



Barnet 2021/22 Statement of Accounts



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Narrative Report

Introduction

This Narrative Report provides the context upon which to understand the financial performance of the council. The report covers both a summary of the financial performance for the financial year 2021/22 coupled with a narrative of the non-financial performance over the past 12 months.

Annual Governance Statement

The Annual Governance Statement sets out the council's governance framework, how it has reviewed governance arrangements as well as any actions proposed or taken to deal with any significant governance issues arising during 2021/22. The statement is included within the Statement of Accounts (pages 19 to 41).

About the Council

Barnet is a borough with much to be proud of. Our excellent schools, vibrant town centres, green spaces and diverse communities all help make it a great place to live, work and visit. As a borough we want to build on these strengths as we move into the future. We are growing and developing as an organisation to meet the challenges facing our borough, and we are committed to working with partner organisations and residents to make Barnet even better.

We have a vision of Barnet where our neighbourhoods are clean and feel safe for everyone where our high streets and town centres thrive and are better connected. We have put sustainability at the heart of everything the Council does, future proofing and safeguarding our environment and biodiversity for the generations to come. We also want to ensure that everyone benefits from the proceeds of green growth, and that good jobs are available. We want to celebrate our diversity and the work of our different communities, enabling our communities to feel empowered everyone with people participating in the cultural, civic and democratic life of the borough.

A borough with a growing population (forecast to reach nearly 430,000 by 2025), we have the largest housing delivery programme in the capital with ambitious schemes to transform areas like Brent Cross. Our priority is to ensure that all residents benefit from growth, so we will use the dividend from that growth to invest in housing, communities, town centres, digital infrastructure and our transport network.

Barnet is in many respects a prosperous borough, but some residents face significant challenges and deprivation. The cost-of-living crisis and COVID-19 have created new, and in some cases dramatic, economic challenges for residents, businesses and town centres. Our priorities are therefore:

- To support residents and communities building capacity, resilience and enabling access to support.
- To support residents to improve their skills and get good jobs in the post-COVID economy, taking advantage of new opportunities
- To enable town centres and our regeneration areas to thrive, and create an environment in which businesses can succeed, by implementing our growth strategy
- To accelerate the borough-wide roll out of high-quality digital connectivity

We have recognised the importance of the impact of climate change declaring a climate change emergency and signing up to the London-wide anti-idling campaign and have started the development of a strategy to ensure a more sustainable Barnet, including setting an ambitious target of becoming a carbon net zero organisation by 2030

People like living in Barnet. Residents like our neighbourhoods, town centres, parks and open spaces and value our diversity and strong sense of community. We will protect these assets as we deliver services to residents and businesses. We have:

- Invested £600,000 in street cleansing services and additional £100,000 in a fault reporting system to improve customer service
- Invested £6m per annum in local roads through our Network Recovery Plan
- In 20/21 we invested £323,000 in parks as well as completing a £5.5m refurbishment of Montrose and Silkstream Parks
- In June 2020 we launched our Library Service Select and Collect Service with a total of 54,193 books and other resources having been borrowed by residents in Barnet

Barnet is a great place for families with children, multigenerational families and other families. We have excellent schools achieving some of the best results in the country, with 96.7% of pupils in good or outstanding schools – we aim to increase that to 100%. We have invested in leisure and community facilities to support families live healthy, active lives and we are equipping our children and young people with the tools to take advantage of future opportunities. We want our most vulnerable children to be safe and to flourish and we are equipping all our children and young people with the tools to take advantage of present and future opportunities.

We have:

- Ensured that safeguarding children remained a key priority continuing to visit children and family throughout the pandemic
- Supported our children in care and care leavers ensuring we kept in touch and continued to meet their needs
- Maintained high performance in our early years provision and schools, helping them to return safely and when required deliver education at home.
- Continued to ensure that children and young people with Special Education Needs and Disability were assessed and plans put in place to meet their needs
- Expanded specialist provision for children and young people so that increased anxiety and mental health issues could be addressed
- We have supported more than 9,000 vulnerable children through the Covid Winter Grant Scheme
- Over 165 term time and holiday programmes were delivered to young people aged 0-19 across the Borough of Barnet last year. Young people had the chance to engage, learn and develop new skills amongst a variety of activities and courses such as Water Sports, Lego Animation, Nail Art & Skateboarding, start your own business, look after Horses, Steel Pans, Keyboard and Guitar. Plus there were Multisports, Dance, Music, Radio and Recording production sessions on offer to young people
- Opened the Early Years Parenting Hub, an innovative early intervention service for parents and their children aged 0-5.

Over three fifths (62%) of residents agree that Barnet is a place that supports you to live a healthier life. We will use our resources, knowledge and facilities in the Council and work with partners to support people to live happy, healthy lives at all ages.

We have:

- Developed a large-scale support programme for the most vulnerable (befriending, welfare checks, shopping, medication collection), creating the Essential Supplies Hub providing over 14,000 food parcels and supplies to food banks
- Safeguarded our residents and provided all social care services throughout the pandemic without interruption
- Supported 5,393 people following a stay in hospital between April 2020 and Jan 2021
- Supported care providers with over £10million worth of additional funding since March 2020, through our own budgets and through government grants. This has been to support with the additional costs of infection control, testing, and staffing during the pandemic.
- Supported care providers to manage during the pandemic by providing them with regular training, free PPE and a dedicated clinical support team of health and care professionals
- Invested £125,000 in the Community Response Fund and a further £100,000 to support the VCS in tackling food insecurity
- Invested £44m in developing two brand new leisure facilities at New Barnet Leisure Centre and Barnet Cophall Leisure Centre (opened in Oct 19).
- Invested £1.5m in refurbishment of Finchley Lido Leisure Centre, which re-opened under Covid secure measures in October 2020. • Worked in partnership with GLL during the pandemic to provide online opportunities to physical activity via the 'Better Hub.'

Committee Structure

Barnet council operates under a 'Committee System of Governance'. This means that decisions are taken by Committees which consist of Members from all political parties, in proportion to their strength on the council.

Matters considered at Committee are of high importance and therefore must be dealt with at Councillor level with Members of the Committee voting on issues to make decisions. Councillors are appointed to Committees annually at a meeting of the Full Council, where all 63 Councillors come together. The Full Council also sets each Committee's Terms of Reference, which determines what they can do and the functions they are responsible for.

The council's officers give advice to Committees and Members, implement decisions, and manage the day-to-day delivery of its services with a code of practice governing the relationships between officers and Members of the Council.

Council Committee

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

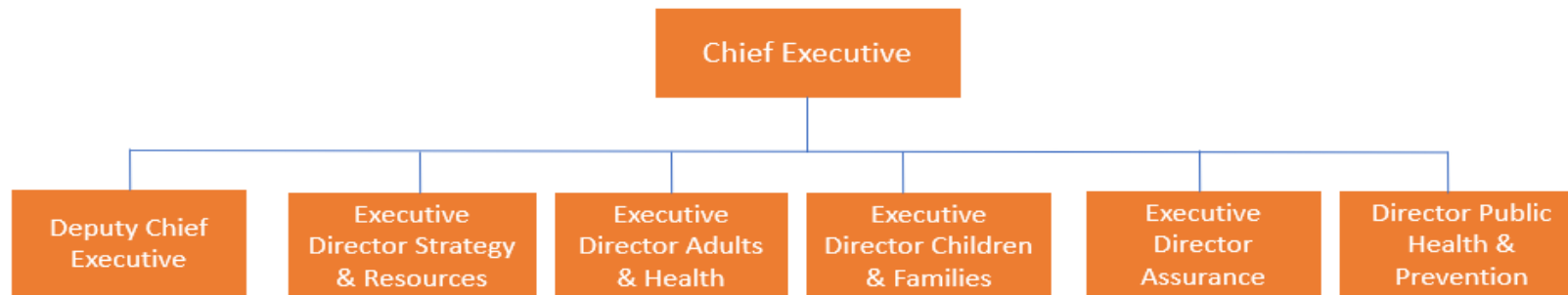
- Approving the strategic financing of the council upon recommendations of the Policy and Resources Committee.
- Determining of the council's financial strategy; and
- Approving the Budget

Council's Management Structure

The council's management team during 2021/22 is shown below:



A new structure came into place on 1st April 2022 as shown below:



Strategy and Resource Allocation

The Council published the Barnet Plan 2021-2025 in March 2021. This set out the strategic priorities the council expected to focus on over that period and set out our expectations in terms of how we wanted to work with partners, residents and voluntary & community groups to deliver those priorities. This was structured around four core themes:

- Clean, Safe & Well Run
- Healthy
- Family Friendly
- Thriving

With prevention, partnership working and a strong focus on Equality, Inclusion and Diversity running throughout.

Following the local government elections in March 2022 and change in administration, the council be developing a new corporate plan over the coming months, which is consistent with the new administration's priorities.



Clean, safe and well run

A place where our streets are clean and anti-social behaviour is dealt with so residents feel safe. Providing good quality, customer friendly services in all that we do.



Family Friendly

Creating a Family Friendly Barnet, enabling opportunities for our children and young people to achieve their best.



Healthy

A place with fantastic facilities for all ages, enabling people to live happy and healthy lives.



Thriving

A place fit for the future, where all residents, businesses and visitors benefit from improved sustainable infrastructure & opportunity.

Financial Performance

General Fund

The council managed a General Fund revenue budget of £333.101m during 2021/22 with overall spend recorded in line with budget as shown below:

Service Areas	2021/22 Budget	M12 Outturn	Non C19 Reserves applied	M12 Outturn after Reserves	Variance after Reserves
	£'000	£'000	£'000	£'000	£'000
Adults and Health	103,650	106,090	1,804	107,894	4,245
Children's Family Services	74,634	75,445	(785)	74,661	27
Environment	15,394	18,217	(2,692)	15,526	132
Growth and Corporate services	40,538	17,788	22,102	39,891	(647)
Assurance	7,024	4,194	2,631	6,824	(199)
Resources	73,586	64,827	5,253	70,080	(3,506)
Public Health	18,277	19,557	(1,331)	18,226	(51)
Total at Month 12	333,101	306,118	26,983	333,101	0

The following table sets out how the Service Areas performed in 2021/22 and accounting adjustments made to get to the Comprehensive Income and Expenditure Statement (CIES). The expenditure of the council was monitored and reported quarterly to Financial Performance and Contracts Committee and quarterly via the Strategic Performance Report to Policy and Resources Committee:

Service Areas	2021/22						
	Budget	Actual as per Outturn	(Under)/Overspend as per Outturn	Reserve and Non-specific grant Adjustments	Expenditure and Funding Analysis Note 7	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	(a)	(b)	(c)=(b)-(a)	(d)	(e)=(b)+(d)	(f)	(g)=(e)+(f)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adults and Health	103,650	107,894	4,245	(2,560)	105,334	5,004	110,338
Public Health	18,277	18,226	(51)	1,634	19,860	(15,179)	4,681
Assurance	7,024	6,824	(199)	(135)	6,690	(500)	6,190
Growth and Corporate Services	40,538	39,891	(647)	(23,228)	16,664	51,808	68,471
Resources	73,586	70,080	(3,506)	(4,512)	65,567	(12,738)	52,830

Children's Family Services	74,634	74,661	27	(1,789)	72,872	20,883	93,755
Local Authority Housing (HRA)	0	0	0	0	0	(1,649)	(1,649)
Environment	15,394	15,526	132	1,701	17,238	7,451	24,689
Net Expenditure on Services	333,101	333,101	0	(28,889)	304,224	55,082	359,305
Other Income and Expenditure	0	0	0	(322,294)	(322,294)	(22,658)	(344,952)
(Surplus) or Deficit on Provision of Services	333,101	333,101	0	(351,183)	(18,071)	32,424	14,353

Capital Outturn

For 2021/22 the capital programme included a budget of £343.013m. The capital outturn is £270.241m, of which £200.437m relates to the General Fund programme and £69.804m relates to the HRA capital programme:

Service Area	2021/22 Budget	(Slippage)/ Accelerated Spend	2021/22 Outturn	Variance from Approved Budget
	£'000	£'000	£'000	£'000
Adults and Health	4,547	(1,108)	3,439	(1,108)
Children's Family Services	15,795	(28)	15,767	(28)
Assurance	330	(330)	0	(330)
Growth and Corporate services	100,593	(32,458)	68,135	(32,458)
Environment	20,029	(5,379)	14,650	(5,379)
Brent Cross	123,568	(25,689)	97,879	(25,689)
Resources	567	0	567	0
General Fund Programme Total	265,429	(64,992)	200,437	(64,992)
HRA	77,584	(7,780)	69,804	(7,780)
Grand Total	343,013	(72,772)	270,241	(72,772)

The key variance since updating the programme overall is the in-year delay and re-profiling of budgets in Growth and Corporate Services of £32.458m, Brent Cross of £25.689m and Environment of £5.379m.

Reserves

The council has set aside specific amounts as reserves for future policy purposes or to cover contingencies. As at 1 April 2021, the council held reserves of £143.742m. Revenue reserves at 2021/22 outturn were £158.825m. This includes £6.756m unapplied Covid19 grant and £24.018m related to the spreading of Business Rates relief payments over 3 years. This spreading of Business Rates Relief payments does not represent

increased spending power for the council but are advanced payments received from central government to assist with cashflow. Excluding these 2 elements, the total reserves position was £128.051m

➤ **Capital Reserves:**

- CIL/S106 contributions: the difference between amounts received and amounts spent carried to reserves at year end for future years.
- Contribution to reserves from a change in the council's Minimum Revenue Provision (MRP) policy.

➤ **Ringfenced Reserves**

- Increases in the ring-fenced reserves in including Dedicated Schools Grant and Council tax and NNDR smoothing.
- Earmarked Revenue Grants – carry forward of ear marked revenue grant funding including grants relating to Homelessness Support and Flood Risk Management.

➤ **Committed reserves**

- Service Specific Revenue Reserves including £2m for Adults demand risk in 21/22 and £1.2m for possible Your Choice Barnet one-off costs).
- Transformation Reserve including with a carry forward of £4.053m
- Financial Resilience Reserve with a carry forward of £45.416m

	Balance at 31 March 2021	In year Expenditure	Reserve movements	New Reserves Raised	Balance at 31 March 2022
	£000	£000	£000	£000	£000
Capital - Community Infrastructure Levy	12,146	(5,228)	0	21,308	28,226
Revenue implications of capital	3,921	0	0	0	3,921
Total Capital Reserves	16,067	(5,228)	0	21,308	32,147
Public Health	1,901	(73)	0	0	1,828
Dedicated Schools Grant	3,244	0	0	1,626	4,870
Special Parking Account	1,311	0	0	0	1,311
Earmarked Revenue Grants	3,052	(732)	0	3,517	5,837
Brent Cross Designated Area S31	13,449	0	0	0	13,449
Council tax and NNDR smoothing	30,825	(23,290)	0	16,484	24,018
Total Ringfenced Reserves	53,781	(24,095)	0	21,626	51,313
Housing Benefits	921	(270)	(1,652)	1,000	0

Local Welfare Provision	4,658	0	0	0	4,658
Covid-19 Recovery	13,824	(10,037)	(650)	3,620	6,756
Service Specific Revenue Reserves	7,067	(1,147)	650	4,212	10,782
Climate change	0	0	1,600	0	1,600
Council Tax Rebate	0	0	2,100	0	2,100
Transformation Reserve	7,990	(557)	(3,380)	0	4,053
Financial Resilience Reserve	39,433	0	1,331	4,652	45,416
Total Committed Reserves	73,893	(12,011)	0	13,484	75,366
Total Earmark Reserves	143,742	(41,334)	0	56,418	158,825

Further details on 2021/22 outturn report can be found in the report that was presented to [Policy and Resources committee](#) on 19th July 2022

2022/23 Budget

Medium Term Financial Strategy (MTFS)

The MTFS, covering 2022-26 was prepared alongside the Barnet Plan 2021-2025 and the Budget for 2022/23 presented to Committee in March, provides detail on how the objectives of The Barnet Plan and the MTFS will be implemented in the coming year. This has been prepared both to ensure that the services and responsibilities of the council are well resourced, and that the ongoing work of responding to and recovering from the pandemic is also appropriately funded.

The COVID-19 pandemic brought unprecedented challenges in 2020/21 which continued into 2021/22. This put exceptional pressures on council finances which were largely mitigated by government financial support. Consideration of the residual impact of Covid-19 has been integrated throughout the MTFS.

The MTFS covered the period from 2022-2026 and included assumptions with regards to council tax, other funding, expenditure forecasts and the savings and income generation plans necessary to set a balanced budget and to ensure resources are aligned to the strategic outcomes set out in The Barnet Plan.

It presented a balanced budget for 2022/23 with no use of reserves to balance the budget. This included an in-year savings requirement for 2022/23 of £7.9m, rising to £12.9m in 2025/26.

It also recognised a number of different financial pressures which will impact the council over the coming years. These include inflation on pay and contracts, existing budget pressures, increases in the demand for services, residual financial pressures of Covid 19 as well as additional funding for service areas.

In putting together the MTFS due regard has been given to the CIPFA Code of Financial Management (the 'CIPFA FM Code' published last year and recommended for adoption by all councils from April 2021). The MTFS complies with the relevant sections of the FM code.

The organisational objectives in setting the MTFS were as follows:

- We will set a legal budget, balancing recurrent expenditure with estimated income within the medium term in order that the council has a sustainable financial position;
- We will plan over a medium term of at least 3 years in order that the council is fully informed as to future scenarios and can prepare appropriate action;
- A level of sustainable reserves will be maintained, this will be defined by the Section 151 officer during the budget setting process, considering prevailing risks and opportunities. For 2022, this has been identified as £15.000m for general fund balance and £40.000m for earmarked non-ringfenced revenue reserves;
- We will seek to build resilience to economic shocks and insulate from the requirement for sudden cuts to vital services;
- We will use reserves to invest in one-off investment or transformation requirements but not to the point of the organisation being in distress;
- We will ensure we have sufficient funding for on-going transformation and long term changes;
- We will provide a realistic amount of funding to support increasing demand, quickly addressing ongoing financial pressures with a permanent solution, reducing the instances where one off solutions are used;
- We will achieve the best possible outcomes within the funding available;
- We will ensure that budgets are aligned to the Barnet Plan and that we will actively disinvest where this is not the case;
- We will understand the implications of growth and ensure that both the reward and the increased costs to services are recognised, and;
- We will act lawfully and protect the integrity of regulations, ring fences and accounting rules.

The provisional Local Government Finance Settlement (LGFS), which followed the details provided at Spending Review 2021, outlined provisional funding allocations for local authorities for 2022/23. Despite the Spending Review 2021 being a multi-year spending review, the LGFS only provided funding details for a single financial year leading to uncertainty over future government funding.

Work on the 2023/24 MTFS has begun and, against this background of funding uncertainty and a New Labour Administration, we continue to look ahead and consider how to deliver services differently and find ever more innovative ways to deliver services to make Barnet a great place to live and work.

Risk Management

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

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

In October 2021, we concluded a comprehensive review of strategic and service level risks across the organisation, which provided assurance that:

- risks reflected the challenges of the last 18 months;
- risks were focused on the delivery of our objectives (e.g. the Barnet Plan and other key strategies); and
- any emerging risks in future years were identified, so we could plan ahead.

The comprehensive review enabled us to improve the quality and consistency of risk registers, including reducing the overall number of open risks being managed across the organisation by 19 percent. Strategic and service risks were consolidated on refreshed and up-to-date Directorate risk registers for 2021/22, which continue to be reviewed and updated on a quarterly basis.

Our renewed approach to risk management continues to ensure we have effective oversight of risks across the organisation and remains a key part of our internal control framework. We have an internal audit of the Risk Management Framework each year to check on its effectiveness, with the latest audit due to report in April 2022. The previous report (in July 2020) showed we had a “strong risk management culture in place at Barnet”.

Annual Governance Statement

CERTIFICATION



To the best of our knowledge the governance arrangements as defined have been effectively operating during the year 2021/22 except for those areas identified below. We propose over the coming year to take steps to address the matters to further enhance our governance arrangements.

We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation on an on-going basis through the year and as part of our next annual review at the end of the 2022/23.

SIGNED: _____ Date: xx xxxx 2022

Leader of the Council

SIGNED: _____ Date: xx xxxx 2022

Chief Executive

Annual Governance Statement

Introduction

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

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions including the management of risk.

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

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

The Council has a separate Code of Corporate Governance which is reviewed annually and reported to the Audit Committee alongside this Statement and published as part of the Constitution². The Code is consistent with the principles of the of Good Governance as set out in the CIPFA Delivering Good Governance in Local Government Framework 2016. How the Council complies with the principles will be reported annually alongside the Annual Governance Statement.

Governance

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

- leadership and management;
- performance and risk management;
- stewardship of public money; and

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

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

- public engagement and outcomes for our citizens and service users.

Governance Arrangements

The Council's governance arrangements comprise two key elements. Firstly, the systems and processes which are in place to ensure that adequate controls exist including: the internal control framework; external audit; the Constitution; schemes of delegation; codes and protocols; and written decisions being subject to a report clearance process before they are published. The strategic direction of the authority is set out in the Barnet Plan and the Council regularly monitors, via its committees and decision-making framework, delivery of its strategic objectives. Secondly, good governance is underpinned by the behaviours of Members, officers and partners which includes, but is not limited to, adherence to the decision-making framework as set out in the Constitution, adherence to codes and protocols, the culture and values of the organisation, and how the authority is accountable to and engages with the community it serves.

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

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

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

The governance arrangements as outlined above have been in place within Barnet Council for the year ended 31 March 2022 and up to the date of approval of the annual report and accounts.

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

The Annual governance statement

The Annual Governance Statement is made up of statements that are underpinned by the Council’s governance arrangements. An assurance framework exists, primarily the Council’s formal governance arrangements and the Assurance Directorate, which enables Members and Senior Management to identify the principal risks to the Council’s ability to meet its key objectives. Elected Members and Senior Management can map out both the key controls to manage the risks and how they are assured that these controls are effective in identifying, managing and mitigating risks.

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

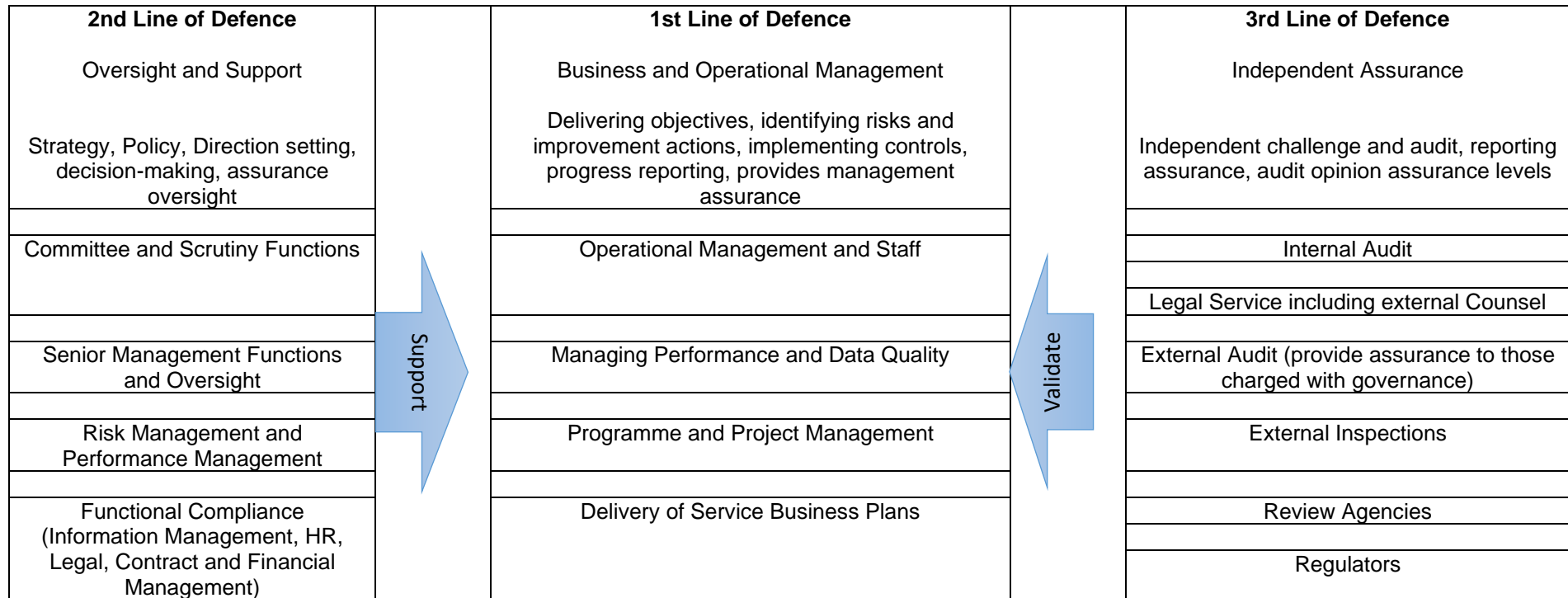
An annual assessment via the Annual Governance Statement gives the Council an opportunity to review that effectiveness of the governance arrangements operating within the Council. In addition, ‘the three lines of defence assurance model’ helps Elected Members and Senior Management to understand where assurances are being obtained from, the level of reliance they place on that assurance and identify potential gaps in assurance to help inform Key Areas of Improvement.

The Three Lines of Defence in effective Risk Management and Control

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

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

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



How has the Annual Governance Statement been prepared?

The Council has reviewed significant governance issues from the 2020/21 statement and there are detailed updates on each issue in the following section. In addition, the Council has considered emerging governance issues for 2022/23 and have included those in the Statement as issues to be monitored and addressed thought the coming year.

How do we know our arrangements are working?

Within this Annual Governance Statement, the Council has undertaken an assessment of previously identified significant governance issues and the progress made against these throughout the year. Any areas which have not been resolved will carry forward into 2022/23 and will continue to be monitored. Any issues that have been resolved during 2021/22 will no longer be monitored through the Annual Governance Statement but will continue to be monitored through appropriate channels.

We consider that the Council are compliant with the CIPFA Delivering Good Governance in Local Government Framework 2016. How the Council complies with the Code is documented via a separate Code of Corporate Governance 2022/23.

Significant Governance Issues

2021/22 Governance Issues		
1	Centre for Governance and Scrutiny Governance Risk and Resilience Framework	<p>In the 2020/21 Annual Governance Statement, the Council committed to undertake a review against the Centre for Governance and Scrutiny (CfGS) Governance Risk and Resilience Framework³ during 2021/22. The Monitoring Officer and Head of Governance have been working on the review which has examined:</p> <ol style="list-style-type: none"> 1. Extent of recognition of individual and collective responsibility for good governance; 2. Awareness of political dynamics; 3. How the council looks to the future to set its decision-making priorities; 4. Officer and councillor roles; 5. How the council’s real situation compares to its sense of self; 6. Quality of external relationships; and 7. The state of member oversight through scrutiny and audit. <p>In addition, the Monitoring Officer and Head of Governance have reviewed several Public Interest and Best Value reports from authorities where there have been significant governance failures to identify lessons learnt including:</p> <ul style="list-style-type: none"> • Liverpool City Council; • Northamptonshire County Council; • City of York Council; • London Borough of Croydon; • Northampton Borough Council;

³ www.cfgs.org.uk/governancerisk

		<ul style="list-style-type: none"> • Nottingham City Council; • Pembrokeshire County Council; • Slough Borough Council. <p>Following an initial review of the self-assessment and of the Public Interest and Best Value reports, Council Management Team (CMT) have agreed that further work will be done on this including workshops during 2022/23 and that following this, a self-assessment and action plan will be developed. Progress on delivering the action plan will be monitored via Annual Governance Statement during 2022/23.</p> <p>Status: Open</p> <p>Responsible Officers: Monitoring Officer and Head of Governance</p>
<p>2</p>	<p>Local Government Ethical Standards</p>	<p>In January 2019, the Committee for Standards in Public Life published a report on local government ethical standards⁴ which included fifteen best practice recommendations. To comply with the recommendations, several updates were required to the Members Code of Conduct, Procedure for Dealing with Complaints, and other processes and/or arrangements. The best practice recommendations and actions were reported to and agreed by the Constitution & General Purposes Committee (12 October 2020⁵) and Council (20 October 2020⁶).</p> <p>A single recommendation remained outstanding as follows:</p> <div style="border: 1px solid black; padding: 5px;"> <p><u>Best Practice Recommendation:</u></p> <p>Councils should report on separate bodies they have set up or which they own as part of their annual governance statement and give a full picture of their relationship with those bodies.</p> <p>Separate bodies created by local authorities should abide by the Nolan principle of openness and publish their board agendas and minutes and annual reports in an accessible place.</p> </div>

⁴ <https://www.gov.uk/government/collections/local-government-ethical-standards>

⁵ [Agenda for Constitution and General Purposes Committee on Monday 12th October, 2020, 6.00 pm | Barnet Council \(modern.gov.co.uk\)](#) (see item 10, Appendix A)

⁶ [Agenda for Council on Tuesday 20th October, 2020, 7.00 pm | Barnet Council \(modern.gov.co.uk\)](#) (see item 11.2, Appendix A)

		<p><u>Current:</u></p> <p>The first part of the recommendation is within the Council’s control but the second part is down to the subsidiary companies.</p> <p>The Council has a number of bodies which it has established to discharge various functions including (but not limited to): The Barnet Group (including Barnet Homes (and subsidiaries) and Your Choice Barnet; Regional Enterprise (Re); and joint ventures; etc. The Barnet Group has set up subsidiary companies the council is not a shareholder to these companies</p> <hr/> <p><u>Actions:</u></p> <p>Details of separate bodies established or owned will be included in the Council’s Annual Governance Statement.</p> <p>The Monitoring Officer and Head of Governance will discuss with separate bodies whether they currently publish board papers and encourage them to do so.</p> <p>The council’s subsidiary companies are:</p> <ul style="list-style-type: none"> ○ The Barnet Group Ltd* ○ Barnet Holdings Ltd ○ Regional Enterprise Ltd ○ LBB BX Holdings Ltd (which includes BXS GP Ltd and BXS Ltd Partnership) ○ Hill Green Homes Ltd ○ Barnet Education and Learning Services Ltd <p><i>*Note: The Council is not a shareholder to The Barnet Group subsidiary companies: Your Choice Barnet Ltd; Barnet Homes Ltd; The Barnet Group Flex Ltd; Open door Ltd; and Bumblebee Lettings.</i></p> <p>The following subsidiary companies publish information on their websites:</p> <ul style="list-style-type: none"> ● Barnet Education & Learning Service (BELS) publish Board meeting minutes⁷ <p>The following subsidiary companies do not publish information on their websites:</p> <ul style="list-style-type: none"> ● The Barnet Group Ltd; 	
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⁷ [Meeting Minutes | Barnet Education & Learning Service \(bels.org.uk\)](https://www.barnet.gov.uk/your-choice-barnet/your-choice-barnet-board-meeting-minutes/)

- 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.

Some of the subsidiary companies' performance is reported via the council's governance arrangements. For example, Regional Enterprise (Re) performance is regularly reported to the council's Financial Performance & Contracts Committee⁸. Barnet Homes (which is a subsidiary of Barnet Group) performance is regularly reported to the same committee, but there appears to be a lack of reporting for the other companies within the Group (Your Choice Barnet, TBG Flex, Opendoor Homes and Bumblebee Property).

It should be noted that the lack of reporting for the other bodies may be due to other circumstances. Following the onset on Covid-19, the council reviewed all committee business and, due to the requirement to prioritise the pandemic response, stopped reporting quarterly and annual performance reports to theme committees. For example: Barnet Homes and associated housing related companies would have reported to the Housing & Growth Committee; BELS would have reported to the Children, Education & Safeguarding Committee; and Your Choice Barnet to the Adults & Safeguarding Committee. These performance reports are likely to have supported compliance with the best practice recommendation.

An action area for 2022/23 will be to review the reporting arrangements in place for all the council's subsidiary companies and ensure that they are reported either to a council committee or are publicly accessible elsewhere. As part of this review, the council's share of each organisation will be identified as this can have an impact on the significance of each body to the authority.

In addition, the Government published a response on 18 March 2022 to the recommendations made by the Committee on Standards in Public Life. Many of these responses will require primary or secondary legislation. The council will review the response to relevant recommendations and will seek to address these during 2022/23 to ensure that we are in alignment with recommended best practice in relation to ethical standards.

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

1. Reporting arrangements for all the separate bodies established or owned by the council and will work with responsible officers to improve openness and transparency where this is required. This review will include

⁸ [Browse meetings - Financial Performance and Contracts Committee | Barnet Council \(moderngov.co.uk\)](https://www.moderngov.co.uk)

		<p>performance reporting via the council’s governance arrangements and reporting via the bodies’ own websites; and</p> <p>2. Government responses to the Committee on Standards in Public Life and ensure that these are addressed.</p> <p>Status: Open</p> <p>Responsible Officers: Monitoring Officer and Head of Governance</p>
<p>3</p>	<p>Covid-19 including Recovery Planning and Financial Sustainability</p>	<p>The 2020/21 Annual Governance Statement covered the significant impact of the Covid-19 pandemic on residents, partners, local businesses, staff and services. The 2020/21 Statement provided a comprehensive update on the organisational response to the pandemic and, as referred to in a report to the Policy and Resources Committee in September 2020⁹, detailed preparations for the next phase of the response which focussed on:</p> <ul style="list-style-type: none"> • Recovery planning (including the Barnet Plan) • Financial sustainability • Compliance with the CIPFA Financial Management Code • Self-assessment against the CIPFA Resilience Index <p>This is an area which has been monitored during 2021/22 and updates are set out below.</p> <p>Recovery Planning</p> <p>Following the lifting of Covid-19 restrictions by the government in July 2021, CMT agreed to close the council’s Recovery Planning Programme. This was a result of most ‘unlocking’ activities being completed and those still ongoing being reported on through other channels, such as the Barnet Plan Delivery and Outcomes Framework and CMT Gold.</p>

⁹ <https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=10198&Ver=4>

		<p>The Policy & Resources Committee in September 2021¹⁰ and December 2021¹¹ received reports on the Delivery and Outcomes Framework for the Barnet Plan 2021-25</p> <p>Financial Sustainability and Compliance with the CIPFA Codes</p> <p>Addressed in the Financial Risks and Sustainability section below.</p> <p>Robust arrangements are in place in respect of recovery planning and financial sustainability and this issue will not be monitored through the Annual Governance Statement during 2022/23.</p> <p>Status: Closed</p>
4	<p>Emergency Planning and Organisational Preparedness</p>	<p>The 2020/21 Statement set out:</p> <ul style="list-style-type: none"> • The council’s duties under the Civil Contingencies Act 2004 • How the Emergency Planning Team had been reviewing and updating key plans • That a review against Resilience Standards for London had been completed and state of preparedness had been reported to London Resilience • Recruitment had taken place for emergency response roles to increase capacity and resilience • Developing a best practice framework for responses to major incidents <p>Emergency Planning and Organisational Preparedness was monitored during 2021/22 and the update is set out below.</p> <p>The Organisational Resilience Team demonstrated its ability to respond effectively during 2021/22. The team has sufficient skilled and trained emergency responders to maintain an adequate state of preparedness and has captured and acted on lessons learnt following each emergency response.</p> <p>At the end of 2021 Barnet Organisational Resilience Team rated itself as ‘Assured’ following the self-assessment process set by Resilience Standards for London. The self-assessment was against the standards</p>

¹⁰ [Agenda for Policy and Resources Committee on Thursday 30th September, 2021, 7.00 pm | Barnet Council \(moderngov.co.uk\)](#) (Item 9)

¹¹ [Agenda for Policy and Resources Committee on Thursday 9th December, 2021, 7.00 pm | Barnet Council \(moderngov.co.uk\)](#) (Item 11)

		<p>by which emergency preparedness across all London Boroughs is measured, set by London Councils' and the Local Authority Panel. This self-assessment included questions relating to the Grenfell Action Plan.</p> <p>The Borough Risk Register has been reviewed by the council and approved and adopted the Borough Resilience Forum, and the team is reviewing and updating its key plans in line with the risk and the Resilience Standards for London frameworks.</p> <p>There is no current risk that Barnet would not be able to provide an adequate emergency response, and the teams response to the Covid-19 pandemic has raised awareness of our emergency response arrangements leading to an increased focus on emergency planning as part of business as usual.</p> <p>In relation to Covid-19, there is a potential risk of another variant resulting which could require additional restrictions to be imposed. In addition, a residual risk remains of another pandemic. The council will consider how it would respond it these circumstances during 2022/23.</p> <p>Whilst robust arrangements are in place in respect of emergency planning and organisational preparedness, the council committed via the self-assessment process, to include a summary of our arrangements annually in the Annual Governance Statement. In addition, some residual issues relating to pandemic have been identified as set out above. These areas will be monitored during 2022/23.</p> <p>Status: Open</p> <p>Responsible Officer: Head of Organisational Resilience</p>
5	<p>Improvement of Key Services Delivered via the Capita CSG and RE Contracts</p>	<p>The 2020/21 Statement set out:</p> <ul style="list-style-type: none"> • that the Council has two major strategic contracts with Capita – Customer & Support Group (CSG) and Development & Regulatory Services (DRS) • in 2018 the contracts had been reviewed and Finance and Strategic HR returned in-house in April 2019 to enhance the council's control of these key services • a Phase II review took place in July 2019 and part of the Regeneration Service, the Safety, Health & Well-Being Service and Integrated Programme Management Office returned in-house in January 2020 to further strengthen the council's control over services

		<ul style="list-style-type: none"> • Pensions Administration had transferred from Capita to West Yorkshire Pension Fund to address issues which had resulted in intervention from the Pensions Regulator • other services provided under the CSG and DRS contracts would be subject to review under the Year 6/7 Contract Review process. <p>Improvement of key services delivered via the Capita CSG and RE contracts was an issue that was monitored during 2021/22 and the update is set out below.</p> <p>Further to contract reviews completed in 2018/19, the Year 6/7 Contract Review process was delayed during 2020/21 as the team focused on Covid-19 response activities.</p> <p>During 2021/22 the Year 6/7 Contract Reviews have progressed. A report to the Financial Performance and Contracts Committee (FPCC) in March 2021¹² set out the process to be followed which included the categorisation of individual services as either retained services, returning services, or services to be further reviewed.</p> <p>To support the review, an independent market insights report by Grant Thornton was commissioned¹³.</p> <p>Due to the significant and strategic nature of the contracts, the preliminary outcome of the Review of Capita Contracts was reported to Council in January 2022¹⁴. A decision was made by Full Council that:</p> <ol style="list-style-type: none"> a) on expiry of their contract those elements of the RE and CSG contracts that relate to the Procurement Service, Regulatory Services (Trading Standards, Licensing, Environmental Health), the Regeneration Service and Highways would not be extended when they expire. b) the future strategy for the Highways Service should be considered by the Environment Committee. c) the Recruitment Service be returned to the council in February 2022. <p>Steps taken over consecutive years have strengthened the council's strategic control over significant services which were previously outsourced to Capita under the CSG and RE contracts. The ongoing negotiations in relation to services that are proposed to be extended have been regularly reported through FPCC in 2021/22.</p>
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¹² [Agenda for Financial Performance and Contracts Committee on Wednesday 17th March, 2021, 6.00 pm | Barnet Council \(moderngov.co.uk\)](#) Item 10 (Year 6/7 Review of Capita contracts)

¹³ [Agenda for Financial Performance and Contracts Committee on Tuesday 8th June, 2021, 7.00 pm | Barnet Council \(moderngov.co.uk\)](#) Item 8 (Review of Capita Contracts)

¹⁴ [Agenda for Council on Tuesday 25th January, 2022, 7.00 pm | Barnet Council \(moderngov.co.uk\)](#) Item 11.1 (Referral from Policy & Resources Committee – Recommendation from Financial Performance & Contracts Committee – Review of Capita Contracts)

		<p>Following the abolition of the FPCC in May 2022, future reports regarding these contacts will be reported to the Policy & Resources Committee (PRC) or relevant theme committees as appropriate. A further report on the Capita contract Review is expected to be reported to PRC in July 2022.</p> <p>During 2021/22 the performance of the CSG and RE contracts were regularly reported to FPCC alongside the performance of the council's other key strategic contracts. During 2022/23 contract performance will be reported to PRC or the relevant theme committee.</p> <p>Robust arrangements are in place in respect the improvement of key services delivered via the Capita CSG and RE contracts and this issue will not be monitored through the Annual Governance Statement during 2022/23.</p> <p>Status: Closed</p>
<p>6</p>	<p>Governance of Major Capital Programmes including Brent Cross Cricklewood Regeneration</p>	<p>The 2020/21 Statement provided assurance on the council's major capital programmes including:</p> <ul style="list-style-type: none"> • An update on the Brent Cross Cricklewood Regeneration Scheme including: delivery of the new Brent Cross Thameslink station; the acquisition of the Brent Cross South Retail Park; and programme governance arrangements • Highways capital investment • Housing Revenue Account capital portfolio • Council capital delivery projects (including: depot; education and families; town centres; greenspaces, parks and leisure; property and operations; and the Hendon Hub) <p>Governance of major capital programmes was an issue that was monitored during 2021/22 and the update is set out below.</p> <p>BXC – including Brent Cross West (formerly Brent Cross Thameslink), Brent Cross Town (formerly Brent Cross South) and Brent Cross North (deferred during 2020/21)</p> <p>Cost and programme are important risks to manage, and these were regularly reviewed through the operational Client Reviews and the programme governance structure, Housing & Growth Committee, and FPCC.</p>

Ensuring that the station construction is completed by late 2022 and is operational by March 2023 is another risk that is being actively managed as the construction phase of the station nears its end, and risks identified earlier in the scheme are increasingly likely to crystallise. The coming year will focus on delivering a functioning train station that is operating in a sustainable and safe manner. Overall delivery of the station including adherence to the agreed programme, continues to be overseen by the Railway Operations Assurance Board. The Board reports into the already established Government Assurance Board and can escalate issues which may require input from more senior levels.

Brent Cross South Retail Park – the Brent Cross South Retail Park was acquired in February 2021. The key risks relate to ensuring that the acquisition will have no impact on the General Fund and that the council’s acquisition and holding costs are covered prior to it being incorporated into the BXT Joint Venture. The Council has put in place appropriate internal resources and expertise supplemented by external property management as required to ensure that the Council will secure the required returns so that there will be no gap or negative impact on the General Fund. Monthly reporting is now in place to manage this asset through the council’s BX Governance Board.

Brent Cross Town – the key risks relate to managing inflation and market-wide risk associated with the macro-economy. Progress continues to report to the Housing and Growth Committee every quarter with a focus on ensuring the council can deliver comprehensive regeneration of the area, whilst protecting the general fund and the interests of the council more broadly.

Capital Programmes

The authority has put in place governance and assurance measures across the capital programme in line with those set out in the 2021 Annual Governance Statement and therefore assurance has been provided. Details on the various governance arrangements for the Capital Programme are published annually within the Capital Strategy¹⁵.

Robust arrangements are in place in respect the governance of major capital programmes, including Brent Cross Cricklewood regeneration, and most of the issues referred to above will not be monitored through the Annual Governance Statement during 2022/23. However, the Council have underwritten the development costs for the Brent Cross Thameslink station which remains a significant financial risk for the authority. This element only will continue to be monitored during 2022/23.

¹⁵ [Financial Forward Plan and Capital Programme | Barnet Council](#)

		<p>Status: Open</p> <p>Responsible Officer: Deputy Chief Executive and Brent Cross Director</p>
<p>7</p>	<p>Financial Controls and Fraud Risk</p>	<p>The 2020/21 Statement detailed work that had been undertaken to:</p> <ul style="list-style-type: none"> • Improve controls to address 2019/20 audit recommendations • Implement improvements required following the Grant Thornton Review following a serious fraud in 2018 • Review payments made during Covid-19 <p>Financial controls and fraud risk was an issue that was monitored during 2021/22 and the update is set out below.</p> <p>Financial Controls</p> <p>The council has a robust approach to financial controls, with an Internal Controls Board promoting accountability and best practice across the council. Improvements in the control environment have been implemented over the past 24 months, with the council having a suitable and appropriate system of internal controls for finance which is regularly tested by Internal Audit.</p> <p>Fraud Risk</p> <p>During 2021/22 the grant schemes introduced by the government during the Covid-19 pandemic were subject to review by Internal Audit and the Corporate Anti-Fraud Team and no significant issues or instances of major fraud were identified.</p> <p>Council officers move towards remote and hybrid working since the start of the pandemic has not resulted in any significant wrongdoing being identified to date.</p> <p>The Council has joined the National Fraud Initiative (NFI) Hub and the Credit Industry Fraud Avoidance System (CIFAS) to help to counteract potential fraud.</p> <p>Robust arrangements are in place in respect of financial controls and fraud risk and this issue will not be monitored through the Annual Governance Statement during 2022/23.</p>

		Status: Closed
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8	Financial Risks and Sustainability	<p>The 2020/21 Statement highlighted that the Council had begun to rely on a greater range of funding arrangements and financial mechanisms which had led to a more complex financial environment including: acquisition of Brent Cross Retail Park; loans to Open Door Homes; loan agreement with Saracens Cophall LLP; and Hendon Hub. It was noted that, although each scheme was subject to financial due diligence, the council would develop a portfolio approach to risk management including elements such as funding type, lender and asset class to ensure an appropriate level of exposure to any individual partner or funding model.</p> <p>Financial risk was an issue that was monitored during 2021/22 and the update is set out below.</p> <p>The council developed a portfolio approach to risk in 2021/22 to enhance its project risk management approach to financial risk. This will continue to be monitored and updated as the council reviews opportunities available to it for financing housing and regeneration in the borough.</p> <p>Through 2021/22 the council highlighted Collection Fund stability as an emerging risk arising from the Covid-19 pandemic. Improved reporting on local taxation collection has been instigated and is monitored monthly by the Section 151 Officer and reported quarterly to the Council Management Team and Financial Performance & Contracts Committee. Further improvements are expected into 2022/23 as the council embeds new Collection Fund reporting and active monitoring of in-year collection activity and taxation base changes.</p> <p>In December 2019, CIPFA introduced the Financial Management (FM) Code, designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code provides guidance for good and sustainable financial management in local authorities and by complying with the principles and standards within the Code authorities will be able to demonstrate their financial sustainability.</p> <p>Councils were required to comply with the code from April 2021 with full implementation by April 2022. The FM Code is based on a series of principles which are considered necessary to provide the strong foundation to:</p> <ul style="list-style-type: none"> ➤ financially manage the short, medium and long-term finances of a local authority ➤ manage financial resilience to meet unforeseen demands on services
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		<p>➤ manage unexpected shocks in their financial circumstances.</p> <p>The council has demonstrated its commitments to financial sustainability through meeting of the requirements of the FM Code. The council’s self-assessment is set out in Appendix A¹⁶.</p> <p>Robust arrangements are in place in respect of financial risks and sustainability and this issue will not be monitored through the Annual Governance Statement during 2022/23.</p> <p>Status: Closed</p>
<p>9</p>	<p>Annual Internal Audit Opinion; Reasonable Assurance – Key Findings</p>	<p>Each year the work of Internal Audit is summarised to give an overall opinion on the system of internal control and corporate governance within the Council. This is a requirement of the Public Sector Internal Audit Standards (PSIAs). The Opinion covers the internal audit work completed delivering the 2021/22 audit plan to 31 March 2022, including the work completed more recently to complete the audits that were ongoing at year end. In total, the opinion is based on 42 non-schools audits and 18 schools audits.</p> <p>In 2021-22 the annual opinion overall is Reasonable Assurance. This is consistent with 2020/21 and 2019/20.</p> <p>Improvements to the control environment have been shown during the year and it is the Head of Internal Audit Opinion that the overall rating of Reasonable Assurance is appropriate. Although some high risk rated weaknesses were identified in individual assignments these are broadly isolated to specific systems or processes. None of the individual assignment reports have an overall classification of No Assurance. However, 15 high risk findings were reported across the audits and therefore further improvements are required to improve the adequacy and effectiveness of governance and control compliance in particular areas.</p> <p>The key findings from the audits have been grouped into four themes in the Opinion which will be a continued focus of Internal Audit work in 2022/23:</p> <ul style="list-style-type: none"> a) Governance and oversight; b) Compliance / Policies & Procedures;

¹⁶ [Appendix Ai - Compliance with CIPFA Financial Management Code.pdf \(moderngov.co.uk\)](https://moderngov.co.uk/Appendix%20Ai%20-%20Compliance%20with%20CIPFA%20Financial%20Management%20Code.pdf)

		<p>c) Financial control and fraud risk; and d) Roles and responsibilities</p> <p>Status: Open</p> <p>Responsible Officer: Head of Internal Audit</p>
<p>10</p>	<p>Barnet's Fire Safety</p>	<p>Fire safety has been included in the Annual Governance Statement since the Grenfell Tower fire in June 2017. The 2020/21 Statement provided an update on fire safety matters; it reported that:</p> <ul style="list-style-type: none"> • Fire safety matters were co-ordinated across the council through a Fire Safety Working Group and there were regular reports to the Housing & Growth Committee. • There had been a £51.9m investment programme to improve fire safety in council homes with £34m spent by the end of 2020/21. • Large council blocks built using Large Panel System (LPS) construction had been identified and remedial works had been being undertaken. • Data had been collected on the external wall coverings of buildings below 18 meters in the borough. • Specific blocks of concern had continued to be closely monitored and some joint inspections had taken place with the fire authority. <p>Fire safety has continued to be monitored throughout 2021/22 and furthermore the systems and processes in place have been strengthened and resources supporting the work have increased.</p> <p>The fire safety investment programme led by Barnet Homes continued and progressed well during 2021/22. All Category 1 works were completed, and Category 2 and 3 works completed across several sites by April 2022; with a total of £48m of the original budget applied to date and the remaining £4m of works set to continue in 2022/23. Expert consultants have undertaken in-depth (Type 3 and 4) Fire Risk Assessments (FRAs) at low and medium rise blocks and urgent works have been prioritised. Future investment need has been identified and a £0.85m per annum provision had been incorporated into the Housing Revenue Account Business Plan^[1] as revenue expenditure to deliver the requirements of 'Building a Safer Future' and associated legislation in relation to the council housing stock. The Business Plan made total provision for</p>

^[1] [Agenda for Housing and Growth Committee on Thursday 17th February, 2022, 7.00 pm | Barnet Council \(moderngov.co.uk\)](#) Item 13, Housing Revenue Account (HRA) Business Plan

		<p>£44.5m of expenditure between 2021/22 – 2025/26 on fire safety, with 60% of the expenditure expected by end of 2022/23 and then approximately £5.9m per annum for the subsequent 3 years.</p> <p>Wider fire safety activities have continued to be regularly reported to the Housing & Growth Committee^[2], and visibility of these updates has been improved during 2021/22 through new council webpages^[3]. Such updates most recently show Barnet continues to oversee action in relation to Registered Social Landlords, with two of four landlords with ACM cladding confirming completion of works, with the other two either delivering or contracting works.</p> <p>More widely across the private sector the development of an enforcement tracker from the register of sites submitted to government is providing a new tool for dynamically managing risk and prioritising council activity. The council has stepped up its fire safety enforcement activities in 2021/22 with interim additional resources and a recruitment process for new permanent staff to work on fire safety in the private sector that will continue into 2022/23. The Council has completed three joint inspections with the LGA joint inspection team and two joint inspections with the London Fire Brigade, improvement notices have been served in relation to four of these sites and the fifth has seen the installation of a waking watch. In addition, the service is monitoring at least 13 applications to the Building Safety Fund and continuing to liaise with a key managing agent responsible for 35 blocks across the borough. The tracker further notes a potential 161 additional blocks that are pending further investigation (many sites have multiple blocks requiring investigation). At this early stage of coordinated enforcement activity, an internal audit was undertaken in Q4 2021/22 to consider the arrangements and tools now in place for enforcement of fire safety in private residential blocks, this will report to Audit Committee in June 2022.</p> <p>A challenge for the council in relation to on-going fire safety enforcement is that there were no new external sources of income for funding enforcement activities; therefore all in-year activity and any future budget allocations must all be secured from core council budgets. Furthermore, as fire safety enforcement in the private sector falls outside the scope of day-to-day service activities/volumetrics defined in the original Development and Regulatory Services contract, additional services had to be specified and commissioned during 2021/22. Such new arrangements will now continue until the return of the Regulatory Services functions from October 2023 and will be updated as required during the remaining contract period. Where day-to-day matters require oversight, this is provided through the Fire Safety Working Group; with escalation to the Deputy Chief Executive where required.</p>
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^[2] [Agenda for Housing and Growth Committee on Tuesday 16th November, 2021, 7.00 pm | Barnet Council \(moderngov.co.uk\)](#) Item 8, Fire Safety Update

^[3] [How we are dealing with fire safety | Barnet Council](#)

		<p>Whilst progress in relation to fire safety issues has been positive further work during 2022/23 is likely to be required to reduce risk in this area. Most significantly, The Building Safety Act 2022 will have implications for housing associations, local authorities and building owners and these will need to be monitored and addressed. Project initiation for the Building Safety Act change project is currently in the scoping phase; this involves clearly establishing and listing the deliverables of the project, as well as the tasks, budget and timelines. The council will need to meet our obligations within the new Building Safety regime within 12-18 months, and subject to future regulations.</p> <p>Status: Open</p> <p>Responsible Officer: Commissioning Lead, Customer and Place</p>
<p>11</p>	<p>Cyber Security and Information Management</p>	<p>The 2020/21 Statement:</p> <ul style="list-style-type: none"> • Highlighted that the Covid-19 pandemic had seen a significant increase in cyber-attacks on organisations. • Set-out the council’s approach to protecting against attacks and recovery. • Noted that Business Continuity plans were being reviewed across the organisation. <p>Cyber security was an issue that was monitored during 2021/22 and the update is set out below.</p> <p>The threat of Cyber Security is still a key risk, with consistent monitoring and controls in place to mitigate this risk. There is a continued maturing, structured approach that continuously reviews these controls to ensure they are in line with changing threat so that technologies and processes evolve to mitigate the threat. The council works with relevant agencies and partners both locally and nationally, such as the National Cyber Security Centre, to ensure live threats and intelligence is monitored and responded to. This ensures awareness and vigilance remains high, and clear protocols to respond to evolving threats are developed and maintained. There is staff training and awareness that compliments these controls and the level of governance with regards to security measures and reviews combines daily, weekly, monthly, quarterly and annual measures to protect the information and system assets of the authority.</p> <p>Despite the actions taken to reduce risk in this area, cyber security remains a significant governance issue for the council. Cyber Security and Information Management will therefore continue to be monitored as an issue during 2022/23.</p>

		<p>Status: Open</p> <p>Responsible Officer: Head of Customer and Digital Services and Head of Assurance and Business Development</p>
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Conclusion

During 2021/22 the council has progressed and resolved many of the significant governance issues identified.

The following governance issues will carry forward from 2021/22 into 2022/23 (as detailed above): -

1. Governance Risk and Resilience Framework
2. Local Government Ethical Standards
3. Emergency Planning and Organisational Preparedness (which will also include oversight of the Chemical, Biological, Radiological and Nuclear (CBRN) Borough Response Framework which has been drafted this year. In light with a changing landscape with UK Health Security Agency, the Framework should reflect roles and responsibilities at local, regional, and national response, in case of an incident happening either at local, regional or national level. Next year, the Framework will be exercised across the local partnership to ensure relevant roles and responsibilities are clear and adequate training has been received by local response team.)
4. Governance of Major Capital Programmes including Brent Cross Cricklewood Regeneration
5. Fire Safety
6. Cyber Security and Information Management

In addition, Members and CMT have identified several additional areas to be monitored during 2022/23 via the Statement:

7. Emerging Legislation and Inspection Regimes

The following are areas where there is new legislation which is progressing through parliament or has recently become legislation or are areas where external inspections are due to take place or where there will be substantial changes to the current inspection regime. Whilst the

impact of some of this is unknown at present, the council will monitor the following issues during 2022/23 in case of any governance issues arising:

- Children’s Services – during the year a range of services will be inspected including a Children in Care Focussed Visit, SEND (Special Educational Needs and Disability) inspection, HIMP (Her Majesty's Inspectorate of Prisons) inspection of the Youth Offending Service as well as New Park House Children's Home. In addition, the Government's SEND Review, Care Review and Education White Paper will be published all of which will impact on the authority. Risks relating to the children and young people aspects of contingency hotels will also be monitored.
- Adult Social Care – the Health and Care Act came into effect at the end of April 2022. This brings into effect new duties and requirements on councils with adult social care responsibilities. Councils will be required to implement the Cap on Care costs, which brings new duties to conduct Care Act needs assessments of people wishing to use the cap system and set up systems to monitor people’s progress toward £86,000 lifetime cap on care. Councils are asked to conduct early assessments from April 2023 prior to the cap go-live in October 2023. The Act also brings in a new national assurance regime of council’s ASC duties under the Care Act. This will involve enhanced data collection, monitoring and inspection, led by the Care Quality Commission, with go-live planned for April 2023. The national social care reform programme also makes several other requirements of councils, within the year 2022/23: the requirement to conduct fair cost of care exercises with the care market and plans to implement a new national performance reporting system including client-level data. 2022/23 will be a year of significant preparation for the changes to come into effect in April 2023, along with significant developments in year.
- Environment Act – the Environment Act 2021 introduces a range of duties on local authorities in relation to waste and recycling, air quality, protecting the natural environment and water. Details of the implementation of, and new burdens funding for, these duties are still being developed by Government, but have the potential to create significant challenges for the council. The council will engage in sector-wide efforts to influence the development of these requirements, and the implications and any governance issues arising from them will be monitored accordingly.

8. Workplace Wellbeing

The pandemic introduced many challenges for the council to maintain our employees’ mental and physical health and wellbeing whilst dealing with significant changes in the way we worked. Members of staff directly involved in the response where under considerable strain, worked long hours and were left exhausted. All staff were impacted by the pandemic, in particular the first lockdown meant that we had to quickly introduce safe ways of working from home.

Measures that were introduced included:

- Risk assessments and regular review, to manage risks introduced with the new ways of working

- Accessible advice and guidance on home working and working in isolation
- Provision of equipment to enable staff to work from home safely
- On-line activities, events and webinars with advice on healthy options and to enable staff to remain in regular contact with colleagues
- Regular promotion of our Employee Assistance programme and other staff welfare resources
- Development of an on-line “Wellbeing Hub” with wellbeing resources for staff to readily access

These enforced new ways of working have led to a rethink of how the council operates and a move to a more agile workforce. Many of the measures introduced will be maintained as well as new initiatives and resources being introduced. A Workplace Wellbeing Strategy is being produced in 2022/23 with an associated action plan that will ensure continued management of these risks and lead to improvements in staffs general health and wellbeing.

9. Inflation

Council’s agreed budget and Medium-Term Financial Strategy (MTFS) make provision for inflation. However, global events have increased upward pressure on inflation and interest rates, and it is not currently clear what the overall impact will be on council services and capital programmes. The council will monitor the impact of rising costs on both in-year budgets and the MTFS, and any impacts will be addressed through regular Business Planning reports to the Policy & Resources Committee.

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

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

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 Resources and Section 151 Officer.
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Director of Resources and S151 Officer Responsibilities

The Director of Resources and Section 151 Officer is responsible for the preparation of the London Borough of Barnet's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy 2021/22 Code of Practice on Local Authority Accounting in the United Kingdom (The Code).

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

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

Certification of Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of the London Borough of Barnet Council at 31 March 2022 and its income and expenditure for the year then ended. The draft accounts were published on xx July 2022.

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

Approval of Accounts

In accordance with the Accounts and Audit Regulations 2015, I certify that the Statement of Accounts was approved by the Audit Committee on xx
xxxx 2022.

Chair of Audit Committee
Councillor Arjun Mittra

Auditor's Statement

Auditor's Statement (to follow)

Core Financial Statements

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

This statement summarises the income and expenditure of the council in providing services during 2021/22. 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.

2020/21			Comprehensive Income and Expenditure Statement (CIES)	Note	2021/22		
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£'000			£'000				
154,844	(68,512)	86,332	Adults and Health		175,066	(64,728)	110,338
26,813	(21,486)	5,327	Public Health		25,603	(20,922)	4,681
8,001	(2,321)	5,680	Assurance		12,751	(6,561)	6,190
205,981	(175,911)	30,070	Growth and Corporate Services		184,835	(116,364)	68,471
262,034	(218,105)	43,929	Resources		250,494	(197,664)	52,830
366,885	(290,807)	76,078	Children's Services		411,850	(318,095)	93,755
76,535	(63,156)	13,379	Local Authority Housing (HRA)		58,419	(62,576)	(4,157)
80,758	(24,277)	56,481	Environment		53,753	(29,064)	24,689
1,181,851	(864,575)	317,276	Cost of Services	7	1,172,771	(815,974)	356,797
2,936	(1,526)	1,410	Other Operating Income and Expenditure	10	1,210	(11,791)	(10,581)
29,384	(14,961)	14,423	Financing and Investment Income and Expenditure	11	35,658	(7,955)	27,703
0	(367,869)	(367,869)	Taxation and Non-Specific Grant Income	12	0	(359,567)	(359,567)
32,320	(384,356)	(352,036)	Subtotal		36,868	(379,313)	(342,445)
1,214,171	(1,248,931)	(34,758)	(Surplus)/Deficit on Provision of Services		1,209,639	(1,195,287)	14,352
		(25,105)	(Surplus)/Deficit on revaluation of non-current assets				1,490
		112,143	Remeasurement of the net defined benefit liability	35			(113,713)
		87,038	Other Comprehensive Income and Expenditure				(112,223)
		52,280	Total Comprehensive Income and Expenditure				(97,871)

Core Financial Statements: Group Comprehensive Income and Expenditure Statement

This statement summarises the income and expenditure of the council and its subsidiaries (The Barnet Group Ltd and Barnet Education and Learning Services Ltd (BELS)). In 2021/22 Barnet Group company made an operating loss of £4.249m (£3.009m loss in 2020/21) and BELS made an operating profit of £0.047m (£1.012m profit in 2020/21).

2020/21			Comprehensive Income and Expenditure Statement (CIES)	2021/22		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000				£'000		
156,084	(69,702)	86,382	Adults and Health	178,236	(68,198)	110,038
26,813	(21,486)	5,327	Public Health	25,603	(20,922)	4,681
8,001	(2,321)	5,680	Assurance	12,751	(6,561)	6,190
204,803	(186,673)	18,130	Growth and Corporate Services	189,070	(124,581)	64,489
262,038	(218,109)	43,929	Resources	247,280	(194,453)	52,827
359,866	(284,800)	75,066	Children's Services	399,428	(305,732)	93,696
169,617	(65,376)	104,241	Local Authority Housing (HRA)	191,032	(70,845)	120,187
79,461	(22,980)	56,481	Environment	52,569	(27,880)	24,689
1,266,684	(871,447)	395,237	Cost of Services	1,295,969	(819,172)	476,797
2,936	(1,526)	1,410	Other Operating Income and Expenditure	1,210	(11,791)	(10,581)
37,511	(13,762)	23,749	Financing and Investment Income and Expenditure	38,291	(4,975)	33,316
0	(367,869)	(367,869)	Taxation and Non-Specific Grant Income	0	(359,567)	(359,567)
0	0	0	Corporation Tax	0	(47)	(47)
40,447	(383,157)	(342,710)	Subtotal	39,501	(376,380)	(336,879)
1,307,131	(1,254,604)	52,526	Group (Surplus)/Deficit on Provision of Services	1,335,470	(1,195,552)	139,918
		(25,105)	(Surplus)/Deficit on revaluation of non-current assets			1,490
		128,114	Remeasurement of the net defined benefit liability			(129,690)
		103,009	Other Comprehensive Income and Expenditure			(128,200)
		155,535	Total Comprehensive Income and Expenditure			11,718

Core Financial Statements: Council Movement in Reserves Statement

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

	Note	General Fund Balance	School Balances	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Movements in Reserves 2020/21											
Balance as at 31 March 2020		15,084	10,185	67,692	7,525	14,738	11,363	199,168	325,754	636,607	962,361
Surplus / (Deficit) on provision of services		32,923	2,512	0	(678)	0	0	0	34,757	0	34,757
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	0	(87,038)	(87,038)
Total Comprehensive Income and Expenditure		32,923	2,512	0	(678)	0	0	0	34,757	(87,038)	(52,281)
Adjustments between accounting basis and funding basis	8	32,628	0	0	(2,847)	7,301	(4,516)	12,131	44,697	(44,697)	0
Net increase / (decrease) in year		65,551	2,512	0	(3,525)	7,301	(4,516)	12,131	79,453	(131,734)	(52,281)
Transfer to/(from) earmarked reserves	9	(65,550)	0	76,049	0	(10,500)	0	0	(0)	0	(0)
Balance as at 31 March 2021		15,084	12,697	143,741	4,000	11,539	6,847	211,299	405,207	504,872	910,079

Movements in Reserves 2021/22											
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2021		15,084	12,697	143,741	4,000	11,539	6,847	211,299	405,207	504,872	910,079
Surplus / (Deficit) on provision of services		(31,609)	2,965	0	14,292	0	0	0	(14,352)	0	(14,352)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	0	112,223	112,223
Total Comprehensive Income and Expenditure		(31,609)	2,965	0	14,292	0	0	0	(14,352)	112,223	97,871
Adjustments between accounting basis and funding basis	8	54,822	0	(8,128)	(14,272)	9,022	(4,849)	(58,591)	(21,995)	21,995	0
Net increase / (decrease) in year		23,213	2,965	(8,128)	20	9,022	(4,849)	(58,591)	(36,347)	134,218	97,871
Transfer to/(from) earmarked reserves	9	(23,212)	0	23,212	0	0	0	0	0	0	0
Balance as at 31 March 2022		15,085	15,662	158,825	4,020	20,561	1,998	152,708	368,860	639,089	1,007,949

Core Financial Statements: Group Movement in Reserves Statement

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

	General Fund Balance	School Balances	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Council Usable Reserves	Council Unusable Reserves	Council Total Reserve	Share of Subsidiary Reserves	Total Reserve
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Movements in Reserves 2020/21												
Balance as at 31 March 2020	15,083	10,185	67,692	7,525	14,738	11,363	199,168	325,754	636,605	962,358	(16,278)	946,080
Surplus / (Deficit) on provision of services	38,252	2,512	0	(678)	0	0	0	40,085	0	40,085	(92,615)	(52,529)
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	0	0	(87,038)	(87,038)	(15,971)	(103,009)
Total Comprehensive Income and Expenditure	38,252	2,512	0	(678)	0	0	0	40,085	(87,038)	(46,953)	(108,586)	(155,539)
Adjustment between Council account and Group accounts	(5,328)	0	0	0	0	0	0	(5,328)	2	(5,326)	5,328	2
Net increase / (decrease) before transfers	32,923	2,512	0	(678)	0	0	0	34,757	(87,036)	(52,279)	(103,257)	(155,536)
Adjustments between accounting basis and funding basis	32,628	0	0	(2,847)	7,301	(4,516)	12,131	44,697	(44,697)	0	0	0
Net increase / (decrease) before transfers to earmarked reserve	65,551	2,512	0	(3,525)	7,301	(4,516)	12,131	79,454	(131,733)	(52,279)	(103,257)	(155,536)
Transfer to/(from) earmarked reserves	(65,550)	0	76,049	0	(10,500)	0	0	(0)	0	(0)	0	(0)
Balance as at 31 March 2021	15,084	12,697	143,741	4,000	11,539	6,847	211,299	405,208	504,872	910,079	(119,536)	790,545

Movements in Reserves 2021/22												
Balance as at 31 March 2021	15,084	12,697	143,741	4,000	11,539	6,847	211,299	405,208	504,872	910,079	(119,536)	790,545
Surplus / (Deficit) on provision of services	(27,986)	2,965	0	14,292	0	0	0	(10,729)	0	(10,729)	(129,189)	(139,918)
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	0	0	112,223	112,223	15,977	128,200
Total Comprehensive Income and Expenditure	(27,986)	2,965	0	14,292	0	0	0	(10,729)	112,223	101,494	(113,212)	(11,718)
Adjustment between Council account and Group accounts	(3,623)	0	0	0	0	0	0	(3,623)	0	(3,623)	101,121	97,498
Net increase / (decrease) before transfers	(31,609)	2,965	0	14,292	0	0	0	(14,352)	112,223	97,871	(12,091)	85,780
Adjustments between accounting basis and funding basis	54,822	0	(8,128)	(14,272)	9,022	(4,849)	(58,591)	(21,996)	21,996	0	0	0
Net increase / (decrease) before transfers to earmarked reserve	23,213	2,965	(8,128)	20	9,022	(4,849)	(58,591)	(36,348)	134,219	97,871	(12,091)	85,780
Transfer to/(from) earmarked reserves	(23,212)	0	23,212	0	0	0	0	0	0	0	0	0
Balance as at 31 March 2022	15,085	15,662	158,825	4,020	20,561	1,998	152,708	368,860	639,090	1,007,950	(131,626)	876,325

Core Financial Statements: Council and Group Consolidated Balance Sheet

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

31 March 2021			31 March 2022	
Council	Group		Council	Group
£'000		Balance Sheet	£'000	
		Note		
1,583,921	1,636,507	Property plant and equipment	1,675,198	1,737,048
1,733	1,733	Heritage assets	1,733	1,733
167,791	167,791	Investment properties	167,543	167,543
17,700	29,664	Intangible assets	16,798	28,075
139,609	15,247	Long term debtors	194,829	35,367
15,000	10,000	Long term investments	5,000	0
1,925,754	1,860,943	Total Long-Term Assets	2,061,101	1,969,766
156	156	Inventories	161	161
10,005	10,005	Short term investments	85,847	85,847
218,332	217,796	Short term debtors	179,884	179,568
8,181	8,181	Assets held for sale	7,000	7,000
165,414	180,329	Cash and cash equivalents	140,800	159,615
402,088	416,467	Total Current Assets	413,692	432,191
(32,011)	(32,011)	Bank Overdrafts	(22,509)	(22,509)
(2,973)	(2,973)	Short term borrowing	(2,609)	(2,609)
(225,836)	(235,382)	Short term creditors	(263,850)	(275,508)
(5,965)	(5,965)	Short Term Provisions	(6,001)	(6,001)
(266,785)	(276,331)	Total Current Liabilities	(294,969)	(306,627)
(489,588)	(489,137)	Long term borrowing	(589,463)	(589,027)
(18,816)	(18,854)	Long term provisions	(12,161)	(12,194)
(628,876)	(688,844)	Pension scheme	(557,253)	(604,787)
(13,698)	(13,698)	Long term lease (PFI)	(12,997)	(12,997)
(1,150,978)	(1,210,533)	Total Long-Term Liabilities	(1,171,874)	(1,219,005)
910,078	790,545	Net Assets	1,007,949	876,325
(405,207)	(285,673)	Usable reserves	(368,860)	(237,234)
(504,872)	(504,872)	Unusable reserves	(639,089)	(639,089)
(910,078)	(790,545)	Total Reserves	(1,007,949)	(876,325)

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

Certification by the Chief Financial Officer

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Council as at 31 March 2022 and its income and expenditure for the year then ended.

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

xxxxxxx 2022

Core Financial Statements: Council and Group Consolidated Cash Flow Statement

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

2020/21				2021/22		
Council	Group			Council	Group	
£'000		Cash Flow Statement		Note	£'000	
34,758	(52,528)		Net surplus/(deficit) on the provision of services		(14,352)	(139,918)
123,219	248,566		Adjustment to the surplus on the provision of services for non-cash movements*	23	133,445	258,654
(25,318)	(53,509)		Adjustment for items included in the net surplus on the provision of services that are investing and financing activities **		(20,377)	(7,849)
132,660	142,528		Net cash flows from operating activities		98,716	110,888
(229,863)	(272,299)		Net cash flows from investing activities	24	(256,261)	(309,765)
118,631	162,243		Net cash flows from financing activities		153,627	198,744
21,427	32,472		Net (decrease)/increase in cash and cash equivalents		(3,918)	(133)
111,978	115,848		Cash and cash equivalents at the beginning of the reporting period		122,209	137,237
133,403	148,318		Cash and cash equivalents at the end of the reporting period***	19	118,291	137,106

* Includes £125m write down cost to Expected Use Value for Social Housing on new dwellings @ 75%

**Group cashflow includes TBG adjustments of £12.6m relating to ODH Loan Deferred income and £15.9m Actuarial gain on Defined benefit on pension scheme

***Balance as at 31 March 2021 is net of £22.509m bank overdrafts (Total Cash and cash equivalents per Balance Sheet = £140.800m)

Notes Relating to the Core Financial Statements

Note 1 Accounting Policies

1.1 Introduction

The Statement of Accounts summarises the London Borough of Barnet's transactions for the financial year 2021/22 and its financial position at 31 March 2022. The accounting policies adopted, that are material to the context of the council's accounts for 2021/22, 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 2021/22, supported by International Financial Reporting Standards (IFRS) and statutory regulations.

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

1.3 Accruals of Income and Expenditure

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

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

1.4 Income Recognition

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

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

1.5 Fair Value Measurement

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

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

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

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

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

1.6 Provisions

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

1.7 Government Grants and Contributions

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

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

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

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

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

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

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

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

1.9 Employee Benefits

Benefits Payable during Employment

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

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

Termination Benefits

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

Post-Employment (Retirement) Benefits

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

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

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

Local Government Pension Scheme (LGPS)

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

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

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

Teachers' Pension Scheme

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

Discretionary Benefits

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

1.10 Minimum Revenue Provision

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

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

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

In 2021/22, the council made an additional voluntary contribution to MRP of £3.573m compared to the statutory minimum.

1.11 Value Added Tax (VAT)

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

1.12 Reserves

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

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

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

1.13 Property, Plant and Equipment

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

Recognition

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

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred. Any expenditure on an asset that is under £0.01m is considered non-enhancing and is treated as revenue expenditure. Any acquisitions such as equipment and vehicles for less than £0.01m are assessed and included in Property, Plant and Equipment if considered appropriate to do so.

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

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

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

- Infrastructure (including street lighting PFI), community assets and assets under construction – depreciated historical cost.
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH).
- Surplus assets - the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets (For example schools, leisure centres, crematorium, etc. – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, the valuation method of Depreciated Replacement Cost (DRC) is used as an estimate of current value. Examples of specialist assets include schools, leisure centres, crematoria, and cemeteries prior to their being run on a more commercial basis. The DRC method of valuation provides the current cost of replacing an asset with its Modern Equivalent Asset (MEA) less deductions for all physical deterioration and all relevant forms of obsolescence and optimisation. The

council, where possible, has used direct evidence from its own capital programmes to determine the MEA cost basis for specialist assets. Where this evidence is not available, Building Cost Information Service construction cost figures have been used.

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

Accounting for property value gains and losses

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

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

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

Impairment

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

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

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

Depreciation and useful lives

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

Depreciation is calculated on the following basis:

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

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

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

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

Componentisation

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

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

Disposals

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

Receipts from sale of Council Houses

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

1.14 Heritage Assets

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

Property Heritage Assets

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

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

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

Mayor's Regalia and Silverware

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

General Accounting Policy

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

1.15 Investment Properties

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

Measurement

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

Accounting Arrangements

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

1.16 Private Finance Initiative (PFI)

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

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

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

1.17 Leases

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

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

Operating Leases

The council as Lessee

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

The council as Lessor

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

1.18 Intangible Assets

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

1.19 Revenue Expenditure Funded from Capital under Statute

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

1.20 Cash and Cash Equivalents

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

1.21 Contingent Assets and Liabilities

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

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

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

1.22 Interests in Companies and Other Organisations

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

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

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

All locally maintained schools (i.e., community, foundation, voluntary aided, voluntary controlled, community special and foundation special schools) are deemed to be under the council's control. For this reason, schools' transactions, and balances attributable to the governing bodies are consolidated into the council's financial statements, applying accounting policies for recognition and measurement consistent with those applied by the council to its own income, expenditure, cash flows, assets, and liabilities. Transactions and balances between the council and the schools have been eliminated. Assets provided to a school without the right to continuing use, such that they can be taken back by the owners at some point, are not recognised in the council's financial statements.

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

1.23 Events after the Reporting Period

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

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

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

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

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

1.25 Pooled Budgets

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

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

1.26 Financial Instruments

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

Financial Liabilities

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

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

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

Financial Assets

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

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

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

Which are guaranteed to be repaid by statute, and

- Council Tax Debtors
- Business Rate Debtors

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

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

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

- Only to individual Financial Instruments with carrying value above 2% of the council's materiality figure set by the auditors. This figure was £340k in 2020/21 and will be reviewed for 2021/22 prior to the publication of the final accounts.
- Apply Collective Assessment for Financial Instrument with shared risk characteristics and to apply the simplified approach using lifetime expected credit losses – i.e., General Trade Debtors, Housing Related Debtors and Parking Debt.
- The above is done through carrying out collective assessment of loss allowances calculated largely using provision matrices based on historical experience in accordance with the Code and applying the general principle of materiality for any judgement that might be required to determine the loss allowance.
- Where reasonable and supportable information is available without undue cost or effort, the remaining Financial Instruments will be assessed separately to measure expected losses. The Risk assessment will be carried out on such instruments at initial recognition and reviewed annually for possible credit risk increased since initial recognition. Loss allowance will be calculated using 12 month expected credit losses.

- Where there is objective evidence of a reduction in the value of an asset because of a past event then, if material the council will recognise this by way of a provision before any impairment event has taken place.
- Cumulative Assessment of certain Financial Instrument Assets will be carried out using historic collection rates as the basis for Expected Credit Loss. This means if sufficient provision was raised using historic collection data, the methodology will continue to be used to calculate the loss allowance for that type of debt. Example would be Housing Rent and Parking debts.
- Impairment losses are not a proper charge to the General Fund where the acquisition of an investment or debtor balance meets the applicable statutory definition of capital expenditure. Therefore, movement in the loss allowance for these areas will not impact on General Fund Balances as the amount debited / credited to the Comprehensive Income and Expenditure will be reversed out in the Movement in Reserves Statement to the Capital Adjustment Account.
- All Financial Instrument that fall inside the scope of IFRS are held at amortised costs, these includes all Short and Long term Investments, Debtor and Cash and Cash equivalents.
- Assessment of credit losses under the ECL approach is based on forward looking data where applicable, such as budgets, forecasts which considers micro and macro factors affecting counterparties in the industries they operate in.

1.27 Group Accounts

Introduction

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

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

The Barnet Group Ltd

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

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

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

Barnet Education and Learning Services Ltd

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

Basis of Consolidation

The group CIES, group balance sheet, group movement in reserves statement and group cash flow statement have been prepared by consolidating the accounts of the reporting authority (London Borough of Barnet) and its subsidiaries (The Barnet Group Ltd and Barnet Education and Learning Services Ltd) on a line by line basis. The accounts of the subsidiaries have been prepared using similar accounting policies and practices to that of the reporting authority. However, some accounting policies and practices do differ in some respects from the council's due to legislative requirements and these are aligned on consolidation.

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

The council's detailed accounting policies are disclosed above.

The Barnet Group Ltd, a Local Authority Trading Company

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

Barnet Education and Learning Services Ltd

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

Note 2 Accounting Standards Issued Not Yet Adopted

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

- IFRS 16 Leases (replaces IAS 17) - initially due to be implemented for 2022/23 accounts but implementation has been deferred to 2024/25.
- IFRS 3 Business Combinations - amendments to definition of a business
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) issued in September 2019.
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) issued in August 2020

Note 3 Critical Judgements in Applying Accounting Policies

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

- The council is deemed to control the services provided under the agreement for street lighting and control the residual value of the assets at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the streetlights are recognised as Property, Plant and Equipment on the council’s Balance Sheet.
- The Brent Cross South development has progressed during the year, with large parts of the site cleared and being prepared for a major regeneration scheme to develop new homes, offices, and retail space. Further work is on-going to prepare the site for this development and will be transferred into a joint venture with a development partner to build the new developments. As the site is not currently available for transfer and this is likely to take place in 2022/23, the land has been classified as surplus land rather than assets held for sale.

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

Covid-19 has had a significant impact on various areas of the council’s finances. In order to provide the reader of these accounts with information on the impact, the key issues have been combined into one note. The council’s response to the pandemic over the past 2 years has been unprecedented in scale and much of the work we have done is described in the narrative statement.

Events after the Balance Sheet Date

Since the Balance Sheet date of 31 March 2022 there have been no material events which would require an adjustment to the financial statements.

Material Uncertainty (Property Valuation)

The items in the council’s Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.</p>	<p>The effect of the net pension liability due to changes in individual assumptions can be measured although the assumptions interact in complex ways. The impact of changes in assumptions is shown in note 35 Defined Benefit Pension Schemes.</p>
Property Plant and Equipment and Investment Properties	<p>Property Plant and Equipment The carrying values of property, plant and equipment and investment properties are primarily dependent on judgements of such variables as the state of the property market, location, asset lives, condition of the property, indices etc. Valuation is an inexact science with assessments provided by different surveyors rarely agreeing and with prices subsequently realised diverging from valuations</p> <p>Investment Properties Where level 1 inputs are not available, the council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the principal valuation manager).</p> <p>The council uses Level 2 observable inputs for valuing its investment properties. The Investment Property valuations have utilised either the square footage of the property based on newly agreed lease rents, or through utilising data on new rents of comparable buildings in the local market.</p> <p>Where this is not possible judgement is required in establishing fair values (Level 3). These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions made could affect the fair value of the council’s assets and liabilities.</p> <p>Brent Cross The 21/22 Brent Cross valuation was an internal valuation using forecasts of receipts based on the Brent Cross Business Plan and Cash flow model. The valuation of the land at year end was £100.45m with a valuation loss of £0.15m going into the CIES.</p>	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties were to reduce by 3.23%, this would result in a charge to the Comprehensive Income and Expenditure Statement of approximately £42.11m. An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p> <p>Investment Property inputs are those that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability. In that, rents used are based on current rents or rents of comparable market rents, as evidenced in valuation certificates. Professional valuers have applied their opinion where observable market data is applied to each individual property. Some yields, such as those of residential properties are determined by case law, others are determined using substantial comparable market data as specified above.</p> <p>Significant changes in any of the observable inputs would result in significantly lower or higher fair values.</p>

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

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

Information about fair value measurements of Brent Cross Surplus Asset using unobservable inputs (Level 3) for the year ended 31 March 2022:

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

Impairment for doubtful debt and Expected Credit Loss (ECL)	<p>The council had an outstanding balance of short-term debtors totalling £179.884m, against which an impairment allowance of £90.224m has been made. It is not certain that this impairment allowance would be sufficient as the council cannot assess with certainty which debts will be collected and which will not.</p>	<p>An understatement of doubtful debts would lead to a future adjustment and impairment to be reflected.</p> <p>If collection rates fall or improve by 5% the impairment would increase or decrease by £2.946m.</p>
	<p>ECL of £6.698m is applied to non-statutory debt and statutory debt continues to be impaired (£35.166m) on the incurred loss model. Please refer to Note 18 for a breakdown.</p>	
	<p>ECL impairment is based on historical information such as collection rates adjusted to reflect current and future economic conditions. Whereas incurred loss impairment, mainly business rates, council tax, housing benefit overpayments, housing rents and parking is based on historical data such as collection rates.</p>	

Going Concern

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

Note 5 Post Balance Sheet Events

Since the Balance Sheet date of 31 March 2022 there have been no material events which would require an adjustment to the financial statements of the council.

Note 6 Comprehensive Income and Expenditure Statement (CIES) Restatement

There were no changes in reporting segments in 2021/22 that require restatement of the CIES.

Note 7 Expenditure and Funding Analysis

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

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

Adjustments for Capital Purposes

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

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

Net Change for the Pensions Adjustments

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

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

Non-Specific Grants

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

Other Differences

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

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

2020/21							2021/22					
Net Expenditure Chargeable to GF and HRA	Net Capital Adjustments	Net Pensions Adjustments	Non-Specific Grants	Other Differences	Net Expenditure in CIES	Analysis of Adjustments in Expenditure and Funding Analysis:	Net Expenditure Chargeable to GF and HRA	Net Capital Adjustments	Net Pensions Adjustments	Non-Specific Grants	Other Differences	Net Expenditure in CIES
£'000						Reporting Segment:	£'000					
93,538	4,177	(1,373)	(7,144)	(2,866)	86,332	Adults and Health	105,334	5,398	5,132	(5,526)	0	110,338
13,246	0	0	(7,919)	0	5,327	Public health	19,860	0	0	(15,179)	0	4,681
5,050	969	(364)	41	(16)	5,681	Assurance	6,690	866	1,426	(2,791)	0	6,190
27,829	101,913	(464)	(99,506)	297	30,070	Growth and Corporate Services	16,663	78,449	2,040	(30,925)	2,245	68,471
53,863	817	(493)	6,819	(17,077)	43,929	Resources	65,568	1,375	1,733	13,155	(29,000)	52,830
69,057	12,216	(4,081)	837	(1,949)	76,079	Children's Family Services	72,872	8,767	14,447	372	(2,703)	93,755
(0)	12,900	0	0	480	13,379	Local Authority Housing (HRA)	(0)	5,367	0	0	(9,524)	(4,157)
8,643	40,545	(1,356)	11,712	(3,063)	56,481	Environment	17,238	6,084	4,452	(2,274)	(810)	24,689
271,226	173,536	(8,131)	(95,160)	(24,193)	317,278	Cost of Services	304,224	106,305	29,230	(43,169)	(39,793)	356,797
(346,260)	(44,411)	11,682	0	26,954	(352,035)	Other Income and Expenditure	(322,296)	(45,101)	12,860	(27,953)	40,046	(342,445)
(75,034)	129,126	3,551	(95,160)	2,761	(34,758)	Difference between the Statutory Charge and the Surplus or Deficit in the CIES	(18,072)	61,204	42,090	(71,122)	252	14,352
(100,486)						Opening GF and HRA Revenue Reserves	(175,522)	0	0	0	0	0
(75,034)						Net chargeable expenditure to GF and HRA	(18,072)					
(175,523)						Closing GF and HRA Revenue Reserves	(193,591)	0	0	0	0	0

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

2020/21 (£'000)	Analysis of Income and Expenditure by Nature	2021/22 (£'000)
288,667	Employee benefits expenses	336,785
812,889	Other services expenses	805,693
95,707	Depreciation, amortisation and impairment	47,435
13,974	Interest Payments	17,239
1,184	Precepts and Levies	1,210
1,752	Payments to Housing Capital Receipts Pool	0
0	Capital Grants and Contributions unapplied credited to CIES	0
0	Costs relating to investment properties	1,278
1,214,172	Total Expenditure	1,209,639
	Income	
(227,728)	Fees, charges and other service income	(251,431)
(4,415)	Interest and investment income	(5,691)
(7,413)	Income relating to investment properties	0
(1,526)	Gain on the disposal of assets	(11,791)
(251,933)	Income from council tax, non-domestic rates, district rate income	(251,654)
(755,916)	Government grants and contributions	(674,720)
(1,248,930)	Total Income	(1,195,287)
(34,758)	(Surplus)/Deficit on the provision of services	14,352

Note 8 Adjustments between Accounting Basis and Funding Basis under Regulations

	Note	General Fund Balance	School balances	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments relating to the year ended 31 March 2021											
Balance as at 31 March 2020		15,084	10,185	67,692	7,525	14,738	11,363	199,168	325,754	636,607	962,360
Movement in reserves during 2020/21											
Surplus / (Deficit) on provision of services		32,923	2,512	0	(678)	0	0	0	34,757	0	34,757
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	0	(87,038)	(87,038)
Total Comprehensive Income and Expenditure		32,923	2,512	0	(678)	0	0	0	34,757	(87,038)	(52,281)
Adjustments involving the Capital Adjustment Account:											
Reversal of items debited or credited to the CIES											
Charges for depreciation, impairment and revaluation losses		59,263	0	0	34,155	0	0	0	93,418	(93,418)	0
Movements in the Market value of Investment Properties		2,397	0	0	(6,851)	0	0	0	(4,454)	4,454	0
Amortisation of Intangible assets		2,290	0	0	0	0	0	0	2,290	(2,290)	0
Capital Grants and contributions applied		(16,469)	0	0	(303)	0	0	0	(16,772)	16,772	0
Movement in donated assets account		0	0	0	0	0	0	0	0	0	0
Disposals and Derecognition		64,588	0	0	2,009	0	0	0	66,597	(66,597)	0
Revenue Expenditure Funded from Capital Under Statute		81,694	0	0	0	0	0	0	81,694	(81,694)	0
Inclusion of items not debited or credited to the CIES:											
Statutory provision for the financing of capital investment		(11,061)	0	0	0	0	0	0	(11,061)	11,061	0
Capital expenditure charged against the General Fund and HRA balances		(9,771)	0	0	0	0	0	0	(9,771)	9,771	0
Adjustments involving the Capital Grants Unapplied Account:											
Capital Grants and Contributions unapplied credited to CIES		(119,214)	0	0	(10,018)	0	0	129,232	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account		0	0	0	0	0	0	(117,101)	(117,101)	117,101	0
Adjustments involving the Capital Receipts Reserve:											
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES		(16,669)	0	0	(6,505)	23,174	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure		0	0	0	0	(14,483)	0	0	(14,483)	14,483	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool		0	0	0	1,752	(1,752)	0	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		0	0	0	51	0	0	0	51	(51)	0
Adjustments involving the Deferred Capital Receipts Reserve:											
Deferred sale proceeds credited as part of the gain/loss on disposal to the CIES		(45,000)	0	0	0	0	0	0	(45,000)	45,000	0
Adjustments involving the Major Repairs Reserve (MRR):											
Reversal of HRA depreciation charged to the Major Repairs Reserve		0	0	0	(17,135)	362	17,135	0	362	(362)	0
Use of the Major Repairs Reserve to finance new capital expenditure		0	0	0	0	0	(21,651)	0	(21,651)	21,651	0
Adjustments involving the Financial Instruments Adjustment Account:											
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements		(3)	0	0	(2)	0	0	0	(5)	5	0
Adjustments involving the Pension Reserve:											
Reversal of items relating to retirement benefits debited or credited to the CIES		42,156	0	0	0	0	0	0	42,156	(42,156)	0
Employer's pension contributions and direct payments to pensioners payable in the year		(38,605)	0	0	0	0	0	0	(38,605)	38,605	0
Adjustments involving the Collection Fund Adjustment Account:											
Amount by which council tax and NNDR income credited to the CIES is different from council tax and NNDR income calculated for the year in accordance with statutory requirements		36,376	0	0	0	0	0	0	36,376	(36,376)	0
Adjustment involving the Accumulated Absences Account:											
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		656	0	0	0	0	0	0	656	(656)	0
Adjustments between accounting basis and funding basis under regulations		32,628	0	0	(2,847)	7,301	(4,516)	12,131	44,697	(44,697)	0
Net increase / (decrease) in year		65,547	2,512	0	(3,525)	7,301	(4,516)	12,131	79,454	(131,735)	(52,281)
Transfer to/(from) earmarked reserves	9	(65,549)	0	76,049	0	(10,500)	0	0	(0)	0	(0)
(Decrease) /Increase in Year		(2)	2,512	76,049	(3,525)	(3,199)	(4,516)	12,131	79,454	(131,735)	(52,281)
Balance as at 31 March 2021		15,084	12,697	143,741	4,000	11,539	6,847	211,299	405,208	504,872	910,079

Note 8 Adjustments between Accounting Basis and Funding Basis under Regulations

	Note	General Fund Balance	School balances	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments relating to the year ended 31 March 2022											
Balance as at 31 March 2021		15,084	12,697	143,741	4,000	11,539	6,847	211,299	405,208	504,872	910,079
Movement in reserves during 2021/22											
Surplus / (Deficit) on provision of services		(31,609)	2,965	0	14,292	0	0	0	(14,352)	0	(14,352)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	0	112,223	112,223
Total Comprehensive Income and Expenditure		(31,609)	2,965	0	14,292	0	0	0	(14,352)	112,223	97,871
Adjustments involving the Capital Adjustment Account:											
Reversal of items debited or credited to the CIES											
Charges for depreciation, impairment and revaluation losses		26,725	0	0	18,686	0	0	0	45,411	(45,411)	0
Movements in the Market value of Investment Properties		11,648	0	0	(7,258)	0	0	0	4,390	(4,390)	0
Amortisation of Intangible assets		2,024	0	0	0	0	0	0	2,024	(2,024)	0
Capital Grants and contributions applied		(18,630)	0	0	(498)	0	0	0	(19,128)	19,128	0
Movement in donated assets account		0	0	0	0	0	0	0	0	0	0
Disposals and Derecognition		1,031	0	0	2,508	0	0	0	3,539	(3,540)	(1)
Revenue Expenditure Funded from Capital Under Statute		72,589	0	0	839	0	0	0	73,428	(73,428)	0
Inclusion of items not debited or credited to the CIES:											
Statutory provision for the financing of capital investment		(16,611)	0	0	0	0	0	0	(16,611)	16,611	0
Capital expenditure charged against the General Fund and HRA balances		0	0	(8,128)	0	0	0	0	(8,128)	8,128	0
Adjustments involving the Capital Grants Unapplied Account:											
Capital Grants and Contributions unapplied credited to CIES		(43,616)	0	0	(1,905)	0	0	45,520	(1)	0	(1)
Application of grants to capital financing transferred to the Capital Adjustment Account		0	0	0	0	0	0	(104,111)	(104,111)	104,111	0
Adjustments involving the Capital Receipts Reserve:											
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES		(1,812)	0	0	(12,487)	14,299	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure		0	0	0	0	(5,626)	0	0	(5,626)	5,626	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool		0	0	0	0	0	0	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		0	0	0	0	0	0	0	0	0	0
Adjustments involving the Deferred Capital Receipts Reserve:											
Deferred sale proceeds credited as part of the gain/loss on disposal to the CIES		0	0	0	0	349	0	0	349	(349)	0
Adjustments involving the Major Repairs Reserve (MRR):											
Reversal of HRA depreciation charged to the Major Repairs Reserve		0	0	0	(14,155)	0	14,155	0	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure		0	0	0	0	0	(19,004)	0	(19,004)	19,004	0
Adjustments involving the Financial Instruments Adjustment Account:											
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements		(3)	0	0	(2)	0	0	0	(5)	5	0
Adjustments involving the Pension Reserve:											
Reversal of items relating to retirement benefits debited or credited to the CIES		64,698	0	0	0	0	0	0	64,698	(64,698)	0
Employer's pension contributions and direct payments to pensioners payable in the year		(22,608)	0	0	0	0	0	0	(22,608)	22,608	0
Adjustments involving the Collection Fund Adjustment Account:											
Amount by which council tax and NNDR income credited to the CIES is different from council tax and NNDR income calculated for the year in accordance with statutory requirements		(20,864)	0	0	0	0	0	0	(20,864)	20,864	0
Adjustment involving the Accumulated Absences Account:											
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		252	0	0	0	0	0	0	252	(252)	0
Adjustments between accounting basis and funding basis under regulations		54,823	0	(8,128)	(14,272)	9,022	(4,849)	(58,591)	(21,995)	21,993	(2)
Net increase / (decrease) in year		23,214	2,965	(8,128)	20	9,022	(4,849)	(58,591)	(36,347)	134,216	97,869
Transfer to/(from) earmarked reserves	9	(23,212)	0	23,212	0	0	0	0	0	0	0
(Decrease) /Increase in Year		2	2,965	15,084	20	9,022	(4,849)	(58,591)	(36,347)	134,216	97,869
Balance as at 31 March 2022		15,085	15,662	158,825	4,020	20,561	1,998	152,708	368,860	639,089	1,007,949

Note 9 Transfers to / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and SPA balances in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund and SPA expenditure in 2021/22.

		Balance at 31 March 2020	In year Expenditure	Reserve movements	New Reserves Raised	Balance at 31 March 2021	In year Expenditure	Reserve movements	New Reserves Raised	Balance at 31 March 2022
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Capital - Community Infrastructure Levy		8,417	(9,771)	0	13,499	12,146	(5,228)	0	21,308	28,226
Revenue implications of capital	(a)	1,441	0	0	2,480	3,921	0	0	0	3,921
Total Capital Reserves		9,858	(9,771)	0	15,980	16,067	(5,228)	0	21,308	32,147
Public Health	(b)	1,188	0	0	713	1,901	(73)	0	0	1,828
Dedicated Schools Grant		1,808	0	0	1,436	3,244	0	0	1,626	4,870
Special Parking Account		1,386	(75)	0	0	1,311	0	0	0	1,311
Earmarked Revenue Grants		2,226	(601)	0	1,427	3,052	(732)	0	3,517	5,837
Brent Cross Designated Area S31		0	0	0	13,449	13,449	0	0	0	13,449
Council tax and NNDR smoothing	(c)	0	(3,068)	0	33,893	30,825	(23,290)	0	16,484	24,018
Total Ringfenced Reserves		6,608	(3,744)	0	50,917	53,781	(24,095)	0	21,626	51,313
Housing Benefits		709	(100)	0	312	921	(270)	(1,652)	1,000	0
Local Welfare Provision		4,158	0	0	500	4,658	0	0	0	4,658
Covid-19 Recovery		8,772	(4)	0	5,056	13,824	(10,037)	(650)	3,620	6,756
Service Specific Revenue Reserves		2,261	(350)	(1,501)	6,657	7,067	(1,147)	650	4,212	10,782
Climate change		0	0	0	0	0	0	1,600	0	1,600
Council Tax Rebate		0	0	0	0	0	0	2,100	0	2,100
Transformation Reserve	(d)	3,044	(86)	0	5,031	7,990	(557)	(3,380)	0	4,053
Financial Resilience Reserve	(e)	32,281	0	1,501	5,651	39,433	0	1,331	4,652	45,416
Total Committed Reserves		51,227	(540)	0	23,207	73,893	(12,011)	0	13,484	75,366
Total Earmark Reserves	(f)	67,693	(14,055)	0	90,104	143,742	(41,334)	0	56,418	158,825

Notes:

(a) Revenue Implications of Capital: funds set aside meet costs from the capital programme which do not strictly meet the definition of capital.

(b) Public Health: ringfenced reserve to cover future Public Health expenditure

(c) Spreading of Business Rates Relief payments over 3 years. This does not represent increased spending power for the council but are advanced payments received from central government to assist with cashflow.

(d) Transformation Reserve: to meet the one-off costs of transformation in order to achieve service improvement or MTFs related savings.

(e) Financial Resilience: the purpose of this reserve is to set aside funds which can be drawn down purpose as a short-term mitigation for funding losses, economic shocks etc.

(f) Net of £8.128m Capital expenditure charged against the General Fund and HRA balances (as shown in the Movement in Reserves Statement).

Note 10 Other Operating Income and Expenditure

2020/21	Note 10 Other Operating Income and Expenditure	2021/22
£'000		£'000
1,184	Precepts and Levies	1,210
1,752	Payments to the Government Housing Capital Receipts Pool	0
(1,526)	(Gains)/Losses in the disposal of non-current assets	(11,791)
1,410	Total	(10,581)

Note 11 Financing and Investment Income and Expenditure

2020/21	Note 11 Financing and Investment Income and Expenditure	2021/22
£'000		£'000
13,974	Interest Payable and similar charges	17,939
11,682	Net interest on the net defined benefit liability	12,860
(4,415)	Interest receivable and similar income	(5,691)
(7,413)	Income and expenditure in relation to the investment properties and changes in their fair value	1,278
(432)	Impairment allowance	238
1,029	Trading operations	1,080
14,423	Total	27,703

Note 12 Taxation and Non-specific Grant Income

2020/21	Note 12 Taxation and Non-specific Grant Income	2021/22
£'000		£'000
(183,898)	Council Tax income	(199,751)
(18,971)	Non-Domestic Rates income and expenditure	(51,903)
(131,558)	Non-specific Government grants	(85,394)
(33,442)	Capital grants and contributions	(22,519)
(367,869)	Total	(359,567)

Note 13 Grant Income

2020/21	Analysis Non-ringfenced grant income included in Note 12 Taxation and Non-Specific Grants	2021/22
£'000		£'000
(3,917)	Business Rates Related	(20,571)
(1,397)	Housing Benefit Admin Grant	(1,357)
(503)	Council tax Administration	(556)
(9,993)	New Homes Bonus	(8,260)
(4,258)	Flexible Homelessness Support Grant	(4,795)
0	EU Exit Preparation	0
(7,843)	Adults Social Care Grant	(8,606)
(2,235)	Private Finance Initiative Grant	(2,235)
(20,337)	Covid Grant - Emergency Funding	(10,225)
(541)	Covid Grant - Discretionary Test & Trace	(264)
(9,557)	Covid Grant - Contain Outbreak Management Fund	(2,639)
(11,091)	Covid Grant - Estimated reimbursement of losses from Sales, Fees and Charges	(902)
(3,806)	Covid Grant - Additional Restrictions Grant	(12,732)
(717)	Covid Grant - Local Restrictions Support Grant	(159)
(6,299)	Other Grants Non-Specific	(12,094)
(82,495)	Non-ringfenced government grants	(85,394)
(33,442)	Capital Grants and Contributions*	(22,518)
(115,936)	Total Non-Specific Grants	(107,913)

2020/21	Analysis the grant income that has been credited to services in the CIES	2021/22
£'000		£'000
(17,477)	Public Health Grant	(17,817)
(9,338)	Improved Better Care Fund	(9,339)
(1,340)	Independent Living Grant	(1,340)
(4,020)	Asylum Seekers Grant	(4,736)
(227,249)	Dedicated Schools Grant**	(240,232)
(33,834)	Education Related Grants	(35,355)
(197)	Elections Funding	(763)
(206,758)	Housing Benefit Subsidy	(187,846)
(344)	London Crime Prevention Fund	(341)
(6,191)	Other Grants Specific	(13,143)
(1,002)	SEN	(2,929)
(104,233)	MHCLG Thameslink	(31,901)
(2,885)	Disabled Facilities Grant	(2,885)
(2,188)	Transport for London	(4,283)
(2,314)	Selective School Expansion	0
(74)	Covid Grant - Emergency Active Travel Fund - capital	0
(20,535)	Covid 19 Grant***	(13,896)
(639,979)	Total Specific Grants	(566,807)
(755,916)		(674,720)

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

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

***See table below for a breakdown of Covid related grants

The below provides an analysis of the service specific covid grants that have been credited to services in the CIES

Analysis of service specific Covid grant income included in Note 12	2021/22
	£'000
Covid Grant - Practical Support	(755)
Covid Grant - Infection control fund for adult social care	(4,572)
Covid Grant - Community Vaccine Grant	(462)
Covid Grant - Omicron Support Fund	(362)
Covid Grant - Clinically Extremely Vulnerable (CEV) Funding	(660)
Covid Grant - Rapid Testing Fund	(1,431)
Covid Grant - Community Testing Grant	(715)
Covid Grant - Workforce Capacity Fund	(2,789)
Covid Grant - Reopening High Streets	(384)
Covid Grant - Winter Grant/COVID Local Support Grant	(1,179)
Covid Grant - Business grants new burdens	(586)
Total Specific Covid Grants	(13,896)

Note 14 Dedicated Schools Grant

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

The Schools' Budget includes elements for a range of educational services provided on a council-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2021/22 are as follows:

Dedicated Schools Grant (DSG) Breakdown	2020/21			2021/22		
	Central Expenditure	Individual Schools' Budget	Total	Central Expenditure	Individual Schools' Budget	Total
	£'000			£'000		
Final DSG before Academy recoupment	0	0	351,726	0	0	378,571
Academy figure recouped	0	0	(125,309)	0	0	(137,836)
Total DSG after academy recoupment	0	0	226,417	0	0	240,735
Plus: Brought forward from prior year	0	0	1,808	0	0	3,244
Less: Carry-forward to following year agreed in advance	0	0	0	0	0	0
Agreed initial budget distribution	53,059	175,166	228,225	60,615	183,363	243,979
In-year adjustments	330	0	330	(647)	0	(647)
Final budget distribution	54,389	175,166	229,555	59,969	183,363	243,332
Less: Actual central expenditure	(50,792)	0	(50,792)	(55,099)	0	(55,099)
Less: Actual ISB deployed to schools	0	(175,166)	(175,166)	0	(183,363)	(183,363)
Plus: Local authority contribution	0	0	0	0	0	0
Carry-forward from in year grant received	2,597	0	2,597	4,870	0	4,870

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

Valuations

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

The valuation date for council dwellings was 31 March 2022. Where applicable the valuation date for all other assets due for revaluation in the year was 31 December 2021. This date was used as directed by the valuer, to allow sufficient time to collect and assess valuation information. Any material changes in the market between 31 December 2021 and 31 March 2022 would be picked up during the valuers review process and factored into the valuation reports.

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

The assets were revalued on 1 December 2021 and 31 March 2022 by Capita, RICS Registered Valuers. In common with advice issued by RICS to their members following the declaration of the Novel Coronavirus (Covid-19) Worldwide Pandemic the Valuers have advised caution when placing reliance on their 1/12/20 and 31/3/21 valuations due to the ‘Material Valuation Uncertainty’ that impacts on the market during the Pandemic, and they have drawn attention to this in their valuation as required by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

Capital Commitments

At 31 March 2022, the council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2022/23 and future years, budgeted to cost £71.208m (£134.514m in 2020/21). This is broken down in the table below:

Capital Project	Commitments £'000
Alternative Provision - Woodside Avenue	5,608
Grammar School (St Michaels)	4,988
Saracens Primary	2,200
BXCI - Electricity Sub-Station	9,513
BXW - Station Construction	17,938
BXW - Station Construction	4,402
BXW - Rail Systems & Sidings	22,043
BXW - Station Construction, Rail Systems & Sidings, TOC	2,968
Accessible Vehicles	1,548
Total Commitments	71,208

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

Rolling Revaluation

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

Capita PLC undertook valuations on behalf of the Council of operational property and investment property. HRA Stock was valued at 31st March 2022 and all Other Land and Buildings as at 31st December 2021.

The valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture, and equipment are based on current prices.

	Council Dwellings	Land & Buildings	Schools	Plant / Vehicles / Equipment	Infrastructure	Community	Surplus	Assets Under Construction	Intangible	Held for Sale	Heritage	Investment Properties	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Held at Historic Cost and Depreciated Historic Cost	0	41,997	0	19,117	149,408	389	11,700	87,579	16,798	0	1,648	862	329,498
Different Valuations are applied to different asset classes													
31st March 2022	845,885	180,039	184,865	1,254	0	36	114,622	0	0	0	85	160,257	1,487,043
31st March 2021	0	14,743	1,617	0	0	0	0	0	0	7,000	0	6,424	29,784
31st March 2020	0	6,938	0	0	0	0	0	0	0	0	0	0	6,938
31st March 2019	0	3,977	0	0	0	0	7,664	0	0	0	0	0	11,641
31st March 2018	0	3,368	0	0	0	0	0	0	0	0	0	0	3,368
Net Book Value of Asset at 31 March 2022	845,885	251,062	186,482	20,371	149,408	425	133,986	87,579	16,797	7,000	1,733	167,543	1,868,272

	Council House Dwellings	Other Land and Buildings	Schools	Vehicles Plant and Equipment	Infrastructure	Community Assets	Surplus assets	Assets under Construction	Total PPE	Heritage Assets	Investment Properties	Intangible Assets*	Held for Sale	Total Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation of Assets at 1 April 2020	782,490	295,784	196,331	56,609	181,218	284	136,659	52,043	1,701,418	1,728	91,782	27,671	8,230	1,830,829
Reclassifications	7,534	(11,719)	351	262	23,106	0	9,272	(40,633)	(11,828)	0	1,754	1,893	8,181	(0)
Additions	42,108	36,462	1,273	9,792	14,720	0	4,401	34,526	143,282	0	69,801	734	0	213,818
Revaluation increases/ (Decreases) recognised in the Revaluation Reserve	773	15,261	7,202	118	0	0	1,747	0	25,100	5	0	0	0	25,105
Revaluation increases/ (Decreases) recognised in the Surplus/Deficit on the Provision of Service	(30,509)	(41,365)	(7,726)	(391)	0	(2)	(12,187)	0	(92,181)	0	5,296	0	0	(86,885)
Derecognition - Disposals	(1,943)	(48,783)	0	(2,220)	0	0	(6,517)	0	(59,463)	0	(841)	0	(8,230)	(68,535)
Derecognition - Other	0	0	0	0	0	0	0	(1,060)	(1,060)	0	0	0	0	(1,060)
Gross Value of Assets at 31 March 2021	800,452	245,640	197,430	64,170	219,044	282	133,374	44,876	1,705,268	1,733	167,791	30,298	8,181	1,913,272
Accumulated Depreciation at 1 April 2020	0	(5,775)	0	(41,964)	(68,493)	0	0	0	(116,232)	0	0	(10,309)	0	(126,541)
Reclassifications	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Writeback of depreciation on revaluation recognised in the Revaluation Reserve									0					0
Writeback of depreciation on revaluation recognised in the Surplus/Deficit on the Provision of Service	12,394	9,079	4,742	391	0	0	110	0	26,715	0	0	0	0	26,715
Derecognition - Disposals	0	1,387	0	1,480	0	0	0	0	2,867	0	0	0	0	2,867
Derecognition - Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation charge	(12,394)	(9,196)	(4,742)	(2,018)	(6,234)	0	(110)	0	(34,693)	0	0	(2,290)	0	(36,983)
Accumulated Depreciation 31 March 2021	0	(4,505)	(0)	(42,111)	(74,727)	0	0	0	(121,343)	0	0	(12,599)	0	(133,942)
Net Book Value of Asset at 31 March 2020	782,490	301,559	196,331	98,573	249,711	284	136,659	52,043	1,585,186	1,728	91,782	37,980	8,230	1,724,906
Net Book Value of Asset at 31 March 2021	800,452	241,135	197,430	22,059	144,318	282	133,374	44,876	1,583,921	1,733	167,791	17,700	8,181	1,779,327

	Council House Dwellings	Other Land and Buildings	Schools	Vehicles Plant and Equipment	Infrastructure	Community Assets	Surplus assets	Assets under Construction	Total PPE	Heritage Assets	Investment Properties	Intangible Assets*	Held for Sale	Total Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation of Assets at 1 April 2021	800,452	245,638	197,429	64,171	219,044	282	133,374	44,876	1,705,266	1,733	167,791	30,298	8,181	1,913,269
Reclassifications	2,185	3,511	0	175	0	36	0	(6,732)	(825)	0	(2)	827	0	0
Additions	56,327	9,955	1,987	634	11,969	0	9,774	50,467	141,113	0	4,144	294	11	145,562
Revaluation increases/ (Decreases) recognised in the Revaluation Reserve	3,250	(2,581)	(10,767)	(125)	0	107	(853)	0	(10,969)	0	0	0	0	(10,969)
Revaluation increases/ (Decreases) recognised in the Surplus/Deficit on the Provision of Service	(12,969)	(275)	(2,129)	0	0	0	(6,967)	0	(22,340)	0	(870)	0	0	(23,210)
Derecognition - Disposals	(3,355)	0	0	0	0	0	(1,343)	(222)	(4,920)	0	(3,520)	0	(1,192)	(9,632)
Derecognition - Other	0	0	0	0	0	0	0	(810)	(810)	0	0	0	0	(810)
Gross Value of Assets at 31 March 2022	845,890	256,248	186,520	64,855	231,013	425	133,985	87,579	1,806,515	1,733	167,543	31,419	7,000	2,014,210
Accumulated Depreciation at 1 April 2021	0	4,504	0	42,111	74,726	0	0	0	121,341	0	0	12,598	0	133,939
Reclassifications	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Writeback of depreciation on revaluation recognised in the Revaluation Reserve	(412)	(2,649)	(6,294)	(126)	0	0	0	0	(9,481)	0	0	0	0	(9,481)
Writeback of depreciation on revaluation recognised in the Surplus/Deficit on the Provision of Service	(11,763)	(1,894)	(1,170)	0	0	0	0	0	(14,827)	0	0	0	0	(14,827)
Derecognition - Disposals	(47)	0	0	0	0	0	(27)	0	(74)	0	0	0	0	(74)
Derecognition - Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation charge	12,222	5,225	7,502	2,498	6,879	0	27	0	34,353	0	0	2,024	0	36,377
Accumulated Depreciation 31 March 2022	0	5,186	38	44,483	81,605	0	0	0	131,312	0	0	14,622	0	145,934
Net Book Value of Asset at 31 March 2021	800,452	241,135	197,430	22,059	144,318	282	133,374	44,876	1,583,921	1,733	167,791	17,700	8,181	1,779,327
Net Book Value of Asset at 31 March 2022	845,885	251,062	186,482	20,372	149,408	425	133,985	87,579	1,675,198	1,733	167,543	16,798	7,000	1,868,272

A breakdown on intangible assets is given in the following table

Description	Net Book Value as at 31-Mar-22 £'000
CSG Software	525
CS Early Intervention System	109
Children's Services Care Management Controcc (E Financial)	123
CSG - Project management – Verto work collaboration	245
CSG Estates	148
Mosaic (Adults Care Management System)	7,226
End point software	710
Office 365	1,283
SharePoint	764
Drupal	1,324
My account - one digital	1,787
Asset Register Project	42
Integra Enhancement	32
Info Management Data Software 1920	1,533
Exor Asset Management System	827
Colindale office EcoPilot	120
TOTAL Per Note 15	16,798

Note 16 Investment Property

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

	2020/21 £'000	2021/22 £'000
Investment Properties		
Rental income from investment property	(2,959)	(3,112)
Direct operating expenses arising from investment property	0	0
Net Gain	(2,959)	(3,112)

Investment Property Movements

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

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

All investment properties are valued using level 2 observable inputs.

Highest and Best Use of Investment Properties

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

Valuation Techniques

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

Note 17 Financial Instruments

Income, Expenses, Gains and Losses:

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

	2020/21				2021/22			
	Financial Liabilities measured at amortised cost	Financial Assets measured at amortised cost	Financial Assets measured at fair value through profit or loss	Total	Financial Liabilities measured at amortised cost	Financial Assets measured at amortised cost	Financial Assets measured at fair value through profit or loss	Total
	£'000				£'000			
Interest expense	(13,404)	0	0	(13,404)	(17,239)	0	0	(17,239)

Total expense in Surplus or Deficit on the Provision of Services	(13,404)	0	0	(13,404)	(17,239)	0	0	(17,239)
Interest income	0	4,364	51	4,415	0	5,666	25	5,691
Total income in Surplus or Deficit on the Provision of Services	0	4,364	51	4,415	0	5,666	25	5,691
Net (Loss)/Gain for the Year	(13,404)	4,364	51	(8,989)	(17,239)	5,666	25	(11,548)

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

	Long-term		Current	
	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22
	£'000		£'000	
Investments:				
Fair value through profit or loss	0	0	0	0
Amortised costs	15,000	5,000	10,005	85,847
Total Investments	15,000	0	10,005	85,847
Debtors:				
Amortised costs	139,609	194,829	218,332	179,884
Total included in Debtors	139,609	194,829	218,332	179,884
Cash and cash equivalents:				
Fair value through profit or loss	0	0	44,551	35,222
Amortised costs	0	0	88,852	105,579
Total cash and cash equivalents*	0	0	133,403	140,800
Borrowing:				
Financial liabilities at amortised cost	489,589	589,463	2,973	2,609
Total included in Borrowing	489,589	589,463	2,973	2,609
Other Long-term Liabilities:				
PFI and finance lease liabilities carried at amortised cost	13,698	12,997	621	701
Total Other Long-term Liabilities	13,698	12,997	621	701
Creditors:				
Financial liabilities at amortised cost	0	0	225,836	263,850
Total Creditors	0	0	225,836	263,850

*Balance as at 31 March 2022 is net of £22.509m bank overdrafts (Total Cash and cash equivalents per Balance Sheet = £140.800m)

No Material soft loans existed at either date.

Fair Values of Financial Instruments

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

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

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

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

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

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

The following valuation basis has been used:

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

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

The rates quoted in this valuation were obtained by Link Asset Services from the market on 31 March 2022 (prior year 31 March 2021), 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 2022 consisted of loans from PWLB, market loans and interest free loans for specific environmental projects. The council has a continuing ability to borrow at concessionary rates from the PWLB. A supplementary measure of the additional interest that the council will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £521.58 million would be valued at £520.57 million, as recognised in the table below. But, if the council were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £634.1 million. The council also has long-term market loans totalling £62.5 million as at 31 March 2022. Using a similar methodology as PWLB loans the fair values are £88.86m using new borrowing rates (the basis used in the table below) or £115.28 million based on premature repayment. As the council does not intend to repay debt prior to maturity, it will not incur penalty costs associated with premature repayment

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

Financial Liabilities				
	31-Mar-21		31-Mar-22	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000		£'000	
Bank Overdrafts	32,011	32,011	22,509	22,509
Borrowing held at amortised cost	489,588	577,512	589,093	614,994
PFI lease liabilities	13,698	25,889	12,998	21,959
Trade creditors	150,175	150,175	109,403	109,403
Total	685,472	785,587	734,003	768,865

Financial Assets				
	31-Mar-21		31-Mar-22	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000		£'000	
Long term debtors	139,609	139,609	194,561	194,561
Cash and cash equivalents	165,414	165,414	140,800	140,800
Short term investments	10,005	10,005	85,847	85,847
Long term investments	15,000	15,000	5,000	5,000
Trade debtors	26,563	26,563	66,271	66,271
Total	356,591	356,591	492,479	492,479

With the exception of a loan relating to the development of residential properties, for which a 0.62% provision has been made, and a loan to a community organisation, for which a 0.05% provision has been made, the fair values of financial assets are identical to the carrying values as the maturities are mainly short-term and interest rates are low.

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

Notes Relating to the Balance Sheet

Note 18 Debtors

	31-Mar-21	31-Mar-22
	£'000	£'000
Trade receivables Outstanding	32,872	72,969
Less impairment allowance	(6,309)	(6,698)
Net Trade receivables	26,563	66,271
Local Taxation receivables Outstanding	50,981	58,924
Less impairment allowance	(33,925)	(35,166)
Net Local Taxation receivables	17,056	23,758
Other receivables amount Outstanding	105,632	91,833
Less impairments	(51,414)	(48,360)
Net Other receivables amounts	54,218	43,473
Central Government Receivables	105,001	41,258
Prepayments	15,494	5,124
TOTAL	218,332	179,884

Breakdown of non-impaired Local Taxation Debtors		
2020/21		2021/22
168	Due in less than three months	1,299
151	Three to six months	336
4,219	Six months to one year	5,763
12,517	More than one year	16,359
17,056		23,758

Note 19 Cash and Cash Equivalents

Cash and Cash Equivalents	31-Mar-21	31-Mar-22
	£'000	
Cash	34,028	34,028
Short-term deposits - money market funds	110,986	35,222
Short-term deposits – term deposits	20,400	71,550
Total	165,414	140,800

Note 20 Creditors

	31-Mar-21	31-Mar-22
	£'000	
Trade Payables	(150,175)	(109,403)
Other Payables	(75,661)	(154,477)
Total	(225,836)	(263,850)

Creditors	31-Mar-21	31-Mar-22
	£'000	
Public Sector		
HMRC-PAYE	(1,849)	(2,923)
Central Government Bodies	(48,421)	(102,310)
Other Public Sector Creditor	(14,330)	(14,875)
NHS	(5,775)	(4,169)
LBB Pension Fund	(2,989)	(2,101)
Sub-Total Public Sector	(73,364)	(126,377)
Non-Public Sector		
Other Non-Public sector Creditor	(72,134)	(78,316)
HRA	(9,514)	(9,342)
Council Tax	(12,328)	(13,236)
NNDR	(51,560)	(1,701)
Receipts in Advances	(6,935)	(34,877)
Sub-Total Non-Public Sector	(152,471)	(137,472)
Total	(225,836)	(263,850)

Note 21 Provisions

	Note	As at 31 March 2020*	In year related payments	Written back in year	In year increase	New provisions raised	As at 31 March 2021	In year related payments	Written back in year	In year increase	New provisions raised	As at 31 March 2022
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Insurance	i)	10,256	0	(1,787)	0	0	8,469	0	0	0	0	8,469
Service Related	ii)	879	(193)	(104)	0	5,383	5,965	(165)	(138)	100	239	6,001
Business Rates Appeals	iii)	3,710	(24,571)	0	31,208	0	10,347	(30,797)	0	24,142	0	3,692
Total		14,845	(24,764)	(1,891)	31,208	5,383	24,781	(30,962)	(138)	24,242	239	18,162
						Short Term	5,965				Short Term	6,001
						Long term	18,816				Long term	12,161

Insurance Provision

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

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

The council's insurance provision is based on an assessment as at 31 March 2022 of the potential financial impact of outstanding insurance claims, by independent actuaries, Arthur J. Gallagher Insurance Brokers Limited (an Insurance, Risk Management & Consulting Company); in line with national actuarial guidelines.

Service Related

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

Business Rates Appeals

The Business Rates Provision relates to backdated and future Business Rate appeals. The total business rates appeals provision is based on the success rate of settled appeals and withdrawn appeals for income generated up to 31 March 2021. The table above is the council's share of the total appeals provision.

Note 22 Unusable Reserves

Revaluation Reserve

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

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

Pension Reserve

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

Capital Adjustment Account

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

	Revaluation Reserve	Capital Adjustment Account	Financial Instruments Adjustment Account	Collection Fund Adjustment Account	Pension Reserve	Accumulating Absences Adjustment Account	Deferred Capital Receipts	Total Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2020	146,600	998,399	(525)	1,153	(513,182)	(6,144)	10,306	636,607	962,361
Movement in unusable reserves during 2020/21									
Surplus / (Deficit) on provision of services	0	0	0	0	0	0	0	0	34,757
Other Comprehensive Income and Expenditure	25,105	0	0	0	(112,143)	0	0	(87,038)	(87,038)
Total Comprehensive Income and Expenditure	25,105	0	0	0	(112,143)	0	0	(87,038)	(52,281)
Adjustments involving the Capital Adjustment Account:									
Reversal of items debited or credited to the CIES									
Charges for depreciation, impairment and revaluation losses	(4,314)	(89,104)	0	0	0	0	0	(93,418)	0
Movements in the Market value of Investment Properties	0	4,454	0	0	0	0	0	4,454	0
Amortisation of Intangible assets	0	(2,290)	0	0	0	0	0	(2,290)	0
Capital Grants and contributions applied	0	16,772	0	0	0	0	0	16,772	0
Disposals and Derecognition	(14,928)	(51,669)	0	0	0	0	0	(66,597)	0
Revenue Expenditure Funded from Capital Under Statute	0	(81,694)	0	0	0	0	0	(81,694)	0
Inclusion of items not debited or credited to the CIES									
Statutory provision for the financing of capital investment	0	11,061	0	0	0	0	0	11,061	0
Capital expenditure charged against the General Fund and HRA balances	0	9,771	0	0	0	0	0	9,771	0
Adjustments involving the Capital Grants Unapplied Account:									
Application of grants to capital financing transferred to the Capital Adjustment Account	0	117,101	0	0	0	0	0	117,101	0
Adjustments involving the Capital Receipts Reserve:									
Use of the Capital Receipts Reserve to finance new capital expenditure	0	14,483	0	0	0	0	0	14,483	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	0	0	(51)	(51)	0
Adjustments involving the Deferred Capital Receipts Reserve:									
Deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	0	0	0	0	0	0	45,000	45,000	0
Adjustments involving the Major Repairs Reserve (MRR):									
Use of the Major Repairs Reserve to finance new capital expenditure	0	21,651	0	0	0	0	0	21,651	0
Adjustments involving the Financial Instruments Adjustment Account:									
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	5	0	0	0	0	5	0
Adjustments involving the Pension Reserve:									
Reversal of items relating to retirement benefits debited or credited to the CIES	0	0	0	0	(42,156)	0	0	(42,156)	0
Employer's pension contributions and direct payments to pensioners payable in the year	0	0	0	0	38,605	0	0	38,605	0
Adjustments involving the Collection Fund Adjustment Account:									
Amount by which council tax and NNDR income credited to the CIES is different from council tax and NNDR income calculated for the year in accordance with statutory requirements	0	0	0	(36,376)	0	0	0	(36,376)	0
Adjustment involving the Accumulated Absences Account:									
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0	0	0	0	0	(656)	0	(656)	0
Adjustments between accounting basis and funding basis under regulations	(19,242)	(29,464)	5	(36,376)	(3,551)	(656)	44,587	(44,697)	0
Net increase / (decrease) in year	5,863	(29,464)	5	(36,376)	(115,694)	(656)	44,587	(131,735)	(52,281)
Transfer to/(from) earmarked reserves	0	0	0	0	0	0	0	0	(0)
(Decrease) /Increase in Year	5,863	(29,464)	5	(36,376)	(115,694)	(656)	44,587	(131,735)	(52,280)
Balance as at 31 March 2021	152,464	968,934	(520)	(35,223)	(628,876)	(6,800)	54,893	504,872	910,078

	Revaluation Reserve	Capital Adjustment Account	Financial Instruments Adjustment Account	Collection Fund Adjustment Account	Pension Reserve	Accumulating Absences Adjustment Account	Deferred Capital Receipts	Total Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2021	152,464	968,934	(520)	(35,223)	(628,876)	(6,800)	54,893	504,872	910,079
Movement in unusable reserves during 2021/22									
Surplus / (Deficit) on provision of services	0	0	0	0	0	0	0	0	(14,352)
Other Comprehensive Income and Expenditure	(1,490)	0	0	0	113,713	0	0	112,223	112,223
Total Comprehensive Income and Expenditure	(1,490)	0	0	0	113,713	0	0	112,223	97,871
Adjustments involving the Capital Adjustment Account:									
Reversal of items debited or credited to the CIES									
Charges for depreciation, impairment and revaluation losses	(4,632)	(40,779)	0	0	0	0	0	(45,411)	0
Movements in the Market value of Investment Properties	0	(4,390)	0	0	0	0	0	(4,390)	0
Amortisation of Intangible assets	0	(2,024)	0	0	0	0	0	(2,024)	0
Capital Grants and contributions applied	0	19,128	0	0	0	0	0	19,128	0
Disposals and Derecognition	(154)	(3,386)	0	0	0	0	0	(3,540)	(1)
Revenue Expenditure Funded from Capital Under Statute	0	(73,428)	0	0	0	0	0	(73,428)	0
Inclusion of items not debited or credited to the CIES									
Statutory provision for the financing of capital investment	0	16,611	0	0	0	0	0	16,611	0
Capital expenditure charged against the General Fund and HRA balances	0	8,128	0	0	0	0	0	8,128	0
Adjustments involving the Capital Grants Unapplied Account:									
Application of grants to capital financing transferred to the Capital Adjustment Account	0	104,111	0	0	0	0	0	104,111	0
Adjustments involving the Capital Receipts Reserve:									
Use of the Capital Receipts Reserve to finance new capital expenditure	0	5,626	0	0	0	0	0	5,626	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	0	0	0	0	0
Adjustments involving the Deferred Capital Receipts Reserve:									
Deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	0	0	0	0	0	0	(349)	(349)	0
Adjustments involving the Major Repairs Reserve (MRR):									
Use of the Major Repairs Reserve to finance new capital expenditure	0	19,004	0	0	0	0	0	19,004	0
Adjustments involving the Financial Instruments Adjustment Account:									
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	5	0	0	0	0	5	0
Adjustments involving the Pension Reserve:									
Reversal of items relating to retirement benefits debited or credited to the CIES	0	0	0	0	(64,698)	0	0	(64,698)	0
Employer's pension contributions and direct payments to pensioners payable in the year	0	0	0	0	22,608	0	0	22,608	0
Adjustments involving the Collection Fund Adjustment Account:									
Amount by which council tax and NNDR income credited to the CIES is different from council tax and NNDR income calculated for the year in accordance with statutory requirements	0	0	0	20,864	0	0	0	20,864	0
Adjustment involving the Accumulated Absences Account:									
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0	0	0	0	0	(252)	0	(252)	0
Adjustments between accounting basis and funding basis under regulations	(4,786)	48,601	5	20,864	(42,090)	(252)	(349)	21,994	(2)
Net increase / (decrease) in year	(6,276)	48,601	5	20,864	71,623	(252)	(349)	134,216	97,869
Transfer to/(from) earmarked reserves	0	0	0	0	0	0	0	0	0
(Decrease) /Increase in Year	(6,276)	48,601	5	20,864	71,623	(252)	(349)	134,216	97,869
Balance as at 31 March 2022	146,188	1,017,535	(515)	(14,359)	(557,253)	(7,052)	54,544	639,089	1,007,949

Notes Relating to the Cash Flow Statement
Note 23 Operating Activities

2020/21	Operating activities within the cash flow statement include the following cash flows relating to interest	2021/22
£'000		£'000
(4,415)	Interest received	(5,691)
13,974	Interest paid	17,239
9,559	Net Interest	11,548

Net Cash Flows from Operating Activities		
2020/21	Adjust net Deficit on the Provision of Services for non-cash movements	2021/22
£'000		£'000
34,693	Depreciation	37,660
72,206	Impairment and downward valuations	7,275
2,290	Amortisation	2,024
86,984	Increase/decrease in Creditors	38,697
(109,426)	Increase/decrease in Debtors	(23,890)
(29)	Increase/decrease in Inventories	(5)
3,551	Movement in Pension Liability	42,090
21,597	Value of non-current assets disposed or derecognised	1,031
11,354	Other non-cash items charged to the net Surplus or Deficit on the Provision of Services	28,563
123,219	Net Cash Flows from Operating Activities	133,445

2020/21	Adjustment for items included in the net (Surplus)/Deficit on the Provision of Services that are investing or financing activities	2021/22
0	Proceeds from short and long-term investments	0
23,174	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	14,299
(32,023)	Capital Grants & Contributions	(35,005)
(16,669)	Capital Receipts	329
200	Any other item of which the cash effects are investing or financing cashflow (capital grants)	0
(25,318)	Sub-Total	(20,377)

Note 24 Financing and Investing Activities

2020/21	Cash Flows Arising from Financing Activities	2021/22
£'000		£'000
103,179	Cash receipts of short and long-term borrowing	99,962
(621)	Cash payments for the reduction of outstanding liabilities relating to finance leases and on Balance Sheet PFI Contracts	(701)
0	Repayment of short and long-term borrowing	(1,075)
16,073	Other payments for financing activities*	55,441
118,631	Net Cash Flows from Financing Activities	153,627

- Includes £56.1m Movement in NNDR due from Preceptors

2020/21	Cash Flows Arising from Investing Activities	2021/22
£'000		£'000
(213,818)	Property, Plant and Equipment, intangible and investment properties purchased	(145,562)
(19,300)	Purchase of short term and long-term investments*	(85,847)
(72,927)	Loans to Saracens & Open Door Homes	(45,229)
5,863	Other payments for Investing Activities	0
21,826	Proceeds from sale of Property Plant and Equipment, Investment Property and Intangible Assets	(14,299)
32,023	Capital Grants & Contributions	35,005
16,669	Capital Receipts	(329)
(200)	Other Receipts from Investing Activities	0
(229,863)	Total Cash Flows from Investing Activities	(256,261)

*includes £85.8m relating to Purchase of short term and long term investments

Note 24a Reconciliation of Liabilities Arising from Financing Activities

	31-Mar-20	Financing Cash Flows	Non Cash Changes	31-Mar-21
	£'000	£'000	£'000	£'000
Long Term Borrowings	388,955	100,526	107	489,588
Short Term Borrowings	427	2,546	0	2,973
Lease Liabilities	19,644	4,016	0	23,660
On Balance sheet PFI liabilities	14,319	(621)	0	13,698
Banks Overdrafts	0	32,011	0	32,011
TOTAL	423,345	138,477	107	561,930

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

Other Notes
Note 25 Pooled Budgets

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

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

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

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

2020/21		2021/22
£'000	Pooled Budgets	£'000
(25,715)	London Borough of Barnet	(25,387)
(22,765)	NHS North Central London CCG*	(21,176)
(48,480)	Total Funding	(46,563)
25,378	London Borough of Barnet	25,567
23,224	NHS North Central London CCG*	21,726
48,602	Total Expenditure	47,293
122	Net deficit arising on pooled budget in year	730
305	Council share of (surplus)/ deficit on the pooled budget	197

* NHS NCL CCG was formed as of 1st April 2020 and includes Barnet CCG and four other north London CCGs

Section 75 Agreement for in respect of the Better Care Fund

From 1 April 2015 the council entered into an aligned budget arrangement with the 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. Details of the use of the BCF are shown below:

Use of BCF:	2020/21 (£'000)			2021/22 (£'000)		
	Barnet Council	NHS NCL CCG*	Total	Barnet Council	NHS NCL CCG*	Total
Carers Support	1,757	0	1,757	1,853	0	1,853
Integrated Care	1,167	0	1,167	1,231	0	1,231
Personalised Support	1,287	0	1,287	1,358	0	1,358
Reablement	893	0	893	994	0	994
Social Care	3,797	0	3,797	4,006	0	4,006
Disabled Facilities Grant	2,885	0	2,885	2,885	0	2,885
Improved Better Care Fund	7,891	0	7,891	9,339	0	9,339
Winter Pressure funding	1,447	0	1,447	0	0	0
Community Equipment	0	0	0	0	0	0
Frail Elderly	0	126	126	0	133	133
Community Services	0	14,111	14,111	0	14,892	14,892
Enablement	0	89	89	0	94	94
Hospice Contracts	0	1,743	1,743	0	1,839	1,839
Memory Assessment	0	278	278	0	294	294
Additional Enablement	0	1,078	1,078	0	1,138	1,138
Total Better Care Fund	21,125	17,425	38,550	21,666	18,390	40,055

* NHS NCL CCG was formed as of 1st April 2020 and includes Barnet CCG and four other north London CCGs

Note 26 Member's Allowances

2020/21 £'000	Member's Allowance	2021/22 £'000
1,024	Members' Allowances	1,025
1,024	Total	1,025

Note 27 Officer's Remuneration

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

2020/21 Total Number of employees	Remuneration band	2021/22 Total Number of employees
201	£50,000 - £54,999	217
155	£55,000 - £59,999	138
85	£60,000 - £64,999	111
47	£65,000 - £69,999	48
39	£70,000 - £74,999	41
27	£75,000 - £79,999	23
40	£80,000 - £84,999	35
11	£85,000 - £89,999	20
14	£90,000 - £94,999	11
6	£95,000 - £99,999	10
6	£100,000 - £104,999	8
7	£105,000 - £109,999	8
0	£110,000 - £114,999	2
1	£115,000 - £119,999	2
3	£120,000 - £124,999	3
1	£125,000 - £129,999	0
1	£130,000 - £134,999	0
0	£135,000 - £139,999	2
0	£140,000 - £144,999	0
1	£145,000 - £149,999	1
2	>£150,000	2
647		682

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

- Head of Paid Service
- Director of Children's Services
- Director of Adult Social Services,
- Chief Education Officer

- Monitoring Officer and Section 151 Officer, and
- Any officer who reports directly to the Head of Paid Service whose salary is more than £150,000.

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

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

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

2020/21 Post Title and Name	Note	Salary	Expenses or Allowances	Contribution for Loss of Office	Pension Contributions	Total Remuneration
		£	£	£	£	£
Chief Executive (Head of Paid Service) - John Hooton		194,142	0	0	54,385	248,527
Deputy Chief Executive - Cath Shaw		169,400	0	0	47,458	216,858
Executive Director of Children and Young People - Chris Munday		158,213	6,165	0	46,051	210,430
Executive Director of Adults and Health - Dawn Wakeling		158,213	6,165	0	46,051	210,430
Executive Director of Environment - Geoff Mee	(i)	65,922	11,161	0	21,506	98,590
Executive Director of Environment - Geoff Mee (interim)	(i)	194,122	3,050	0	0	197,172
Director of Public Health - Tamara Djuretic		139,407	0	0	37,109	176,517
Director of Finance (S151) - Anisa Darr		135,764	6,165	0	39,762	181,691
Chief Legal Advisor and Monitoring Officer- Jessica Farmer	(ii)	60,175	0	0	0	60,175
Director of Assurance - Clair Green		135,765	0	0	38,034	173,799

(i) Geoff Mee was appointed permanently as the Executive Director of Environment in November 2020 and was the interim director from April 2020 to October 2020.

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

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

Pay Band	*Exit Packages by:			
	2021/22		2020/21	
	Number	£'000	Number	£'000
£nil - £20,000	58	403	69	466
£20,001 - £40,000	10	289	5	130
£40,001 - £60,000	5	268	0	0
£60,001 - £80,000	0	0	1	77
£80,001 - £100,000	0	0	0	0
More than £150,000	0	0	0	0
Total	73	960	75	673

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

All exit packages included in the table above are compulsory and include pension fund strain costs. The total number of exit packages agreed in 2021/22 has decreased by 2 which resulted in £0.287m decrease when compared to 2020/21.

Note 28 External Audit Fees

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

2020/21	Audit Fee Breakdown	2021/22
£'000		£'000
492	Fees payable for external audit services for the year*	253
32	Fees payable for certification of grant claims and returns and other services provided	5
525	Total*	258

*2021/22 audit fees are subject to change for any additional fees agreed with external auditors. The fee for 2021/22 is £289k. 2020/21 fees include additional fees of £280k in respect of prior years' audit and £17k for the Housing Benefit Subsidy Audit.

Note 29 Related Parties

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

Central Government

Central government has significant influence over the general operations of the council, it is responsible for providing the statutory framework within which the council operates, provides most of its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties (e.g., Council Tax bills, Housing Benefits etc). Grant income received during 2021/22 is shown in note 13.

Other Local Authorities

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

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

The council is the administering authority for the pension fund. In 2021/22 the council's employer's contributions were £19.815m (£26.381m in 2020/21) and the council charged £0.595m for its administration (£0.781m in 2020/21). LBB paid its secondary (deficit) contributions of £20.477 million for the three years 20/21 to 22/23 upfront in April 2020. For 2022, the additional contribution is £7,804m (2021 additional contribution was £13,969). The purpose of paying in advance is the 4.2% discount rate allowed for when calculating the early payment lump sum.

Member Allowances and Interest in Voluntary Organisations

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2021/22 is shown in note 26. In addition, members may participate in other public bodies and community groups. The council has well established mechanisms and procedures for preventing undue influence which includes the register of members' interests.

Every year members complete a declaration of their related party transactions. In 2021/22 £2.384m was paid to voluntary groups/charities and academy schools where 25 members were on the governing bodies. In 2020/21 the council paid a total of £2.661m to voluntary groups/charities and academy schools in which 26 members held a position on their governing bodies.

Senior Officers and Member's Interests in Companies

Senior Officers also declare their related party transactions. During the financial year 2021/22, five officers were company directors or board members (four in 2020/21) and three members acted as a company director on behalf of the council. In addition, one Senior Officer is a board member of the Peabody Housing Trust. The council has nomination rights for housing within this organisation. One Senior Officer is a trustee of YouthZone.

The council requires all Members and Senior Officers to complete a related party declaration form. In 2021/22, returns were received from all Senior Officers and 56 out of 62 Members.

Interests in Companies and Group Relationships

The London Borough of Barnet has six subsidiaries:

- The Barnet Group Ltd

- Barnet (Holdings) Ltd
- BX Holdings Ltd
- Hill Green Homes Ltd
- Cricklewood Regeneration Ltd
- Barnet Education and Learning Services Ltd

The Barnet Group

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

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

	2020/21	2021/22
	£'000	£'000
Expenditure by the council paid to TBG*	193,100	206,379
Income received from TBG	(8,051)	(9,570)
Amount owed to TBG	(11,375)	(15,997)
Amount TBG owes the council excluding loans to Open Door Ltd detailed below.	2,743	4,380

*Includes capital expenditure of £77m (2021: £96m) capitalised by the council.

Open Door Ltd and the council have agreed a loan arrangement of £72m to be drawn down over several years, which had previously been £65m but the facility has been extended. £61.96m has been drawn down so far. This amount includes £4.70m accrued interest. In 2021/22, the drawdown was £11.56m which included £1.96m interest. In 2021/22 the council did not transfer any Right to Buy receipts and other grants to Open Door Ltd (£5.79m in 2020/21).

In addition, there is also a £45m financing facility that relates to the transfer of properties from the council to Open Door limited. Of this, the full £45m was owed prior to 2021/22.

Expected credit loss applied on the loan to Open Door Ltd is based on the general approach over the life of the loan-based default probabilities of similar loans, considering circumstances specific to the loan and the arrangements. An Expected Credit Loss of £0.230m has been made in 2021/22 (£0.732m in 2020/21).

Barnet (Holdings) LTD

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

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

	2020/21	2021/22
	£'000	£'000
Income received by the council	(4,014)	(4,484)
Expenditure incurred by the council	24,587	21,968
Net Balanced owed to the council	12,001	15,060

BX Holdings LTD and Hill Green Homes

The council owns 100% of the shares of BX Holdings and Hill Green Homes Ltd. One Senior Officer is a director of BX Holdings Ltd. Neither subsidiary traded in 2021/22. In 2018/19 the council advanced £5.0m to BX Holding Ltd to facilitate the purchase Cricklewood Regeneration Ltd. at 31st March 2019 and this remains repayable to the council as at 31 March 2022.

Cricklewood Regeneration LTD

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

BXS Limited Partnership

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

Inglis Consortium

The council has a 13.9% share in the Inglis Consortium which is a joint venture with VSM Estatic Ltd and Annington Property Ltd. No members or senior officers were on the board during 2021/22. There were no receipts received in 21/22 from Inglis Consortium.

Note 30 Capital Expenditure and Capital Financing

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

Capital Expenditure and Funding Sources	2020/21	2021/22
	£'000	£'000
Opening Capital Financing Requirement:	602,809	739,666
Capital Investment:		
Property plant and equipment	143,282	140,623
Investment properties	69,801	4,144
Intangible assets	734	294
Revenue expenditure funded from capital under statute	81,694	73,428
Long term debtor treated as capital	32,106	48,798
Source of Finance:		
Capital receipts	(14,483)	(5,626)
Government grants and other contributions	(133,873)	(123,239)
Sums set aside from reserves	(31,422)	(27,132)
MRP	(11,061)	(16,611)
Closing Capital Financing Requirement	739,666	834,345
Explanation of movement in year:		
Increase in underlying need to borrow (unsupported by government financial assistance)	136,305	94,205
Assets acquired under PFI contracts	473	517
Increase in Capital Financing Requirement	136,778	94,722

Note 31 Leases

Operating Leases

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

	Property leased in	Property leased out
	£'000	£'000
Future Operating Lease Payments 31 March 2021:		

less than one year	2,166	(3,174)
one to five years	5,450	(10,585)
greater than five years*	16,044	(39,189)
Total	23,661	(52,948)
Future Operating Lease Payments 31 March 2022:		
less than one year	1,737	(3,395)
one to five years	4,455	(11,535)
greater than five years	12,943	(38,539)
Total	19,135	(53,469)

Note 32 Private Finance Initiatives (PFI) and Similar Contracts

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

	31-Mar-21	In-Year	31-Mar-22
	£'000	£'000	£'000
PFI Street Lights			
Gross book value	28,586	517	29,103
Accumulated depreciation	(15,339)	(1,458)	(16,797)
Net	13,247	(941)	12,306

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

	31-Mar-18	In-Year	31-Mar-19	In-Year	31-Mar-20	In-Year	31-Mar-21	In-Year	31-Mar-22
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
PFI Street Lights:									
Total lease liability	15,974	(484)	15,490	(549)	14,941	(621)	14,320	(621)	13,699
Breakdown of Liability in:									
Short-Term Creditors	484		549		621		621		701
Long-Term Leases	15,490		14,940		14,320		13,698		12,997

	Repayment of Liability	Interest	Service Charges	Other Charges	Total
	£'000	£'000	£'000	£'000	£'000
2022/23 - 2025/26	3,951	6,624	7,393	8,029	25,997
2026/27 - 2029/30	6,797	4,106	8,348	8,973	28,224
2029/30 - 2031/32	2,951	424	2,438	1,572	7,385
Total	13,699	11,154	18,179	18,574	61,606

If the assumptions around inflation were to vary by 2% it would result in a c£1m increase/decrease in payments over the life of the arrangement.

Note 33 Termination Benefits

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

Note 34 Pension Schemes Accounted for as Defined Contribution Schemes

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

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

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

In 2021/22, the council paid £25.7m to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.68% in September 2020 of pensionable pay. The amount paid in 2020/21 was £24.8m, representing 23.68% of pensionable pay. Estimated Employer Contributions for 2022/23 are estimated to be £27.788m.

Note 35 Pension Schemes Accounted for as Defined Benefit Schemes

Participation in Pension Schemes

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

Transactions relating to Post-Employment Benefits

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

Breakdown of Transactions in Core Financial Statements	2020/21	2021/22
Transactions Included in the CIES	£'000	£'000
Cost of services:		
Current service cost	31,853	51,784
Past service cost	177	54
Settlements & Curtailments	(1,556)	0
Financing and Investment Income and Expenditure:		
Net interest expense	11,682	12,860
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	42,156	64,698
Post-employment Benefits charged to Other Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	(144,234)	37,701
Actuarial (gains) / losses arising from changes in demographic assumptions	14,173	6,148
Actuarial (gains) / losses arising from changes in financial assumptions or other experience	242,204	69,864
Total Post-Employment Benefits Charged to Other Comprehensive Income and Expenditure	112,143	113,713
Total charged to the CIES	154,299	178,411
Transactions Includes in the MIRS		
Adjustments between accounting basis and funding basis under regulations:		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services	42,156	64,698
Actual amount charged against the General Fund Balance for pensions:		
Employers' contributions payable to the scheme	(38,605)	(22,608)
Pension Assets and Liabilities recognised in the Balance Sheet		
Present value of the defined benefit obligation	(1,365,981)	(1,336,655)
Fair value of plan assets	764,931	808,293
Net Liability	(601,050)	(528,362)
Present value of the unfunded obligation	(27,826)	(28,891)
Net Liability in Balance Sheet	(628,876)	(557,253)

The net liability shows the underlying commitments that the council has in the long term to pay retirement benefits. The total net deficit of £557,253m (2020/21: £628,876m), including the liability for the LGPS unfunded scheme has a substantial impact on the net worth of the council, as recorded in the Balance Sheet.

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

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

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

Reconciliation of Scheme Assets and Benefit Obligations

	2020/21	2021/22
	£'000	£'000
Opening Fair Value of Scheme Assets	585,677	764,931
Interest income	13,716	15,193
Return on assets, excluding the amount included in the net interest expense	(144,234)	37,701
Contributions by the council including in respect of unfunded benefits	42,276	20,845
Contributions by scheme participants	6,405	6,369
Effects of settlement	(217)	0
Estimated benefit paid including unfunded benefits	(37,180)	(36,746)
Effects of business combinations and disposals	10,020	0
Closing Fair Value of Scheme Assets	764,931	808,293

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

	2020/21	2020/21
	£'000	£'000
Opening Defined Benefit Obligation	(1,098,859)	1,393,807
Current service cost	(31,853)	(51,784)
Interest cost	(25,398)	(28,053)
Effects of settlement	1,773	0
Remeasurement gains and losses:		
Actuarial gains and losses arising from changes in Demographic assumptions	(14,173)	6,148
Actuarial gains and losses arising from changes in Financial assumptions	(254,393)	75,715
Other Experience gains and losses	12,189	(5,851)
Estimated funded benefit paid	35,625	36,746

Past service costs, including curtailments	(177)	(54)
Contributions by scheme participants	(6,405)	(6,369)
Unfunded pension payments	1,555	1,763
Effects of business combinations and disposals	(13,691)	0
Closing Defined Benefit Obligation	(1,393,807)	(1,365,546)

Scheme Asset

The Local Government Pension Scheme invests in a wide range of funds managed by external investment managers. The details of all mandates as at 31st March 2022 and 2021 are shown in the table below. Further details are contained in the pension fund's annual report and accounts:

Asset Class / Investment Manager	Holdings as at 31 March 2021		Holdings as at 31 March 2022	
	%	£'000	%	£'000
Equity	39.9%	306,060	49.7%	402,065
LGIM - Global index tracking listed equities	20.2%	154,706	12.7%	102,293
LGIM - Global equities on basis of fundamental factors (sales, cashflow, book value, dividends)	16.4%	125,810	15.7%	127,129
LGIM ESG tilted global market	0.0%	0	11.3%	91,442
LCIV Emerging market equities	3.1%	24,005	4.5%	36,238
Adam Street - Private Equity	0.2%	1,539	2.5%	20,243
Adam Street – Secondaries	0.0%	0	0.2%	1,882
LCIV Sustainable Equity Exclusion	0.0%	0	2.8%	22,839
Diversified Growth Funds	14.3%	114,109	9.8%	78,847
Schroder DGF	10.1%	81,917	9.8%	78,847
Newton Real Return	4.2%	32,192	0.0%	0
Corporate Bonds	11.8%	90,564	8.7%	70,533
Schroders All Maturities Corporate Bond Fund	11.8%	90,564	8.7%	70,533
Liquid Multi-Asset Credit	9.0%	73,057	9.9%	79,923
Alcentra - Clareant Global Multi Credit	2.8%	21,175	1.3%	10,269
Baring Global High Yield Credit Strategies	3.0%	22,977	2.7%	21,762
Insight - IIFIG Secured Finance	3.8%	28,905	5.9%	47,892
Illiquid Alternatives	17.9%	136,133	17.8%	109,357
Partners Multi Asset Credit 2015	1.7%	12,861	0.3%	2,369
Partners Multi Asset Credit 2017	2.8%	21,620	1.0%	8,313
Partners Multi Asset Credit 2019	2.0%	15,161	1.9%	15,645
Alcentra - Clareant Direct European Lending	2.4%	17,979	1.1%	8,548
M&G Lion Credit Opportunities Fund	2.7%	20,439	0.0%	0
IFM Global Infrastructure	6.3%	48,073	5.6%	45,176
LCIV Renewables Infrastructure	0.0%	0	0.7%	5,885
LCIV Private debt	0.0%	0	1.6%	12,983
Barings Special Situation Credit	0.0%	0	1.3%	10,438
Property	5.1%	38,614	4.3%	34,096

Aberdeen Long Lease Property	2.7%	20,567	2.3%	18,206
CBRE Property	2.4%	18,048	2.0%	15,891
Cash	0.8%	6,394	4.1%	33,472
Total	100.0%	764,931	100%	808,293

Basis for Estimating Assets and Liabilities

To assess the value of the employer's liability at 31 March 2022, 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 2021, using the financial assumptions that comply with IAS 19.

Mortality Assumptions

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

Assumed Life Expectancy	Gender	2020/21	2021/22
		Years	Years
Retiring Today	Male	21.9	21.7
	Female	24.4	24.3
Retiring in 20 Years	Male	23.3	23.1
	Female	26.4	26.1

Financial Assumptions

Assumptions	2020/21	2021/22
	% p.a.	% p.a.
Rate of increase in salaries	2.8	3.9
Rate of increase in pensions	2.85	3.2
Rate for discounting scheme liabilities	2.0	2.7

As at the date of the most recent valuation, the duration of the Employer's funded liabilities is 19 years

Sensitivity Analysis

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

Impact on the Defined Benefit Obligation in the Scheme (£'000)	Increase in Assumption	Decrease in Assumption
Longevity (increase or decrease of 1 year)	40,966 to 68,277	(40,966) to (68,277)
Rate of inflation in salaries (increase or decrease by 0.5%)	1,732	(1,732)

Rate of inflation in pensions (increase or decrease by 0.5%)	22,577	(22,577)
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	(24,485)	24,485

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

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

Impact on the Council's Cashflows

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

The total amount of employer contributions expected to be paid to the LGPS in financial year 2022/23 is £27.5m.

Note 36 Contingent Liabilities

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

- North London Business Park- Dilapidations - The council successfully agreed to break its lease on North London Business Park in 20/21. There is a possibility that Middlesex University (MU) (our former landlord) will claim dilapidations from the council. Building 2 at NLBP has a potential new tenant taking majority of the space and this letting does have a positive impact for the council on the dilapidations. The landlord can claim void period and the claim can be minimised if they are going to be letting the space without any works taking place. Charges could be levied by the head landlord (Comer) on Middlesex Uni (our landlord) and then potentially passed through to us. Currently the claim is at £3m down from £3.6m and could potentially reduce. The likelihood that this risk will materialise is reducing but currently we can't be sure when (as well as if) the liability will arise. Negotiations are still on going and MU's surveyors are waiting to hear back from Comer's surveyors, and we are a long way from having to deal with a claim.

Note 37 Nature and Extent of Risks Arising from Financial Instruments

Financial Instruments Risk

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

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

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

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

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

Credit Risk

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

In addition to short-term investments (maximum 12 months duration) the council also can lend long-term to counterparties described as 'non-specified' within the TMSS. The council's 2021-22 TMSS determines time limits for classes of investments and states a maximum £100m total in non-specified investments. In 2021-22, all investments except for loans to Saracens (maximum 30 years) and TBG Open Door (maximum 49 years) were placed for less than 365 days. The Saracens loan falls under Loans to Local Organisations, for which there is a £25m limit per counterparty

and the 2021-22 TMSS includes a limit for Loans to TBG Open Door Limited of £300m, subject to credit assessment being carried out by the council's advisors.

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 2021-22, approved by Council on 2 March 2021.

The two tables below summarise the nominal value and credit ratings of the council's investment portfolio at 31 March 2022, 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 2022	Balance Invested as at 31 March 2022					Total
			£'000					
	Yes/No	Yes/No	<=3 months	>3 months and <6 months	>6 months and <12 months	>12 months and <24 months	>24 months	
Other Local Authorities	Yes	Yes	5,032	0	20,010	0	0	25,042
Banks – UK	Yes	Yes	0	0	0	0	0	0
Banks – Non UK	Yes	Yes	66,518	60,826	5,011	0	0	132,356
Total Banks			66,518	60,826	5,011	0	0	132,356
Money Market Funds	Yes	Yes	35,222	0	0	0	0	35,222
Current accounts*	Yes	Yes	34,028	0	0	0	0	34,028
Bank Overdraft	n/a	n/a	(22,509)					(22,509)
Total Cash and Cash Equivalents*			118,291	60,826	25,021	0	0	204,139
Loans to community organisations	Yes	Yes	0	0	0	0	15,694	15,694
Other corporate loans	n/a	n/a	0	0	0	0	8,069	8,069

Investment in subsidiary								
Loans to council subsidiary**	Yes	Yes	0	0	0	0	155,207	155,207
Total Corporate Loans			0	0	0	0	178,970	178,970

*Cash and Cash Equivalent of less than 3 months is net of £22.509m bank overdrafts (Total Cash and cash equivalents per Balance Sheet = £140.8m)

**To be repaid over 49 years

The above analysis shows that all deposits outstanding as at 31st March 2022 met the council's credit rating criteria. No investment limits were exceeded during the year and the council does not anticipate any defaults on its treasury investments. Also included in the table are non-treasury investments arising from the Council's commercial activities.

	31-Mar-21		31-Mar-22	
	Current	Non-Current	Current	Non-Current
Credit Ratings	£'000	£'000	£'000	£'000
AAAmmf (funds)	113,552	0	35,212	0
AA-	0	0	0	0
AA+	20,400	0	41,900	0
A	0	0	51,000	0
A-	20,005	0	64,200	0
BBB+	0	0	0	0
Unrated local authorities	0	0	0	0
Unrated corporates	0	10,541	0	23,763
Wholly owned Subsidiary	0	112,632	0	155,207
Total	153,957	123,173	192,312	178,970

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

The risk of non-recovery applies to all the Council's investments. Link Asset Services have estimated that the historic risk of default for Treasury investments (£192.312m in the above table) as 0.014% as at 31st March 2022. There is no evidence at the 31 March 2021 that a risk of loss is likely to crystallise on the other investments. However, in line with the requirement of IFRS9 a provision of £0.962m has been made against the loan to the wholly owned subsidiary to reflect the long-term repayment profile.

Statutory Debt

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

Council Tax Debtors	Gross Debt £'000	Bad and Doubtful Debts Provision £'000
2020/21 Council Tax Debtors	43,862	(28,443)
2021/22 Council Tax Debtors	50,353	(29,684)

NNDR Debtors	Gross Debt £'000	Bad and Doubtful Debts Provision £'000
2020/21 NNDR Debtors	7,119	(5,482)
2021/22 NNDR Debtors	8,571	(5,482)

Liquidity Risk

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

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

The Council manages its investment portfolio to ensure cash is available to meet all liabilities as they fall due for payment. At 31st March 2022, all treasury investment (£192.3 million) had a callable maturity of less than 12 months of which £35.2 million was immediately available. The duration of the other investments is shown in the table above.

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

The maturity analysis of the nominal value of the council's debt including future debt interest payments as at 31 March 2022 was as follows:

Maturity Analysis of Borrowing:	31 March 2021 £'000	% of total debt portfolio	31 March 2022 £'000	% of total debt portfolio
0 to 5 years	92,911	11.02%	109,056	9.67%
Over 5 but not over 10 years	121,224	14.38%	171,169	15.18%
Over 10 but not over 15 years	144,145	17.10%	107,767	9.55%

Over 15 but not over 20 years	69,479	8.24%	123,107	10.91%
Over 20 but not over 25 years	102,784	12.19%	64,589	5.73%
Over 25 but not over 30 years	33,277	3.95%	42,635	3.78%
Over 30 but not over 35 years	61,165	7.26%	69,349	6.15%
Over 35 but not over 40 years	27,406	3.25%	36,764	3.26%
Over 40 but not over 45 years	37,260	4.42%	46,195	4.10%
Over 45 years	153,409	18.20%	357,300	31.68%
Total	843,060	100%	1,127,930	100%

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

Market Risk

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

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

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

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

As at 31 March 2022, the long term debt portfolio (nominal value) consisted of fixed rate PWLB debt of £521.58 million, market loans of £62.5million and interest free loans of £5.013m for environmental projects. The market debt includes options that allow the lender to change the rate of interest (and the Council to repay with no penalty if an option is exercised) such that these borrowings could be considered variable. Based on prevailing interest rates, it is unlikely that any options will be exercised in the next twelve months. The replacement of short-term debt is also subject to changes in market pricing. The Treasury Management Strategy aims to mitigate interest rate risks by setting an upper limit of 30% on external debt that can be subject to variable interest rates. At 31 March 2022, 100% of the debt portfolio was held in fixed rate instruments, of which 1.19% mature in the next five years. In addition, the debt balances with interest rate options represent 10.6% of the debt portfolio.

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

	£'000
Increase in interest receivable on variable rate investments	797
Impact on Surplus or Deficit on the Provision of Services	797
Share of overall impact credited to the HRA	220
Increase in fair value of fixed interest investments*	0
Impact on Other Comprehensive Income and Expenditure:	220
Decrease in fair value of fixed rate borrowings/liabilities*	(108,747)

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

The impact of a 1% decrease in interest rates on investment income, assuming no decrease in normal treasury Investments, is £797,219 (HRA share: £220,175). These assumptions are based on the same methodology as used in the 'Fair Value' disclosure note. (Note 17).

Price Risk

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

Foreign Exchange Risk

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

Note 38 Group Pension Reserve

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

Consolidated Pension Fund	31 March 2021 £'000	31 March 2022 £'000
London Borough of Barnet	628,876	557,253
The Barnet Group Ltd	58,780	47,534
Total	687,656	604,787

The assumptions used and the detailed breakdown of the London Borough of Barnet Pension Liability of £557.253m can be seen in Note 35.

The Barnet Group Pension Liability

Net Pension Fund Liability as at	31 March 2021 £'000	31 March 2022 £'000
Present Value of Funded Obligation	(138,146)	(140,337)
Fair Value of Scheme Assets	80,018	93,413
Net Liability	(58,128)	(46,924)
Present Value of Unfunded Obligation	(652)	(610)
Net Liability in Statement of Financial Position	(58,780)	(47,534)

The Barnet Group Pension Assets

Reconciliation of the Movement in Fair Value of Scheme Assets	(Re-stated) 31 March 2021 £'000	31 March 2022 £'000
Opening Fair Value of Scheme Assets	66,291	85,494
Interest Income	1,539	1,720
Return on Assets	16,342	5,019
Administration expenses	26	27
Effect of business combination	0	0
Contributions by employer	2,737	2,688
Contributions by scheme participants	678	673
Estimated benefits paid including unfunded benefits	(2,119)	(2,208)
Fair value of scheme assets at end of period	85,494	93,413

Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligation)	(Re-stated) 31 March 2021 £'000	31 March 2022 £'000
Opening Defined Benefit Obligation	107,469	145,410
Current service cost	4,393	5,060
Interest Cost	2,506	2,294
Remeasurement Gains & Losses:		
Actuarial gains and losses arising from changes in financial assumptions	(31,813)	(7,631)
Actuarial gains and losses arising from changes in demographic assumptions	1,555	(2,804)
Other Experience gains and losses	(1,055)	77
Liabilities extinguished on settlements	0	0
Estimated funded benefit paid	(2,093)	(2,181)
Past Service Cost	170	29
Effect of business combinations	0	47
Contributions by scheme participants	678	673
Unfunded pension payments	(26)	(27)
Closing Defined Benefit Obligation	145,410	140,947

Note 39 Group Disclosures

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

39.1 Property plant and equipment (PPE)

2020/21		2021/22
£'000		£'000
1,583,921	Council PPE	1,675,198
145,248	The Barnet Group PPE	178,401
8,503	Assets transferred to The Barnet Group for £1 in 2018/19	8,503
(90,770)	Write down cost to expected use value of social housing on new dwellings @ 75%	(125,054)
(10,395)	Accounting standard IFRS16 - implemented by TBG; due to be implemented by the council in 2024/25	0
1,636,507	Consolidated Group	1,737,048

39.2 Intangible Assets

2020/21		2021/22
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£'000		£'000
17,700	Council Intangible Assets (Licenses and certificates)	16,798
1,964	The Barnet Group Intangible Assets (Licenses and certificates)	1,277
10,000	Land option	10,000
29,664	Consolidated Group	28,075

39.3 Long Term Debtors

2020/21		2021/22
£'000		£'000
139,609	Council Long Term Debtors	194,829
(74,362)	Elimination debtor for loans to ODH	(109,462)
(45,000)	Transfer of properties to ODH for deferred capital Receipts	(45,000)
(5,000)	£5m long term debtor in Cricklewood	(5,000)
15,247	Consolidated Group	35,367

39.4 Short Term Debtors

2020/21		2021/22
£'000		£'000
218,332	Council Short Term Debtors	179,884
14,640	The Barnet Group Short Term Debtors	22,960
1,841	BELS Short Term Debtors	3,631
(2,497)	Amount due to parent undertaking by TBG	(4,380)
(2,536)	Amount due to parent undertaking by BELS	(3,129)
(10,417)	Amounts due from parent undertaking by TBG	(15,997)
(1,568)	Amounts due from parent undertaking by BELS	(3,401)
217,796	Consolidated Group	179,568

39.5 Cash and Cash Equivalents

2020/21		2021/22
£'000		£'000

165,414	Council Cash and cash equivalents	140,800
9,877	The Barnet Group Cash and cash equivalents	15,205
5,038	BELS Cash and cash equivalents	3,610
180,329	Consolidated Group	159,615

39.6 Short Term Creditors

2020/21		2021/22
£'000		£'000
(225,836)	Council Short Term Creditors	(263,850)
(24,658)	The Barnet Group Short Term Creditors	(31,799)
(5,867)	BELS Short Term Creditors	(6,766)
2,497	Amount due to parent undertaking by TBG	4,380
2,536	Amount due to parent undertaking by BELS	3,129
10,417	Amounts due from parent undertaking by TBG	15,997
1,568	Amounts due from parent undertaking by BELS	3,401
3,961	Accounting standard IFRS16 – Finance leases payable in less than one year	0
(235,382)	Consolidated Group	(275,508)

39.7 Pension Scheme

2020/21		2021/22
£'000		£'000
(628,876)	Council Pension Scheme	(557,253)
(59,916)	The Barnet Group Pension Scheme	(47,534)
(52)	Increase in pension liability in pension assets	0
(688,844)	Consolidated Group	(604,787)

Supplementary Statements and Notes

Housing Revenue Account (HRA)

Income and Expenditure Statement

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

2020/21	Income and Expenditure Statement	2021/22
£'000	Expenditure	£'000
8,681	Repairs & Maintenance	10,664
32,924	Supervision & Management	28,367
83	Rents, Rates, Taxes, and other charges	115
31,162	Depreciation, impairment, and revaluation losses of non-current assets	18,686
(2)	Debt Management Costs	(3)
696	Increase/(Decrease) in allowance for bad or doubtful debts	589
73,545	Total Expenditure	58,419
	Income	
(49,587)	Dwelling rents	(50,397)
(626)	Non-dwelling rents	(736)
(7,022)	Charges for services and facilities	(7,270)
(5,924)	Other	(4,174)
(63,158)	Total Income	(62,576)
10,387	Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	(4,157)
(2,693)	(Gains)/loss on sale of HRA Fixed Assets	(9,978)
7,644	Interest Payable and Similar Charges	10,103
0	HRA Interest and Investment Income	0
(481)	Investment property income	(598)
(6,851)	Movement in Investment Property valuation	(7,258)
(10,322)	Capital Grants and Contributions	(2,404)
(2,315)	Deficit for the year on HRA Services	(14,292)

Movement on HRA Statement

2020/21	Movement on HRA Statement	2021/22
£'000		
7,525	HRA Balance as at 31 March 2020	4,000
(2,315)	Surplus/(Deficit) for the Year on HRA Services	(14,292)
	Adjustments Between Accounting and Funding Basis under Statute:	
(2)	Financial Instrument Adjustment	(2)
(17,135)	Transfer to Major Repairs Reserve	(14,155)
(4,445)	Gain/(loss) on sale of HRA non-current assets	(9,978)
24,007	Transfer to Capital Adjustment Account	11,767
1,752	Transfer to/from Capital Receipts Reserve	0
(10,018)	Transfer to Capital Grants Unapplied Reserve	(1,905)
(5,840)	Total Adjustments	(14,273)
(3,525)	Net increase / (decrease) in year	20
4,000	HRA Balance as at 31 March 2021	4,020

Note 1 Analysis of Housing Stock

Note 1 Analysis of Housing Stock		
At 31st March 2021, the council was responsible for managing a housing stock of 9,694 dwellings, comprising the following types:		
31-Mar-21	Asset Type	31-Mar-22
3,556	Houses	3,542
6,138	Flats	6,122
9,694	Total Stock	9,664

Note 2 Arrears and Bad Debt Provision

Note 2 Arrears and Bad Debt Provision		
31-Mar-21	Category	31-Mar-22
£'000		£'000
5,303	Council House Tenants	4,870
10,465	Leaseholders	10,739
450	Commercial Tenants	1,428
16,219	Total Arrears	17,037
(3,432)	Bad Debt Provision	(3,099)

Note 3 Balance Sheet Value of HRA Operational Assets

Note 3 Balance Sheet Value of HRA Operational Assets		
31-Mar-21	Asset Type	31-Mar-22
£'000		£'000
800,453	Council Dwellings	845,891
19,682	Other Land and Buildings	11,898
181	Heritage Assets	181
65,138	Investment properties	72,314
9,532	Surplus Assets not held for sale	21,458
894,986	Total Value	951,741
31-Mar-21		31-Mar-22
£'000		£'000
3,118,523	Value of Non-Operational Assets	3,413,274

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

Note 4 Impairment Charges and Revaluation Losses

Note 4 Impairment Changes and Revaluation Losses		
2020/21	Asset Type	2021/22
£'000		£'000
18,115	Council Dwellings	2,577
(6,867)	Other Land and Buildings and Investment Properties	(7,258)
11,264	Total	(4,681)

Note 5 Depreciation

Note 5 Depreciation		
2020/21	Asset Type	2021/22
£'000		£'000
12,394	Council Dwellings	12,222
637	Other Land and Buildings	580
13,031	Total	12,802

Note 6 Capital Expenditure and Financing

Note 6 Capital Expenditure and Financing		
2020/21	Breakdown	2021/22
£'000		£'000
57,153	Capital Expenditure	69,804
	Sources of Funding	
(21,651)	Major Repairs Reserve (MRR)	(19,004)
(2,652)	Capital Receipts	(1,877)
(32,850)	Other Contributions	(48,923)
(57,153)	Total	(69,804)

Note 7 Capital Receipts from Disposals

Note 7 Capital Receipts from Disposals		
2020/21	Asset Type	2021/22
£'000		£'000
3,456	Council Dwellings	6,350
1,297	Other Land and Buildings	6,137
4,753	Total	12,487

Note 8 Accounting for Pensions in the HRA

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

Collection Fund

Collection Fund Statement

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

2020/21			Collection Fund Statement	2021/22		
NDR	Council Tax	Total		NDR	Council Tax	Total
£'000			Income	£'000		
0	237,927	237,927	Council Tax	0	254,867	254,867
39,796	0	39,796	Business Rates Receivable	85,010	0	85,010
830	0	830	Business Rates Supplement	2,119	0	2,119
			Contributions to prior year's deficit			
0	0	0	Central Government	24,379	0	24,379
0	0	0	London Borough of Barnet	21,635	998	22,633
0	0	0	Greater London Authority	27,356	260	27,616
40,626	237,927	278,552	Sub-Total	40,626	237,927	278,552
			Expenditure			
			Disbursement of prior year's deficit			
272	0	272	Central Government	0	0	0
315	0	315	London Borough of Barnet	0	0	0
177	0	177	Greater London Authority	0	0	0
765	0	765	Sub-Total	0	0	0
			Precepts and demands			
36,251	0	36,251	Central Government	37,637	0	37,637
32,956	188,280	221,236	London Borough of Barnet	34,215	198,050	232,265
40,645	49,084	89,729	Greater London Authority	42,199	53,856	96,055
824	0	824	Crossrail (GLA)	2,113	0	2,113
110,675	237,264	348,040	Sub-Total	116,164	251,906	368,070
			Charges to Collection Fund			
395	0	395	Cost of collection allowance	391	0	391
6	0	6	BRS collection allowance	6	0	6
9,475	5,822	15,296	Increase/(decrease) in allowance for bad or doubtful debts	0	2,138	2,138
26,759	0	26,759	Movement in provision for appeals	(22,183)	0	(22,183)
1,794	0	1,794	Transitional Protection Payments (received)/payable	988	0	988
38,429	5,822	44,251	Sub-Total	(20,797)	2,138	(18,659)
109,245	5,259	114,503	(Surplus)/Deficit for the year	(65,132)	(2,081)	(67,213)

Surplus on the Collection Fund

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

31-Mar-21			(Surplus)/Deficit on the Collection Fund	31-Mar-22		
NDR	Council Tax	Total		NDR	Council Tax	Total
£'000				£'000		
31,540	3,683	35,223	London Borough of Barnet	12,376	1,983	14,359
39,573	922	40,495	Greater London Authority	15,264	541	15,805
35,276	0	35,276	Central Government	13,614	0	13,614
106,389	4,605	110,994	Total	41,255	2,524	43,779

Note 1 General

The council is required to maintain a separate agency Collection Fund Account. The Collection Fund account includes all transactions relating to the collection of Business Rates and Council Tax from taxpayers and their distribution to other Local Authorities and Central Government. This is a separate account from the General Fund account.

Note 2 Council Tax

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

The council tax at Band D is £1,700.99 for 2021/22. The tax base in Barnet has increased from to 147,813 to 148,094

		2020/21	2021/22
Band	Ratio	Band D Equivalent	Band D Equivalent
A	6/9	1,613	1,617
B	7/9	4,899	4,753
C	8/9	19,507	19,613
D	9/9	30,666	30,284
E	11/9	33,196	33,430
F	13/9	25,425	25,592
G	15/9	24,612	24,800
H	18/9	7,886	8,001
MOD Contribution		9	4
Tax Base		147,813	148,094

Note 3 Business Rates

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

2020/21	Business Rates	2021/22
£296,094,715	Non-Domestic rateable value at 31 March	£293,317,791
51.2p	Business rate multiplier - standard rate	51.2p
49.9p	Business rate multiplier - small businesses	49.9p

Note 4 Collection Fund Surplus/Deficit

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

Note 5 Business Rates Supplement

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

The aggregate rateable value of properties liable for the BRS at 31st March 2022 was £168.7m (the equivalent figure at 31st March 2021 being £172.5m). The multiplier has remained at 2.0p / £ since the BRS was introduced.

Pension Fund 2021/22

Auditor's Statement – Pension Fund (to follow)

Main Statements: Fund Account

		2021/22	2020/21
	Notes	£000	£000
Dealings with members, employers and others directly involved in the fund			
Contributions	6	(61,990)	(78,983)
Transfers in from other pension funds	7	(9,247)	(4,066)
		(71,238)	(83,049)
Benefits	8	63,583	58,933
Payments to and on account of leavers	9	5,611	3,418
		69,194	62,350
Net (additions) from dealings with members		(2,044)	(20,698)
Management expenses	10	13,349	11,305
Net (additions) / withdrawals including fund management expenses		11,307	(9,393)
Returns on investments			
Investment income	11	(9,023)	(5,954)
Profit and losses on disposal of investments and changes in the value of investments	13	(109,310)	(299,820)
Net return on investments		(118,333)	(305,773)
Net (increase) / decrease in the net assets available for benefits during the year		(107,027)	(315,167)
Opening net assets of the scheme		1,394,600	1,079,433
Closing net assets of the scheme		1,501,627	1,394,600

Main Statements: Net Assets Statement

		31 March 2022	31 March 2021
	Notes	£000	£000
Investment assets		1,481,979	1,346,684
Long term investments		150	150
Total net investments	13	1,482,129	1,346,834
Current assets	17	69,353	51,617
Current liabilities	18	(49,855)	(3,851)
Net assets of the fund available to fund benefits at the end of the reporting period		1,501,627	1,394,600

The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at note 21.

Notes to the Pension Fund Statement of Accounts

Note 1 Description of the Fund

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

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

The following description of the Fund is a summary only. For more detail, reference should be made to the *London Borough of Barnet Pension Fund Annual Report 2021/22* and the underlying statutory powers underpinning the scheme.

General

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

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

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

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

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

Membership

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

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

The numbers of members have been extracted from the underlying membership records in the live system as at 31 March 2021, including the comparative figures. An analysis of membership movement in the year is provided in the note below.

The number of employees contributing to the Fund increased during the year from 8,184 to 8,782 at 31 March 2022. During the same period, the number of pensioners increased from 7,605 to 8,116 and the number of deferred pensioners decreased from 11,014 to 9,721.

	31 March 2022	31 March 2021
Number of employers with active members	65	65

Number of employees in scheme		
London Borough of Barnet	3,561	5,029
Other employers	5,221	3,155
Total	8,782	8,184
Number of pensioners		
London Borough of Barnet	5,248	5,638
Other employers	2,868	1,967
Total	8,116	7,605
Deferred pensioners		
London Borough of Barnet	6,153	8,031
Other employers	3,568	2,983
Total	9,721	11,014
Total number of members in pension scheme	26,619	26,803

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

Funding

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

Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ended 31 March 2022. Employers also pay contributions and their rates are set based on triennial actuarial funding valuations. Further details of the last actuarial valuation are given in Note 16.

Benefits

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

Note 2 Basis of Preparation

The statement of accounts summarises the Fund's transactions for the 2021/22 financial year and its position at year-end as at 31 March 2022. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

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

Note 3 Summary of Significant Accounting Policies

Fund account – revenue recognition

Contribution income

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

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

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

Transfers to and from other schemes

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

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

Investment income

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

Fund account – expense items

Benefits payable

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

Taxation

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

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

Management expenses

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

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

under their management and therefore increase or reduce as the value of these investments change. These expenses also include performance fees and expenses incurred by the investee funds.

Net assets statement

Financial assets

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

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

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

Cash and cash equivalents

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

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

Financial liabilities

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

Actuarial present value of promised retirement benefits

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

Additional voluntary contributions

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

AVCs are not included in the accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (note 19).

Post Balance Sheet Events

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

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

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

Contingent Liabilities

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

Note 4 Critical Judgements in Applying Accounting Policies

The net pension Fund liability, which is disclosed within note 21 but excluded from the Net Assets Statement, is recalculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines.

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

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

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

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

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

Actuarial present value of promised retirement benefits

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

Fair Value of Unquoted Investments

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

Note 6 Contributions Receivable
By category

	2021/22	2020/21
	£000	£000
Employees' contributions:	(13,073)	(11,898)
Employers' contributions:		
Normal contributions	(40,759)	(37,083)
Deficit recovery contributions	(4,023)	(25,930)
Augmentation contributions	(4,135)	(4,072)
Total employers' contributions	(48,917)	(67,085)
Total contributions receivable	(61,990)	(78,983)

By authority

	2021/22	2020/21
	£000	£000
London Borough of Barnet	(35,569)	(52,245)
Scheduled bodies	(22,282)	(22,413)
Admitted bodies	(4,140)	(4,325)
Total contributions receivable	(61,990)	(78,983)

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

Barnet Homes	£2.790 million	(2020/21: £2.465 million)
Your Choice	£0.563 million	(2020/21: £0.705 million)
Barnet Education & Learning Services	£0.860 million	(2020/21: £0.488 million)

Contributions paid by London Borough of Barnet in 2020/21 included £20.477 million advance payment of deficit contributions due for the period 1 April 2020 to 31 March 2023 of which £7.574 million was payable in 2021/22. As a consequence of paying these contributions early, the Actuary reduced the amount due by £1.409 million. The advance payment was allocated to 2020/21 contributions and not spread over the period to which it relates.

Note 7 Transfers in from other Pension Funds

	2021/22	2020/21
	£000	£000
Group transfers	0	(227)
Individual transfers	(9,247)	(3,839)
Total transfers in from other Pension Funds	(9,247)	(4,066)

Note 8 Benefits Payable

By category

	2021/22	2020/21
	£000	£000
Pensions	51,384	49,480
Commutation and lump sum retirement benefits	10,479	8,469
Lump sum death benefits	1,719	984
Total benefits payable	63,583	58,933

By authority

	2021/22	2020/21
	£000	£000
London Borough of Barnet	45,503	42,832
Scheduled bodies	13,570	11,834
Admitted bodies	4,510	4,267

Total benefits payable	63,583	58,933
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Note 9 Payments to and on Account of leavers

	2021/22	2020/21
	£000	£000
Refunds to members leaving service	153	99
Individual transfers	5,458	3,319
Total payments to and on account of leavers	5,611	3,418

Note 10 Management Expenses

	2021/22	2020/21
	£000	£000
Administrative costs	1,049	1,041
Investment management expenses	11,544	9,397
Oversight and governance costs	757	868
Total management expenses	13,349	11,305

Administration costs represent charges from the third-party pension administrator and LB Barnet staff costs relating to pension administration. Oversight and governance costs include staff cost recharges from LB Barnet, actuarial fees, investment advisory fees and audit fees. A more detailed discussion of investment costs is provided in the annual report, including details of savings achieved through pooling. Most costs (2021/22: £10.53 million, 2020/21: £8.2 million) are charged directly to investee funds. Investment management expenses have increased partly due to the increase in value of investments as most fees are based on a percentage of value and also because of the diversification into more actively managed investments that are expected to generate increased return and manage downside risk.

Note 10a Investment Management Expenses

	2021/22	2020/21
	£000	£000
Management fees	4,851	4,876
Performance related fees	4,192	2,024
Custody fees	15	13
Transaction costs	2,485	2,484
Total investment management expenses	11,544	9,397

All investment management expenses relate to pooled investments, except for £15,000 (2020/21: £7,000) that relate to money market funds.

Note 11 Investment Income

	2021/22	2020/21
	£000	£000
Pooled investments – unit trusts and other managed funds	(9,002)	(5,936)
Interest on cash deposits	(22)	(18)
Total investment income	(9,023)	(5,954)

Note 12 Audit Costs

	2021/22	2020/21
	£000	£000
Payable in respect of external audit	36	36

Total external audit costs	36	36
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Prior year audit costs in the above table include additional charges agreed after the closure of the accounts.

Note 13 Investments

2021/22						
	Market value	Purchases during the year	Sales during the year	Change in market value during the year	Market value	
	1 April 2021				31 March 2022	
	£000	£000	£000	£000	£000	
Investment assets:						
Pooled investments	1,345,152	273,220	(270,704)	109,309	1,456,977	
Money market funds	1,530	23,470			25,000	
Long term investments	150				150	
	<u>1,346,832</u>	<u>296,690</u>	<u>(270,704)</u>	<u>109,309</u>	<u>1,482,127</u>	
Other investment balances:						
Cash deposits	2				2	
Net investment assets	<u><u>1,346,834</u></u>				<u><u>1,482,128</u></u>	

2020/21					
	Market value	Purchases	Sales during	Change in	Market value
	1 April 2020	during the	the year	market value	31 March 2021
	£000	year	£000	during the	£000
				year	
Investment assets:					
Pooled investments	1,067,106	91,571	(113,345)	299,820	1,345,152
Money market funds	3,682		(2,152)		1,530
Long term investments	150				150
	1,070,938	91,571	(115,497)	299,820	1,346,832
Other investment balances:					
Cash deposits	16				2
Net investment assets	1,070,954				1,346,834

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year and any income attributed to the unitised funds that has been retained by the funds and reinvested. Transaction costs are included in investment management expenses (note 10A). Pooled funds include property, private equity and infrastructure and movements in these investments are disclosed with note 13D.

In Q4 of 2021/22 the conflict in Ukraine caused a slight downturn on markets, particularly equities. Fund Managers revalued all holdings in Russia to nil, the overall impact of this on the fund was approximately £2m reduction in valuations.

Note 13a Analysis of Investments

	31 March	31 March
	2022	2021
	£000	£000
Pooled funds – additional analysis		
UK		
Unit trusts	603,354	563,080
UK managed funds	782,137	743,890
Money market funds	25,000	1,530

Non-UK		
Overseas Managed Fund	71,485	38,182
	1,481,976	1,346,682
Long term investments	150	150
Cash deposits	2	2
Total investment assets	1,482,128	1,346,834

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

Note 13b Investments analysed by Fund Manager

	Market value	31 March 2022	Market value	31 March 2021
	£000	%	£000	%
Legal and General	603,354	40.6	563,080	41.8
Schroder Investment Management	280,896	19.0	281,900	20.9
LCIV	146,718	9.9	119,417	8.9
Alcentra	35,384	2.4	58,006	4.3
Partners Group	49,506	3.3	67,960	5.0
Barings	60,546	4.1	41,140	3.1
Insight Investments	90,056	6.1	45,005	3.3
M&G Investments	0	0.0	31,057	2.3
IFM Investors	84,949	5.7	69,521	5.2
Aberdeen Long Lease Property	34,234	2.3	30,035	2.2
CBRE	29,881	2.0	25,678	1.9
Adams Street	41,604	2.8	12,505	0.9
Aberdeen Standard Life	25,000	1.7	1,530	0.1
	1,482,128	100.0	1,346,834	100.0

The investments of the Pension Fund are wholly invested within pooled vehicles with year-end valuations provided by the fund operator. Some of the underlying investments in these pools are highly illiquid and valuations are not verifiable to identical transactions at the year-end and are therefore estimated by the fund operator based on established models and guidelines. In particular, holdings in property, infrastructure and private equity with a year-end valuation of £198.2 million (31.3.21: £137.7 million) are particularly difficult to verify and rely on the fund operator adopting prudent valuation techniques. Valuations are monitored both internally and by the external investment advisor.

Pooling

The Fund became a shareholder in the London LGPS CIV Ltd (the organisation set up to run pooled LGPS investments in London) in 2015 and holds £150,000 of regulatory capital in the form of unlisted UK equity shares. The Fund's was invested in four pooled products at 31 March 2022 being LCIV Emerging Market Equities, value £68.1 million (31.3.21: £75.9 million), LCIV Sustainable Equities, value £42.9 million, LCIV Private Debt, value £24.4 million, and LCIV Renewables Infrastructure, value £11.1 million representing 10.0% of the fund's value. The Fund's investments with Legal & General (40.7% of investments) are monitored by LCIV. The table below provides further analysis of the investments as at 31 March 2022 by both asset class and geographical exposure, breaking down pooled funds into their underlying exposures. Additional details of each fund are provided in the investment policy report.

INVESTMENTS ANALYSED BY ASSET CLASS

Asset Class	31 March 2022			31 March 2021		
	£'000	£'000	%	£'000	£'000	%
Equities						
UK	44,155		3%	48,885		4%
Overseas	697,376		46%	650,581		47%
Global	34,397		2%	35,793		3%
		775,928	52%		735,259	53%
Bonds						
UK	142,174		9%	165,684		12%
Overseas	236,001		16%	238,711		17%
Global	31,580		2%	18,781		1%
		409,755	27%		423,176	30%
Property						
UK	42,041		3%	37,710		3%
Overseas	28,895		2%	24,445		2%
		70,936	5%		62,156	5%
Infrastructure		97,499	6%		69,521	5%
Private Equity		41,604	3%		13	0%
Other assets		37,807	3%		45,609	3%
FX Forward derivative		0	0%		1,370	0%
Cash		48,600	3%		9,731	1%
Net Current Assets		19,498	1%		47,766	3%
Total Investment Assets		1,501,627	100%		1,394,600	100%

Where no geographic split is available, global in the table above represents both UK and overseas. With the exception of Money Market Funds (£25.0 million) none of the investment funds are listed. However, the underlying investments e.g. those managed by Legal & General, may be listed. The following investments represent more than 5% of the net assets of the scheme. These funds are registered in the UK.

	31 March 2022		31 March 2021	
	£000	as % of investment assets	£000	as % of investment assets
Legal and General RAFI 3000 Tracker Fund	239,054	16.1	251,394	18.7
Legal and General Global Equity Tracker Fund	171,730	11.6	224,271	16.7
Schroder Life Diversified Growth Fund	148,264	10.0	143,172	10.6
Schroder All Maturities Corporate Bond Fund	132,630	8.9	138,726	10.3
Legal and General Future Worlds Fund	171,947	11.6	0	0.0
IFM Global Infrastructure	84,949	5.7	69,521	5.2

Note 13c Fair Value – Basis of Valuation

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

- Unit trust investments are stated at the latest closing bid prices quoted by their respective managers as at 31 March 2022.
- UK managed funds are stated at net asset value as calculated by their respective managers as at 31 March 2022.
- Infrastructure funds - The fund manager values the investments by engaging external valuation services. Different valuation techniques are used by the valuers to value the different investments of the funds. For instance the discounted Cash flows applied to equity and debt instruments.

Note 13d Fair Value - Hierarchy

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

Level 1

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

Level 2

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

Level 3

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

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

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

31 March 2021				
	Quoted Market Price Level 1	Using Observable Inputs Level 2	With Significant Unobservable Inputs Level 3	Amortised Cost
	£000	£000	£000	£000
Financial Assets				
Fair value through profit and loss		1,207,413	137,739	
Amortised cost				1,682
Total financial assets	0	1,207,413	137,739	1,682
Grand Total:				1,346,834

All investments are classified as Level 2 with the exception of most property, infrastructure and private equity, which are classified as Level 3. These disclosures take into consideration the classifications used in the underlying funds' own financial statements. Level 3 investments as at 31 March 2022 comprise:

IFM Infrastructure	£84.950 million (31 March 2021: £69.521 million)
CBRE Global Property	£29.881 million (31 March 2021: £25.678 million)
Aberdeen Long Lease Property	£34.234 million (31 March 2021: £30.035 million)
Adams Street Private Equity	£38.064 million (31 March 2021: £30.035 million)
LCIV Renewables Infrastructure	£11.066 million (31 March 2021: £0)

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

IFM Investors (Infrastructure) – valuation 31 March 2022 £84.950 million

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

CBRE (Pooled Global Property) – valuation 31 March 2022 £29.881 million

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

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

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

[Aberdeen \(Pooled UK Long Lease Property\) – valuation 31 March 2022 £34.234 million](#)

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

Valuations are completed in accordance with the Royal Institution of Chartered Surveyors (RICS) valuation standards. These are predominantly produced using an income capitalisation approach. The income capitalisation approach is based on capitalising an annual net income stream using an appropriate yield. The annual net income is based on both current and estimated future net income. The yield and future net income used is determined by considering recent transactions involving properties with similar characteristics to the property being valued. Where it is not possible to use an income capitalisation approach, for example on property with no rental income, a market comparison approach is used by considering recent transactions involving properties with similar characteristics to the property being valued. In both approaches, where appropriate, adjustments will be made by the valuer to reflect differences between the characteristics of the property being valued and the recent market transactions considered.

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

[Adams Street \(Private Equity\) – valuation 31 March 2022 £38.064 million](#)

Level 3 investments held by the fund typically consist of other investments that are not measured at net asset value. When observable prices are not available management uses valuation techniques for which sufficient and reliable data is available. The valuation of non-marketable privately held investments requires significant judgment by management due to the absence of quoted market values, inherent lack of liquidity, changes in

market conditions and the long-term nature of such assets. Such investments are valued initially based upon the transaction price. Valuations are reviewed quarterly utilizing available market data and additional factors to determine if the carrying value of these investments should be adjusted. Market data includes observations of the trading multiples of public companies considered comparable to the private companies being valued. Valuations are adjusted to account for company-specific issues, the lack of liquidity inherent in a non-public investment and the fact that comparable public companies are not identical to the companies being valued. In addition, a variety of additional factors are reviewed by Adams Street's management, including, but not limited to, estimates of liquidation value, prices of recent transactions in the same or similar issuer, current operating performance and future expectations of the particular investment, changes in market outlook and the financing environment. In determining valuation adjustments, emphasis is placed on market participants' assumptions and market-based information over entity specific information.

LCIV Renewables Infrastructure (Infrastructure) – valuation 31 March 2022 £11.066 million

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

Note 13f Reconciliation of Level 3 investments

2021/22	Market Value 1 April 2021	Purchases during the year	Sales during the year	Change in Market Value	Market Value 31 March 2022
	£000	£000	£000	£000	£000
Infrastructure	69,521	11,706	(640)	14,149	96,016
Pooled UK Long Lease Property	30,035			4,199	34,234
Pooled Property (global)	25,678	(95)		4,299	29,881
Private equity	12,505	9,794		15,765	38,064
Total	137,739	21,405	(640)	38,412	198,196

2020/21	Market value 1 April 2020 £000	Purchases during the year £000	Sales during the year £000	Change in market value £000	Market value 31 March 2021 £000
Investment assets:					
Infrastructure	67,629	1,621	(1,621)	1,892	69,521
Pooled UK Long Lease Property	28,933	0	0	1,102	30,035
Pooled Global Property	25,390	0	0	288	25,678
Private Equity	2,165	6,372	0	3,968	12,505
	124,117	7,993	(1,621)	7,250	137,739

Change in value represents unrealised gains and losses.

Note 13g Sensitivity of assets valued at Level 3

Using volatility data provided by PIRC, the fund has determined that the valuation is likely to be accurate to within the following ranges, and as set out below the consequent potential impact on the closing value of investments held at 31 March 2022 & 31 March 2021. These ranges consider all potential factors including market prices, currency and valuation techniques. This is not a 'worse' case scenario but rather a measure of typical annual price movements.

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

Assets type	Assessed valuation range (+ / -) £000	Value as at 31 March 2021 £000	Value on increase £000	Value on decrease £000
Infrastructure	6.9%	69,521	74,318	64,724
Pooled UK Long Lease Property	2.2%	30,035	30,696	29,375
Pooled Property (global)	2.2%	25,678	26,243	25,113
Private equity	6.9%	12,505	13,367	11,642
Total		137,739	144,625	130,854

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

Note 14 Classification of Financial Instruments

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

	31 March 2022			31 March 2021		
	Fair value through profit and loss £000	Amortised Cost £000	Financial liabilities at amortised cost £000	Fair value through profit and loss £000	Amortised cost £000	Financial liabilities at amortised cost £000
Financial assets						
Pooled investments	1,456,977			1,345,152		
Cash and cash equivalents		87,941			25,482	
Other investment balances		150			150	
Receivables		6,414			27,667	
Total financial assets	1,456,977	94,505	0	1,345,152	53,299	0
Financial liabilities						
Creditors			(49,855)			(3,851)
Total financial liabilities	0	0	(49,855)	0	0	(3,851)

Total	1,456,977	94,505	(49,855)	1,345,152	53,299	(3,851)
Grand Total		1,501,627			1,394,600	

The net return on investments is wholly attributable to assets held at fair value through the profit and loss except for interest earned on cash balances of £22,000 (2020/21: £18,000) classified as loans and receivables.

Note 15 Nature and Extent of Risks Arising from Financial Instruments

Note 15a Risk and risk management

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

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

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

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

Note 15b Market risk

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

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

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

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

Assets type	Assessed valuation range (+ / -)	Value as at 31 March 2022	Value on increase	Value on decrease
	£000	£000	£000	£000
Equity	15.6%	775,928	896,973	654,883
Bonds	5.9%	409,754	433,929	385,579
Property	3.1%	70,936	73,135	68,737
Alternatives	5.5%	176,860	186,587	167,133
Cash	0.8%	48,600	55,890	48,211
Total		1,482,078	1,646,515	1,324,543

Volatilities have been calculated at asset class level based on the 'look through' pooled fund valuations provided on page 16. Using PIRC volatility based on three years movements would have generated the following valuation ranges as at 31 March 2021:

Assets type	Assessed valuation range (+ / -) £000	Value as at 31 March 2021 £000	Value on increase £000	Value on decrease £000
Equity	15.8%	735,259	851,430	619,088
Bonds	5.8%	423,176	447,720	398,632
Property	2.2%	62,156	63,524	60,789
Alternatives	6.9%	115,142	123,087	107,197
Cash	0.7%	11,101	11,179	11,023
Total		1,346,834	1,496,939	1,196,729

The assessed valuation range as of 31 March 2022 represents 11.1% of asset value and is similar to the average annual change in asset value (positive or negative) during the last ten years of 8.9%. It should be noted that large changes in value in one direction are often followed by a reversal. For example, the 13.3% decline in Q1, 2020 due to Covid-19 was followed by a 27% gain in 2020/21.

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

The Fund's exposure to interest rate movements as of 31 March 2022 is included within the tables immediately above.

The Pension Fund holds financial assets and liabilities in overseas financial markets and therefore could be exposed to the risk of loss from exchange rate movements of foreign currencies against sterling. This risk is deemed acceptable as the investments are widely diversified by currency and the scheme's short-term expenditure liquidity requirements are broadly covered by contributions and income. Many of the overseas investments are hedged into sterling by the investment managers. After hedging, the net exposure to non-sterling currencies is £546.0 million (2020/21: £417.0 million). The table below discloses the main foreign currency exposures and estimated currency volatility. For 2020/21 a volatility of +/- £30.558 million was included in last year's statement of accounts.

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

Currency	Assessed valuation range (+ / -) £000	Value as at 31 March 2021 £000	Value on increase £000	Value on decrease £000
US Dollars	8.5%	219,813	238,497	201,129
Euro	5.8%	109,347	115,689	103,005
Other	6.3%	87,811	93,343	82,279
Total		416,971	447,529	386,413

Note 15c Credit risk

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

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

As at 31 March 2022 working capital was held in the Pension Fund bank accounts with NatWest and in a money market fund with Aberdeen Standard Life, in accordance with the credit rating criteria within the Council's Treasury Management Strategy. Pension administration working capital was held in a bank account at HSBC operated by West Yorkshire Pension Fund on behalf of the Pension Fund.

Summary	Rating	Source	Balances as at 31 March 2022	Balances as at 31 March 2021
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			£000	£000
Standard Life MMF cash	AAAm	Moody's	25,000	1,530
Royal Bank of Scotland	A1	Moody's	60,161	21,371
HSBC	Aa3	Moody's	2,778	2,579
Cash held by Fund Managers			2	2
Total			87,941	25,482

Note 15d Liquidity risk

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

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

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

Note 16 Actuarial Valuation

Hymans Robertson LLP were appointed as fund actuary in 2016 and undertook a formal triennial actuarial valuation of the fund as at 31 March 2019 in accordance with the Local Government Pension Scheme Regulations 2013. The actuarial valuation calculates the contribution rate payable by the employers, including the LBB Council, to meet the administering authority’s funding objectives.

The funding level at 31 March 2019 was 86% (2016: 73%). This corresponded to a shortfall on the funding target of £190 million (2016: £339 million). The aggregate primary contribution rate for 2019/20 was a primary rate of 17.9% of pensionable pay plus a secondary contribution of £16.047 million. Under the new three-year schedule of contributions effective from 1 April 2020 the aggregate primary rate is 20.6% and the secondary contribution for 2021/22 is £12.347 million (2020/21: £11.142 million). This is the average required employer contribution to restore the funding position to 100% over the next 17 years. For the main employer, the London Borough of Barnet, the employer’s contribution rate for 2021/22 is 28.9% (2020/21: 27.9%).

The assumptions used for the triennial valuation were:

Financial assumptions

	31 March 2019	31 March 2016
	%	%
Assumed future investment return (Discount rate)	4.4	4.2
CPI	2.3	2.1
Pension increases rate	2.3	2.1
Salary increases rate	3.0	2.4

The assumed future return is based on an economic scenario generator that utilises a range of future economic outcomes, each with an associated asset class return highlighted in the table below. The table ranks outcomes from 1st percentile (worst case) to 100th percentile (most favourable). At the 2019 triennial valuation, the Actuary determined that there is a 75% likelihood of the Fund’s investments achieving at least an annual return of 4.4% p.a. over the next 20 years.

		Annualised total returns							RPI inflation expectation	17 year real govt bond yield	17 year govt bond yield
		Cash	Index Linked Gilts (medium)	Fixed Interest Gilts (medium)	UK Equity	Overseas Equity	Property	A rated corporate bonds (medium)			
5 years	16th %ile	-0.4%	-2.3%	-2.9%	-4.1%	-4.1%	-3.5%	-2.7%	1.9%	-2.5%	0.8%
	50th %ile	0.7%	0.5%	0.3%	4.0%	4.1%	2.4%	0.8%	3.3%	-1.7%	2.1%
	84th %ile	2.0%	3.3%	3.4%	12.7%	12.5%	8.8%	4.0%	4.9%	-0.8%	3.6%
10 years	16th %ile	-0.2%	-1.8%	-1.3%	-1.5%	-1.4%	-1.5%	-0.9%	1.9%	-2.0%	1.2%
	50th %ile	1.3%	0.0%	0.2%	4.6%	4.7%	3.1%	0.8%	3.3%	-0.8%	2.8%
	84th %ile	2.9%	1.9%	1.7%	10.9%	10.8%	7.8%	2.5%	4.9%	0.4%	4.8%
20 years	16th %ile	0.7%	-1.1%	0.1%	1.2%	1.3%	0.6%	0.7%	2.0%	-0.7%	2.2%
	50th %ile	2.4%	0.3%	1.0%	5.7%	5.8%	4.3%	1.9%	3.2%	0.8%	4.0%
	84th %ile	4.5%	2.0%	2.0%	10.3%	10.4%	8.1%	3.0%	4.7%	2.2%	6.3%
	Volatility (Disp) (1 yr)	1%	7%	10%	17%	17%	14%	11%	1%		

Demographic assumptions

	31 March 2019	31 March 2016
Life expectancy from age 65		
Retiring today:		
Males	21.7	21.9
Females	24.0	24.3
Retiring in 20 years:		
Males	22.9	23.9
Females	25.7	26.5
Othyer demographic assumptions		
Commutation	50%	50%
50:50 option	1%	5%

The 2019 triennial valuation was reported to the London Borough of Barnet Pension Fund Committee on 13 February 2020. The next actuarial valuation will be based on the value of the fund as at 31 March 2022.

Note 17 Actuarial Present Value of Promised Retirement Benefits

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



London Borough of Barnet Pension Fund | Hymans Robertson LLP

Pension Fund Accounts Reporting Requirement

Introduction

CIPFA's Code of Practice on Local Authority Accounting 2021/22 requires Administering Authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits. I have been instructed by the Administering Authority to provide the necessary information for the London Borough of Barnet Pension Fund ("the Fund").

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

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

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

Present value of promised retirement benefits

Year ended	31 March 2022	31 March 2021
Active members (£m)	991	972
Deferred members (£m)	602	649
Pensioners (£m)	728	784
Total (£m)	2,321	2,405

The promised retirement benefits at 31 March 2022 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2019. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

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

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

Assumptions



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Financial assumptions

Year ended	31 March 2022	31 March 2021
	% p.a.	% p.a.
Pension Increase Rate (CPI)	3.20%	2.85%
Salary Increase Rate	3.95%	3.60%
Discount Rate	2.70%	2.00%

Demographic assumptions

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

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (5k7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.7 years	24.3 years
Future pensioners (assumed to be aged 45 at the latest valuation date)	23.1 years	25.1 years

All other demographic assumptions are unchanged from last year and as per the latest funding valuation of the Fund.

Sensitivity Analysis

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

Change in assumption at 31 March 2022	Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)
0.1% p.a. decrease in the Discount Rate	2%	44
1 year increase in member life expectancy	4%	93
0.1% p.a. increase in the Salary Increase Rate	0%	4
0.1% p.a. increase in the Pension Increase Rate (CPI)	2%	40

Professional notes

This paper accompanies the 'Accounting Covering Report – 31 March 2022' which identifies the appropriate reliances and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Note 18 Current Assets

	31 March 2022	31 March 2021
	£000	£000
Contributions due – employees	1,095	1,029
Contributions due – employers	5,309	4,219
Sundry debtors	10	22,419
Cash balances	62,939	23,950
Total current assets	69,353	51,617

In 2020/21 £22m was included in sundry debtors for money redistributed between funds managed by L&G. A at the 31 March 2021 £22m had been disinvested from these funds, but not reinvested, as the money was held by L&G it was included as a sundry debtor. The redistribution was completed in April 2021.

Note 19 Current Liabilities

	31 March 2022	31 March 2021
	£000	£000
Sundry creditors	(46,261)	(2,483)
Benefits payable	(3,593)	(1,368)
Total current liabilities	(49,855)	(3,851)

Prior to 31 March 2022 a £44 million investment into the Insight IIFG was agreed, with Insight recognising this investment in their valuation as at 31 March 2022. However, the trade was settled until April 2022, resulting in a sundry creditor of £44 million at the year-end.

Note 20 Additional Voluntary Contributions

	Market value 31 March 2022	Market value 31 March 2021
	£000	£000
Aviva	522	522
Prudential	3,108	3,108
Total AVC	3,630	3,630

AVC contributions of £0.326 million (2020/21: £0.391 million) were paid directly to Prudential and £0.002 million (2020/21: £0.005 million) were paid to Aviva during the year.

Note 21 Related Party Transactions

The London Borough of Barnet Pension Fund is administered by the London Borough of Barnet. Consequently, there is a strong relationship between the Council and the Pension Fund. During the reporting period, the Council incurred costs of £0.956m (2020/21: £1.144m) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Pension Fund and contributed £35.569 million to the Fund in 2021/22 (2020/21: £52.245 million). These amounts include employee contributions of £7.531 million (2021/22) and £6.630 million (2020/21), and also contributions from companies wholly owned by the Council (see note 6). Contributions paid by the Council in 2020/21 included £20.477 million advance payment of deficit contributions due for the period 1 April 2020 to 31 March 2023 of which £7.574 million was payable in 2021/22. As a consequence of paying these contributions early, the Actuary reduced the amount due by £1.409 million.

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

Governance

One member of the Pension Fund Committee as at 31 March 2022 & 31 March 2021 is in receipt of a pension from the Barnet Pension Fund. There are no active members of the Fund that are members of the Pension Fund Committee. Each member of the Pension Fund Committee is required to declare their interests at each meeting.

Note 21a Key Management Personnel

The key management personnel of the fund are the Chief Executive, the S151 officer and the Head of Pensions. The proportion of the total remuneration payable to key management personnel that is charged to the Pension Fund is set out below.

	2021/22	2020/21
	£000	£000
Short-term benefits	132	126
Post-employment benefits	37	35
Total remuneration	168	161

Post-employment benefits are employers pension contributions at 27.9% of salary.

Note 22 Contractual Commitments

The Fund has the following outstanding investment commitments as at 31 March 2022:

- Adams Street 2019 Global Private equity - \$40.3 million (£32.0 million)
- Adam Street Global Secondaries Fund 7 - \$55 million (£43.7 million)
- LCIV Private Debt - £34.7 million
- LCIV Renewables Infrastructure- £30.31 million
- Barings Special Situation Credit- £19.8 million
- Fiera Real Estate- £30.0 million

The outstanding commitments are expected to be substantially invested within three years.

Note 23 Contingent Liabilities

Barnet College and Southgate College merged in 2011. As part of the merger the active employees of Southgate College transferred to the LB Barnet Pension Fund whereas deferred and Pensioner members remained with LB Enfield Pension Fund. LB Barnet Pension Fund assumed responsibility for past service accrued benefits and on-going benefits for the transferred employees from the LB Enfield Pension Fund. LB Enfield Pension Fund has requested a transfer value buy-out from LB Barnet Pension Fund or Barnet Southgate College estimated at £4.2 million to fund the liability shortfall for the deferred and pensioner members based on a cessation funding formula.

The Council has sought advice from the Scheme Actuary who stated that the original LB Enfield proposal to seek settlement of the liability on a cessation funding basis was not out of line with other similar cases. However, the Pension Fund may be able to mitigate some of the cost through agreeing a direction order for the transfer. This approach is also supported by the latest legal opinion obtained by the Council.

Negotiations are still on going with LB Enfield to agree a way forward which may result in the LB Barnet Pension Fund not having to make payments to LB Enfield Pension Fund by agreeing that LB Enfield's pensioners and deferred members being transferred into the LB Barnet Fund, with LB Barnet Pension Fund receiving a share of LB Enfield Pension Fund's assets attributable to the Southgate liabilities.

The process is not concluded and at this stage the potential liability for LB Barnet Pension Fund remains uncertain in terms of the amount and the timing of any payment.

Note 24 Events after the Reporting Period

Management have reviewed and can confirm that there are no significant events occurring after the reporting period.

Glossary

For the purpose of compiling the Statement of Accounts, the following definitions have been adopted:

Accounting policies

Those principles, bases, conventions, rules, and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- (i) recognising
- (ii) selecting measurement bases for, and
- (iii) presenting assets, liabilities, gains, losses, and changes to reserves.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised, the basis on which it is to be measured and where in the revenue account or balance sheet it is to be presented.

Accounting standards

A set of rules explaining how accounts are to be kept. By law, local authorities must follow 'proper accounting practices,' which are set out in Acts of Parliament and in professional codes and statements of recommended practices. These standards make comparability, among other things, possible.

Accrual

The recognition of income and expenditure as it is earned or incurred, as opposed to when cash is received or paid.

Actuarial gains and losses

These arise where actual events have not coincided with the actuarial assumptions made for the last valuations (known as experience gains and losses) or the actuarial assumptions have been changed.

Assets

These can either be:

- Long term (non-current), tangible assets that give benefits to the authority for more than one year.
- Property, plant, and equipment assets which are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes.
 - Community assets - assets that the local authority intends to hold in perpetuity, which have no determinable useful life and that may have restrictions on their disposal. Examples include parks.
 - Council dwellings - these are residential properties owned by the council providing homes for social rent.

- Operational land and buildings – these are owned by the council to provide services to the community. Examples include leisure centres, libraries, and museums.
- Vehicles - these assets are used by the council for the direct delivery of services, for example waste disposal vehicles.
- Equipment held by the local authority in the delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objective of the authority.
- Infrastructure assets - fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of such fixed assets are highways and footpaths that cannot be transferred to another owner.
- Surplus assets - no longer used by the council and held pending sale or regeneration.
- Investment property is property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both.
- Intangible assets - these are usually stand-alone intellectual property rights such as software licences that, although they have no physical substance, provide a benefit for more than the year.

Amortisation

A measure of the cost of economic benefits derived from intangible assets that are consumed during the period.

Associate company

An organisation is an associate of a parent local authority where the authority holds a long term, participatory interest and is in a position to exercise a significant but not dominant influence over that organisation.

Balance Sheet

A statement of the recorded assets, liabilities, and other balances at the end of an accounting period.

Billing authority

A local authority empowered to set and collect council tax, and manage the collection fund, on behalf of itself and precepting authorities in its area.

Business Rate Supplement (BRS)

The Business Rate Supplements Act 2009 enables levying authorities – county councils, unitary district councils and, in London, the Greater London Authority - to levy a supplement on the business rate to support additional projects aimed at economic development of the area.

Capital Expenditure

Expenditure on the acquisition, construction, enhancement, or replacement of a non-current asset, for example schools

Collection Fund

The fund, administered by a billing authority, into which council taxes are paid, and from which payments are made to the general fund of billing and major precepting authorities. NNDR collected by a billing authority is also paid into the fund before being distributed to central government and local authorities.

Deferred capital receipts

These represent amounts derived from the sale of assets, which will be received in instalments over agreed periods of time, such as payments from mortgages on the sale of council houses.

Defined benefit scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined contribution scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employees benefits relating to employee service in the current year and prior periods.

Depreciation

The measure of the cost of the economic benefit of the tangible fixed asset consumed during the period.

Events after the balance sheet data (post balance sheet events)

Events after the balance sheet date are those events, favourable or unfavourable, that occur between the balance sheet date and the date when the statement of accounts is authorised for issue.

Inventories

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

General fund

The account that revenue expenditure and income is charged for the council's services (excluding the HRA).

Government grants

The amounts of money the authority receives from the Government and inter-government agencies to help fund both general and specific activities.

Historic cost

The original cost of the asset when it was first acquired.

Housing revenue account (HRA)

The account which is charged with the income and expenditure for the provision of council housing.

Impairment

A reduction in the value of a non-current asset, greater than normal depreciation, below its carrying amount on the balance sheet.

Joint venture

A joint venture is where a parent local authority holds an interest on a long-term basis in an organisation and that organisation is jointly controlled by the local authority and one or more other entities under a contractual arrangement.

Leases

These may be finance leases that transfer the risks and rewards of ownership of an asset to the authority. Alternatively, they may be operating leases that are more akin to a hire agreement.

Levies

Payments made to the London Pensions Fund Authority, the Environment Agency, and the Lee Valley Regional Park Authority.

Liabilities

Amounts the authority either owes or anticipates owing to others, whether they are due for immediate payment or not.

Major repairs reserve (MRR)

This reserve is for capital expenditure on HRA assets.

Minimum revenue provision (MRP)

The minimum amount that the council must charge to the revenue account in the year in respect of the repayment of debt.

Non-domestic rates (NDR)

Rates are payable on business premises based on their rateable value and a national rate poundage multiplier. Barnet acts as the “billing authority” for its area and under the localised business rates regime retains share of the net yield from Business Rates but precepts a share over to the Greater London Authority and passports an amount to Central Government (with Barnet acting as an agent on behalf of the Government).

Net book value (NBV)

The amount at which non-current assets are included in the balance sheet, i.e., their historical cost or current value less the cumulative amounts provided for depreciation.

Operational assets

Non-current assets held and occupied, used, and consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objectives of the authority.

Outturn

Actual income and expenditure in a financial year.

Pension Funds

For the Local Government Pension Scheme, these are the funds that invest employers' and employees' pension contributions in order to provide pensions for employees on their retirement and pensions for employees' dependants in the event of death of the employee.

Prior period adjustments

Material adjustments, applicable to prior years, arising from changes in accounting policies, or from the correction of material errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Precept

The amount of income demanded of the collection fund by an authority entitled to such income.

Preceptor

An authority entitled to demand money of the collection fund. The preceptors on Barnet's collection fund are the council itself, the Greater London Authority, and the Government.

Provisions

Amounts held against specific potential liabilities or losses where there is uncertainty as to amounts and/or due dates.

Prudential borrowing

Borrowing by local authorities without government financial support, but in accordance with the CIPFA Prudential Code for local authority borrowing.

Prudential Code

A professional code of practice prepared by CIPFA, for the prudential system introduced on 1 April 2004. Local authorities are required by legislation to have regard to this code.

Public Works Loan Board (PWLB)

A Government body that lends money to local authorities for periods in excess of one year, often at preferential interest rates.

Rateable value

Assessment of a property's value from which rates payable are calculated.

Revenue expenditure funded from capital under statute (REFCUS)

REFCUS represents expenditure that may be classified under legislation as capital but does not result in the creation of a fixed asset on the council's balance sheet.

Related parties

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

- one party has direct or indirect control of the other; or
- the parties are subject to common control from the same source; or
- one party has influence over the financial and operational policies of the other party to the extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- the parties, in entering into a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest.

Related party transactions

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made.

Reserves

Amounts prudently held to cover future financing commitments. Payments to reserves are not counted as service expenditure. Payments from reserves are passed through service revenue accounts unlike provisions which are not. Earmarked reserves are allocated for a specific purpose. Unallocated reserves are described as balances.

Substance over form

There is a requirement that the substance (real effect on the authority) of a transaction is reported rather than just actual monetary movements (substance over form) at the time they happen. That is, future liabilities or gains are recognised in the accounts when they are incurred rather than just when paid for or received.

The Code of Practice

This Code includes guidance in line with IFRS, IPSAS and UK GAAP Accounting standards, it sets out the accounting practice to adopt for the Statement of Accounts.

Useful life

The period over which the local authority will derive benefits from the use of a fixed asset.

UK GAAP

UK GAAP is the Generally Accepted Accounting Practice in the UK (UK GAAP) is the body of accounting standards and other guidance published by the UK's Financial Reporting Council (FRC).