.8%	2.3%	5.5%	2.4%	2.0%	2.6%	2.3%	1.1%	0.9%	-0.6%	1.1%
	50th %ile	2.9%	1.2%	2.3%	6.5%	10.3%	5.5%	6.6%	7.0%	5.3%	3.5%	4.0%	7.7%	3.9%	3.1%	4.2%	3.4%	2.2%	1.3%	3.3%	
	84th %ile	4.9%	3.1%	3.5%	10.2%	16.1%	8.8%	11.7%	10.3%	7.1%	5.6%	6.3%	10.0%	5.8%	4.4%	6.2%	4.9%	3.9%	3.7%	3.2%	6.1%
	Volatility (Disp) (5 yr)	2%	7%	6%	19%	30%	15%	26%	15%	6%	3%	4%	10%	3%	7%	4%	7%	3%	3%		

Demographic assumptions

	31 March 2022	31 March 2019
Life expectancy from age 65		
Retiring today:		
Males	21.5	21.7
Females	24.3	24.0
Retiring in 20 years:		
Males	22.5	22.9
Females	25.9	25.7
Other demographic assumptions		
Commutation	50%	50%
50:50 option	1%	1%

The 2022 triennial valuation is yet to be presented to the Pension Fund Committee. The next actuarial valuation will be based on the value of the fund as 31 March 2025.

Note 17 Actuarial Present Value of Promised Retirement Benefits

The Statement of Accounts are required to include the value of promised retirement benefits as at the year-end. These are discussed in the statement below, which has been prepared by Hymans Robertson, the Fund's actuary, only for the purposes of providing the information required by IAS26. In particular, they are not relevant for calculations undertaken for funding purposes.

Pension Fund Accounts Reporting Requirement

Introduction

CIPFA's Code of Practice on Local Authority Accounting 2022/23 requires Administering Authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits. I have been instructed by the Administering Authority to provide the necessary information for the London Borough of Barnet Pension Fund ("the Fund").

The actuarial present value of promised retirement benefits is to be calculated similarly to the Defined Benefit Obligation under IAS19. There are three options for its disclosure in the pension fund accounts:

- showing the figure in the Net Assets Statement, in which case it requires the statement to disclose the resulting surplus or deficit;
- as a note to the accounts; or
- by reference to this information in an accompanying actuarial report.

If an actuarial valuation has not been prepared at the date of the financial statements, IAS26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation should be carried out using assumptions in line with IAS19 and not the Fund's funding assumptions.

Present value of promised retirement benefits

Year ended	31 March 2023	31 March 2022
Active members (£m)	559	991
Deferred members (£m)	451	602
Pensioners (£m)	749	728
Total (£m)	1,759	2,321

The promised retirement benefits at 31 March 2023 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

The figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further, I have not made any allowance for unfunded benefits.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the pension fund accounts. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2023 and 31 March 2022. I estimate that the impact of the change in financial assumptions to 31 March 2023 is to decrease the actuarial present value by £830m. I estimate that the impact of the change in demographic assumptions is to decrease the actuarial present value by £5m.

Financial assumptions

Year ended	31 March 2023	31 March 2022
	% p.a.	% p.a.
Pension Increase Rate (CPI)	3.00%	3.20%
Salary Increase Rate	4.00%	3.95%
Discount Rate	4.75%	2.70%

Demographic assumptions

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund.

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.6 years	24.4 years
Future pensioners (assumed to be aged 45 at the latest valuation date)	22.7 years	26.0 years

All other demographic assumptions have been updated since last year and as per the latest funding valuation of the Fund.

Sensitivity Analysis

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the obligations are set out below:

Change in assumption at 31 March 2023	Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)
0.1% p.a. decrease in the Discount Rate	2%	30
1 year increase in member life expectancy	4%	70
0.1% p.a. increase in the Salary Increase Rate	0%	2
0.1% p.a. increase in the Pension Increase Rate (CPI)	2%	28

Professional notes

This paper accompanies the 'Accounting Covering Report – 31 March 2023' which identifies the appropriate reliances and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Prepared by:-



Steven Scott FFA

23 May 2023

For and on behalf of Hymans Robertson LLP

May 2023

Note 18 Current Assets

	31 March 2023	31 March 2022
	£000	£000
Contributions due – employees	1,030	1,095
Contributions due – employers	5,875	5,309
Sundry debtors	146	10
Cash balances	7,731	62,939
Total current assets	14,781	69,353

Note 19 Current Liabilities

	31 March 2022	31 March 2022
	£000	£000
Sundry creditors	(28,756)	(46,261)
Benefits payable	(1,705)	(3,593)
Total current liabilities	(30,461)	(49,855)

Prior to 31 March 2023 a £18.5 million investment into the Pemberton Trade Finance Fund was agreed, with Pemberton recognising this investment in their valuation as at 31 March 2023. However, the trade was settled in April 2023, resulting in a sundry creditor of £18.5 million at the year-end. The council was also due a £7.8 million refund of pre-paid deficit contributions in the year 2022/23, however this was not settled until after 31 March 2023, resulting in a sundry creditor of £7.8 million.

Note 20 Additional Voluntary Contributions

	Market value 31 March 2023	Market value 31 March 2022
	£000	£000
Aviva	522	522
Prudential	3,108	3,108
Total AVC	3,630	3,630

AVC contributions of £0.326 million (2021/22: £0.326 million) were paid directly to Prudential and £0.002 million (2021/22: £0.002 million) were paid to Aviva during the year.

Note 21 Related Party Transactions

The London Borough of Barnet Pension Fund is administered by the London Borough of Barnet. Consequently, there is a strong relationship between the Council and the Pension Fund. During the reporting period, the Council incurred costs of £0.713m (2021/22: £.0956m) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Pension Fund and contributed £39,748 million to the Fund in 2022/23 (2021/22: £35.569 million). These amounts include employee contributions of £8.565 million (2022/23) and £7.531 million (2021/22), and also contributions from companies wholly owned by the Council see note 6). Contributions paid by the Council in 2020/21 included £20.477 million advance payment of deficit contributions due for the period 1 April 2020 to 31 March 2023 of which £7.804 million was payable in 2021/22. As a consequence of paying these contributions early, the Actuary reduced the amount due by £1.409 million.

The London CIV is not treated as a related party as neither party is able to exercise control or significant influence over the other.

Governance

One member of the Pension Fund Committee as at 31 March 2023 & 31 March 2022 is a deferred member of the Barnet Pension Fund. There are no active members of the Fund that are members of the Pension Fund Committee. Each member of the Pension Fund Committee is required to declare their interests at each meeting.

Note 21a Key Management Personnel

The key management personnel of the fund are the Chief Executive, the s.151 officer and the Head of Pensions. The proportion of the total remuneration payable to key management personnel that is charged to the Pension Fund is set out below.

	2022/23	2021/22
	£000	£000
Short-term benefits	125	132
Post-employment benefits	35	37
Total remuneration	160	168

Post-employment benefits are employers pension contributions at 28.2% of salary.

Note 22 Contractual Commitments

The Fund has the following outstanding investment commitments as at 31 March 2023:

- Adams Street 2019 Global Private equity - \$17.6 million (£14.2 million)
- Adam Street Global Secondaries Fund 7 - \$44.6 million (£36.0 million)
- LCIV Private Debt - £22.0 million
- LCIV Renewables Infrastructure- £26.4 million
- Barings Special Situation Credit- €3 million (£2.6 million)

The outstanding commitments are expected to be substantially invested within three years.

Note 23 Contingent Liabilities

Barnet College and Southgate College merged in 2011. As part of the merger the active employees of Southgate College transferred to the LB Barnet Pension Fund whereas deferred and Pensioner members remained with LB Enfield Pension Fund. LB Barnet Pension Fund assumed responsibility for past service accrued benefits and on-going benefits for the transferred employees from the LB Enfield Pension Fund. LB Enfield

Pension Fund has requested a transfer value buy-out from LB Barnet Pension Fund or Barnet Southgate College estimated at £4.2 million to fund the liability shortfall for the deferred and pensioner members based on a cessation funding formula.

The Council has sought advice from the Scheme Actuary who stated that the original LB Enfield proposal to seek settlement of the liability on a cessation funding basis was not out of line with other similar cases. However, the Pension Fund may be able to mitigate some of the cost through agreeing a direction order for the transfer. This approach is also supported by the latest legal opinion obtained by the Council.

Negotiations are still on going with LB Enfield to agree a way forward which may result in the LB Barnet Pension Fund not having to make payments to LB Enfield Pension Fund by agreeing that LB Enfield's pensioners and deferred members being transferred into the LB Barnet Fund, with LB Barnet Pension Fund receiving a share of LB Enfield Pension Fund's assets attributable to the Southgate liabilities.

The process is not concluded and at this stage the potential liability for LB Barnet Pension Fund remains uncertain in terms of the amount and the timing of any payment.

Note 24 Events after the Reporting Period

Management have reviewed and can confirm that there are no significant events occurring after the reporting period.

Glossary

For the purpose of compiling the Statement of Accounts, the following definitions have been adopted:

Accounting policies

Those principles, bases, conventions, rules, and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- (i) recognising
- (ii) selecting measurement bases for, and
- (iii) presenting assets, liabilities, gains, losses, and changes to reserves.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised, the basis on which it is to be measured and where in the revenue account or balance sheet it is to be presented.

Accounting standards

A set of rules explaining how accounts are to be kept. By law, local authorities must follow 'proper accounting practices,' which are set out in Acts of Parliament and in professional codes and statements of recommended practices. These standards make comparability, among other things, possible.

Accrual

The recognition of income and expenditure as it is earned or incurred, as opposed to when cash is received or paid.

Actuarial gains and losses

These arise where actual events have not coincided with the actuarial assumptions made for the last valuations (known as experience gains and losses) or the actuarial assumptions have been changed.

Assets

These can either be:

- Long term (non-current), tangible assets that give benefits to the authority for more than one year.
- Property, plant, and equipment assets which are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes.
 - Community assets - assets that the local authority intends to hold in perpetuity, which have no determinable useful life and that may have restrictions on their disposal. Examples include parks.

- Council dwellings - these are residential properties owned by the council providing homes for social rent.
- Operational land and buildings – these are owned by the council to provide services to the community. Examples include leisure centres, libraries, and museums.
- Vehicles - these assets are used by the council for the direct delivery of services, for example waste disposal vehicles.
- Equipment held by the local authority in the delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objective of the authority.
- Infrastructure assets - fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of such fixed assets are highways and footpaths that cannot be transferred to another owner.
- Surplus assets - no longer used by the council and held pending sale or regeneration.
- Investment property is property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both.
- Intangible assets - these are usually stand-alone intellectual property rights such as software licences that, although they have no physical substance, provide a benefit for more than the year.

Amortisation

A measure of the cost of economic benefits derived from intangible assets that are consumed during the period.

Associate company

An organisation is an associate of a parent local authority where the authority holds a long term, participatory interest and is in a position to exercise a significant but not dominant influence over that organisation.

Balance Sheet

A statement of the recorded assets, liabilities, and other balances at the end of an accounting period.

Billing authority

A local authority empowered to set and collect council tax, and manage the collection fund, on behalf of itself and precepting authorities in its area.

Business Rate Supplement (BRS)

The Business Rate Supplements Act 2009 enables levying authorities – county councils, unitary district councils and, in London, the Greater London Authority - to levy a supplement on the business rate to support additional projects aimed at economic development of the area.

Capital Expenditure

Expenditure on the acquisition, construction, enhancement, or replacement of a non-current asset, for example schools

Collection Fund

The fund, administered by a billing authority, into which council taxes are paid, and from which payments are made to the general fund of billing and major precepting authorities. NNDR collected by a billing authority is also paid into the fund before being distributed to central government and local authorities.

Deferred capital receipts

These represent amounts derived from the sale of assets, which will be received in instalments over agreed periods of time, such as payments from mortgages on the sale of council houses.

Defined benefit scheme.

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined contribution scheme.

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employees benefits relating to employee service in the current year and prior periods.

Depreciation

The measure of the cost of the economic benefit of the tangible fixed asset consumed during the period.

Events after the balance sheet data (post balance sheet events)

Events after the balance sheet date are those events, favourable or unfavourable, that occur between the balance sheet date and the date when the statement of accounts is authorised for issue.

Inventories

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

General fund

The account that revenue expenditure and income is charged for the council's services (excluding the HRA).

Government grants

The amounts of money the authority receives from the Government and inter-government agencies to help fund both general and specific activities.

Historic cost

The original cost of the asset when it was first acquired.

Housing revenue account (HRA)

The account which is charged with the income and expenditure for the provision of council housing.

Impairment

A reduction in the value of a non-current asset, greater than normal depreciation, below its carrying amount on the balance sheet.

Joint venture

A joint venture is where a parent local authority holds an interest on a long-term basis in an organisation and that organisation is jointly controlled by the local authority and one or more other entities under a contractual arrangement.

Leases

These may be finance leases that transfer the risks and rewards of ownership of an asset to the authority. Alternatively, they may be operating leases that are more akin to a hire agreement.

Levies

Payments made to the London Pensions Fund Authority, the Environment Agency, and the Lee Valley Regional Park Authority.

Liabilities

Amounts the authority either owes or anticipates owing to others, whether they are due for immediate payment or not.

Major repairs reserve (MRR)

This reserve is for capital expenditure on HRA assets.

Minimum revenue provision (MRP)

The minimum amount that the council must charge to the revenue account in the year in respect of the repayment of debt.

Non-domestic rates (NDR)

Rates are payable on business premises based on their rateable value and a national rate poundage multiplier. Barnet acts as the “billing authority” for its area and under the localised business rates regime retains share of the net yield from Business Rates but precepts a share over to the Greater London Authority and passports an amount to Central Government (with Barnet acting as an agent on behalf of the Government).

Net book value (NBV)

The amount at which non-current assets are included in the balance sheet, i.e., their historical cost or current value less the cumulative amounts provided for depreciation.

Operational assets

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

Outturn

Actual income and expenditure in a financial year.

Pension Funds

For the Local Government Pension Scheme, these are the funds that invest employers' and employees' pension contributions in order to provide pensions for employees on their retirement and pensions for employees' dependants in the event of death of the employee.

Prior period adjustments

Material adjustments, applicable to prior years, arising from changes in accounting policies, or from the correction of material errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Precept

The amount of income demanded of the collection fund by an authority entitled to such income.

Preceptor

An authority entitled to demand money of the collection fund. The preceptors on Barnet's collection fund are the council itself, the Greater London Authority, and the Government.

Provisions

Amounts held against specific potential liabilities or losses where there is uncertainty as to amounts and/or due dates.

Prudential borrowing

Borrowing by local authorities without government financial support, but in accordance with the CIPFA Prudential Code for local authority borrowing.

Prudential Code

A professional code of practice prepared by CIPFA, for the prudential system introduced on 1 April 2004. Local authorities are required by legislation to have regard to this code.

Public Works Loan Board (PWLB)

A Government body that lends money to local authorities for periods in excess of one year, often at preferential interest rates.

Rateable value

Assessment of a property's value from which rates payable are calculated.

Revenue expenditure funded from capital under statute (REFCUS)

REFCUS represents expenditure that may be classified under legislation as capital but does not result in the creation of a fixed asset on the council's balance sheet.

Related parties

Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other; or
- the parties are subject to common control from the same source; or
- one party has influence over the financial and operational policies of the other party to the extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- the parties, in entering into a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest.

Related party transactions

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made.

Reserves

Amounts prudently held to cover future financing commitments. Payments to reserves are not counted as service expenditure. Payments from reserves are passed through service revenue accounts unlike provisions which are not. Earmarked reserves are allocated for a specific purpose. Unallocated reserves are described as balances.

Substance over form

There is a requirement that the substance (real effect on the authority) of a transaction is reported rather than just actual monetary movements (substance over form) at the time they happen. That is, future liabilities or gains are recognised in the accounts when they are incurred rather than just when paid for or received.

The Code of Practice

This Code includes guidance in line with IFRS, IPSAS and UK GAAP Accounting standards, it sets out the accounting practice to adopt for the Statement of Accounts.

Useful life

The period over which the local authority will derive benefits from the use of a fixed asset.

UK GAAP

UK GAAP is the Generally Accepted Accounting Practice in the UK (UK GAAP) is the body of accounting standards and other guidance published by the UK's Financial Reporting Council (FRC).