Draft Statement of Accounts

for the year ended

31 March 2018

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Narrative Report

Introduction

Our overall purpose as a council is to work together for residents and businesses to ensure:

- successful places;
- great outcomes;
- quality services; and
- resilient communities.

Barnet is an ambitious council that aspires to deliver excellent modern services to residents at the best possible value to the taxpayer. The diverse borough has some of the best schools in the country, over 200 parks and open spaces and a comprehensive regeneration programme with seven major regeneration schemes currently transforming the borough. Our focus is on reaching the best outcomes for our residents and working with a range of public, private, and voluntary sector organisations to achieve this. We will always support our vulnerable residents and will target our resources at those most in need, whilst ensuring that everyone can benefit from the opportunities that growth and investment will bring to the borough. Our aim is to support residents to stay independent for as long as possible. This means equipping residents with the skills to help themselves and intervening early to address and respond to issues as they arise.

Changing demographics and a growing population – particularly among the very young and the very old – continues to put pressure on local public services. The council operates on a sound financial footing, despite continued reductions to our budget and an ever-increasing demand for services. And with the highest population of any London borough, currently forecast at 389,000, this is a great achievement. The uncertain economic climate adds to this challenge, as Brexit creates uncertainty in 2018/19 and beyond with the financial impacts not currently quantified and unknown as to whether they will be positive or negative.

As we continue to reduce the day to day running costs of the council to make savings, we are investing heavily in the future infrastructure of the borough. As well as building new housing, leisure centres, schools and community buildings, the council is also investing in improvements to our pavements and roads and our green spaces. The council's regeneration programme will see £6bn of private sector investment over the next 25 years, which will create around 20,000 new homes, up to 30,000 new jobs and additional income for the council. The schemes at Colindale, Stone Grove, West Hendon and Dollis Valley are well on the way to completion whilst plans are well advanced at Brent Cross to modernise the shopping centre and build new homes.

Barnet is also continuing to be innovative by investing heavily in new technologies that are part of a major customer services transformation programme. This will ensure residents receive a more efficient and flexible service whilst also making vital savings for the council. The aim of this programme is to move towards 80% of contact with the council being online or through other digital means by 2020. Inevitably, steps are being taken to ensure there will be support and access arrangements available for those who are unable to get online.

Narrative Report

Key Achievements in 2017/18

Over the last year we have made significant progress in delivering our priorities and ensuring that Barnet continues to be a successful and thriving borough. It is encouraging to see that in our most recent resident perception survey, 85% of Barnet residents said they are satisfied with their local area as a place to live.

Our Corporate Priorities 2017/18	What we've achieved
Delivering quality services	• We prevented a record number of people from becoming homeless • We have established a small and multi-professional team to lead in the delivery of support to high risk/high vulnerability adolescents. The new team, REACH (Resilient, Engaged, Achieving Children), has engaged with 83 young people during 2017/18. • 95% of Barnet primary schools and 96% of secondary schools are graded good or outstanding.
Responsible growth, regeneration and investment	• The next stages of regeneration plans for Brent Cross Cricklewood have been approved. • The council's affordable housing programme saw work begin in summer 2017 at the first sites. This will deliver 27 affordable homes for rent. • We secured £20million investment in high speed broadband through Virgin Broadband's 'Project Lightning' that was rolled out during 2017/18.
Building resilience in residents and managing demand	• Strengths-based practice is being embedded in Adults Social Care with two new Care Space hubs opened across the borough. • We are investing in two further extra care schemes to support people with dementia, creating over 150 new extra care apartments in the borough. • Our new telecare service has installed equipment for an additional 689 vulnerable residents. • In October 2017, the BOOST (Burnt Oak Opportunity Support Team) schemes had supported 1,448 people into work.
Transforming local services	• We launched the Kooth online counselling service for 11-25 year olds, with 176 Barnet young people using the service in the first three months. • Throughout the year webforms increased whilst telephony, face-to-face and email volumes fell by at least 10%. • We started our three-year journey in partnership with UNICEF to deliver the Child Friendly City or Community Initiative. Our vision is to become a Child Friendly Community by 2020.
Promoting community engagement, independence and capacity	• We provided support to around 260 adults with disabilities in Barnet, helping ten individuals into employment and a further eight into volunteering roles. • We have been promoting apprenticeship opportunities, offering 100 vacancies across the council and partners. • We have implemented a new Library Strategy and completed our buildings programme in all 14 of our libraries, meaning ten libraries now have self-service opening.

Delivering our Priorities

The council is operating in a period of unprecedented change as local government funding is transforming, requiring all councils to be self-sufficient and to raise enough income locally to run their services. The council has been forward-thinking by setting five-year plans wherever possible for the Corporate Plan – with refreshed addendums each year - alongside a four-year planning cycle for the Medium Term Financial Strategy. The Corporate Plan provides a focus for the council's priorities, programmes, policies and projects and what the council aims to achieve by 2020 whilst the Medium Term Financial Strategy establishes the resource commitments to deliver these priorities. Both documents will take us up until 2020.

To deliver our priorities we use the principles of Fairness, Responsibility and Opportunity which are at the centre of our whole approach. These principles are underpinned by a commitment to continual improvement in our customer services and to be as transparent as possible with the information we hold and our decision-making. Our staff are also a core part of how we deliver our services and priorities, and achieve our outcomes here at Barnet. A set of values are in place that guide the way we work with partners and customers. Whether we are commissioning services or delivering them on the front line, our values are at the heart of what we do:

1. **We care** – about Barnet, its people and businesses, and those we work with
2. **We can be trusted** – we are open, honest, act with integrity and are dependable
3. **We work together** – we actively listen, respond, collaborate and share ideas to achieve the best outcomes with residents, businesses and colleagues
4. **We embrace change and innovation** – we continually ask what we can do better, or differently. We encourage creativity and value ideas. We will celebrate our success and learn from mistakes.
5. **We value diversity** – we value different perspectives, individuality and treat everyone with respect. We will always strive to ensure the organisation embraces the richness of our community.

Governance

The Annual Governance Statement describes the council's governance framework, sets out how it has reviewed its governance arrangements and discloses the actions taken, or proposed, to deal with any significant governance issues. The statement is signed by the Leader of the Council and the Chief Executive Officer.

Strategy and Resource Allocation

Reduced funding from central government coupled with an increase in demographic pressures has meant that the past seven years have been a period of significant challenge for local government. Barnet has always sought to be ahead of the curve in terms of financial planning; by adopting a long-term view of future challenges the council has managed to save over £144m between 2010 and 2017 whilst maintaining high levels of resident satisfaction.

With demand on local services set to increase and local authorities having to generate more and more of their income locally, the next few years will present further financial challenges, with a £40.795m budget gap to close by 2020. Beyond 2020, although Government funding settlements for the Council are unknown, we will still need to continue to look ahead and consider how to deliver services differently as pressures on our budget continue.

There were a number of known pressures that were included in the MTFS for 2017 to 2020; these included inflationary pressures on pay and contracts, demographic increases and the impact of existing underlying budget pressures. During 2017/18, the Council also allocated additional funding from contingency to meet changing priorities and pressures. In particular, £5.430m was allocated to Family Services to fund the increased cost of complex packages, increases in numbers of children in care, investment associated with the 0-25 service and investment associated with improvement in practice.

£1.300m was allocated to the Housing Needs and Resources service in recognition of the sustained increase in the cost of temporary accommodation.

The budget for 2017/18 included savings proposals of £19.825m to reach a balanced position. The council's savings plans through to 2020 place a greater emphasis on ways to reduce demand on services – through the community doing more, intervening earlier to treat the cause not the problem, and influencing residents to change their behaviour, for example by recycling more. £17.531m (88%) of the planned savings were achieved in 2017/18.

Investing in the future is a key strand of the council's response to the scale of the challenge facing local government from funding reductions and increasing demand. Barnet will not be able to support the growth needed to ensure the council's financial independence without investment for the future. The capital programme not only supports the growth agenda but also includes a number of additions that enable the achievement of the revenue savings proposals.

The capital programme allocated £345.173m in 2017/18 (£834.915m up to 2020) with the main spend planned on schools, relocation of the Mill Hill depot, land acquisition to enable regeneration at Brent Cross, the Brent Cross Thameslink station, the new council offices at Colindale, construction of two leisure centres and investment in housing and infrastructure. The budget was revised during the year to £228.513m with the reduction of £116.660m being re-profiled in future years.

Financial Performance

The council managed a net General Fund revenue budget of £277.195m during 2017/18. After net drawdowns from reserves totalling £5.594m, the outturn for the year was £285.080m, which resulted in an overspend of £7.885m (2.8%), as set out below.

Service Area	2017/18 Budget (a)	Actual as per Outturn (b)	(Under)/ Overspend as per Outturn (c)	Reserve and Non specific grant Adjustments (d)	Expenditure and Funding Analysis Note 7 (d)+(b)
	£'000	£'000	£'000	£'000	£'000
Adults and Communities	87,177	88,384	**1,207**	1,717	**90,101**
Assurance	6,089	6,727	**638**	76	**6,803**
Central Expenses	41,421	38,453	**(2,968)**	1,985	**40,438**
Commissioning Group	20,941	20,180	**(761)**	3,903	**24,083**
Customer and Support Group	21,833	24,650	**2,817**	5,083	**29,733**
Education and Skills	6,718	6,668	**(50)**	2,376	**9,044**
Family Services	58,504	60,942	**2,438**	42	**60,984**
Housing Needs and Resources	6,859	7,747	**888**	27	**7,774**
Local Authority Housing (HRA)	-	-	**-**	(8,995)	**(8,995)**
Parking and Infrastructure	(4,072)	(4,450)	**(378)**	(2,235)	**(6,685)**
Public Health	17,610	17,610	**-**	(19,363)	**(1,753)**
Regional Enterprise	321	4,275	**3,954**	(6,018)	**(1,743)**
Street Scene	13,794	13,894	**100**	277	**14,171**
Net Expenditure on Services	**277,195**	**285,080**	**7,885**	(21,125)	**263,955**
Other Income and Expenditure	-	-		(252,131)	(252,131)
(Surplus) or Deficit on Provision of Services	**277,195**	**285,080**	**7,885**	**(273,256)**	**11,824**

Service Area	2016/17 Budget (a) £'000	Actual as per Outturn (b) £'000	(Under)/ Overspend as per Outturn (c) £'000	Reserve and Non specific grant Adjustments (d) £'000	Expenditure and Funding Analysis Note 7 (d)+(b) £'000
Adults and Communities	86,808	92,161	5,353	(1,164)	90,997
Assurance	3,847	3,846	(1)	3,271	7,117
Central Expenses	41,800	41,298	(502)	(16,784)	24,514
Commissioning Group	22,049	22,388	339	7,750	30,138
Customer and Support Group	22,086	22,586	500	6,250	28,836
Education and Skills	7,084	7,257	173	954	8,211
Family Services	54,863	55,289	426	1,887	57,176
Housing Needs and Resources	5,559	7,365	1,806	(323)	7,042
Local Authority Housing (HRA)	-	-	-	(6,876)	(6,876)
Parking and Infrastructure	(1,838)	(1,838)	-	2,022	184
Public Health	18,055	18,055	-	(17,590)	465
Regional Enterprise	1,130	1,364	234	9,306	10,670
Street Scene	13,525	13,527	2	3,537	17,064
Net Expenditure on Services	**274,968**	**283,298**	**8,330**	(7,760)	**275,538**
Other Income and Expenditure	-	-	-	(260,691)	(260,691)
(Surplus) or Deficit on Provision of Services	**274,968**	**283,298**	**8,330**	**(268,451)**	**14,847**

The actual expenditure of the council is subject to regular financial and operational monitoring and reported publicly on a quarterly basis to the Performance and Contract Management Committee. The principal reasons for the overspend in 2017/18 are as follows:

- Adult Social Care (ASC) has experienced increasing complexity and demand for services since 2014/15. The learning disability budgets have been experiencing pressure as a result of the transforming care agenda and the overspend also includes expenditure relating to backdated claims for Ordinary Residence. There is also significant pressure resulting from homecare, equipment and nursing care placements. The overspend on placements was offset by staffing and other non-placements savings and additional income.
- The underspend on Central Expenses was mainly due to the cost of financing the borrowing related to the capital programme due to slippage on the anticipated profiling of capital expenditure. This was offset by a one off overspend on insurance which was caused by a requirement to increase the value of the insurance provision.
- The overspend for the Customer Support Group (including council managed budgets) relates mainly to the estates service. Additional costs were incurred as a result of additional security requirements, management of operational, void and/or vulnerable sites, additional costs incurred due to the relocation of the Mill Hill Depot and unbudgeted lease costs.
- The Family Services overspend relates mainly to external high cost specialist placements and associated services and the additional directed requirement for two assistant heads of service, three duty assessment team managers and eight duty assessment team social workers.
- The overspend relates to income recovered from developers, specifically income generated under all existing and new Planning Development Agreements, which recover the council's costs relating to the services provided by RE and will contribute to the achievement of guaranteed income values for each contract year. The council budgets for the guaranteed income within the RE service line,

however a significant proportion of the income is actually received within the ringfenced Housing Revenue Account (HRA) and consequently this causes an income shortfall within the General Fund.

At the start of 2017/18 General Fund balances totalled £9.6m. The overspend during the year would have depleted this value close to zero. The Section 151 Officer has therefore made the decision to top up the balance so that the Council begins the new year with an appropriate level. This top up was funded by the realignment of revenue reserves.

The Expenditure and Funding Analysis presents the outturn by service (adjusted for items classed as other income and expenditure such as interest paid and received and investment property rents) and further adjustments required by statute or reporting standards are made to arrive at the amount reported in the Comprehensive Income and Expenditure Statement. These include adjustments for capital purposes and pensions. A summary of the adjustments is listed below.

	2017/18 £000	2016/17 £000
Net expenditure on services	**285,080**	**283,298**
Capital and other adjustments not recorded against service budgets	34,677	(14,040)
Adjusted net expenditure	319,757	269,258
Other operating expenditure (note 10)	937	9,970
Financing and Investment Income and Expenditure (note 11)	(2,727)	22,805
Taxation and Non-Specific Grant Income (note 12)	(329,990)	(305,875)
Surplus on the provision of services	(12,023)	(3,842)
Surplus on revaluation of property	14,125	(10,471)
(Gains)/losses on the pension fund	(27,976)	48,285
Total Comprehensive Income and Expenditure (surplus)/deficit	**(25,874)**	**33,972**

Capital Programme

The council spent £163.456m on its capital programme in 2017/18, which is summarised in the table below. The in-year underspend of £65.057m will be profiled and subsequently spent in 2018/19 and future years.

Service Area	2017/18 Budget £000	2017/18 Actual £000	2016/17 Actual £000
Adults and Communities	2,032	2,233	1,968
Education and Skills	27,933	14,648	28,030
Family Services	10,551	7,571	1,649
Commissioning Group	36,651	33,572	18,852
Housing Needs and Resources	20,758	15,153	4,072
Commercial – Parking and Infrastructure	2,247	1,922	1,121
Regional Enterprise	74,634	38,079	42,708
Street Scene	3,293	899	1,085
Housing Revenue Account	50,414	49,379	37,826
Total Capital Expenditure	**228,513**	**163,456**	**137,311**
Financed by			
Grants and other contributions	(61,498)	(59,102)	(32,473)
Capital receipts	(23,946)	(32,706)	(21,004)
Borrowing	(92,899)	(34,042)	(32,899)
HRA revenue / Major Repairs Allowance	(30,335)	(29,258)	(29,248)
Reserves	(19,320)	(8,348)	(20,749)
General Fund revenue	(515)	-	(938)
	(228,513)	**(163,456)**	**(137,311)**

The most significant items of capital investment in 2017/18 included the primary and secondary school expansion programmes to meet demand for school places (£13.482m), the new office build at Colindale (£17.525m), the Brent Cross Thameslink Station (£14.847m), investment in highways infrastructure (including Transport for London schemes) (£14.945m), investment in new leisure facilities and libraries (£10.168m), provision of housing and temporary accommodation (£15.153m) and the Housing Revenue Account capital programme (£49.379m).

Non-Financial Performance of the Council

The **Corporate Plan 2015-2020** sets out the council's vision and strategy for a five-year period. Each year an addendum to the Corporate Plan is published with refreshed priorities and suite of indicators to help us monitor performance. The 2017/18 addendum was approved by Council in March 2017.

65% of Corporate Plan indicators achieved target in 2017/18 and 68% improved on last year (2016/17). In addition to these indicators, targets were set to monitor service performance. Across the council, 70% of service indicators achieved target in 2017/18 and 64% improved on last year[1].

Adult Social Care

The mental health enablement pathway restructure has been reviewed to confirm the benefits realised in its first year. These include improved links with primary care, enabling individuals to be managed in community settings, increased use of strength-based practice tools such as the single page profile to

[1] There were 62 Corporate Plan indicators and 160 service indicators.

support assessments and increased referrals into telecare and assistive technology services. The performance targets for minimising care home admissions for both 18-64 year olds and people aged 65+ were achieved in 2017/18 and improved on last year (2016/17).

Indicator	Polarity	2017/18 Annual Target	2017/18 EOY Result	2016/17 EOY Result	DOT Long Term (From EOY 2016/17)	Benchmarking
Permanent admissions to residential and nursing care homes, per 100,000 population age 18-64	Smaller is Better	15	3.2 (G)	8.5	▲ Improving	Nearest Neighbours 7.7 England 12.8 (NASCIS, 2016/17)
Permanent admissions to residential and nursing care homes, per 100,000 population age 65+	Smaller is Better	500	312.5 (G)	381.9	▲ Improving	Nearest Neighbours 404.2 England 610.7 (NASCIS, 2016/17)

Children's Social Care

Ofsted completed an inspection of Children's Services and a review of the effectiveness of the Local Children's Safeguarding Board between 25 April and 18 May 2017. The report detailing the findings of the inspection and review was published on 7 July 2017 with an overall judgement of inadequate. This result prompted the creation of the Ofsted Improvement Action Plan, which supports the improvement of outcomes for vulnerable children, a priority across the council and its partners. The plan is ongoing and has delivered improvements already, confirmed by the follow-up Ofsted monitoring visits in November 2017, January and April 2018 which found that, while there is more work to be done, there had been satisfactory progress and a positive sense of direction. The fourth monitoring visit is scheduled for July 2018 and will support the continuing improvement of this top priority.

The REACH (Resilient, Engaged, Achieving Children) team was formed in 2017/18 to work with young people to reduce their risk of, and vulnerability to, engaging in gangs, serious youth violence, child sexual exploitation, missing episodes and related vulnerabilities. The team is now embedded into standard practice. Met Police figures on knife injury victims under 25 years old show a slight reduction of 2.1% in 2017/18 (47) compared with 2016/17 (48).

Barnet is a thriving borough, with some of the best schools in the country. 95 per cent of schools are rated good or better by Ofsted; and GCSE results are above the national average.

Indicator	Polarity	2017/18 Annual Target	2017/18 EOY Result	2016/17 EOY Result	DOT Long Term (From EOY 2016/17)	Benchmarking
Average Attainment 8 score	Bigger is Better	Top 10% in England (=top 15 ranking)	54.7 (Ranked 5th) (G)	56.1 (Ranked 5th)	↔ Same	Statistical Neighbours 49.5 London: 48.9 National 46.4 (2016/17, DfE)
Average Progress 8 score	Bigger is Better	Top 10% in England (=top 15 ranking)	0.47 (Ranked 3rd) (G)	0.33 (Ranked 4th)	▲ Improving	Statistical Neighbours 0.24 London 0.22 National 0.00 (2016/17, DfE)

Environment

Service quality remains a priority for the council. The recycling rate for Q3 was 36.1% (slightly down on last year, 36.7%). Barnet has consistently been in the top ten London Boroughs. However, household waste remains at a high level (152kg per household in Q3) with Barnet among the worst performing

London Boroughs (ranked 21 out of 25). The last residents' satisfaction survey in autumn 2017, showed satisfaction with refuse and recycling to be high at 79% (above the national average, 77%). In 2017/18, the Street Scene service underwent an organisational restructure whilst proceeding with a modernisation programme that introduced new electric vehicles and machinery to improve operational efficiency.

The speed at which RE identifies and fixes potholes remains an area of concern, with frequent failure to achieve performance targets. High level discussions have taken place between all parties to agree an improvement action plan. Efforts to reduce public highway damage caused by development work in the borough are underway via a dedicated inspection team, with warning letters and invoices issued to developers for repairs. The Network Recovery Programme (NRP) has progressed well in 2017/18 resulting in major road, pavement and safety schemes being completed. A £7.2 million budget for Year 4 of the NRP was approved in March 2018.

Indicator	Polarity	2017/18 Annual Target	2017/18 EOY Result	2016/17 EOY Result	DOT Long Term (From EOY 2016/17)	Benchmarking
Percentage of household waste sent for reuse, recycling and composting	Bigger is Better	42% (Q3 target 40.1%)	36.1% (Q3) (R)	36.7% (Q3)	▼ Worsening	Rank 7 (out of 25 London Boroughs) (Q1 2017/18, Wasteflow)
Waste tonnage – residual per household	Smaller is Better	604kg HH (Q3 target 149kg HH)	152kg HH (Q3) (R)	154kg HH (Q3)	▲ Improving	Rank 21 (out of the 25 London Boroughs) (Q1 2017/18, Wasteflow)
Percentage of residents who are satisfied with refuse and recycling services	Bigger is Better	82%	79% (Autumn 2017) (G)	75% (Autumn 2016)	↔ Same	National 77% (June 2017, LGA)

Community Safety

The proposals for the Metropolitan Police to adopt a tri-borough format in Barnet, Brent and Harrow has been recognised as having the potential to impact community safety in the borough. This is being managed as part of Barnet's strategic risk management framework with controls and actions in place to minimise negative effects. Barnet remains one of London's safest boroughs with a low crime rate. In the last 12 months (to February 2018) there were 69.7 crimes per 1,000 residents in Barnet, which was the eighth lowest rate of total crime per person out of all 32 London Boroughs and 27% lower than the London average. The rate of violent crime was even lower: Barnet had the second lowest rate of violent crime out of the 32 London boroughs, with 5.8 Violence with Injury offences per 1,000 population (34% below the London average).

The Safer Communities Partnership Board has been implementing the 2017-2020 Violence Against Women and Girls (VAWG) strategy and action plan. The plan has an emphasis on victims facing additional barriers including those with complex multiple needs such as domestic violence, mental health and substance misuse. During 2017/18 the number of repeat cases of domestic violence (10%) has remained significantly and consistently below the national average (25%). However, the rate of detection of domestic violence has worsened throughout the year (23.4%, compared with 32.4% last year), a trend which the VAWG strategy seeks to reverse.

Indicator	Polarity	2017/18 Annual Target	2017/18 EOY Result	2016/17 EOY Result	DOT Long Term (From EOY 2016/17)	Benchmarking
Percentage of repeat cases of Domestic Violence to MARAC	Smaller is Better	Monitor	10.0%	12.8%	▲ Improving	National 25% (April 2015 - March 2016, Safelife)
Sanction Detection Rate of 'Domestic Abuse - Violence with Injury' Offences	Bigger is Better	Monitor	23.4%	32.4%	▼ Worsening	Met Police 31.8% (January – December 2017, Met Police)

Housing

Provisional results for the number of new homes completed in Barnet in 2017/18 (1,183) shows a significant gap against the end of year target (2,313). This is due to a lag in reporting new build completions, estimated to be of several months. Barnet Homes has helped over 1,100 people to find homes, preventing them from becoming homeless during 2017/18. However, numbers in emergency temporary accommodation have risen to 244 (from 149 last year). Despite this the average length of time people need to stay in emergency temporary accommodation has fallen by almost a third (to 38.7 weeks) from 2016/17 (67.8 weeks).

Aluminium composite material cladding on Barnet Homes sites is being removed as part of ongoing operations taking place over 24 months. 59 scheduled fire risk assessments were completed on time during 2017/18, with access issues delaying two assessments. This delay prompted improvements to the process with Barnet now receiving immediate notification of any future access issues. 100% (64) of Barnet's fire risk safety actions were completed on time in 2017/18, exceeding the 90% target.

Indicator	Polarity	2017/18 Annual Target	2017/18 EOY Result	2016/17 EOY Result	DOT Long Term (From EOY 2016/17)	Benchmarking
New homes completed[2]	Bigger is Better	2,313	1,183[3]	2,230	▼ Worsening	No benchmark available
Number of Homelessness Preventions	Bigger is Better	1,050	1,140 (G)	972	▲ Improving	Rank 2nd Quartile (2016/17, DCLG)
Numbers in Emergency Temporary Accommodation (ETA)	Smaller is Better	175	244 (R)	149	▼ Worsening	Rank 10 (out of 33 London Boroughs) (Q3 2017/18, DCLG)
Length of stay in Emergency Temporary Accommodation (ETA)	Smaller is Better	Monitor	38.7 weeks	67.8 weeks	▲ Improving	No benchmark available
Percentage of scheduled fire risk assessments completed in period	Bigger is Better	100%	96.7% (GA)	New for 2017/18	New for 2017/18	No benchmark available
Percentage of priority 0 and 1 fire safety actions completed in time	Bigger is Better	90%	100% (G)	New for 2017/18	New for 2017/18	No benchmark available

[2] This indicator measures all new homes in the borough (including as part of regeneration schemes and private development schemes).
[3] This is a provisional result (1,183) as at March 2018, so no RAG rating applied. The final result will be published in the GLA Annual Monitoring Report in May 2019. Last year's result (1,798) is also a provisional result. The final result with be published in the GLA Annual Monitoring Report in May 2018.

Customer Service

Barnet is a place where people want to live, work and study. The last residents' survey in the autumn 2017 found that 85% of people are satisfied with Barnet as a place to live (above the London average, 80%); and 64% of people are satisfied with the way the council runs things, including the delivery of key services such as refuse collection and recycling.

90% of customers rate their experience of Barnet customer service as good and Barnet is consistently in the top 5 for face-to-face customer satisfaction (out of 60 local authorities). Website satisfaction (48%) has been hindered by issues with the launch of the new 'My Account' and inaccurate information about bin collection dates, which are being resolved.

Indicator	Polarity	2017/18 Annual Target	2017/18 EOY Result	2016/17 EOY Result	DOT Long Term (From EOY 2016/17)	Benchmarking
Percentage of residents who are satisfied with Barnet as a place to live[4]	Bigger is Better	90%	85% (Autumn 2017) (GA)	85% (Autumn 2016)	↔ Same	London 80% (2016/17, LGA) National 81% (June 2017, LGA)
Percentage of residents who are satisfied with the way the council runs things[3]	Bigger is Better	74%	65% (Autumn 2017) (R)	71% (Autumn 2016)	▼ Worsening	London 63% (2016/17, LGA) National 66% (June 2017, LGA)
Overall satisfaction with customer services	Bigger is Better	89%	91% (G)	91%	↔ Same	No benchmark available
Satisfaction with the council's website	Bigger is Better	55%	48% (GA)	55%	▼ Worsening	No benchmark available

Business Rates/Council Tax

An additional £8.641m of council tax has been collected compared to last year. The net annual collectable council tax for 2017/18 is £203.1m, an increase of £9.1m compared to 2016/17. The council tax collection rate of 98.6% achieved the year-end target (98.5%). The business rate collection rate (99.4%) also achieved its year-end target (99%). Both collection rates improved in 2017/18 compared with 2016/17.

Indicator	**Polarity**	**2017/18 Annual Target**	**2017/18 EOY Result**	**2016/17 EOY Result**	**DOT Long Term (From EOY 2016/17)**	**Benchmarking**
Council Tax collection (Not in-year)	Bigger is Better	98.5%	98.6% (G)	98.5%	▲ Improving	Outer London 97.0% (2016/17, DCLG)
Business rate collection (Not in-year)	Bigger is Better	99.0%	99.4% (G)	99.1%	▲ Improving	Outer London 98.6% (2016/17, DCLG)

[4] There is a +/-4.4%pts tolerance on the results due to the confidence interval for the sample size (i.e. if we surveyed the whole population we can be confident that the results would be the same +/- 4.4%). This is reflected in the RAG rating and DOT for the indicators in the Corporate Plan and Commissioning Plans.

The Statement of Accounts

The Statement of Accounts for the London Borough of Barnet provides a picture of the council's financial position at 31 March 2018 and a summary of its income and expenditure in 2017/18. It is, in parts, a complex document which is prepared in accordance with legislation and accounting guidance which ensures that the accounts of all Government funded bodies provide comparable and consistent information.

The Accounts are approved by the Audit Committee and the Independent Auditor's Report to the Members of the London Borough of Barnet confirms whether the accounts provide a true and fair view of the council's financial position.

The accounts are published in full on the council's website at: http://www.barnet.gov.uk.

Core Financial Statements
The *Comprehensive Income and Expenditure Statement* is the primary statement illustrating performance. It summarises the income receivable and expenditure incurred in operating the council's services for the year. The statement shows a surplus for 2017/18 of £25.874m (2016/17:£33.972m) which represents the amount by which income exceeds expenditure. The *Expenditure and Funding Analysis (Note 7)* shows how the council's funding has been used in providing services and also how this expenditure is allocated for decision making purposes between the council's delivery units.

The *Movement in Reserves Statement* shows the movement in the reserves held by the council analysed into 'usable reserves' (i.e. those that can be used to fund expenditure) and 'unusable' reserves. Total reserves at 31 March 2018 were £747.953m compared with £722.079m at 31 March 2017.

The *Balance Sheet* summarises the council's assets, liabilities and reserves. At 31 March 2018, the council's net worth was £747.953m compared with £722.079m, an increase of £25.874m.

The *Cash Flow Statement* summarises, in cash terms, the council's transactions with its taxpayers, its customers, its suppliers, the Government and other parties.

The notes to the accounts provide analysis of various categories of income and expenditure and the additional information that the council is required to disclose, such as details of capital expenditure and sources of finance, officers' remuneration and information on pensions. Included in the notes is the statement of accounting policies which explains the policies adopted by the council to prepare these accounts.

Supplementary Statements
The Housing Revenue Account reflects the statutory obligation to account separately for the council's housing provision. The statement shows the major elements of income and expenditure.

As well as collecting its own tax, the council collects business rates on behalf of the Government and the Greater London Authority (GLA) and council tax on behalf of the GLA (as a precept on the council tax). All of this activity is summarised in the Collection Fund Account.

The Group Accounts report the full extent of the assets and liabilities of the council and the companies which the council either controls or significantly influences. The council consolidates the accounts of two wholly owned subsidiary companies: The Barnet Group Ltd and Barnet Holdings Ltd. The group accounts boundaries are reviewed annually and none of the other companies in which the council has an interest have traded to date and so are not required to be consolidated.

The Annual Governance Statement describes the council's governance framework, sets out how it has reviewed its governance arrangements and discloses the actions taken, or proposed, to deal with any significant governance issues. The statement is signed by the Leader of the Council and the Chief Executive Officer.

The Statement of Responsibilities for the Statement of Accounts outlines the responsibilities of the council and of the Chief Finance Officer. The certificate of the Chief Finance Officer is a statement that confirms the validity of the information presented in the accounts. The Chief Finance Officer considers whether any material events have occurred since 31 March 2018 and has concluded that other than matters disclosed in the annual governance statement no other events have occurred that require to be disclosed.

The Statement of Accounts concludes with a glossary of financial terms, designed to assist the reader in understanding the information presented.

Looking Forward for the Council

In Barnet, the impact of falling public spending and increasing demand for services has meant the council has needed to save £144m between 2010 and 2017 – 59% of its budget. The savings gap which was identified for 2018 to 2020 was £40.795m. £17.695m of the budget gap is due to be met from reserves by 2019/20 and there are savings proposals to mitigate £28.556m. After contributing approximately £12.133million to infrastructure works, there is a remaining gap of £6.677m.

It is difficult to forecast beyond 2019/20 when the current four-year settlement ends. However, due to the continuing increase in the demand for services, there will continue to be pressure on the council's budget beyond 2020 and well into the next decade. A number of mid to long term pressures and risks have been identified post 2020, including the funding of future residual waste management arrangements through North London Waste Authority (NLWA) which is likely to incur additional annual costs in the region of £6m by 2025.

There remains a great deal of uncertainty around local government funding, however any new Local Government Finance System is expected to place increasing emphasis on councils being more self-sufficient. The 2019/20 Revenue Support Grant (RSG) is expected to be £6.1m, compared with £77m in 2013/14 and it is forecast that the council will receive no RSG after 2019/20 given the trajectory of reduction.

The council is currently undertaking a 'Priorities and Spending Review' (PSR) to fully revise its MTFS through to 2025. This will involve the development of options to balance the increasing demand and expectations of residents with the constrained funding available to the council. The programme is structured around demand-focused workstreams led by subject matter experts from within the authority, working with partners. It includes a number of phases, involving the development of a high-level vision, analytical work to understand demand drivers and the development of savings proposals based on those drivers of demand. A Task and Finish Group and Programme Team provide support and leadership throughout the process.

The section 151 officer maintains a high level mid to long-term forecast of the council's income and expenditure levels. This forward-looking approach supports strong financial management and enables the organisation to take appropriate strategic decisions well in advance. Taking considered decisions in this way minimises shocks and supports effective decision making.

Conclusion

The council has a strong track record of delivering savings and has ambitious plans to ensure that, despite the financial challenges faced, the quality of local services is not compromised. The council will continue to work hard to ensure high quality services at the lowest possible cost are delivered to residents and businesses.

Should you require further information about the financial statements please contact the Finance Team at the London Borough of Barnet at: Ground Floor Building 2, North London Business Park, Oakleigh Road South, Barnet, N11 1NP, or email inspectionofaccounts@barnet.gov.uk.

Section 151 Officer

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 Director of Finance 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 Director of Finance and S151 Officer Responsibilities

The Director of Finance 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 2017/18 Code of Practice on Local Authority Accounting in the United Kingdom (The Code).

In preparing this Statement of Accounts, the Director of Finance 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 at 31 March 2018 and its income and expenditure for the year then ended. The draft accounts were published on 31 May 2018.

31st MAY 2018

Kevin Bartle
Director of Finance 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 Audit Committee on 17 July 2018

Chair of Audit Committee
Councillor xxxxxxx

Comprehensive Income and Expenditure Statement (CIES)

This statement summarises the income and expenditure of the council in providing services during 2017/18. 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.

Comprehensive Income and Expenditure Statement	Note	2017/18 Gross expenditure £'000	2017/18 Gross income £'000	2017/18 Net expenditure £'000	2016/17 Gross expenditure* £'000	2016/17 Gross income * £'000	2016/17 Net expenditure* £'000
Adults and Communities		132,255	(39,816)	**92,439**	124,213	(33,304)	**90,909**
Central Expenses		33,556	(3,218)	**30,338**	18,362	(2,658)	**15,704**
Commissioning Group		315,035	(282,305)	**32,730**	305,556	(277,261)	**28,295**
Customer and Support Group		47,701	(11,216)	**36,485**	45,333	(10,910)	**34,423**
Education and Skills		301,467	(261,444)	**40,023**	293,956	(252,127)	**41,829**
Family Services		75,805	(8,109)	**67,696**	63,592	(6,241)	**57,351**
Housing Needs and Resources		32,897	(22,413)	**10,484**	29,702	(22,393)	**7,309**
Local Authority Housing (HRA)		24,220	(62,010)	**(37,790)**	30,183	(63,245)	**(33,062)**
Parking and Infrastructure		13,594	(19,300)	**(5,706)**	16,920	(17,353)	**(433)**
Public Health		15,856	(17,609)	**(1,753)**	18,656	(18,191)	**465**
Regional Enterprise		59,127	(30,621)	**28,506**	39,018	(36,997)	**2,021**
Street Scene		23,622	(4,514)	**19,108**	25,304	(6,626)	**18,678**
Assurance		8,106	(909)	**7,197**	7,779	(2,010)	**5,769**
Cost of Services		**1,083,241**	**(763,484)**	**319,757**	**1,018,574**	**(749,316)**	**269,258**
Other Operating Expenditure	10	1,303	(2,598)	**(1,295)**	9,970		**9,970**
Financing and Investment Income and Expenditure	11	29,979	(30,474)	**(495)**	27,435	(4,630)	**22,805**
Taxation and Non-Specific Grant Income	12		(329,990)	**(329,990)**		(305,875)	**(305,875)**
Surplus on Provision of Services		**1,114,523**	**(1,126,546)**	**(12,023)**	**1,055,979**	**(1,059,821)**	**(3,842)**
Deficit/(Surplus) on revaluation of non-current assets				**14,125**			**(10,471)**
Remeasurement of the net defined benefit liability	35			**(27,976)**			**48,285**
Other Comprehensive Income and Expenditure				**(13,851)**			**37,814**
Total Comprehensive Income and Expenditure				**(25,874)**			**33,972**

* 2016/17 restated see note 5

Movement in Reserves Statement (MIRS)

This statement shows the movement on the different reserves held by the council, analysed into usable 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. The Surplus or (Deficit) on the Provision of Services, Other Comprehensive Income and Expenditure and Total Comprehensive Income and Expenditure are shown in more detail on the face of the Comprehensive Income and Expenditure Statement.

Movements in Reserves 2017/18	Note	General Fund Balance £'000	School Balances £'000	Earmarked Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Authority Reserves £'000
Balance as at 31 March 2017		**9,614**	**11,252**	**96,799**	**12,489**	**35,488**	**18,075**	**73,883**	**257,600**	**464,479**	**722,079**
Surplus / (Deficit) on provision of services		(33,935)	1,237	-	44,721	-	-	-	**12,023**	**-**	**12,023**
Other comprehensive income and expenditure		-	-	-	-	-	-	-	**-**	**13,851**	**13,851**
Total comprehensive income and expenditure		**(33,935)**	**1,237**	**-**	**44,721**	**-**	**-**	**-**	**12,023**	**13,851**	**25,874**
Adjustments between accounting basis and funding basis under regulations	8	18,360	-	-	(42,207)	(6,151)	(5,886)	11,680	**(24,204)**	**24,204**	**-**
Net increase / (decrease) in year		**(15,575)**	**1,237**	**-**	**2,514**	**(6,151)**	**(5,886)**	**11,680**	**(12,181)**	**38,055**	**25,874**
Transfer to/(from) earmarked reserves	9	21,044	-	(21,044)	-	-	-	-	**-**	**-**	**-**
Balance as at 31 March 2018		**15,083**	**12,489**	**75,755**	**15,003**	**29,337**	**12,189**	**85,563**	**245,419**	**502,534**	**747,953**

Movements in Reserves 2016/17	Note	General Fund Balance £'000	School Balances £'000	Earmarked Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Authority Reserves £'000
Balance as at 31 March 2016		**12,544**	**11,635**	**112,000**	**8,820**	**40,175**	**23,213**	**75,243**	**283,630**	**472,421**	**756,051**
Surplus / (Deficit) on provision of services		(25,502)	(383)	-	29,727	-	-	-	**3,842**	**-**	**3,842**
Other comprehensive income and expenditure		-		-	-	-	-	-	**-**	**(37,814)**	**(37,814)**
Total comprehensive income and expenditure		**(25,502)**	**(383)**	**-**	**29,727**	**-**	**-**	**-**	**3,842**	**(37,814)**	**(33,972)**
Adjustments between accounting basis and funding basis under regulations	8	7,371	-	-	(26,058)	(4,687)	(5,138)	(1,360)	**(29,872)**	**29,872**	**-**
Net increase / (decrease) in year		**(18,131)**	**(383)**	**-**	**3,669**	**(4,687)**	**(5,138)**	**(1,360)**	**(26,030)**	**(7,942)**	**(33,972)**
Transfer to/(from) earmarked reserves	9	15,201	-	(15,201)	-	-	-	-	**-**	**-**	**-**
Balance as at 31 March 2017		**9,614**	**11,252**	**96,799**	**12,489**	**35,488**	**18,075**	**73,883**	**257,600**	**464,479**	**722,079**

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 2018		31 March 2017	
	Note	£'000	£'000	£'000	£'000
Property plant and equipment	13	1,340,025		1,296,938	
Heritage assets	13	1,583		1,567	
Investment properties	13	128,812		123,371	
Intangible assets	13	11,993		5,477	
Long term debtors	15	9,822		1,212	
Long term investments	15	5,000		5,011	
Total Long Term Assets			1,497,235		1,433,576
Inventories		131		314	
Short term investments	15	33,030		62,167	
Short term debtors	16	133,157		178,050	
Cash and cash equivalents	17	69,755		38,615	
Total Current Assets			236,073		279,146
Short term borrowing	15	(1,461)		(1,434)	
Short term creditors	18	(110,469)		(121,225)	
Provisions	19	(10,219)		(7,920)	
Total Current Liabilities			(122,149)		(130,579)
Long term borrowing	15	(304,614)		(304,699)	
Provisions	19	(7,956)		(6,750)	
Pension scheme	35	(535,146)		(532,641)	
Long term lease (PFI)	32	(15,490)		(15,974)	
Total Long Term Liabilities			(863,206)		(860,064)
Net Assets			**747,953**		**722,079**
Usable reserves	8	245,419		257,600	
Unusable reserves	20	502,534		464,479	
Total Reserves			**747,953**		**722,079**

Cash Flow Statement

This shows the changes in cash and cash equivalents of the council during the year. The statement classifies the council'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 council. Investing activities summarise the expenditure made to support future activities, for example capital expenditure on housing and schools. Financing activities demonstrate how the council has managed its borrowings to fund its operating and investing activities.

	Note	2017/18		2016/17	
		£'000	£'000	£'000	£'000
Net surplus on the provision of services		12,023		3,842	
Adjustment to the surplus on the provision of services for non-cash movements	21	113,984		34,220	
Adjustment for items included in the net surplus on the provision of services that are investing and financing activities	21	(102,714)		(53,804)	
Net cash flows from operating activities			23,293		(15,742)
Net cash flows from investing activities	22		8,331		8,004
Net cash flows from financing activities			(484)		(859)
Net (decrease)/ increase in cash and cash equivalents			31,140		(8,597)
Cash and cash equivalents at the beginning of the reporting period			38,615		47,212
Cash and cash equivalents at the end of the reporting period	17		69,755		38,615

Notes to the Accounts

1. Accounting Policies

1.1 Introduction

The Statement of Accounts summarises the London Borough of Barnet's transactions for the financial year 2017/18 and its financial position at 31 March 2018. The accounting policies adopted, that are material to the context of the council's accounts for 2017/18, 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 2017/18, supported by International Financial Reporting Standards (IFRS) and statutory regulations.

The Statement of Accounts has been prepared using the going concern and accruals bases. 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 accounts for income and expenditure in the year that the activity tok place not simply when the cash payments are made or received.

Where revenue and expenditure have been recognised but cash has not been received or paid a debtor or creditor for the relevant amount is recorded on the Balance Sheet. The council's de-minimus is £0.005m

1.4 Income Recognition (Fees and Charges, Rents, etc.)

Income is measured in the council's accounts at the fair value of the consideration received or receivable. For the majority of the income the payment is received in the form of cash or cash equivalent receivable. Where the council acts as agent for another body the income collected is not included in the council's accounts.

Income from the sale of goods and services is recognised in the council's accounts when the amount of income can be measured accurately and it is probable that the income will be received and the goods or services have been provided.

1.5. Fair Value measurement

The council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments 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:

a) in the principal market for the asset or liability, or

b) 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 creditor. 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 Community Infrastructure Levy (CIL)

The council charges a CIL on new builds (chargeable developments for the authority) with appropriate planning consent. The income from the levy is largely used to fund a number of capital infrastructure projects. CIL is received without outstanding conditions; it is therefore credited to the CIES at the commencement date of the chargeable development. It is then transferred to a useable reserve until required to fund the capital projects.

1.9 Council tax and Non-Domestic Rates

The council as a billing authority act as an agent collecting council tax and non-domestic rates 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 business rates. Billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and business rates 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 non-domestic arrears, prepayments, impairment allowance for doubtful debts, non-domestic rates 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.

1.10 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 accruals 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).

Both schemes provide defined benefits to members (retirement lump sums and pensions) earned as employees worked for the Council.

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:
    - Service costs comprising: Current service and past service costs are charged to the service lines of the CIES.
    - Net interest on the net defined benefit liability is charged or credited to the 'Financing and Investment Income and Expenditure' line of the CIES.
    - 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.

- 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.
- 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.

1.11 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).

The MRP Provision is calculated in line with the 2017/18 MRP Policy agreed by council in March 2017 and the Local Government Guidance on MRP.

The council's policy is to:

- Apply the Capital Financing Requirement (CFR) MRP calculation method for supported capital expenditure.
- Apply for unsupported capital expenditure incurred on or after 1 April 2008, the calculation based on the useful asset life of the asset using equal annual instalments.

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.

1.12 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.

1.13 Support Services

Where support services are a department in their own right, the CIES will report them in line with the council's operating and decision-making reporting structure e.g. Customer and Support Group.

1.14 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 Revene 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 – these reserves are explained in the relevant policies.

1.15 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.

Recognition
Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals 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 £50,000 is considered non-enhancing and is treated as revenue expenditure. Any acquisitions such as equipment and vehicles for less than £50,000 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 treated on 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; and Foundation and Foundation Trust schools (other than those owned by religious bodies).

The Property, Plant and Equipment of voluntary aided are not recognised in the council's financial statements. In the majority of 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.
- 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 bases:

- Infrastructure (including street lighting PFI), community assets and assets under construction – depreciated historical cost.
- Dwellings – current value, determined using the basis of existing use value for social housing (EUVSH).
- 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 centers, 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, crematorium 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 of time.

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 reversed subsequently, 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.

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 assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Deprecation is calculated on the following bases:

Asset Category	Depreciation Base	Estimated useful life
Land	n/a	n/a
Buildings, Council Dwellings and Schools	Straight line	1 to 50 years as estimated by the valuer.
Vehicles Plant and Equipment	Straight line	5 to 20 years
Infrastructure	Straight line	10 to 30 years
PFI street lighting	Straight line	25 years

Assets under construction are re-categorised upon completion, from which point depreciation will be charged in accordance with the relevant depreciation policy.

Depreciation charges commence in the first full year after the asset is purchased or becomes operational.
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

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 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 also 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.

1.16 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.

Heritage Assets not held on the Balance Sheet

The remaining heritage assets are not recognised on the Balance Sheet because cost information is not readily available and the council considers that obtaining valuations for these items would involve a disproportionate cost in comparison to the benefits to the financial statement users.

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.

1.17 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.

1.18 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 amounts 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.

1.19 Leases

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

Operating Leases

Council as Lessee

Rentals paid under operating leases are charged to the CIES as an expense of 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.

1.20 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. The council's intangible assets are made up of software licences. The policy is to amortise the costs of the assets over their economic life which will vary from one asset to another up to a maximum of 10 years.

1.21 Revenue Expenditure Funded form 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.

1.22 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible assets attributable to the relevant service.

The council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.23 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. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the council's cash management.

1.24 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) and investment transactions are classified as financial instruments.

Financial Liabilities

Financial liabilities are recognised on the council's Balance Sheet when the council becomes party to the contractual provisions of the financial instrument. 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

Financial Assets are recognised on the Balance Sheet when the council becomes party to the contractual provision of the instrument.

There are two categories of Financial Asset:

- Loans and receivables - assets that have fixed and determinable payments but are not quoted in an active market. They are initially measured at fair value, and subsequently at their amortised cost. Interest receivable is credited to the Financing and Investment Income and Expenditure line of the CIES, based on the carrying amount of the assets, multiplied by the effective interest rate for the instrument. This means that the amount included in the Balance Sheet is the outstanding principal receivable, plus the accrued interest; and interest credited to the CIES is the amount receivable for the year according to the loan arrangement.
- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments. They are initially measured and carried at fair value.

Any gains and losses that arise on the de-recognition of an asset are credited/debited to the Financing and investment Income and Expenditure line of the CIES along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve for available for sale assets.

Available for sale assets are maintained in the Balance Sheet at fair value. Values are based on the following techniques:

- Instruments with quoted market prices – the market price.
- Other instruments with fixed and determinable payments – discounted cash flow analysis.
- Equity shares with no quoted market prices – multiple valuation techniques (which include market approach, income approach and cost approach).

- The inputs to the measurement techniques are categorised in accordance with the three levels as described in 1.5. Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/ loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the CIES, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

- Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES.

The council does not hold any financial assets classified as 'fair value through profit and loss', for example financial derivatives.

1.25 Contingent Liabilities

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 liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

1.26 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.

These entities have the nature of subsidiaries 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.

1.27 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.

1.28 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.

1.29 Pooled Budgets

The council has eight pooled budgets in conjunction with Barnet Clinical Commissioning Group (CCG). The council’s pooled budgets with Barnet CCG relate to community equipment, learning disabilities, preventative services, speech, language and occupational therapies, looked after children and the Better Care Fund. The authority recognises the income that it gains and expenditure that it incurs on the Comprehensive Income and Expenditure Statement. The Balance Sheet recognises any assets and liabilities resulting to the council from the pooled budget.

2. Accounting Standards Issued Not Yet Adopted

The Code requires that the authority 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. The following accounting standards have been issued but have not been adopted under the Code until 2018/19:

- IFRS 9 Financial Instruments: includes a single classification approach for financial assets driven by cashflow characteristics, a forward looking 'expected credit loss' model rather than 'incurred loss' model.
- IFRS 15 Revenue from Contracts with Customers: requires local authorities to recognise revenue in such a way that it represents the transfer of promised goods or services to the service recipient (customer) in an amount that reflects the consideration to which the authority expects to be entitled in exchange for those goods or services.
- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative: this change requires local authorities to provide disclosures that enable readers to evaluate changes in liabilities arising from financing activities.

These changes are not significant and are not expected to have a material effect on the council's Statement of Accounts.

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 also to 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 street lights are recognised as Property, Plant and Equipment on the council's Balance Sheet.

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

The financial statements contain estimated figures that are based on assumptions made by the council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the council's Balance Sheet at 31 March 2018 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
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.	If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £5.6m for every year that useful lives had to be reduced. Similarly, if the useful life of an asset is increased, depreciation reduces and the carrying amount of the asset increases. It is estimated that the annual depreciation charge for buildings would reduce by £3.1m for every year that useful lives were increased.
Pensions Liability	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.	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.
Fair and current Value Measurement	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model. Where possible, the inputs to these valuation techniques are based on observable data (Level 2), but 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. Where level 1 inputs are not available, the council employs relevant experts to identify the	The council uses Level 2 observable inputs for valuing its investment properties and surplus assets. The 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. Significant changes in any of the observable inputs would result in significantly lower or higher fair values.

	most appropriate valuation techniques to determine fair value (for example for investment properties, the Principal Valuation Manager). Information about the valuation techniques and inputs used in determining the fair value of the council's assets and liabilities is disclosed in notes 13, 14 and 15.	
Provision for NDR Appeals	The value of Non-Domestic Rates (NDR) income included in the accounts is reduced by a provision for the estimated value of appeals against valuation decisions. These estimates have been calculated using information from the Valuation Office Agency on outstanding appeals and experience of successful appeal rates.	Each 1% increase in the value of appeals that is provided for would give an additional cost of £1.138m.
Impairment Allowance for Doubtful Debts	The council had an outstanding balance of short-term debtors totalling £194.8m, against which an impairment allowance of £61.6m 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.	An understatement of doubtful debts would lead to a future adjustment and impairment to be reflected. The council's policy for estimating the impairment allowance required is to firstly consider any specific debts which are regarded as being individually significant and then to assess the impairment allowance required for each category of debt based on the nature of the debt and service area, historical loss experience and current economic conditions. If collection rates were to deteriorate, the council would need to review its policies on the calculation of its impairment allowance for doubtful debts.

5. 2016/17 re-statement

When preparing the Expenditure and Funding Analysis and the CIES, a number of classification errors were identified in 2016/17 whereby income was classified as expenditure and vice versa. 2016/17 was restated to reflect the correction of these classification errors. In addition, 2016/17 was restated to report the Registrar service within the Commissioning Group in line with the 2017/18 presentation rather than in Other in 2016/17. These changes are summarised in the table below and reflected in the restated 2016/17 CIES.

Comprehensive Income and Expenditure Statement	2016/17 Original Gross Expenditure	2016/17 Original Gross Income	2016/17 Original Net Expenditure	Correction to Reserve Movements Expenditure	Correction to Reserve Movements Income	Reclassification Between Services Expenditure	Reclassification Between Services Income	2016/17 Restated Gross Expenditure	2016/17 Restated Gross Income	2016/17 Restated Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adults and Communities	125,239	(34,330)	**90,909**	(1,026)	1,026			124,213	(33,304)	**90,909**
Central Expenses*	4,384	(8,332)	**(3,948)**	13,978	(13,978)		19,652	18,362	(2,658)	**15,704**
Commissioning Group	294,040	(264,569)	**29,471**	11,414	(11,414)	102	(1,278)	305,556	(277,261)	**28,295**
Customer and Support Group	41,259	(6,836)	**34,423**	4,074	(4,074)			45,333	(10,910)	**34,423**
Education and Skills	310,410	(268,581)	**41,829**	(16,454)	16,454			293,956	(252,127)	**41,829**
Family Services	61,710	(4,359)	**57,351**	1,882	(1,882)			63,592	(6,241)	**57,351**
Housing Needs and Resources	29,702	(22,393)	**7,309**					29,702	(22,393)	**7,309**
Local Authority Housing (HRA)	30,183	(63,245)	**(33,062)**					30,183	(63,245)	**(33,062)**
Parking and Infrastructure	23,965	(24,398)	**(433)**	(7,045)	7,045			16,920	(17,353)	**(433)**
Public Health	18,656	(18,191)	**465**					18,656	(18,191)	**465**
Regional Enterprise	22,988	(23,030)	**(42)**	16,030	(16,030)		2,063	39,018	(36,997)	**2,021**
Street Scene*	40,776	(6,362)	**34,414**	264	(264)	(15,736)		25,304	(6,626)	**18,678**
Assurance	7,881	(3,288)	**4,593**			(102)	1,278	7,779	(2,010)	**5,769**
Cost of Services	**1,011,193**	**(747,914)**	**263,279**	**23,117**	**(23,117)**	**(15,736)**	**21,715**	**1,018,574**	**(749,316)**	**269,257**
Other Operating Expenditure	9,970		**9,970**					9,970		**9,970**
Financing and Investment Income and Expendi	27,435	(4,630)	**22,805**					27,435	(4,630)	**22,805**
Taxation and Non-Specific Grant Income		(299,896)	**(299,896)**				**(5,979)**		(305,875)	**(305,875)**
(Surplus) or Deficit on Provision of Service	1,048,598	(1,052,440)	**(3,842)**					1,055,979	(1,059,821)	**(3,842)**
Surplus on revaluation of non-current assets			**(10,471)**							**(10,471)**
Remeasurement of the net defined benefit liability			**48,285**							**48,285**
Other Comprehensive Income and Expenditure			**37,814**							**37,814**
Total Comprehensive Income and Expenditure			**33,972**							**33,972**

6. Events After the Balance Sheet Date

Since the Balance Sheet date of 31 March 2018 there have been no material events which would require an adjustment to the financial statements.

The accounts were authorised for issue by Mr Kevin Bartle – Director of Finance and Section 151 Officer on 17 July 2018.

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**- 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 authority 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.

- **Other Differences** - Other differences between 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 on the Collection Fund.

Expenditure and Funding Analysis 2017/18	Net Expenditure Chargeable to General Fund and Housing Revenue Account Balances £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Adults and Communities	90,101	2,337	92,439
Central Expenses	40,438	(10,101)	30,338
Commissioning Group	24,083	8,647	32,730
Customer and Support Group	29,733	6,752	36,485
Education and Skills	9,044	30,979	40,023
Family Services	60,984	6,711	67,696
Housing Needs and Resources	7,774	2,711	10,484
Local Authority Housing (HRA)	(8,995)	(28,795)	(37,790)
Parking and Infrastructure	(6,685)	980	(5,706)
Public Health	(1,753)	-	(1,753)
Regional Enterprise	(1,743)	30,249	28,506
Street Scene	14,171	4,938	19,108
Assurance	6,803	394	7,197
Cost of Services	**263,955**	**55,802**	**319,757**
Other Income and Expenditure	(252,131)	(79,649)	(331,780)
(Surplus) or Deficit on Provision of Services	**11,824**	**(23,847)**	**(12,023)**

	2017/18 £'000
Opening General Fund, Schools, Earmarked and HRA Balance as at 1 April	**(130,154)**
Add deficit on the General Fund/HRA Balances	11,824
Closing General Fund, Schools, Earmarked and HRA Balance as at 31 March	**(118,330)**

Balance includes schools balances of £12.489m (£11.252m in 2016/17)

Expenditure and Funding Analysis 2016/17	Net Expenditure Chargeable to General Fund and Housing Revenue Account Balances* £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement* £'000
Adults and Communities	90,997	(88)	90,909
Central Expenses	24,514	(8,810)	15,704
Commissioning Group	30,138	(1,843)	28,295
Customer and Support Group	28,836	5,587	34,423
Education and Skills	8,211	33,618	41,829
Family Services	57,176	175	57,351
Housing Needs and Resources	7,042	267	7,309
Local Authority Housing (HRA)	(6,876)	(26,186)	(33,062)
Parking and Infrastructure	184	(617)	(433)
Public Health	465	-	465
Regional Enterprise	10,670	(8,649)	2,021
Street Scene	17,064	1,614	18,678
Assurance	7,117	(1,348)	5,769
Cost of Services	**275,536**	**(6,278)**	**269,258**
Other Income and Expenditure	(260,691)	(12,409)	(273,100)
(Surplus) or Deficit on Provision of Services	**14,845**	**(18,687)**	**(3,842)**

*restated see note 5

	2016/17 £'000
Opening General Fund, Schools, Earmarked and HRA Balance as at 1 April	**(144,999)**
Add deficit on the General Fund/HRA Balances	14,845
Closing General Fund, Schools, Earmarked and HRA Balance as at 31 March	**(130,154)**

Note to the Expenditure and Funding Analysis – adjustments between funding and accounting basis

2017/18	Net Expenditure Chargeable to General Fund and Housing Revenue Account Balances	Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Differences	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Adults and Communities	90,101	211	2,126	-	92,439
Central Expenses	40,438	(10,099)	-	(2)	30,338
Commissioning Group	24,083	7,233	1,414	-	32,730
Customer and Support Group	29,733	6,752	-	-	36,485
Education and Skills	9,044	24,854	7,202	(1,077)	40,023
Family Services	60,984	3,428	3,283	-	67,696
Housing Needs and Resources	7,774	2,711	-	-	10,484
Local Authority Housing (HRA)	(8,995)	(28,793)	-	(2)	(37,790)
Parking and Infrastructure	(6,685)	710	270	-	(5,706)
Public Health	(1,753)	-	-	-	(1,753)
Regional Enterprise	(1,743)	30,249	-	-	28,506
Street Scene	14,171	2,663	2,275	-	19,108
Assurance	6,803	-	394	-	7,197
Cost of Services	**263,955**	**39,919**	**16,964**	**(1,081)**	**319,757**
Other Income and Expenditure	(252,131)	(98,704)	13,517	5,538	(331,780)
(Surplus) or Deficit on Provision of Services	**11,824**	**(58,785)**	**30,481**	**4,457**	**(12,023)**

2016/17	Net Expenditure Chargeable to General Fund and Housing Revenue Account Balances*	Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Differences	Net Expenditure in the Comprehensive Income and Expenditure Statement*
	£'000	£'000	£'000	£'000	£'000
Adults and Communities	90,997	(123)	(38)	72	90,909
Central Expenses	24,514	(8,797)	-	(13)	15,704
Commissioning Group	30,138	(1,817)	(26)	-	28,295
Customer Support Group	28,836	5,587	-	-	34,423
Education and Skills	8,211	32,171	(138)	1,585	41,829
Family Services	57,176	243	(68)	-	57,351
Housing Needs and Resources	7,042	271	-	(3)	7,309
Local Authority Housing (HRA)	(6,876)	(26,186)	-	-	(33,062)
Parking and Infrastructure	184	(611)	(5)	-	(433)
Public Health	465	-	-	-	465
Regional Enterprise	10,670	(8,704)	-	55	2,021
Street Scene	17,064	1,656	(42)	-	18,678
Assurance	7,117	(1,341)	(7)	-	5,769
Cost of Services	**275,536**	**(7,650)**	**(324)**	**1,696**	**269,258**
Other Income and Expenditure	(260,691)	(22,426)	15,543	(5,526)	(273,100)
(Surplus) or Deficit on Provision of Services	**14,845**	**(30,076)**	**15,219**	**(3,830)**	**(3,842)**

*restated see note 5

Expenditure and Income analysed by nature

The authority's expenditure and income is analysed as follows:

	2017/18 £'000
Expenditure	
Employee benefits expenses	280,857
Other services expenses	783,403
Depreciation, amortisation and impairment	32,845
Interest payments	13,883
Precepts and levies	1,179
Payments to Housing Capital Receipts Pool	124
Gain on the disposal of assets	2,232
Total expenditure	**1,114,523**
Income	
Fees, charges and other service income	(224,968)
Interest and investment income	(624)
Income relating to investment properties	(29,850)
Gain on disposal of assets	(2,598)
Income from council tax, non-domestic rates, district rate income	(194,613)
Government grants and contributions	(673,893)
Total income	**(1,126,546)**
Surplus on the Provision of Services	**(12,023)**

	2016/17* £'000
Expenditure	
Employee benefits expenses	272,707
Other services expenses	738,214
Depreciation, amortisation and impairment	23,196
Interest payments	11,892
Precepts and levies	1,430
Payments to Housing Capital Receipts Pool	2,659
Loss on the disposal of assets	5,881
Total expenditure	**1,055,979**
Income	
Fees, charges and other service income	(225,378)
Interest and investment income	(648)
Income relating to investment properties	(3,723)
Gain on disposal of assets	-
Income from council tax, non-domestic rates, district rate income	(191,533)
Government grants and contributions	(638,539)
Total income	**(1,059,821)**
Surplus on the Provision of Services	**(3,842)**

8. Adjustments between Accounting Basis and Funding Basis under Regulations

	Note	General Fund Balance	School Balance	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
Balance as at 31 March 2017		**9,614**	**11,252**	**96,799**	**12,489**	**35,488**	**18,075**	**73,883**	**257,600**	**464,479**	**722,079**
Movement in reserves during 2017/18											
Surplus / (Deficit) on provision of services		(33,935)	1,237	-	44,721	-	-	-	12,023	-	12,023
Other Comprehensive Income and Expenditure		-	-	-	-	-	-	-	-	13,851	13,851
Total Comprehensive Income and Expenditure		(33,935)	1,237	-	44,721	-	-	-	12,023	13,851	25,874
Adjustments involving the Capital Adjustment Account:											
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:											
Charges for depreciation, impairment and revaluation losses		42,035	-	-	(7,008)	-	-	-	35,027	(35,027)	-
Movements in the Market value of Investment Properties		(21,825)	-	-	(4,439)	-	-	-	(26,264)	26,264	-
Amortisation of Intangible assets		873	-	-	-	-	-	-	873	(873)	-
Capital Grants and contributions applied		(27,795)	-	-	(3,102)	-	-	-	(30,898)	30,898	-
Movement in donated assets account		(1,065)	-	-	-	-	-	-	(1,065)	1,065	-
Revenue Expenditure Funded From Capital Under Statute		43,983	-	-	1,587	-	-	-	45,570	(45,570)	-
Inclusion of items not debited or credited to the Comprehensive Income and Expenditure Statement		-	-	-	-	-	-	-	-	-	-
Statutory provision for the financing of capital investment		(10,929)	-	-	-	-	-	-	(10,929)	10,929	-
Capital expenditure charged against the General Fund and HRA balances		(7,598)	-	-	-	-	-	-	(7,598)	7,598	-
Adjustments involving the Capital Grants Unapplied Account:		-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions unapplied credited to CIES		(40,235)	-	-	-	-	-	40,235	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account		352	-	-	-	-	-	(28,555)	(28,204)	28,204	-
Adjustments involving the Capital Receipts Reserve:		-	-	-	-	-	-	-	-	-	-
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES		10,824	-	-	(5,858)	26,598	-	-	31,564	(31,564)	-
Use of the Capital Receipts Reserve to finance new capital expenditure		-	-	-	-	(32,706)	-	-	(32,706)	32,706	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool		124	-	-	-	(124)	-	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		(3)	-	-	-	81	-	-	78	(78)	-
Adjustments involving the Deferred Capital Receipts Reserve:		-	-	-	-	-	-	-	-	-	-
Deferred sale proceeds credited as part of the gain/loss on disposal to the CIES		(5,321)	-	-	(12)	-	-	-	(5,333)	5,333	-
Adjustments involving the Major Repairs Reserve (MRR):		-	-	-	-	-	-	-	-	-	-
Reversal of Major Repairs Allowance credited to the HRA		-	-	-	(23,372)	-	23,372	-	-	-	-
Use of the Major Repairs Reserve to finance new capital expenditure		-	-	-	-	-	(29,258)	-	(29,258)	29,258	-
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		(2)	-	-	(2)	-	-	-	(4)	4	-
Adjustments involving the Pension Reserve:		-	-	-	-	-	-	-	-	-	-
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement		53,688	-	-	-	-	-	-	53,688	(53,688)	-
Employer's pension contributions and direct payments to pensioners payable in the year		(23,207)	-	-	-	-	-	-	(23,207)	23,207	-
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		5,540	-	-	-	-	-	-	5,540	(5,540)	-
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		(1,077)	-	-	-	-	-	-	(1,077)	1,077	-
Adjustments between accounting basis and funding basis under regulations		18,360	-	-	(42,207)	(6,151)	(5,886)	11,680	(24,204)	24,204	-
Net increase / (decrease) in year		**(15,575)**	**1,237**	**-**	**2,514**	**(6,151)**	**(5,886)**	**11,680**	**(12,181)**	**38,055**	**25,874**
Transfer to/(from) earmarked reserves	9	21,044	-	(21,044)	-	-	-	-	-	-	-
(Decrease) /Increase in Year		**5,469**	**1,237**	**(21,044)**	**2,514**	**(6,151)**	**(5,886)**	**11,680**	**(12,181)**	**38,055**	**25,874**
Balance as at 31 March 2018		**15,083**	**12,489**	**75,755**	**15,003**	**29,337**	**12,189**	**85,563**	**245,419**	**502,534**	**747,953**

Adjustments between Accounting Basis and Funding Basis under Regulations

	Note	General Fund Balance	School Balance	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
Balance as at 31 March 2016		12,544	11,635	112,000	8,820	40,175	23,213	75,243	283,630	472,421	756,051
Movement in reserves during 2016/17											
(Deficit)/Surplus on provision of services		(25,502)	(383)	-	29,727	-	-	-	3,842	-	3,842
Other Comprehensive Income and Expenditure		-	-	-	-	-	-	-	-	(37,814)	(37,814)
Total Comprehensive Income and Expenditure		(25,502)	(383)	-	29,727	-	-	-	3,842	(37,814)	(33,972)
Adjustments involving the Capital Adjustment Account:											
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:											
Charges for depreciation, impairment and revaluation losses		24,098	-	-	(2,076)	-	-	-	22,022	(22,022)	-
Movements in the market value' of Investment Properties		(409)	-	-	-	-	-	-	(409)	409	-
Amortisation of Intangible Assets		1,173	-	-	-	-	-	-	1,173	(1,173)	-
Capital Grants and Contributions applied		(14,802)	-	-	(2,416)	-	-	-	(17,218)	17,218	-
Revenue Expenditure Funded From Capital Under Statute		25,124	-	-	-	-	-	-	25,124	(25,124)	-
Inclusion of items not debited or credited to the Comprehensive Income and Expenditure Statement			-								
Statutory provision for the financing of capital investment		(9,617)	-	-	-	-	-	-	(9,617)	9,617	-
Capital expenditure charged against the General Fund and HRA balances		(20,749)	-	-	-	-	-	-	(20,749)	20,749	-
Adjustments involving the Capital Grants Unapplied Account:			-								
Capital Grants and Contributions unapplied credited to CIES		(17,250)	-	-	-	-	-	17,250	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account		-	-	-	-	-	-	(18,610)	(18,610)	18,610	-
Adjustments involving the Capital Receipts Reserve:			-								
Net gain/loss on the sale or de-recognition of non-current assets		5,750	-	-	131	18,892	-	-	24,773	(24,773)	-
Use of the Capital Receipts Reserve to finance new capital expenditure		-	-	-	-	(21,004)	-	-	(21,004)	21,004	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool		2,659	-	-	-	(2,659)	-	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		-	-	-	-	84	-	-	84	(84)	-
Adjustments involving the Major Repairs Reserve (MRR):			-								
Transfer to the MRR from the HRA including depreciation		-	-	-	(21,693)	-	21,693	-	-	-	-
Use of the Major Repairs Reserve to finance new capital expenditure		-	-	-	-	-	(26,831)	-	(26,831)	26,831	-
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		(2)	-	-	(4)	-	-	-	(6)	6	-
Adjustments involving the Pension Reserve:			-								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement		37,864	-	-	-	-	-	-	37,864	(37,864)	-
Employer's pension contributions and direct payments to pensioners payable in the year		(22,645)	-	-	-	-	-	-	(22,645)	22,645	-
Adjustments involving the Collection Fund Adjustment Account:											
Amount by which council tax and NNDR income credited to the CIES differ from council tax and NNDR income calculated for the year in accordance with statutory requirements		(5,520)	-	-	-	-	-	-	(5,520)	5,520	-
Adjustment involving the Accumulated Absences Account:											
Amount by which officer remuneration charged to the CIES on an accruals basis differs from remuneration chargeable in the year in accordance with statutory requirements		1,697	-	-	-	-	-	-	1,697	(1,697)	-
Adjustments between accounting basis and funding basis under regulations		7,371	-	-	(26,058)	(4,687)	(5,138)	(1,360)	(29,872)	29,872	-
Net Increase / (Decrease) before Transfers to Earmarked Reserves		(18,131)	(383)	-	3,669	(4,687)	(5,138)	(1,360)	(26,030)	(7,942)	(33,972)
Transfer to/(from) earmarked reserves	9	15,201	-	(15,201)	-	-	-	-	-	-	-
(Decrease) /Increase in Year		**(2,930)**	**(383)**	**(15,201)**	**3,669**	**(4,687)**	**(5,138)**	**(1,360)**	**(26,030)**	**(7,942)**	**(33,972)**
Balance as at 31 March 2017		**9,614**	**11,252**	**96,799**	**12,489**	**35,488**	**18,075**	**73,883**	**257,600**	**464,479**	**722,079**

9. Transfers to / from Earmarked Reserves

Earmarked reserves are amounts of money set aside to cover expenditure in future years on specified projects or major initiatives that would not be able to proceed unless money had previously been set aside.
The movement on the council's earmarked reserves during the year is shown below:

	Reserve b/fwd at 31 March 2016	In year Expenditure	Reserve move-ments	New Reserves Raised	Reserve c/fwd at 31 March 2017	In year Expenditure	Reserve move-ments	New Reserves Raised	Reserve c/fwd at 31 March 2018
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Central - Capital Financing (i)	3,190	(1,616)		-	1,574	-	(2,513)	939	-
Central - Infrastructure (ii)	35,458	(19,463)		20,578	36,573	(17,472)	(3,086)	25,874	41,889
Central - Risk	9,332	(6,212)	(3,120)	-	-	-	-	-	-
Central - Balancing the MTFS (iii)	-	(157)	15,582	-	15,425	-	(5,419)	1,039	11,045
Central - Service Development (iv)	10,582	(10,154)	(1,483)	7,363	6,308	(1,554)	(2,697)	556	2,613
Central - Concil tax and NNDR smoothing (v)	-	-	-	-	-	-	-	2,482	2,482
Central - Transformation (vi)	12,653	(6,280)	381	-	6,754	(3,322)	-	-	3,432
Service - Housing Benefits (vii)	8,036	(648)	(6,597)	1,109	1,900	(100)	(500)	2,242	3,542
Service - Public Health(viii)	1,336	(812)	17	1,816	2,358	(1,721)	-	1,754	2,391
Service - Other (ix)	29,499	(4,797)	(4,780)	4,148	24,070	(12,091)	(6,808)	1,040	6,211
Sub Total General Fund Earmarked Reserves	110,086	(50,138)	-	35,014	94,962	(36,260)	(21,023)	35,926	73,605
Special Parking Account (SPA)	1,914	(1,986)	-	1,909	1,837	(864)	-	1,177	2,150
Total Earmarked Reserves	112,000	(52,124)	-	36,923	96,799	(37,124)	(21,023)	37,103	75,755

i) Capital financing - receipts not yet applied to capital expenditure to enable the effective management of the medium term financial strategy
ii) Infrastructure - the new homes bonus and CIL is set aside in this reserve to fund the cost of infrastructure in Barnet
iii) Balancing the MTFS – to fund future pressures
iv) Service development - to fund new commissions and service transformation proposals.
v) Council tax and NNDR smoothing reserve, to provide a means to manage increases and decreases in income from council tax and business rates in future years.
vi) Transformation – to fund the transformation programme to change, protect and improve council services
vii) Housing Benefits - Changes in benefit subsidy – to cover anticipated costs in respect of Department for Work and Pensions enforced changes to benefits administration.
viii) Public Health to cover future Public Health expenditure
ix) Other - Including: Dedicated Schools Grant (DSG) – balances in respect of delegated schools' budgets (£0.5m), troubled families (£1.078m) and the local election reserve (£0.9m)

In-year expenditure, reserve movement and new reserves raised total £21.044m (2016/17: £15.201m), which is shown in the Movement in Reserves Statement as transfers to and from earmarked reserves. This movement reflects contributions to earmarked reserves and the use of reserves to fund revenue and capital expenditure.

10. Other Operating Expenditure

	2017/18 £'000	2016/17 £'000
Precepts and levies	1,179	1,430
Contribution to government housing pool	124	2,659
(Gain) / loss on disposal *	(2,598)	5,881
Total	**(1,295)**	**9,970**

***Within the gain on disposal there is a £3.897m loss relating to one school that has transferred to academy status in 2017/18 (in 2016/17 one school transferred: £5.656m).

11. Financing and Investment Income and Expenditure

	2017/18 £'000	2016/17 £'000
Interest payable and similar charges	13,883	11,892
Net Interest on the Net Defined Benefit Liability	13,517	15,543
Interest receivable and similar income	(624)	(648)
Income and expenditure in relation to investment properties and changes in their fair value	(29,850)	(3,723)
(Gain) or Loss on disposal of investment properties	2,232	-
Trading operations	347	(259)
Total	**(495)**	**22,805**

12. Taxation and Non-Specific Grant Income

	2017/18 £'000	2016/17 £'000
Council tax income	(162,160)	(159,184)
Non- domestic rates income and expenditure	(32,453)	(32,349)
Non-specific grants (see note 28)	(63,179)	(79,874)
Donated asset	(1,065)	-
Capital grants and contributions	(71,133)	(34,468)
Total	**(329,990)**	**(305,875)**

*re-presented/restated

13. Movement in Property, Plant and Equipment, Heritage Assets, Investment Properties and Intangible Assets

The Principal Valuation Manager, Robert Braham, who is employed by Cpita 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 2018. Where applicable the valuation date for all other assets due for revaluation in the year was 1 April 2017. This date was used as directed by the valuer, to allow sufficient time to collect and assess valuation information.

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.

Consideration has been given by the Principal Valuation Manager as to whether there have been any significant changes in the market, statutory or regulatory environments during the accounting period which could have affected the above valuations with the conclusion that there has not been any such change.

At 31 March 2018, the council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2018/19 and future years, budgeted to cost £91.450m (£55.625m in 2017/18). This is broken down in the table below

Capital Project	Commitment £'000
Sport and Physical Activities	33,020
Blessed Dominic/St James School	20,706
Office Build	9,568
Thameslink Station	5,235
Moreton Close	5,000
St Mary's & St John's School	4,848
HRA Fire Safety Programme	4,000
Youth Zone	3,999
Community Centre - Tarling Road	2,728
Depot Relocation	1,200
Customer Services Transformation Programme	1,146
TOTAL	**91,450**

All surplus assets are valued using level 2 observable inputs. In estimating the fair value of the council's surplus assets, the highest and best use of the properties has been applied. There has been no change in the valuation techniques used during the year for surplus assets.

Property, Plant & Equipment, Heritage Assets Investment Properties and Intangible Assets 2017/18

	Property, Plant and Equipment (PPE)												
	Council House Dwellings £'000	Other Land and Buildings £'000	Schools £'000	Vehicles Plant and Equipment £'000	Infrastructure £'000	Community Assets £'000	Surplus assets £'000	Assets under Construction £'000	Total PPE £'000	Heritage Assets £'000	Investment Properties £'000	Intangible Assets £'000	Total Assets £'000
Cost or Valuation of Assets at 1 April 2017	713,566	162,305	226,843	56,416	152,757	355	34,698	54,300	**1,401,240**	1,567	123,416	13,220	**1,539,443**
Reclassifications	-	(956)	-	-	-	-	-	(7,514)	**(8,470)**	-	956	-	**(7,514)**
Additions from Assets under Construction	28,035	21,757	4,583	-	10,822	-	-	(70,355)	**(5,158)**	-	2	5,156	**-**
Additions	6,703	10,921	-	1,559	402	-	4,680	96,757	**121,022**	-	-	2,233	**123,255**
Revaluation increases recognised in the Revaluation Reserve	129	5,620	2,768	-	-	-	6,605	-	**15,122**	16	-	-	**15,138**
Revaluation decreases recognised in the Revaluation Reserve	(23,585)	(9,946)	(23,782)	-	-	-	(4,158)	-	**(61,471)**	-	-	-	**(61,471)**
Revaluation increases recognised in the Surplus/Deficit on the Provision of Service	30,431	1,111	2,199	-	-	-	-	-	**33,741**	-	33,500	-	**67,241**
Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	-	(17,840)	(10,038)	-	-	-	(49)	-	**(27,927)**	-	(7,375)	-	**(35,302)**
Derecognition - Disposals	(2,558)	(614)	(4,207)	-	-	-	-	(2,902)	**(10,281)**	-	(21,687)	-	**(31,968)**
Derecognition - Other	-	-	-	(4,657)	(58)	-	-	(5,356)	**(10,071)**	-	-	(127)	**(10,198)**
Gross Value of Assets at 31 March 2018	752,721	172,358	198,366	53,318	163,923	355	41,776	64,930	**1,447,747**	1,583	128,812	20,482	**1,598,624**
Accumulated Depreciation at 1 April 2017	-	(10,551)	(7,768)	(39,724)	(46,174)	-	(85)	-	**(104,302)**	-	(45)	(7,743)	**(112,090)**
Reclassifications	-	92	-	-	-	-	-	-	**92**	-	(92)	-	**-**
Writeback of depreciation on revaluation recognised in the Surplus/Deficit on the Provision of Service	-	1,886	2,142	-	-	-	-	-	**4,028**	-	137	-	**4,165**
Writeback of depreciation on revaluation recognised in the Revaluation Reserve	22,867	3,897	5,444						**32,208**				**32,208**
Derecognition - Disposals	-	42	364	-	-	-	-	-	**406**	-	-	-	**406**
Derecognition - Other	-	-	-	4,657	58	-	-	-	**4,715**	-	-	127	**4,842**
Depreciation charge	(22,867)	(4,345)	(6,999)	(2,519)	(8,123)	-	(16)	-	**(44,869)**	-	-	(873)	**(45,742)**
Accumulated Depreciation 31 March 2018	-	(8,979)	(6,817)	(37,586)	(54,239)	-	(101)	-	**(107,722)**	-	-	(8,489)	**(116,211)**
Net Book Value of Asset at 31 March 2017	**713,566**	**151,754**	**219,075**	**16,692**	**106,583**	**355**	**34,613**	**54,300**	**1,296,938**	**1,567**	**123,371**	**5,477**	**1,427,353**
Net Book Value of Asset at 31 March 2018	**752,721**	**163,379**	**191,549**	**15,732**	**109,684**	**355**	**41,675**	**64,930**	**1,340,025**	**1,583**	**128,812**	**11,993**	**1,482,413**

Property Plant & Equipment, Heritage Assets, Investment Properties and Intangible Assets 2016/17

	Property, Plant and Equipment (PPE)												
	Council Dwellings £'000	Other Land and Buildings £'000	Schools £'000	Vehicles Plant and Equipment £'000	Infrastructure £'000	Community Assets £'000	Surplus Assets £'000	Assets under Construction £'000	Total PPE £'000	Heritage Assets £'000	Investment Properties £'000	Intangible Assets £'000	**Total Assets £'000**
Cost or Valuation of Assets at 1 April 2016	685,946	160,221	238,070	61,195	194,271	340	24,915	26,061	**1,391,019**	1,567	117,126	13,220	**1,522,932**
Reclassifications	330	(3,472)	(149)	-	-	-	730	-	**(2,561)**	-	2,561	-	**-**
Additions from Assets under Construction	34,061	8,880	8,646	1,577	19,090	-	-	(83,948)	**(11,694)**	-	11,694	-	**-**
Revaluation increases recognised in the Revaluation Reserve	-	-	-	-	443	-	-	112,187	**112,630**	-	-	-	**112,630**
Revaluation decreases recognised in the Revaluation Reserve	1,284	9,431	3,059	-	-	-	4,880	-	**18,654**	-	-	-	**18,654**
Revaluation increases recognised in the Surplus/Deficit on the Provision of Service	(224)	(5,367)	(15,092)	-	-	-	-	-	**(20,683)**	-	-	-	**(20,683)**
Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	4,014	2,633	3,316	-	-	15	4,173	-	**14,151**	-	9,214	-	**23,365**
Derecognition - Disposals	-	(8,597)	(4,732)	-	-	-	-	-	**(13,329)**	-	(10,013)	-	**(23,342)**
Derecognition - Other	(11,845)	-	(6,275)	-	-	-	-	-	**(18,120)**	-	(7,166)	-	**(25,286)**
Other	-	(1,424)	-	(6,356)	(61,047)	-	-	-	**(68,827)**	-	-	-	**(68,827)**
Gross Value of Assets at 31 March 2017	713,566	162,305	226,843	56,416	152,757	355	34,698	54,300	**1,401,240**	1,567	123,416	13,220	**1,539,443**
Accumulated Depreciation at 1 April 2016													
Reclassifications	-	(14,154)	(8,212)	(43,107)	(99,700)	-	(113)	-	**(165,286)**	-	(2)	(6,570)	**(171,858)**
Write back of depreciation on revaluation recognised in the Surplus/Deficit on the Provision of Services	(28)	1,534	-	-	-	-	(256)	-	**1,250**	-	(1,250)	-	**-**
Write back of depreciation on revaluation recognised in the Revaluation Reserve	21,643	406	1,069	-	-	-	-	-	**23,118**	-	1,207	-	**24,325**
Derecognition - Disposals	447	4,904	6,849				300		**12,500**	-	-	-	**12,500**
Derecognition - Other	-	-	513	-	-	-	-	-	**513**	-	-	-	**513**
Depreciation charge	-	1,424	-	6,356	61,047	-	-	-	**68,827**	-	-	-	**68,827**
Accumulated Depreciation 31 March 2017	(22,062)	(4,665)	(7,987)	(2,973)	(7,521)	-	(16)	-	**(45,224)**	-	-	(1,173)	**(46,397)**
Accumulated Depreciation 31 March 2017	-	(10,551)	(7,768)	(39,724)	(46,174)	-	(85)	-	**(104,302)**	-	(45)	(7,743)	**(112,090)**
Net Book Value of Assets 31 March 2016	**685,946**	**146,067**	**229,858**	**18,088**	**94,571**	**340**	**24,802**	**26,061**	**1,225,733**	**1,567**	**117,124**	**6,650**	**1,351,074**
Net Book Value of Assets 31 March 2017	**713,566**	**151,754**	**219,075**	**16,692**	**106,583**	**355**	**34,613**	**54,300**	**1,296,938**	**1,567**	**123,371**	**5,477**	**1,427,353**

14. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

Investment Properties	2017/18	2016/17
	£'000	£'000
Rental income from investment property	(3,586)	(3,315)
Direct operating expenses arising from investment property	-	-
Net gain	(3,586)	(3,315)

Movements in the fair value of investment properties are detailed in Note 13 (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 – Financing and Investment Income and Expenditure line.

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.

15. Financial Instruments

Categories of Financial Instruments

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

	Long Term 31 March 2018 £'000	Long Term 31 March 2017 £'000	Current 31 March 2018 £'000	Current 31 March 2017 £'000
Investments				
Loans and receivables	5,000	5,011	33,030	52,167
Available for sale financial assets				10,000
Total Investments	5,000	5,011	33,030	62,167
Debtors				
Loans and receivables	9,822	1,212	117,487	121,386
Total included in Debtors	9,822	1,212	117,487	121,386
Cash and cash equivalents	-	-	69,755	38,615
Total cash and cash equivalents	-	-	69,755	38,615
Borrowing				
Financial liabilities at amortised cost	304,614	304,699	1,461	1,434
Total included in Borrowing	304,614	304,699	1,461	1,434
Other Long-term Liabilities				
PFI and finance lease liabilities carried at amortised cost	15,490	15,974	484	428
total Other Long-term Liabilities	15,490	15,974	484	428
Creditors				
Financial liabilities carried at amortised cost	-	-	86,994	72,670
Total Creditors	-	-	86,994	72,670

No material soft loans existed at either date.

Income, Expenses, Gains and Losses:

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

	2017/18				2016/17			
	Financial Liabilities measured at amortised cost	Financial Assets: loans and receivables	Financial Assets: available for sale	Total	Financial Liabilities measured at amortised cost	Financial Assets: loans and receivables	Financial Assets: available for sale	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense	(13,883)	-	-	(13,883)	(11,892)	-	-	(11,892)
Total expense in Surplus or Deficit on the Provision of Services	**(13,883)**	**-**	**-**	**(13,883)**	**(11,892)**	**-**	**-**	**(11,892)**
Interest income	-	260	364	**624**	-	636	256	**892**
Total income in Surplus or Deficit on the Provision of Services	**-**	**260**	**364**	**624**	**-**	**636**	**256**	**892**
Net (Loss)/Gain for the Year	**(13,883)**	**260**	**364**	**(13,259)**	**(11,892)**	**636**	**256**	**(11,000)**

Fair Values of Financial Instruments

For each class of financial asset and financial liability, 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 long-term loans are carried in the Balance Sheet at amortised cost. Investments consist of loans and receivables which are carried in the Balance Sheet at amortised cost and available for sale assets which are held at fair value.

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 includes accrued interest for long-term investments and borrowings, as well as accrued interest for cash and cash equivalents.

The fair values of these assets and liabilities 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 2018, 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 2017 and 31 March 2018 consisted of loans from PWLB and market loans. The authority 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 £242.686 million would be valued at £291.17 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 would not now be paid. The exit price for the PWLB loans including the penalty charge would be £332.82 million. The council also has market loan of £62.389 million as at 31 March 2018. Using a similar methodology as PWLB loans the fair values are £92.26 million using new borrowing rates (the basis used in the table below) or £121.87 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 and building societies, 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 March 2018		31 March 2017	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Borrowing held at amortised cost	306,075	383,435	306,133	388,263
PFI lease liabilities	15,974	31,042	16,401	16,401
Trade creditors	86,994	86,994	72,670	72,670
	409,044	501,471	395,204	477,334

Financial Assets

	31 March 2018		31 March 2017	
	Carrying amount £'000	Fair value £'000	Carrying amount* £'000	Fair value £'000
Long term debtors	9,822	9,822	1,212	1,212
Long term investments	5,000	5,000	5,011	5,011
Cash and cash equivalents	69,755	69,755	38,615	38,615
Short term investments	33,030	33,030	62,167	62,167
Trade debtors	117,487	117,487	121,386	121,386
	235,094	235,094	228,391	228,391

*restated for trade debtors misclassified in 2016/17

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).

16. Debtors

	31 March 2018 £'000	31 March 2017 £'000
Central Government Bodies	16,725	27,178
Other Local Authorities	7,911	15,732
Public Corporations and Trading Funds	-	666
NHS bodies	10,550	8,401
Other Entities and Individuals	159,617	158,329
	194,803	210,306
Less: provision for bad and doubtful debts	(61,646)	(32,256)
Total	**133,157**	178,050

The increase in the provision for bad and doubtful debts in 2017/18 is due primarily to housing benefit overpayments being recovered from ongoing benefit (£22m). Neither the debtor nor the provision for bad and doubtful debts were included in the 2016/17 accounts. The 2017/18 provision also includes £3.5m for an investment which is to be written off.

17. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

	31 March 2018 £'000	31 March 2017 £'000
Bank current accounts	7,248	20,415
Short-term deposits - call accounts	15,401	4,500
Short-term deposits - money market funds	47,106	13,700
Total	**69,755**	**38,615**

18. Creditors

	31 March 2018 £'000	31 March 2017* £'000
Central Government Bodies	6,548	15,630
Other Local Authorities	8,851	14,482
NHS bodies	3,164	237
Other Entities and Individuals	91,906	90,877
Total	**110,469**	121,225

*realigned following review

19. Provisions

	Note	As at 1 April 2016 £'000	In year related payments £'000	Written back in year £'000	New provisions raised £'000	As at 31 March 2017 £'000	In year related payments £'000	Written back in year £'000	New provisions raised £'000	As at 31 March 2018 £'000
Housing and Property		117	(117)	-	-	-	-	-	-	-
Insurance	i)	8,850	-	-	-	8,850	(2,224)	-	3,630	**10,256**
Legal	ii)	84	(24)	(50)	-	10	-	(10)	-	**-**
Service Related Provision	iii)	644	(300)	-	2,313	2,657	(385)	-	1,606	**3,878**
Redundancy Costs		120	(24)	-	-	96	-	-	-	**96**
Business Rates Appeals	iv)	3,082	-	(527)	502	3,057	(20)	(666)	1,574	**3,945**
Total		12,897	(465)	(577)	2,815	14,670	**(2,629)**	**(676)**	**6,810**	**18,175**
					Short Term	7,920			**Short Term**	**10,219**
					Long term	6,750			**Long term**	**7,956**

i) Insurance - Provision is for liabilities that have occurred but where the timing of the payment is dependent upon the claim settlement process.

ii) Legal - This provision is to cover the potential liability of on-going legal cases.

iii) Service Related Provision – The majority of items relate to residential care ordinary residence cases.

iv) Business Rates Appeals - Provision is to cover the council's share of the settlement of previous and potential appeals by rate payers.

Insurance Provision

- The Insurance provision 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 2018 of the potential financial impact of outstanding insurance claims, by independent actuaries, HJC Actuarial Consulting Limited; in line with national actuarial guidelines.

- The council's insurance provision includes £0.831m (£0.859m for 2016/17) in relation to Municipal Mutual Insurance. In January 1994, the council's then insurer, Municipal Mutual Insurance (MMI), made a Scheme of Arrangement with its creditors. Under the Scheme, claims are initially paid out in full, but if the eventual wind up of the company results in insufficient assets to meet liabilities, a clawback clause will be triggered, which could affect claims already paid. As at September 2017, the council's qualifying gross claims paid under the scheme are £1.438m, with £0.149m of claims outstanding. The council has been advised by the actuary that an ultimate levy of 75% would be a fair assumption at this time. Accordingly for the council's MMI exposure a provision of 50% has been made (75% as directed by the actuary less 25% levy already paid) plus 75% of outstanding claims.

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 2018. The provision in the table above is the council's share of the total appeals provision.

20. Unusable Reserves

Movements in the council's unusable reserves are detailed below:

	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 2017	**162,513**	**828,851**	**(538)**	**12,412**	**(532,641)**	**(6,510)**	**392**	**464,479**	**722,079**
Movement in reserves during 2017/18									
Surplus / (Deficit) on provision of services	-	-	-	-	-	-	-	-	**12,023**
Other Comprehensive Income and Expenditure	(14,125)	-	-	-	27,976	-	-	13,851	**13,851**
Total Comprehensive Income and Expenditure	(14,125)	-	-	-	27,976	-	-	13,851	**25,874**
Adjustments involving the Capital Adjustment Account:									
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:									
Charges for depreciation, impairment and revaluation losses	(3,998)	(31,029)	-	-	-	-	-	(35,027)	-
Movements in the Market value of Investment Properties	-	26,264	-	-	-	-	-	26,264	-
Amortisation of Intangible assets	-	(873)	-	-	-	-	-	(873)	-
Capital Grants and contributions applied	-	30,898	-	-	-	-	-	30,898	-
Movement in donated assets account	-	1,065	-	-	-	-	-	1,065	-
Revenue Expenditure Funded From Capital Under Statute	-	(45,570)	-	-	-	-	-	(45,570)	-
Inclusion of items not debited or credited to the Comprehensive Income and Expenditure Statement									
Statutory provision for the financing of capital investment	-	10,929	-	-	-	-	-	10,929	-
Capital expenditure charged against the General Fund and HRA balances	-	7,598	-	-	-	-	-	7,598	-
Adjustments involving the Capital Grants Unapplied Account:	-	-	-	-	-	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	28,204	-	-	-	-	-	28,204	-
Adjustments involving the Capital Receipts Reserve:	-	-	-	-	-	-	-	-	-
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(104)	(31,461)	-	-	-	-	-	(31,564)	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	32,706	-	-	-	-	-	32,706	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-	-	-	(78)	(78)	-
Adjustments involving the Deferred Capital Receipts Reserve:	-	-	-	-	-	-	-	-	-
Deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	-	-	-	-	-	-	5,333	5,333	-
Adjustments involving the Major Repairs Reserve (MRR):	-	-	-	-	-	-	-	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	29,258	-	-	-	-	-	29,258	-
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	-	-	4	-	-	-	-	4	-
Adjustments involving the Pension Reserve:	-	-	-	-	-	-	-	-	-
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-	-	-	-	(53,688)	-	-	(53,688)	-
Employer's pension contributions and direct payments to pensioners payable in the year	-	-	-	-	23,207	-	-	23,207	-
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	-	-	-	(5,540)	-	-	-	(5,540)	-
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	-	-	-	-	-	1,077	-	1,077	-
Adjustments between accounting basis and funding basis under regulations	(4,101)	57,991	4	(5,540)	(30,481)	1,077	5,255	24,204	-
Net increase / (decrease) in year	**(18,226)**	**57,991**	**4**	**(5,540)**	**(2,505)**	**1,077**	**5,255**	**38,055**	**25,874**
Balance as at 31 March 2018	**144,287**	**886,842**	**(534)**	**6,872**	**(535,146)**	**(5,433)**	**5,647**	**502,534**	**747,953**

	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 2016	160,775	779,202	(544)	6,892	(469,137)	(4,813)	46	472,421	756,051
Movement in reserves during 2016/17									
Surplus on provision of services	-	-	-	-	-	-	-	-	3,842
Other Comprehensive Income	10,471	-	-	-	(48,285)	-	-	(37,814)	(37,814)
Total Comprehensive Income and Expenditure	10,471	-	-	-	(48,285)	-	-	(37,814)	(33,972)
Adjustments involving the Capital Adjustment Account:									
Reversal of items debited or credited to the comprehensive Income and Expenditure Statement:									
Charges for depreciation, impairment and revaluation losses	(4,859)	(17,163)	-	-	-	-	-	(22,022)	-
Movements in the Market value of Investment Properties	-	409	-	-	-	-	-	409	-
Amortisation of Intangible assets	-	(1,173)	-	-	-	-	-	(1,173)	-
Capital Grants and contributions applied	-	17,218	-	-	-	-	-	17,218	-
Revenue Expenditure Funded From Capital Under Statute	-	(25,124)	-	-	-	-	-	(25,124)	-
Inclusion of items not debited or credited to the Comprehensive Income and Expenditure Statement									
Statutory provision for the financing of capital investment	-	9,617	-	-	-	-	-	9,617	-
Capital expenditure charged against the General Fund and HRA balances	-	20,749	-	-	-	-	-	20,749	-
Adjustments involving the Capital Grants Unapplied Account:									
Application of grants to capital financing transferred to the Capital Adjustment Account	-	18,610	-	-	-	-	-	18,610	-
Adjustments involving the Capital Receipts Reserve:									
Net gain/loss on the sale or de-recognition of non-current assets	(3,874)	(20,899)	-	-	-	-	-	(24,773)	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	21,004	-	-	-	-	-	21,004	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	(430)	-	-	-	-	346	(84)	-
Adjustments involving the Major Repairs Reserve:									
Use of the Major Repairs reserve to finance new capital expenditure	-	26,831	-	-	-	-	-	26,831	-
Adjustments involving the Financial Instruments Adjustment Account:									
Amount by which finance costs charged to the CIES are different from finance coasts chargeable in the year in accordance with statutory requirements	-	-	6	-	-	-	-	6	-
Adjustments involving the Pension Reserve:									
Reversal of items relating to retirement benefits debited or credited to the comprehensive Income and Expenditure Statement	-	-	-	-	(37,864)	-	-	(37,864)	-
Employer's pensions contributions and direct payments to pensioners payable in the year	-	-	-	-	22,645	-	-	22,645	-
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	-	-	-	5,520	-	-	-	5,520	-
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	-	-	-	-	-	(1,697)	-	(1,697)	-
Adjustment between the Capital Adjustment Account and the Revaluation Reserve:	(8,733)	49,649	6	5,520	(15,219)	(1,697)	346	29,872	-
Net increase / (decrease) in year	1,738	49,649	6	5,520	(63,504)	(1,697)	346	(7,942)	(33,972)
Balance as at 31 March 2017	162,513	828,851	(538)	12,412	(532,641)	(6,510)	392	464,479	722,079

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 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.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

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 (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). 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. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 8 provides details of the source of all the transactions posted to the accounts, apart from those involving the Revaluation Reserve.

Pensions 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.

21. Operating Activities

Operating activities within the cash flow statement include the following cash flows relating to interest	2017/18		2016/17	
	£'000	£'000	£'000	£'000
Interest received	631		552	
Interest paid	(13,569)		(11,892)	
Net Interest		(12,938)		(11,340)

Net Cash Flows from Operating Activities	2017/18		2016/17	
	£'000	£'000	£'000	£'000
Adjust net Surplus on the Provision of Services for non-cash movements				
Depreciation	44,940		45,224	
Impairment and downward valuations	(4,557)		(24,348)	
Amortisation	873		1,173	
Increase/decrease in Creditors	(10,814)		23,929	
Increase/decrease in Debtors	45,210		(54,072)	
Increase/decrease in Inventories	183		294	
Increase in Pension Liability	30,481		15,043	
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	31,564		24,773	
Other non-cash items charged to the net Surplus or Deficit on the Provision of Services	(23,896)		2,204	
		113,984		34,220
Adjust for items included in the net Surplus on the Provision of Services that are investing or financing activities				
Proceeds from short-term and long-term investments	-		358	
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(31,934)		(19,323)	
Any other item of which the cash effects are investing or financing cashflow *	(70,780)		(34,839)	
		(102,714)		(53,804)
Net Cash Flows from Operating Activities		11,270		(19,584)

* capital grants

22. Investing Activities

Cash Flows from Investing Activities	2017/18		2016/17	
	£'000	£'000	£'000	£'000
Property, Plant and Equipment, intangible and investment properties purchased	(114,682)		(117,603)	
Purchase of short term and long term investments	(33,000)		(57,147)	
Other payments for Investing Activities	(3,935)		(466)	
Proceeds from the sale of Property, Plant & Equipment and Investment Property	26,679		19,375	
Proceeds from short term and long term investments	62,137		129,002	
Other Receipts from Investing Activities *	71,132		34,843	
Total Cash Flows from Investing Activities		8,331		8,004

* capital grants

23. Pooled Budgets

The council has eight pooled budget arrangements with Barnet Clinical Commissioning Group (CCG).

The arrangements are 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.

From 1 April 2015 the council entered into an aligned budget arrangement with the CCG 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.

Where funding and expenditure are not shown separately in the following tables it is because all funding has been expensed.

	2017/18 £'000	2016/17 £'000
Funding provided to the pooled budget		
London Borough of Barnet	20,156	15,139
Barnet Clinical Commissioning Group	20,199	20,410
	40,355	**35,549**
Expenditure met from the pooled budget		
London Borough of Barnet	(20,446)	(15,184)
Barnet Clinical Commissioning Group	(20,912)	(20,867)
	(41,358)	**(36,051)**
Net deficit arising on the pooled budget during the year	**(1,003)**	**(502)**
Council share of deficit arising on the pooled budget	**18**	**27**

Section 75 agreement in respect of Better Care Funding

	2017/18			2016/17		
	Barnet £'000	Barnet CCG £'000	Total £'000	Barnet £'000	Barnet CCG £'000	Total £'000
Carers Support	1,986	-	1,986	1,952	-	1,952
Integrated Care	1,063	-	1,063	1,044	-	1,044
Personalised Support	1,304	-	1,304	1,281	-	1,281
Reablement	241	-	241	237	-	237
Social Care	3,344	-	3,344	3,157	-	3,157
Disabled Facilities Grant	2,164	-	2,164	1,970	-	1,970
Improved Better Care Fund	5,373	-	5,373		-	-
Frail Elderly	-	99	99	-	196	196
Community Services	-	11,096	11,096	-	10,728	10,728
Enablement	-	70	70	-	97	97
Hospice Contracts	-	1,370	1,370	-	1,239	1,239
Memory Assessment	-	219	219	-	215	215
Additional Enablement	-	848	848	-	845	845
	15,475	**13,702**	**29,177**	**9,641**	**13,320**	**22,961**

24. Members' Allowances

	2017/18 £'000	2016/17 £'000
Member Allowances	1,105	1,106
Member Expenses	-	1
	1,105	**1,107**

25. Officers' Remuneration

Senior Officers

Senior officers are defined as all those whose remuneration (including employer's pension contributions) is £150,000 or above, 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 £50,000.

The table includes names of individuals whose annual equivalent salary exceeds £150,000.

2017/18

Post Title and Name	Note	Salary	Expenses / Allowances	Compensation for loss of office	Pension Contributions	Total Remuneration
		£	£		£	£
Chief Executive (Head of Paid Service) - John Hooton		177,613	-	-	46,002	223,615
Deputy Chief Executive - Cath Shaw		145,066	-	-	37,572	182,638
Strategic Director of Children and Young People - Christopher Munday		140,217	-	-	36,316	176,533
Strategic Director of Adults, Communities and Health - Dawn Wakeling		140,217	-	-	36,316	176,533
Strategic Director of Environment - Jamie Blake		138,967	1,246	-	36,639	176,852
Assistant Chief Executive - Stephen Evans	(i)	115,884	-	-	-	115,884
Assistant Chief Executive - Jenny McArdle	(ii)	9,450	-	-	-	9,450
Director of Resources and Section 151 Officer - Anisa Darr	(iii)	114,220	-	-	29,583	143,803
Interim Director of Finance and Section 151 Officer - Kevin Bartle	(iv)	35,276	-	-	-	35,276
Chief Legal Advisor and Monitoring Officer - David Tatlow	(v)	81,053	8,766	-	-	89,819
Director of Public Health - Andrew Howe	(vi)	145,289	-	-	20,892	166,181
Director of Public Health - Tamara Djuretic	(vii)	3,495	349	-	996	4,840

i. Stephen Evans left on 23 March 2018.

ii. Jenny McArdle took up the post of Assistant Chief Executive on 13 March 2018. The amount shown above is the pay rate; the total amount paid to the agency for the period 13 to 31 March was £11,332.

iii. Anisa Darr is the substantive post holder for the Director of Resources post and is the Section 151 Officer. Ms Darr was on maternity leave for part of 2017/18.

iv. Kevin Bartle is the interim Director of Finance covering Anisa Darr's absence.

v. David Tatlow was directly employed by the council from 1 April 2017.

vi. Andrew Howe was employed by the London Borough of Harrow and was funded 50% by London Borough of Barnet. The element showing is the full salary paid to him.

vii. Tamara Djuretic is the Director of Public Health for London Borough of Barnet and commenced employment on 19 March 2018.

2016/17 Post Title and Name	Note	Salary	Expenses / Allowances	Compensation for loss of office	Pension Contributions	Total Remuneration
		£	£	£	£	£
Chief Executive (Head of Paid Service) - Andrew Travers	(i)	52,316	-	93,806	12,148	158,270
Chief Executive (Head of Paid Service and Section 151 Officer) - John Hooton	(ii)(iii)	174,557	-	-	45,209	219,766
Interim Deputy Chief Executive and Commissioning Director (Growth and Development) - Cath Shaw	(iv)	117,926	-	-	30,543	148,469
Interim Chief Operating Officer - Stephen Evans	(v)	106,744	-	-	27,647	134,391
Commissioning Director (Adults and Health) and Director of Adult Social Services - Dawn Wakeling		129,870	-	-	33,636	163,506
Director of Adults and Communities - Mathew Kendal		113,846	-	-	29,486	143,332
Commissioning Director (Children and Young People) and Director of Children's Services - Christopher Munday		134,342	-	-	34,795	169,137
Commissioning Director (Environment) - Jamie Blake		132,626	1,154	-	34,649	168,429
Assurance Director (Monitoring Officer) - Davina Fiore	(vi)	44,800	-	-	11,603	56,403
Interim Assurance Director (Monitoring Officer) - David Tatlow	(vii)	69,656	-	-	-	69,656
Director of Public Health - Mr Andrew Howe	(viii)	150,825	-	-	21,658	172,483

i. Andrew Travers left on 30 June 2016

ii. John Hooton was Chief Executive and S151 Officer from 24 May 2016 (including part of the year on an interim basis)

iii. John Hooton was Chief Operating Officer and Section 151 Officer until taking on the role of Chief Executive.

iv. Cath Shaw became the Interim Deputy Chief Executive and Commissioning Director for Growth and Development from 24 May 2016.

v. Stephen Evans became the Interim Chief Operating Officer from 24 May 2016.

vi. Davina Fiore left on 2 September 2016.

vii. David Tatlow was appointed as the council's Monitoring Officer following the departure of Davina Fiore. He was employed through an employment agency and it is his agency costs that are shown in the note. Normal recruitment procedures apply to the appointment and the council did not undertake any other material transactions with the third party in the year.

viii. Andrew Howe is employed by the London Borough of Harrow and funded 50% by London Borough of Barnet. The element showing is the full salary paid to him.

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

Remuneration band	2017/18 Total Number of Employees	2016/17 Total Number of Employees
£50,000 - £54,999	138	147
£55,000 - £59,999	57	63
£60,000 - £64,999	51	40
£65,000 - £69,999	28	40
£70,000 - £74,999	32	27
£75,000 - £79,999	31	22
£80,000 - £84,999	12	9
£85,000 - £89,999	5	7
£90,000 - £94,999	4	6
£95,000 - £99,999	4	1
£100,000 - £104,999	-	3
£105,000 - £109,999	2	2
£110,000 - £114,999	1	1
£115,000 - £119,999	-	1
£120,000 - £124,999	3	1
£125,000 - £129,999	-	1
£130,000 - £134,999	-	2
£135,000 - £139,999	1	1
£140,000 - £144,999	2	-
£145,000 - £149,999	1	-
>£150,000	1	1
Total	**373**	**375**

This table includes employees included in the senior employee table.

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

	2017/18 Exit Packages by Band Number	2017/18 Exit Packages by Band £'000	2016/17 Exit Packages by Band Number	2016/17 Exit Packages by Band £'000
£nil to £20,000	85	472	152	888
£20,001 - £40,000	10	262	6	189
£40,001 - £60,000	5	228	1	58
£60,001 - £80,000	1	62	2	137
£80,001 - £100,000	-	-	2	181
	101	**1,024**	**163**	**1,453**

All Exit packages included in the table above are compulsory.

26. Audit Costs

The cost to the council of external audit fees is as follows:

	2017/18 £'000	2016/17 £'000
Fees payable to BDO LLP, the council's appointed external auditors	170	170
Certification of grant claims and returns	28	28
	198	198

27. Dedicated Schools Grant (DSG)

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 2017.

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 2017/18 are as follows: -

	2017/18			2016/17		
	Central Expenditure £'000	Individual Schools' Budget £'000	Total £'000	Central Expenditure £'000	Individual Schools' Budget £'000	Total £'000
Final DSG before Academy recoupment	-	-	316,508	-	-	302,378
Academy figure recouped	-	-	(106,677)	-	-	(98,308)
Total DSG after academy recoupment	**-**	**-**	**209,831**	**-**	**-**	**204,070**
Plus: Brought forward from prior year	-	-	4,225	-	-	5,019
Less: Carry-forward to following year agreed in advance	-	-		-	-	(3,245)
Agreed initial budget distribution	**45,321**	**168,735**	**214,056**	**41,939**	**163,905**	**205,844**
In-year adjustments			-			-
Final budget distribution	**45,321**	**168,735**	**214,056**	**41,939**	**163,905**	**205,844**
Less: Actual central expenditure	(44,820)	-	(44,820)	(40,959)	-	(40,959)
Less: Actual ISB deployed to schools	-	(168,735)	(168,735)	-	(163,905)	(163,905)
Carry-forward from in year grant received	**501**	**-**	**501**	**980**	**-**	**980**
Carry-forward from prior years						3,245
Total DSG Carried forward			**501**			**4,225**

28. Grant Income

The following table analyses the grant income included in the Taxation and Non-Specific Grant income line of the Comprehensive Income and Expenditure Statement (excluding council tax, NNDR and the donated asset as detailed in Note 12).

	2017/18 £'000	2016/17 £'000
Business Rates Related	(21,120)	(19,398)
Revenue Support Grant	(23,413)	(36,849)
Education Funding	(966)	(2,650)
New Homes Bonus	(10,770)	(12,431)
Housing Benefit	(1,543)	(1,724)
Private Finance Initiative Grant	(2,235)	(2,235)
Other Grants	(3,132)	(4,587)
Capital Grants and Contributions	(71,133)	(34,468)
	(134,312)	**(114,342)**

The table below analyses the revenue grants credited to the service income lines in the Comprehensive Income and Expenditure Statement.

	2017/18 £'000	2016/17* £'000
Dedicated Schools Grant**	(209,315)	(203,787)
Education Related Grants	(30,474)	(23,472)
Housing Benefit Subsidy	(271,190)	(270,195)
Council tax Administration	(528)	(537)
Independent Living Grant	(1,427)	(1,739)
Public Health Grant	(17,609)	(18,054)
Elections Funding	(76)	(1,254)
Asylum Seekers Grant	(2,204)	(1,322)
Other Grants	(6,406)	(3,837)
S106 Contributions	(352)	-
	(539,581)	**(524,197)**

*restated see note 5
**includes a net clawback of £515k in 2017/18 (£283k in 2016/17).

The council has received a number of grants and contributions that have conditions attached to them. As long as the council has reasonable assurance the capital grant conditions will be met, the income is to be shown in the CIES and then moved to the Capital Grants Unapplied Account via the Movement in Reserves Statement.

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 authority has with other parties (eg council tax bills, housing benefits). Grant income received during 2017/18 is shown in Note 28.

Transactions with other local authorities

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

- Pooled budgets with health are disclosed in note 23.
- Investments with other local authorities totalling £23m at 31 March 2018. (£5.053m at 31 March 2017).
- Barnet children being placed in schools in neighbouring authorities.

London Borough of Barnet Pension Fund

The council is the administrating authority for the Pension Fund. In 2017/18 the council's employer's contributions were £23.207m (£22.645m in 2016/17) and the council charged £0.801m for its administration (£0.717m in 2016/17).

Members' allowances and interests 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 2017/18 is shown in Note 24. 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 2017/18 the Council paid a total of £2.812m to voluntary groups/charities and academy schools in which 14 members held position on their governing bodies. In 2016/17 £1.654m was paid to voluntary groups where 18 members were on the governing bodies.

Senior Officers' and Members' interests in companies

Senior Officers also declare their related party transactions. In 2017/18, three officers were company directors or board members (three officers in 2016/17) 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 with this organisation. One Senior Officer is a trustee of YouthZone. The Chief Executive is the Chair of Trustees of Live Unlimited, a registered charity set up by Barnet Council to provide equal opportunities, support and inspiration for

Barnet's looked after Children and Care Leavers. There were no material transactions with the council.
The Council requires all Members and Senior Officers to complete a related party declaration form. In 2017/18, returns were received from all Members and Senior Officers.

Interests in Companies and Group Relationships

The London Borough of Barnet has four subsidiaries:

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

	2017/18	2016/17
	£'000	£'000
Expenditure by the council paid to TBG	128,169	123,786
Income received from TBG	(1,466)	(3,476)
Amount owed to TBG	(11,538)	(5,077)
Amount TBG owes the council	7,190	12,794

Open Door Ltd and the council have agreed a loan arrangement of £65m to be drawn down over a number of years. The first draw down of £3.583m was made in 2017/18.

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 the joint venture of Regional Enterprise Ltd (RE Ltd) with Capita plc. The council contracts with RE Ltd for development and regulatory services. The council's Chief Executive and the Leader are company directors of Barnet Holdings Ltd and Regional Enterprise Ltd.

The following transactions occurred between the council and this company:

	2017/18 £'000	2016/17 £'000
Income received by the council	(1,761)	(400)
Expenditure by the council	40,986	33,500
Net Balance owed to the council	13,386	8,277

BX Holdings Ltd and Hill Green Homes Ltd

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 2017/18

Inglis Consortium

The council has a 13.9% share in the Inglis Consortium which is a joint venture with VSM Estates Ltd and Annington Property Ltd. During 2017/18 the Chief Executive and Assistant Chief Executive acted as partner representatives on behalf of the council**.**

The following transactions happened between the council and this company:

	2017/18 £'000	2016/17 £'000
Income received by the council	(13,803)	(5,900)
Expenditure by the council	-	-
Balance owed to the council	5,367	-

In 2017/18 there is a long-term debtor with Inglis Consortium relating to future capital receipts. In the 2016/17 accounts the council had an investment property as the council still owned the land.

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 authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed.

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	2017/18 £'000	2016/17 £'000
Opening Capital Financing Requirement	435,651	411,926
Capital Investment		
Property plant and equipment	113,508	112,630
Investment properties	-	-
Intangible assets	2,233	-
Revenue expenditure funded from capital under statute	45,570	25,124
Long term debtor treated as capital	3,583	-
Source of finance		
Capital receipts	(32,706)	(21,004)
Government grants and other contributions	(60,888)	(34,890)
Sums set aside from reserves	(36,856)	(48,518)
MRP	(10,929)	(9,617)
Closing Capital Financing Requirement	**459,166**	**435,651**
Explanation of movement in year		
Increase in underlying need to borrow (unsupported by government financial assistance)	23,113	23,282
Assets acquired under PFI contracts	402	443
Increase in Capital Financing Requirement	**23,515**	**23,725**

31. Leases

Operating Leases

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

In 2017/18 the council paid £3.085m in respect of operating leases (£2.579m in 2016/17) and there were commitments representing the total of future minimum lease payments in place of £23.469m (£29.136m in 2016/17) for future years.

Properties were leased out and in 2017/18 this produced an income of £4.850m (£4.498m in 2016/17) with £132.077m (£132.238m in 2016/17) contracted for future years.

Future Operating Lease Payments 31 March 2018

	Property leased in £'000	Property leased out £'000
less than one year	3,014	(4,529)
one to five years	7,172	(10,012)
greater than five years	13,283	(117,536)
Total	**23,469**	**(132,077)**

Future Operating Lease Payments 31 March 2017

	Property leased in £'000	Property leased out £'000
less than one year	2,857	(4,545)
one to five years	9,251	(9,709)
greater than five years	17,028	(117,984)
Total	**29,136**	**(132,238)**

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.

At year end street lights that have been erected are recognised on the council's Balance Sheet as infrastructure assets. Each year the CIP assets and corresponding liabilities are to be acknowledged.

Below is the movement in the carrying value of the assets recognised under the PFI arrangement:

PFI Street Lights	31 March 2017 £'000	In Year Movement £'000	31 March 2018 £'000
Gross book value	26,787	402	27,189
Accumulated depreciation	(9,666)	(1,376)	(11,042)
Net book value	17,121	(974)	**16,147**

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

	2016/17	In Year Movement	2017/18
	£'000	£'000	£'000
Lease liability	16,402	(428)	**15,974**
		short term creditors	**484**
		long term lease	**15,490**

Payments to be made under the PFI arrangement are as follows:

	Repayment of liability	Interest	Service charges	Other charges	Total
	£'000	£'000	£'000	£'000	£'000
2018/19	484	2,147	1,604	1,339	5,574
2019/20 - 2022/23	2,665	7,847	6,924	6,398	23,834
2023/24 - 2027/28	5,827	7,241	9,925	11,331	34,324
2028/29 - 2031/32	6,998	2,082	6,912	5,525	21,517
Total Commitments	**15,974**	**19,317**	**25,365**	**24,593**	**85,249**

If the assumptions around inflation were to vary by 2% it would result in a £1.3m increase/decrease in payments over the life of the arrangement.

33. Termination Benefits

The council terminated the contracts of a number of employees in 2017/18, incurring unreduced early retirement benefits of £0.121m (£0.151m in 2016/17) of which £0.121m (£0.151m in 2016/17) was payable to the employees and there was no effect on the pension strain.

All other termination payments are included in note 25.

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 2017/18, the council paid £16.973m to Teachers' Pensions in respect of teachers' retirement benefits, representing 16.48% of pensionable pay. The amount paid in 2016/17 was £16.600m, representing 16.48% of pensionable pay. The contributions due to be paid in the next financial year are estimated to be £16.973m, unchanged from 2017/18.

35. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

The council participates in the Local Government Pension Scheme (LGPS) the scheme manager/administering authority being the London Borough of Barnet. This is a funded defined benefit final salary scheme, meaning that the council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The London Borough of Barnet pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pension Fund Committee of the London Borough of Barnet. Policy is determined in accordance with the Pension Fund Regulations. The investment managers of the fund are appointed by the committee.

The principal risks to the council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

Transactions relating to Post-Employment Benefits

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

	2017/18 £'000	2016/17 £'000
Comprehensive Income and Expenditure Statement		
Cost of services:		
Current service cost	(38,885)	(22,054)
Past service cost	(1,286)	(267)
Financing and Investment Income and Expenditure		
Net interest expense	(13,517)	(15,543)
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of services	**(53,688)**	**(37,864)**
Other Post-employment Benefits charged to the 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)	6,865	72,348
- Actuarial gains and losses arising from changes in demographic assumptions	-	(5,183)
- Actuarial gains and losses arising from changes in financial assumptions or other experience	21,111	(115,450)
Total Post-Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	27,976	(48,285)
Total charged to the CIES	**(25,712)**	**(86,149)**
Movement in Reserves Statement		
Reversal of net charges made to the Surplus / Deficit on the Provision of Services	(53,688)	(37,864)
Actual Amount charged against the General Fund Balance for pensions in the year		
Employers' contributions payable to the scheme	**23,207**	**22,645**

Pension Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the council's obligation in respect of its defined benefit plan is as follows:

	31 March 2018		31 March 2017	
	£'000	£'000	£'000	£'000
Present value of the defined benefit obligation	1,168,711		1,147,759	
Fair value of plan assets	(661,659)		(644,393)	
Net Liability		**507,052**		**503,366**
Present value of the unfunded obligation		28,094		29,275
Net Liability in Balance Sheet		**535,146**		**532,641**

The net liability shows the underlying commitments that the council has in the long term to pay retirement benefits. The total net deficit of £535.146m (2016/17: £532.641m), 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 of the council remains healthy as there are 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 £252.238 million (excluding unfunded obligations) as at 31 March 2016, 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

	2017/18 £'000	2016/17 £'000
Opening Fair Value of Scheme Assets	644,393	561,449
Interest income	16,029	19,496
Return on assets, excluding the amount included in the net interest expense	6,865	72,348
Contributions by the council including in respect of unfunded benefits	23,207	22,645
Contributions by scheme participants	5,857	5,414
Estimated benefit paid including unfunded benefits	(34,692)	(36,959)
Closing Fair Value of Scheme Assets	**661,659**	**644,393**

Reconciliation of the Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	2017/18 £'000	2016/17 £'000
Opening Defined Benefit Obligation	1,177,034	1,030,586
Current service cost	38,885	22,054
Interest cost	29,546	35,039
Remeasurement gains and losses:		
- Actuarial gains and losses arising from changes in demographic assumptions	-	5,183
- Actuarial gains and losses arising from changes in financial assumptions	(20,881)	150,001
- Other experience gains and losses	(230)	(34,551)
Estimated funded benefit paid	(33,182)	(35,399)
Past service costs, including curtailments	1,286	267
Contributions by scheme participants	5,857	5,414
Unfunded pension payments	(1,510)	(1,560)
Closing Defined Benefit Obligation	**1,196,805**	**1,177,034**

Scheme Assets

The Local Government Pension Scheme invests in a wide range of funds managed by external investment managers. The details of all the mandates as at 31 March 2018 and 2017 are shown in the table below. Further details are contained within the pension fund's annual report and accounts:

Local Government Pension Scheme Assets comprised:

Asset Class / Investment Manager	Holdings as at 31 March 2018		Holdings as at 31 March 2017	
	%	£'000	%	£'000
Equity	**39.6%**	**261,795**	**39.0%**	**251,301**
LGIM	19.6%	129,170	19.6%	126,529
LGIM	20.0%	132,625	19.4%	124,772
Diversified Growth Funds	**24.9%**	**164,972**	**26.8%**	**172,577**
Schroder DGF	13.2%	87,510	13.9%	89,672
Newton Real Return	11.7%	77,462	12.9%	82,905
Corporate Bonds	**10.9%**	**72,114**	**20.1%**	**129,742**
Schroders All Maturities Corporate Bond Fund	10.9%	72,114	11.0%	71,133
Schroders Strategic Bonds	0.0%	-	9.1%	58,609
Liquid Multi-Asset Credit	**10.6%**	**69,750**	**6.7%**	**42,816**
Alcentra - Clareant Global Multi Credit	3.2%	21,111	3.2%	20,365
Baring Global High Yield Credit Strategies	3.5%	23,098	3.5%	22,451
Insight - IIFIG Secured Finance	3.9%	25,541	0.0%	-
Liquid Alternatives	**13.7%**	**90,783**	**5.1%**	**33,041**
Partners Multi Asset Credit 2015	3.1%	20,349	3.7%	23,674
Partners Multi Asset Credit 2017	1.0%	6,472	0.0%	-
Alcentra - Clareant Direct European Lending	2.3%	15,269	1.4%	9,367
M&G Lion Credit Opportunities Fund	2.9%	19,041	0.0%	-
IFM Global Infrastructure	4.5%	29,652	0.0%	-
Cash	**0.3%**	**2,245**	**2.3%**	**14,916**
	100.0%	**661,659**	**100.0%**	**644,393**

Basis for Estimating Assets and Liabilities

To assess the value of the employer's liabilities at 31 March 2018, 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 2016, using the financial assumptions that comply with IAS 19.

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

Mortality Assumptions

	2017/18		2016/17	
Assumed life expectancy from age 65 years		Years		Years
Retiring today	Males	21.9	Males	21.9
	Females	24.3	Females	24.3
Retiring in 20 years	Males	23.9	Males	23.9
	Females	26.5	Females	26.5

Financial Assumptions

	2017/18	2016/17
	% p.a.	% p.a.
Rate of increase in salaries	2.7	2.7
Rate of increase in pensions	2.4	2.4
Rate for discounting scheme liabilities	2.6	2.5

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	
	Increase in Assumption	Decrease in Assumption
	£'000	£'000
Longevity (increase or decrease of 1 year)	35,904 to 59,840	(35,904) to (59,840)
Rate of inflation in salaries (increase or decrease by 0.5%)	9,450	(9,450)
Rate of inflation in pensions (increase or decrease by 0.5%)	99,144	(99,144)
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	(109,593)	109,593

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 extent of change from year to year for employers, such as the council, with a strong covenant. A triennial valuation was undertaken as at 31 March 2016 and set contributions for the period 1 April 2017 to 31 March 2020 with the aim of restoring full funding within 20 years.

The total amount of contributions expected to be paid to the LGPS by the council in the year to 31 March 2019 is £22.845 million (£20.114 million for 31 March 2018).

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.

- The council is in dispute over the receipt of a capital payment from a developer (£1.4m) , the outcome of which will not be known for a number of years.
- The council has received appeals from various NHS trusts and limited companies seeking charitable relief for business rates. This is an ongoing issue and the outcome of these appeals will not be known until future years.

37. Nature and Extent of Risks Arising from Financial Instruments

Financial Instruments - Risks

The council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (the Treasury Management Code) 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 includes an Annual Investment Strategy in compliance with the statutory 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 council.
- Liquidity risk*:* The possibility that the council might not have funds available to meet its commitments to make payments.
- Market risk*:* The possibility that financial loss might arise for the council 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 with banks and financial institutions, as well as credit exposure to the council's customers. The council manages credit risk by ensuring that investments are placed with counterparties (banks, building societies, other local authorities, the UK Government, supranational institutions 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) is required. 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. The council's 2017/18 Treasury Management Strategy allows deposits to be placed for a maximum period of ten years and a maximum of £100m to be placed in non-specified investments. In 2017/18, all investments 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 2017/18, approved by council on 6 March 2017.

The two tables below summarise the nominal value and credit ratings of the council's investment portfolio at 31 March 2018, 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 2018	Balance Invested as at 31 March 2018					Total
	Yes/No	Yes/No	Up to 1 month	>1 month and <3 months	>3 months and <6 months	>6 months and <12 months	>12 months and <24 months	
			£'000	£'000	£'000	£'000	£'000	£'000
Other Local Authorities	Yes	Yes	13,000	-		10,000		23,000
Banks – UK	Yes	Yes	-	-	-	5,000	-	5,000
Banks – Non UK	Yes	Yes	5,000		-	-	-	5,000
Total Banks			5,000	-	-	5,000	-	10,000
Money Market Funds	Yes	Yes	47,100	-	-	-	-	47,100
Call Accounts	Yes	Yes	15,400	-	-	-	-	15,400
Current accounts	Yes	Yes	7,248					7,248
Total			87,748	-	-	15,000	-	102,748

The above analysis shows that all deposits outstanding as at 31 March 2018 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.

Credit Ratings	31 March 2018 Current £'000	31 March 2017 Current £'000
AAAf/S1 (funds)	-	10,000
AAAmmf (funds)	47,100	13,700
AA-	-	51,500
A	25,400	-
BBB+	7,248	20,415
Unrated local authorities	23,000	5,000
	102,748	100,615

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.

A risk of irrecoverability applies to all of the council's deposits, but there was no evidence that at 31 March 2018 this was likely to crystallise. Link Asset Services have estimated the portfolio's historic risk of default as 0.005% as at 31 March 2018.

Trade Receivables

The following analysis summarises the council's trade debtor balances and provisions for bad and doubtful debts. As per the Code requirements, the disclosure below includes details only of debtors that have arisen as a result of trading activities. Balances and transactions arising from statutory functions (i.e. council tax and NNDR payments) are excluded from this disclosure note, as they have not arisen from contractual trading activities.

Trade Receivables	Gross Debtors	For Bad and Doubtful Debts Provision
	£,000	£,000
2017/18 Trade Debtors	117,487	15,144
2016/17 Trade Debtors*	121,386	13,172

*restated

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 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 31 March 2018, all investment had a maturity of less than 12 months, of which £62.5 million was immediately available.

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 and sourcing of the nominal value of the council's debt at 31 March 2018 was as follows:

Maturity analysis	Years	31 March 2018 £'000	% of total debt portfolio	31 March 2017 £'000	% of total debt portfolio
Long Term Borrowing	Over 5 but not over 10 years	22,516	7.40%	2,000	0.66%
	Over 10 but not over 15 years	70,516	23.19%	91,032	29.94%
	Over 15 but not over 20 years	42,516	13.98%	42,516	13.98%
	Over 20 but not over 25 years	65,516	21.55%	65,516	21.55%
	Over 25 but not over 30 years	20,516	6.75%	20,516	6.75%
	Over 35 but not over 40 years	29,500	9.70%	29,500	9.70%
	Over 45 years	53,000	17.43%	53,000	17.43%
Total Borrowing		304,080	100.00%	304,080	100.00%

The above note excludes accrued interest on debt of £1,461,000, which is payable within 12 months. All trade and other payables are due to be paid in less than one year.

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 Surplus of Deficit on the Provision of Services 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 Surplus of Deficit on the Provision of Services 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 Other Comprehensive Income and Expenditure.

The council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the 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.

The Treasury Management Strategy aims to mitigate these risks by setting an upper limit of 30% on external debt that can be subject to variable interest rates. As at 31 March 2018, 100% of the debt portfolio was held in fixed rate instruments, none of which mature in the next five years.

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	1,044
Impact on Surplus or Deficit on the Provision of Services	1,044
Share of overall impact credited to the HRA	258
Increase in fair value of fixed interest investments	42
Impact on Other Comprehensive Income and Expenditure	42
Decrease in fair value of fixed rate borrowings/liabilities*	(57,934)

*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.

As most investments are made overnight or for relatively short terms (a week to a month) all investment income has been treated as variable rate.

As the average rate earned on investments is 0.55%, it is deemed unlikely that interest earned could decrease below 0%. The interest earned in the year is £0.576m (HRA share: £0.127m) and the maximum decrease is deemed to be this value. These assumptions are based on the same methodology as used in the 'Fair Value' disclosure note (Note 15).

Housing Revenue Account

The Housing Revenue Account (HRA) Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis upon which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

Income and Expenditure Statement

	2017/18 £'000	2016/17 £'000
Expenditure		
Repairs and maintenance	9,137	7,550
Supervision and management	22,418	24,454
Rents, rates and other charges	115	94
Depreciation, impairment and reversal of revaluation losses in relation to non-current assets	(7,008)	(2,076)
(Decrease)/increase in Provision for bad or doubtful debts	(442)	161
Total Expenditure	**24,220**	**30,183**
Income		
Dwelling rents	51,376	52,028
Non-dwelling rents	662	698
Charges for service and facilities	4,069	10,519
Contributions towards expenditure	5,903	-
Total Income	**62,010**	**63,245**
Net income on HRA services included in the Comprehensive Income and Expenditure Statement	**37,790**	**33,062**
Gain/(loss) on sale of HRA non-current assets	5,870	(131)
Interest payable and similar charges	(7,427)	(7,346)
Interest receivable	127	62
Investment property income	820	924
Movement in investment property valuation	4,439	739
Capital grants and contributions receivable	3,102	2,417
Surplus for the year on HRA services	**44,721**	**29,727**

Housing Revenue Account

Movement on the HRA Statement

	2017/18	2016/17
	£'000	£'000
Balance as at 31 March 2017	**12,489**	**8,820**
Surplus on the HRA Income and Expenditure Statement	**44,721**	**29,727**
Adjustments between accounting and funding basis under statue		
Financial instrument adjustment	(2)	(4)
(Gain)/loss on HRA fixed assets	(5,870)	131
Transfer to Major Repairs Reserve	(23,372)	(21,693)
Transfer to Capital Adjustment Account	(12,963)	(4,492)
Net increase in year	**2,514**	**3,669**
Balance as at 31 March 2018	**15,003**	**12,489**

Notes to the Housing Revenue Account

1 Number of Dwellings

	31 March 2018	31 March 2017
	units	units
Houses	3,562	3,574
Flats	6,257	6,273
	9,819	9,847

2 Arrears and Bad Debt Provision

	31 March 2018	31 March 2017
	£'000	£'000
Council housing tenants	4,410	3,908
Leaseholders	7,253	6,279
Commercial tenants	356	350
Total	**12,019**	10,537
Bad debt provision	**(2,715)**	(3,229)

3 Value of HRA Assets

	31 March 2018 £'000	31 March 2017 £'000
Valuation for Social Housing Use - Operational Assets		
Dwellings	742,000	702,000
Other land and buildings	34,446	36,739
Heritage assets	47	47
Investment properties	34,785	29,786
Surplus assets not held for sale	4,681	-
	815,959	768,572
Non Operational Assets:		
Vacant Possession Valuation	**2,968,000**	2,808,000

The difference between the vacant possession value (£2,968m) and the balance sheet value (£742m) represents the economic cost of providing council housing at less than market rent.

4 Impairment/Impairment Reversals and Revaluation Losses

	2017/18 £'000	2016/17 £'000
Council dwellings	(30,431)	(24,680)
Other land and buildings/Investment properties	(4,388)	(739)
	(34,819)	(25,419)

Impairment charges for the financial year in respect of land, houses and other property within the authority's HRA, are calculated in accordance with proper practices.

5 Depreciation

	2017/18 £'000	2016/17 £'000
Council dwellings	22,867	22,062
Other land and buildings	505	542
	23,372	22,604

6 Capital Expenditure and Financing

	2017/18 £'000	2016/17 £'000
Capital expenditure	49,378	37,826
Financed by		
Major Repairs Reserve (MRR)	29,258	26,831
Capital receipts	11,637	5,864
Other contributions	8,483	5,131
	49,378	37,826

Capital expenditure for 2017/18 includes £1.587m of REFCUS.

7 Capital Receipts from Disposals

	2017/18 £'000	2016/17 £'000
Council dwellings	7,719	12,033
Other land and buildings	984	1,241
	8,703	13,274

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. Because of this, the cost of obtaining a separate HRA actuarial report to split the notional cost of HRA staff from those employed by the General Fund cannot be justified. Therefore although the HRA has been reported on an IAS19 basis, no attempt has been made to show a separate liability related to the defined benefit position.

Collection Fund

The Collection Fund 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 billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

	Note	2017/18			2016/17		
		NNDR £'000	Council Tax £'000	Total £'000	NNDR £'000	Council Tax £'000	Total £'000
Income							
Council Tax	2	-	203,114	203,114	-	194,014	194,014
Business Rates Receivable	3	111,665	-	111,665	110,182	-	110,182
Business Rate Supplement Income		2,744	-	2,744	2,771	-	2,771
Contributions to previous year estimated deficit							
- Central Government		258	-	258	7,604	-	7,604
- London Borough of Barnet		155	-	155	4,562	-	4,562
- Greater London Authority		104	-	104	3,042	-	3,042
		114,926	**203,114**	**318,040**	**128,161**	**194,014**	**322,175**
Disbursement							
Apportionment of previous year's surplus							
- London Borough of Barnet		-	4,919	4,919	-	5,781	5,781
- Greater London Authority		-	1,211	1,211	-	1,568	1,568
		-	**6,130**	**6,130**	**-**	**7,349**	**7,349**
Precepts, Demands and Shares							
- Central Government		38,312	-	38,312	55,145	-	55,145
- London Borough of Barnet		34,829	160,560	195,389	33,087	151,708	184,795
- Greater London Authority		42,955	38,936	81,891	22,058	37,349	59,407
- Crossrail		2,737	-	2,737	2,765	-	2,765
		118,833	**199,496**	**318,329**	**113,055**	**189,057**	**302,112**
Charges to Collection Fund							
- Cost of collection allowance		418	-	418	416	-	416
- Cost of collection allowance BRS		8	-	8	7	-	7
- Increase/(reduction) in bad debt provision		2,683	1,622	4,305	1,762	(2,927)	(1,165)
- Increase/(reduction)in provision for appeals		2,959	-	2,959	(81)	-	(81)
- Write off of uncollectable amounts		-	-	-	-	(869)	(869)
- Transitional protection due (from)/to Central Government		(2,573)	-	(2,573)	243	-	243
- Interest on refunds		-	-	-	14	-	14
Total disbursed		**3,495**	**1,622**	**5,117**	**2,361**	**(3,796)**	**(1,435)**
Surplus/(Deficit) for year		**(7,403)**	**(4,134)**	**(11,537)**	**12,746**	**1,404**	**14,150**
Collection Fund Balances	4	£'000	£'000	£'000	£'000	£'000	£'000
London Borough of Barnet		(2,460)	9,332	6,872	(239)	12,651	12,412
Greater London Authority		(2,986)	2,271	(715)	(160)	3,086	2,926
Central Government		(2,754)	-	(2,754)	(398)	-	(398)
Cumulative Surplus/(Deficit)		**(8,200)**	**11,603**	**3,403**	**(797)**	**15,737**	**14,940**

Collection Fund

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.

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 base for 2017/18 at the end of March 2018 was 142,556 (140,235 at 31 March 2017), being a 2.5% increase on the estimated council tax base of 139,049 agreed by council in March 2017.

Band	Ratio	Number of Band 'D' Equivalents
A	0.67	1,471
B	0.78	4,459
C	0.89	17,786
D	1.00	28,170
E	1.22	30,967
F	1.44	24,486
G	1.67	24,007
H	2.00	7,687
MOD Contribution		16
Tax Base		**139,049**

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.

The total non-domestic rateable value for Barnet at 31 March 2018 was £301,794,603 (31 March 2017: £273,066,837) and the national non-domestic rate multiplier for the year was 47.9p (2016/17: 49.7p). For smaller businesses, the multiplier was 46.6p in 2017/18 and 48.4p in 2016/17.

4. Collection Fund Surplus or Deficit

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

5. Business Rates Supplement

Business Rates Supplement (BRS) is levied by the Greater London Authority on non-domestic properties with a rateable value higher than £70,000 (£55,000 in 2016/17), subject to certain allowances and exemptions, to finance the Crossrail Development.

The aggregate rateable value of properties liable for BRS at 31 March 2018 was £174,394,500 (the equivalent figure at 31 March 2017 being £169,555,650). The multiplier has remained at 2.0p / £ since the BRS was introduced.

Group Comprehensive Income and Expenditure Statement

	2017/18			2016/17		
	Consolidated Gross Expenditure	Consolidated Gross Income	Consolidated Net Expenditure	Consolidated Gross Expenditure*	Consolidated Gross Income*	Consolidated Net Expenditure*
	£'000	£'000	£'000	£'000	£'000	£'000
Adults and Communities	132,255	(39,816)	**92,439**	124,213	(33,304)	**90,909**
Central Expenses	33,556	(3,218)	**30,338**	18,362	(2,658)	**15,704**
Commissioning Group	315,035	(282,305)	**32,730**	305,556	(277,261)	**28,295**
Customer and Support Group	47,701	(11,216)	**36,485**	45,333	(10,910)	**34,423**
Education and Skills	301,467	(261,444)	**40,023**	293,956	(252,127)	**41,829**
Family Services	75,805	(8,109)	**67,696**	63,592	(6,241)	**57,351**
Housing Needs and Resources	36,010	(23,820)	**12,190**	28,257	(20,922)	**7,335**
Local Authority Housing (HRA)	24,220	(62,010)	**(37,790)**	30,183	(63,245)	**(33,062)**
Parking and Infrastructure	13,594	(19,300)	**(5,706)**	16,920	(17,353)	**(433)**
Public Health	15,856	(17,609)	**(1,753)**	18,656	(18,191)	**465**
Regional Enterprise	59,127	(30,621)	**28,506**	39,018	(36,997)	**2,021**
Street Scene	23,622	(4,514)	**19,108**	25,304	(6,626)	**18,678**
Assurance	8,106	(909)	**7,197**	7,779	(2,010)	**5,769**
Deficit on Continuing Operations	**1,086,354**	**(764,891)**	**321,463**	**1,017,129**	**(747,845)**	**269,284**
Other Operating Expenditure	1,303	(2,598)	**(1,295)**	10,229	(259)	**9,970**
Financing and Investment Income and Expenditure	32,529	(32,214)	**315**	30,378	(6,248)	**24,130**
Taxation and Non-Specific Grant Income	-	(329,990)	**(329,990)**	-	(305,875)	**(305,875)**
Surplus on Provision of Services	**1,120,186**	**(1,129,693)**	**(9,507)**	**1,057,736**	**(1,060,227)**	**(2,491)**
Deficit/(Surplus) on revaluation of non-current assets			**14,125**			**(10,471)**
Remeasurement of the net defined benefit liability			**(37,646)**			**48,366**
Corporate taxation			**-**			**24**
Other Comprehensive Income and Expenditure			**(23,521)**			**37,919**
Total Comprehensive Income and Expenditure			**(33,028)**			**35,428**

*restated see note 5 of the council's single entity accounts

Group Movement in Reserves Statement

Consolidated Movements in Reserves 2017/18

	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 Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2017	**11,724**	**11,252**	**96,799**	**12,489**	**35,488**	**18,075**	**73,883**	**259,710**	**426,392**	**686,102**
(Deficit) /Surplus on provision of services	(36,451)	1,237	-	44,721	-	-	-	9,507	-	9,507
Other comprehensive income and expenditure	-	-	-	-	-	-	-	-	23,521	23,521
Total comprehensive income and expenditure	**(36,451)**	**1,237**	**-**	**44,721**	**-**	**-**	**-**	**9,507**	**23,521**	**33,028**
Adjustments between accounting basis and funding basis under regulations	20,819	-	-	(42,207)	(6,151)	(5,886)	11,679	(21,746)	21,746	-
Net increase / (decrease) in year	**(15,632)**	**1,237**	**-**	**2,514**	**(6,151)**	**(5,886)**	**11,679**	**(12,239)**	**45,267**	**33,028**
Transfer to/(from) earmarked reserves	21,043	-	(21,043)	-	-	-	-	-	-	-
Increase / (decrease) in year	**5,411**	**1,237**	**(21,043)**	**2,514**	**(6,151)**	**(5,886)**	**11,679**	**(12,239)**	**45,267**	**33,028**
Balance as at 31 March 2018	**17,135**	**12,489**	**75,756**	**15,003**	**29,337**	**12,189**	**85,562**	**247,471**	**471,659**	**719,130**

Consolidated Movements in Reserves 2016/17*

	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 Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2016	**14,535**	**11,635**	**112,000**	**8,820**	**40,175**	**23,213**	**75,243**	**285,621**	**435,909**	**721,530**
(Deficit) /Surplus on provision of services	(26,853)	(383)	-	29,727	-	-	-	**2,491**	**-**	**2,491**
Other comprehensive income and expenditure	(24)		-	-	-	-	-	**(24)**	**(37,895)**	**(37,919)**
Total comprehensive income and expenditure	**(26,877)**	**(383)**	**-**	**29,727**	**-**	**-**	**-**	**2,467**	**(37,895)**	**(35,428)**
Adjustments between accounting basis and funding basis under regulations	8,865	-	-	(26,058)	(4,687)	(5,138)	(1,360)	**(28,378)**	**28,378**	**-**
Net increase / (decrease) in year	**(18,012)**	**(383)**	**-**	**3,669**	**(4,687)**	**(5,138)**	**(1,360)**	**(25,911)**	**(9,517)**	**(35,428)**
Transfer to/(from) earmarked reserves	15,201	-	(15,201)	-	-	-	-	**-**	**-**	**-**
Increase / (decrease) in year	(2,811)	(383)	(15,201)	3,669	(4,687)	(5,138)	(1,360)	**(25,911)**	**(9,517)**	**(35,428)**
Balance as at 31 March 2017	**11,724**	**11,252**	**96,799**	**12,489**	**35,488**	**18,075**	**73,883**	**259,710**	**426,392**	**686,102**

*restated

Group Balance Sheet

	31 March 2018		31 March 2017	
	£'000	£'000	£'000	£'000
Property, plant and equipment	1,349,245		1,297,467	
Heritage assets	1,582		1,567	
Investment properties	128,813		123,372	
Intangible assets	13,789		7,228	
Long term debtors	6,274		1,212	
Long term investments	5,000		5,011	
Total Long Term Assets		1,504,703		1,435,857
Inventories	131		314	
Short term investments	33,030		62,167	
Short term debtors	128,606		175,526	
Cash and cash equivalents	75,291		52,904	
Total Current Assets		237,058		290,911
Short term creditors	(114,007)		(133,096)	
Short term borrowing	(1,461)		(1,434)	
Provisions	(10,264)		(7,920)	
Total Current Liabilities		(125,732)		(142,450)
Long term borrowing	(307,389)		(304,699)	
Provisions	(8,000)		(6,814)	
Pension scheme	(566,021)		(570,729)	
Long term lease	(15,490)		(15,974)	
Total Long Term Liabilities		(896,900)		(898,216)
Net Assets		**719,130**		**686,102**
Usable reserves	247,471		259,710	
Unsusable reserves	471,659		426,392	
Total Reserves	719,130	**719,130**		**686,102**

Group Cash Flow Statement

	2017/18		2016/17	
	£'000	£'000	£'000	£'000
Net surplus on the provision of services	9,507		2,491	
Adjustment to surplus or deficit on the provision of services for non-cash movements	110,716		36,218	
Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(102,714)		(53,804)	
Net cash flows from operating activities		17,509		(15,095)
Net cash flows from investing activities		(960)		6,985
Net cash flows from financing activities		5,838		(859)
Net increase or decrease in cash and cash equivalents		22,387		(8,969)
Cash and cash equivalents at the beginning of the reporting period		52,904		61,873
Cash and cash equivalents at the end of the reporting period		75,291		52,904

Notes to Group Accounts

1. 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 legal 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 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, of which two are members of the council.

- Barnet Holdings Ltd. The London Borough of Barnet owns 100% of the share capital of Barnet Holdings Ltd. which own 49% of the share capital in the joint venture in Regional Enterprise Ltd. with Capita plc. The council's Chief Executive and Leader are company directors of Barnet Holdings Ltd and Regional Enterprise Ltd.

2. 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 Holdings Ltd) on a line by line basis. The accounts of the Barnet Group Ltd 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. The accounts of Barnet Holdings have been prepared in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). The accounts have been prepared under FRS 102.

The detailed accounting policies are disclosed in note 1 of the notes to the London Borough of Barnet single entity accounts.

3. The Barnet Group Ltd, a Local Authority Trading Company

i) Nature of the business

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.

ii) Relationship with the council

Under The Code, The Barnet Group Ltd is deemed a wholly owned subsidiary of Barnet Council. As such, the council is required to consolidate the financial statements of the Barnet Group Ltd with its own (single entity) accounts in order to form group accounts.

iii) Financial performance

In 2017/18 the company made an operating loss of £1.706m (£0.026m loss in 2016/17).

iv) Transactions with the company

The council paid and received from the company £128.169m and £1.466m in 2017/18 for predominantly the provision of housing management services and repair and maintenance works to housing stock (£123.786m and £3.476m in 2016/17) respectively. The outstanding balances owed to and from The Barnet Group Ltd at 31 March 2018 were £11.538m and £7.190m (£5.077m and £12.974m in 2016/17) respectively.

4. Barnet Holdings Ltd

i) Nature of the business

The London Borough of Barnet contracts with Regional Enterprise Ltd for the provision of development and regulatory services in the borough.

ii) Relationship with the authority

Under The Code, Barnet Holdings Ltd,is deemed a wholly owned subsidiary of Barnet Council. As such, the council is required to consolidate the financial statements of Barnet Holdings Ltd with its own (single entity) accounts in order to form group accounts. Barnet Holdings Ltd's single entity accounts have been prepared in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). The accounts have been prepared under FRS 102. Barnet Holdings Ltd is exercising the subsidiaries exemption, where the entity is exempt from the requirements of this Act relating to the audit of accounts under section 479A of the Companies Act 2006.

iii) Financial performance

The company has not traded during the financial year. During the current and prior year, the company received no income and incurred no expenditure and therefore made neither profit nor loss.

iv) Transactions with the company

The outstanding balance owed from Barnet Holdings Ltd at 31 March 2018 was £48 (£48 in 2016/17).

5. Group Cash Flow Statement

The group cash flow statement, prepared in accordance with The Code, forms part of the group accounts. The group cash flow statement shows the movement of cash in and out of the group. However, cash flows relating internally to the group are eliminated as are any intra-group gains and losses. Only cash receipts and payments that flow to and from the group as a whole are included.

6. 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 relative single entity pension funds, and the consolidated group pension fund are highlighted below:

	2017/18 £'000	2016/17 £'000
Single entity accounts		
London Borough of Barnet	535,146	532,641
The Barnet Group Ltd	30,875	38,088
Total	**566,021**	**570,729**

Pension scheme

The assumptions used and the detailed breakdown of the London Borough of Barnet pension liability of £535.146m can be seen in note 37 to the single entity accounts.

The Barnet Group Pension Liability

Net pension liability as at	31 March 2018 £'000	31 March 2017 £'000
Present Value of Funded Obligation	(99,497)	(95,767)
Fair Value of Scheme Assets (bid value)	69,218	58,294
Net liability	**(30,279)**	**(37,473)**
Present Value of Unfunded Obligation	(596)	(615)
Unrecognised Past Service Cost	-	
Net liability in statement of financial position	**(30,875)**	**(38,088)**

Reconciliation of the Movement in the Fair Value of Scheme Assets

	2017/18 £'000	2016/17 £'000
Opening Fair Value of Scheme Assets	65,246	48,821
Interest income	1,716	1,847
Return on assets, excluding the amount included in the net interest expense	640	6,897
Contributions by employer including in respect of unfunded benefits	2,556	2,694
Contributions by scheme participants	698	734
Estimated benefits paid including unfunded benefits	(1,638)	(1,699)
Fair value of scheme assets at end of period	**69,218**	**59,294**

Reconciliation of the Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	2017/18 £'000	2016/17 £'000
Opening Defined Benefit Obligation	96,383	85,335
Current service cost	4,208	2,853
Interest cost	2,546	3,205
Remeasurement gains and losses:		
- Actuarial gains and losses arising from changes in financial assumptions	(2,075)	12,213
- Actuarial gains and losses arising from changes in demographic assumptions	-	914
- Other experience gains and losses	(5)	(7,148)
Estimated funded benefit paid	(1,638)	(1,699)
Contributions by scheme participants	698	734
Unfunded pension payments	(24)	(24)
Closing Defined Benefit Obligation	**100,093**	**96,383**

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 or goods and services, for rental to others, or for administrative purposes.
  - Community assets - assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples 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.

Glossary

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 date (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.

Glossary

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.

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 30% of the net yield from business rates with the Greater London Authority receiving 20% and central government the other 50%.

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 balance sheet.

Related parties
Two or more parties are related parties when at any time during the financial period:

(i) one party has direct or indirect control of the other; or
(ii) the parties are subject to common control from the same source; or
(iii) 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
(iii) 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.

Revenue support grant
The main Government grant paid to local authorities. It is intended to adjust for differences in needs between areas so that, if all local authorities were to spend at the level which the Government assess that they need to spend, the council tax would be the same across the whole country.

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
The 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.