

BARNET

LONDON BOROUGH

2023/24 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 2023/24 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 2023/24. The statement is included within the Statement of Accounts (pages 16 to 45).

About the Council

Home to almost 400,000 people, we are the second largest borough by population in London, and with more than 26,000 businesses and 1,000 charities, Barnet has more high streets and town centres than any other London borough, all at the heart of a buzzing, caring and vibrant community. Proud of our diverse communities and being a place where people feel welcomed and celebrated, we have many strengths in the borough. But we are very aware that the cost-of-living crisis continues to affect so many people across our community.

To help those who are in financial crisis, we have the Resident Support Fund and other cost-of-living support as well as our award-winning financial calculator, which has helped bring in £7m of unclaimed benefits into Barnet. Health, social and economic inequalities limit the opportunities available to lead a good life for our residents, tackling these problems require us all to work together.

Our partnership with residents on our Net Zero journey through our Citizen's Assemblies, demonstrate we are a listening council. Building on our relationship and trust with residents, businesses, and communities by having ongoing conversations involving all in decision-making process, we have held Business Breakfast Briefings where business owners have been able to talk the Leader of the Council, our Small Business Champion and council officers. We have also launched the new Business Toolkit, which puts our key business services in one place, setting out what Barnet offers and how these can be accessed.

Barnet's ambition and vision puts Caring for People, our Places and the Planet at the heart of what we do.

Brent Cross West station, the first major new mainline station in London in over a decade and a fundamental part of the ambitious Brent Cross Cricklewood Regeneration Programme, opened on the 10th of December 2023. Providing a gateway to Brent Cross Town, the new park town for future London, trains from central London take as little as 12 minutes connecting Eurostar services from St Pancras to Brent Cross West.

Through driving down embodied carbon in buildings and infrastructure and targeting ‘fossil-free’ generation of on-site energy supplies, Brent Cross Town aims to be a net zero carbon town by 2030. Delivering up to 6,700 new homes through a mix of affordable homes, rentals and homes for sale, a high street with a mix of shops, cafés and restaurants and multi million square feet new office space creating 25,000 jobs, rehousing of three schools, and better walking and cycling routes Brent Cross Town aims to deliver a town that embodies our vision and ambitions.

Ranking among the country’s top 18% local authorities for progress towards becoming net zero carbon council, we have pledged to plant 1,000 trees a year over the next 5 years and completed our first-ever Citizen’s Assembly

Our secondary schools rank third in England for attainment 8 and 95.3% of our schools are rated ‘Good’ or ‘Outstanding’ and 100% of applications made on time for reception places received an offer. Over 80 events were celebrated by thousands of residents as part of our cultural events and festivals programme and our libraries and community venues saw over 6,000 people including 2,702 children attend 198 events. Through our community engagement and participation strategy we have set out how we involve communities more closely to shape services and local areas and we have developed a new Community Participation Toolkit.

To monitor crime across the borough we invested £2.3m in CCTV and the innovative Clear, Hold, Build project in partnership with the police resulted in 311 arrests in a pilot area in Colindale.

In addition, we made 16.6m bin collections and cleared over 8,000 fly-tips, with more than 9,000 residents using our community skips service and are investing £100m to resurface roads and tackle potholes over the next 5 years.

During 2023/24 the council undertook to replace its current Enterprise Resource Planning system from Integra to Oracle Cloud. The activities of 2023/24 were carried out on Integra up until financial year end. Oracle was implemented as a live system on 1 April 2024.

Council

The council is comprised of 63 Councillors democratically accountable to residents of the Borough and their respective Wards. The overriding duty of Councillors is to the whole community, but they have a special duty to their constituents. All Councillors meet as the Council, required by law to take certain important decisions, and decide on the Council’s overall policies.

The Council also approves a number of key plans and strategies:

- Approving the strategic financing of the council.
- Determining of the council’s financial strategy; and
- Approving the Budget

Cabinet Structure

The council moved to a Cabinet structure of governance in 2023/24 from previously operating under a 'Committee System of Governance'. This means that decisions were taken by the Executive, which is made up of the Leader and between two and nine other Councillors appointed by the Council, known as the Cabinet.

Major decisions are published on the Council's Forward Plan for discussion at upcoming Cabinet meetings, where decisions are made in line with the Council's overall policies and budget.

Overview and Scrutiny Committee

The Council appoints the Overview and Scrutiny Committee, which has a role of checking the actions of Cabinet in delivering services and assisting Cabinet to develop plans and policies.

The Overview and Scrutiny Committee can monitor the decisions of the Executive and have a power to "call-in" certain decisions of the Executive where they have yet to be implemented for reconsideration however, the Overview and Scrutiny Committee cannot overrule the Executive.

Council's Management Structure

The council's management team during 2023/24 is shown below:



Note: Interim Executive Director Resources (S151) joined March 2024 to cover maternity leave for Executive Director of Strategy and Resources (S151).

Strategy and Resource Allocation

Our Plan for Barnet for 2023-2026 sets out a strategic vision for the Borough, driven by our pillars of “**Caring for People, our Places and the Planet**” that are at the heart of everything we do. The plan sets out the key priorities, specific areas of focus and undertaking to deliver:

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

The pillars are underpinned by a foundation of:

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

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



Financial Performance

General Fund

The council managed a General Fund revenue budget of £368.818m during 2023/24 with overall spend recorded against allocated budget as shown below:

Service Areas	2023-24 Budget	Outturn before reserves	Variance	Reserves applied	Outturn after reserves	Variance after reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Communities, Adults and Health	135,561	161,664	26,103	(6,764)	154,900	19,340
Children's Family Services	81,675	86,707	5,032	(1,295)	85,412	3,736
Customer and Place	63,961	66,265	2,304	2,573	68,838	4,876
Assurance	10,783	10,152	(631)	490	10,642	(141)
Strategy & Resources	57,239	46,160	(11,079)	5,410	51,570	(5,670)
Public Health	19,599	20,594	995	(956)	19,638	39
Total at Month 12	368,818	391,542	22,724	(542)	390,999	22,181

The following table sets out how the Service Areas performed in 2023/24 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 Cabinet.

Service Areas	2023/24						
	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
Communities, Adults and Health	135,561	154,901	19,340	8,015	162,916	(9,202)	153,714
Public Health	19,599	19,638	39	956	20,594	(18,916)	1,678
Assurance	10,783	10,642	(141)	17	10,659	335	10,994
Customer and Place	63,961	68,838	4,877	(2,817)	66,021	16,618	82,639
Strategy and Resources	57,239	51,569	(5,670)	(6,907)	44,662	(15,467)	29,195
Children's Family Services	81,675	85,411	3,736	2,094	87,505	3,678	91,183
Local Authority Housing (HRA)	0	0	0	0	0	92,380	92,380
Net Expenditure on Services	368,818	390,999	22,181	1,359	392,358	69,425	461,783
Other Income and Expenditure	0	0	0	(353,476)	(353,476)	33,489	(319,987)
(Surplus) or Deficit on Provision of Services	368,818	390,999	22,181	(352,117)	38,882	102,914	141,796

Capital Outturn

For 2023/24 the capital programme included a budget of £381.457m. The capital outturn is £322.671m, of which £165.926m relates to the General Fund programme and £156.745m relates to the HRA capital programme:

Service Area	2023/24 Budget	(Slippage)/ Accelerated Spend	2023/24 Outturn	Variance from Approved Budget
	£'000	£'000	£'000	£'000
Communities, Adults and Health	12,090	(3,652)	8,439	(3,652)
Children's Family Services	9,463	(1,646)	7,817	(1,646)
Assurance	1,567	(419)	1,148	(419)
Customer and Place	130,561	(23,827)	106,734	(23,827)
Brent Cross	47,419	(11,658)	35,761	(11,658)
Strategy & Resources	8,330	(2,303)	6,027	(2,303)
General Fund Programme Total	209,431	(43,505)	165,926	(43,505)
HRA	172,026	(15,282)	156,745	(15,282)
Grand Total	381,457	(58,786)	322,671	(58,786)

The key variance since updating the programme overall is Customer and Place of £23.827m, and Brent Cross of £11.658m

Reserves

The council has set aside specific amounts as reserves for future policy purposes or to cover contingencies. As at 1 April 2023, the council held earmarked reserves of £126.701m, by 31 March 2024 these had reduced to £83.562m.

- **Capital Reserves:**
 - Community Infrastructure Levy (CIL) contributions: the difference between amounts received and amounts spent carried to reserves at year end for use in future years.
- **Ringfenced Reserves**
 - These include the Public Health Grant, Dedicated Schools Grant and other Earmarked Revenue Grants carried to reserves at year end for use in future years.
- **Committed reserves.**
 - Service Specific Revenue Reserves totalling £17.134m
 - Transformation Reserve including with a carry forward of £10.568m
 - Financial Resilience Reserve with a carry forward of £8.882m

Reserves	Balance at 31 March 2023	In year Expenditure	Reserve movements	New Reserves Raised	Balance at 31 March 2024
	£'000	£'000	£'000	£'000	£'000
Capital - Community Infrastructure Levy	24,699	(16,487)	0	8,600	16,812
Revenue implications of capital	3,569	0	(3,569)	0	0
Total Capital Reserves	28,268	(16,487)	(3,569)	8,600	16,812
Public Health	1,603	(785)	0	0	818
Dedicated Schools Grant	9,711	0	0	1,064	10,775
Special Parking Account	1,311	0	0	0	1,311
Earmarked Revenue Grants	5,503	(3,802)	(34)	2,322	3,990
Brent Cross Designated Area S31	13,449	0	(7,449)	0	6,000
Insurance	2,768	0	0	0	2,768
Council tax and NNDR smoothing	2,822	(5,531)	0	3,801	1,091
Total Ringfenced Reserves	37,167	(10,117)	(7,483)	7,187	26,753
Housing Benefits	0	0	0	0	0
Local Welfare Provision	4,084	(3,411)	320	0	993
Covid-19 Recovery	0	0	0	0	0
Service Specific Revenue Reserves	14,737	(6,756)	(790)	9,944	17,134
Climate change	1,543	(724)	0	0	818
Council Tax Rebate	0	0	0	0	0
Transformation Reserve	6,177	(1,609)	6,000	0	10,568
Residents Support Fund	2,369	(768)	0	0	1,601
Financial Resilience Reserve	32,356	(29,526)	5,522	530	8,882
Total Committed Reserves	61,266	(42,795)	11,052	10,474	39,996
Total Earmark Reserves	126,701	(69,400)	0	26,261	83,562

Further details on 2023/24 outturn report can be found in the report that will be presented to Cabinet on 16 July 2024 [Committee details - Cabinet \(moderngov.co.uk\)](#).

2024/25 Budget

Medium Term Financial Strategy (MTFS)

The MTFS is an integral part of the council's overall planning and strategy as part of the statutory requirement to set a balanced budget, it ensures a financially sustainable and stable platform from which to deliver its strategic objectives through Our Plan for Barnet 2023-26.

The MTFS covering 2024-30 and the Budget for 2024/25 was presented to Council in February 2024, in line with the objectives of Our Plan for Barnet 2023-26. This has been prepared both to ensure that the services and responsibilities of the council are well resourced and appropriately funded.

The MTFS included assumptions with regards to council tax, other funding, expenditure forecasts and the savings and income generation plans necessary to set a balanced budget. It presented a balanced budget for 2024/25 with no use of reserves to balance the budget. This included an in-year savings requirement for 2024/25 of £39.008m.

The MTFS recognised a number of different financial pressures which will impact the council over the coming years. These include nationwide high inflation and high interest rates, twinned with latent demand from Covid, increases in demand for social care and reductions in income on parking.

This, combined with a number of local factors such as the need for independent fostering agencies and increasing adult social care costs mean that pressures on the council's budget is likely to continue to increase. This is not a new challenge for the council and we will manage this through prudent financial planning and delivery of the Medium-Term Financial Strategy.

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

The organisational objectives in setting the MTFS were as follows:

- We will set a legal budget, balancing recurrent expenditure with estimated income within the medium term in order that the council has a sustainable financial position.
- We will plan over a medium term of at least 3 years in order that the council is fully informed as to future scenarios and can prepare appropriate action.
- A level of sustainable reserves will be maintained, this will be defined by the Section 151 officer during the budget setting process, considering prevailing risks and opportunities. For 2024, this has been identified as £15m for general fund balance and £40m 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 Our Plan for Barnet 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
- We will act lawfully and protect the integrity of regulations, ring fences and accounting rules.

The final Local Government Finance Settlement (LGFS) was announced on 5th February 2024, outlining funding allocations for local authorities for 2024/25 only, this is the sixth single year funding settlement in a row since 2019/20. It gave confirmation of the majority of funding streams for 2024/25. Work on the 2025/26 MTFS has begun and, against this background of funding uncertainty we continue to look ahead and consider how to deliver services differently and find ever more innovative ways to deliver services to make Barnet a great place to live and work.

Risk Management

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

The council has an established approach to risk management, which is set out in the Risk Management Framework (RMF). The RMF outlines the different levels of risk – strategic, service, team and project – and how they should be managed. Strategic and service risks (including joint risks with our strategic contractors Capita, The Barnet Group and Barnet Education and Learning Service) are reviewed on a quarterly basis by risk owners, managers and Directorate Senior Leadership Teams to ensure they remain relevant and the controls and mitigations in place to manage the risks remain effective. They then undergo a “check and challenge” by the corporate risk team and final review by the Council Management Team (CMT). The strategic and high level (15+) service risks are presented to the Governance, Audit, Risk Management and Standards (GARMS) Committee, and high level (15+) risks are also included in the Our Plan for Barnet – Delivery and Outcomes Framework quarterly reporting to Cabinet for scrutinisation by members.

In 2023/24 the most common high-level risks related to budget pressures (in total nine out of 18 high level risks in Q3), particularly around Adults and Children’s services, as well as affordability of the council’s capital programme. Other common themes related to governance and business continuity (generally, and specifically responding to a cyber security event), housing (increases in temporary accommodation demand and impacts of elevated demand in responding to issues relating to private rental sector), and climate change.

Our approach to risk management ensures we have effective oversight of risks across the organisation and remains a key part of our internal control framework. Internal Audit also regularly audit our risk approach and process. For 2023/24, the audit focused on risk management within Children’s Services and Strategy & Resources and how relevant risks in these areas are reported at a corporate level. The final report issued in April 2024 provides positive assurance.

Annual Governance Statement

London Borough of Barnet

Annual Governance Statement

2023/24

DRAFT



Introduction

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

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

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

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

This Annual Governance Statement explains how the Council meets the requirements of Regulation 6 of the Accounts and Audit Regulations 2015¹ in relation to the publication of a Statement of Internal Control.

The Council has a separate [Code of Corporate Governance](#) which is reviewed annually and reported to the [Governance, Audit, Risk Management and Standards Committee](#) alongside this Statement and published as part of the Constitution². The Code is consistent with the principles of Good Governance as set out in the CIPFA Delivering Good Governance in Local Government Framework 2016³. How the Council complies with the principles are detailed below and in the Code of Corporate Governance which is reported to the Governance, Audit, Risk Management and Standards Committees alongside this Statement.

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

² [Barnet Constitution](#) Part 4H – Code of Corporate Governance

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

The Annual Governance Statement

The Annual Governance Statement is an annual self-assessment which allows the Council to review the effectiveness of their operating governance arrangements and identify the progress of the authority in managing significant issues. The Council produces this Annual Governance Statement to report publicly on the extent to which the Council complies with its local code, this is a statutory requirement.

This Annual Governance Statement (AGS) demonstrates how Barnet Council's governance arrangements deliver these seven principles set out in table 2 below. It includes:

- Barnet Council's governance framework.
- How the council has reviewed the effectiveness of its governance arrangements in 2023/24 and gives the main findings of this review.
- The actions the council will take in the year ahead to address the main governance issues identified in the review of effectiveness.

Barnet Council has an assurance framework which mainly includes the Council's formal governance arrangements and the Assurance and Public Directorate. This enables Members and the Senior Management Team to identify the principal risks to the Council's ability to meet its key objectives. Members and the Senior Management Team can map out key controls to manage risks as well as how they are assured that these controls are effective in identifying, managing, and mitigating risks.

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

The Three Lines of Defence assurance model helps elected Members and the Senior Management Team 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.

How has the Annual Governance Statement been prepared?

The Council has reviewed significant governance issues from the [2022/2023 statement](#) and there are detailed updates on each issue in the following section. In addition, the Council has considered emerging governance issues for 2024/25 and have included those in the Statement as issues to be monitored and addressed thought the coming year.

The Council’s Governance Framework

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

- Leadership and management
- Performance and risk management
- Stewardship of public money, and
- Public engagement and outcomes for our citizens and service users.

The governance framework incorporated into this Annual Governance Statement has been in place at Barnet Council for the year ended 31 March 2023 and up to the date of the approval for the statement of accounts.

Table 1, below, provides a summary of the governance framework:

<p>Council, Cabinet and Leader</p> <ul style="list-style-type: none"> • Provide leadership, approve the budget, develop and set policy. • Approve the Constitution which sets out how the council operates. • Agree council Corporate Plan priorities, developed in consultation with residents and stakeholders. 	<p>Scrutiny and Review</p> <ul style="list-style-type: none"> • Overview and Scrutiny function commissions review council policy and can challenge decisions. • GARMS Committee includes the audit function and reviews governance and promotes and maintains high standards of conduct by councillors.
<p>Decision Making</p> <ul style="list-style-type: none"> • All decisions made in compliance with law and council Constitution. • Meetings are usually held in public. • Decisions are recorded on the council website. 	<p>Risk Management</p> <ul style="list-style-type: none"> • Risk Management Strategy ensures proper management of risks. • Risk registers identify both strategic and operational risks.
<p style="text-align: center;">Council Management Team</p> <p>Head of Paid Service is the Chief Executive and is responsible for all council staff and leading an effective Council Management Team (CMT)</p>	

Governance Arrangements

The Council's governance arrangements comprise two key elements:

1. The systems and processes which are in place to ensure that adequate controls exist (internal control framework; external audit; the Constitution; schemes of delegation; codes and protocols; and written decisions being subject to a report clearance process before they are published). The strategic direction of the authority is set out in the Corporate Plan and the Council regularly monitors via its decision-making framework, delivery of its strategic objectives.
2. 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.

Assessing our delivered of good governance against the Governance Core Principles (CIPFA) for 2023/24

Figure 2 – Delivering Good Governance Core Principles (CIPFA)

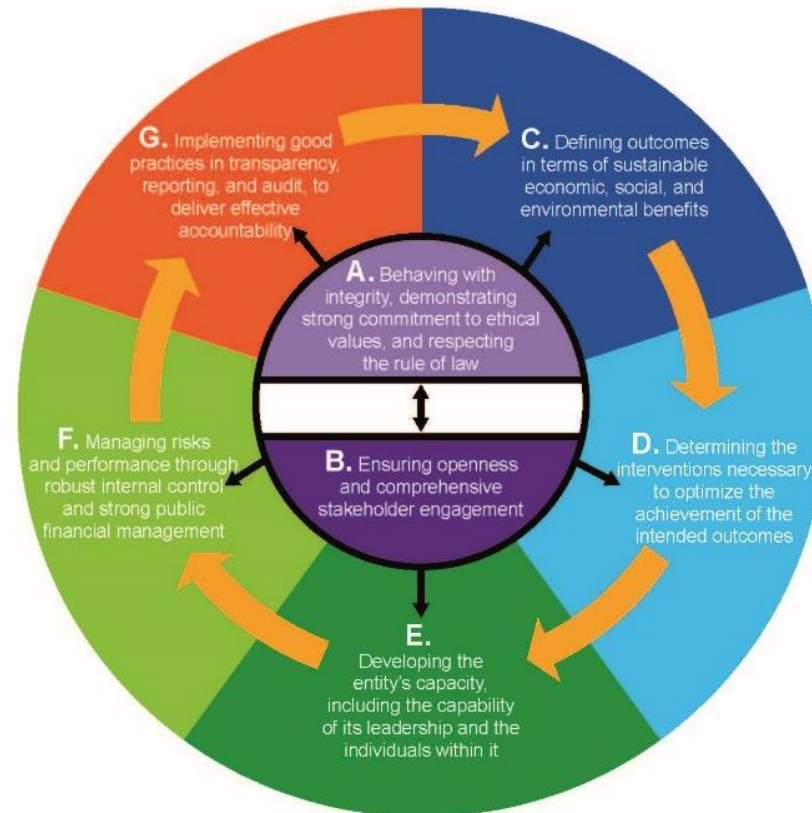


Table 2, below, identifies Barnet Delivering Good Governance Core Principles (CIPFA) for 2023/24

CIPFA Principles	Examples from 23/24
<p><i>A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</i></p>	<p>The Council has recently undertaken a wholesale review of the constitution to enable it to move to a cabinet system of governance.</p> <p>On 26 July 2022, Council passed a motion instructing officers to undertake a review of the council’s governance arrangements to:</p> <ul style="list-style-type: none"> • Move to an Executive System • Introduce an Overview & Scrutiny function; and • Strengthen opportunities for public participation. <p>Officers set up a Governance Review project to commence a review of the council’s current formal governance arrangements and the steps required to make a legal change to a different governance system, comprising of an all-out change from one governance option to another under the Localism Act 2011. The new Constitution and governance arrangements were effective from 23 May 2023. Further information about the Governance Review Project can be found here - Agenda for Governance, Audit, Risk Management and Standards Committee (GARMS) on Monday 16th October, 2023, 7.00 pm (modern.gov.co.uk)</p> <p>The Constitution defines the roles and responsibilities of the executive, non-executive, scrutiny and chief officer functions. Following the change in Governance arrangements in 2023, the council’s constitution was re-written to reflect the move to Cabinet model. Barnet’s Constitution is available on the council website - Constitution</p>
<p><i>B) Ensuring openness and comprehensive stakeholder engagement.</i></p>	<p>Complaints Process</p> <p>Complaints are an important way for an organisation to be accountable to the public, as well as providing valuable prompts to review organisational performance and the conduct of the people that work within and for it. The council’s aim is to ensure that when things go wrong, it responds quickly to put things right. The council is committed to learning from and improving its performance in response to customer feedback.</p> <p>The Council operates a two-stage corporate complaints procedure:</p>

CIPFA Principles	Examples from 23/24
	<ul style="list-style-type: none"> • Stage 1 - Complaints are investigated and responded to by the relevant service manager or equivalent of which the complaint concerns. • Stage 2 - Where the complainant remains unhappy with their stage 1 response, they may escalate their complaint, which is investigated further and responded to by the relevant senior manager <p>If the complainant remains dissatisfied after going through the Council’s complaints procedure, they can escalate the matter to the LGSCO.</p> <p>The Corporate Complaints and Local Government and Social Care Ombudsman (LGSCO) Annual Report 2022/2023 was reported to the Governance, Audit, Risk Management and Standards Committee (GARMS) in October 2023.</p>
<p><i>C) Defining outcomes in terms of sustainable economic, social, and environmental benefits</i></p>	<p>The Corporate Plan</p> <p>The overall budget and policy framework of the council is set by the Council and all decisions are made within this framework. Our Plan for Barnet sets out our visions for an Engaged and Effective Council, how we Care for our People, our Places, and our planet. The Corporate Plan 2023-26 demonstrates how we will put our plan into practice and deliver for our residents, communities, and businesses.</p> <p>The Barnet Corporate Plan can be found here.</p> <p>It is developed alongside the budget through consultation with residents and other stakeholders in the borough, and which sets out how Our Plan for Barnet will be achieved.</p> <p>Performance against the plan is monitored throughout the year. Progress is reviewed quarterly.</p> <p>From the Plan, service plans and business plans are developed and individual officer work plans are agreed, with performance targets agreed at every level. Detailed budgets are aligned to corresponding plans following a robust budget challenge process, which challenges managers to demonstrate efficiency and value for money, and performance is monitored and managed at every level on a regular basis.</p>

<p><i>D) Determining the interventions necessary to optimise the achievement of the intended outcomes</i></p>	<p>Determining Interventions</p> <p>In the new Cabinet System decision makers receive objective and rigorous analysis of a variety of options when making decisions, indicating how intended outcomes would be achieved and the associated risks, for instance in the challenge and review process that underpins the setting of the annual budget and savings plans. All key decisions include details of the financial, legal, environmental and equality implications, to allow Members and officers to make informed decisions.</p>
<p><i>E) Developing the entity's capacity, including the capability of its leadership and the individuals within it</i></p>	<p>A comprehensive induction programme is provided to all new Councillors following the local elections in May 2022, as well as following any By Elections.</p> <p>The Council has achieved Charter Plus status for its Member Development Programme.</p>
<p><i>F) Managing risks and performance through robust internal control and strong public financial management</i></p>	<p>Internal Control</p> <p>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.</p> <p>The system is based on an on-going process designed to:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ▪ 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.

	<p>In 2023/24 the most common high-level risks related to budget pressures (in total nine out of 18 high level risks), particularly around Adults and Children’s services, as well as affordability of the Council’s capital programme. Other common themes related to governance and business continuity (generally, and specifically responding to a cyber security event), housing (increases in temporary accommodation demand and impacts of elevated demand in responding to issues relating to private rental sector), and climate change.</p> <p>The Council has an established approach to risk management, which is set out in the Risk Management Framework (RMF). The RMF outlines the different levels of risk – strategic, service, team, and project – and how they should be managed. Strategic and service risks are reviewed on a quarterly basis by risk owners/managers and Directorate Senior Leadership Teams before undergoing a “check and challenge” by the corporate risk team and final review by the Council Management Team (CMT). Strategic and high level (15+) service risks are presented to GARMS Committee, and high level (15+) risks are included within the Our Plan for Barnet – Delivery and Outcomes Framework quarterly reporting to Cabinet for scrutiny by Members. More detail on these risks can be found in reports to the GARMS Committee (see here)</p> <p>The Three Lines of Defence in Effective Risk Management and Control See below in figure 3.</p>
<p><i>G) Implementing good practices in transparency, reporting, and audit to deliver effective accountability</i></p>	<p>Internal Audit provide independent assurance on key financial systems and areas of service delivery on a risk-based approach.</p> <p>Please see the open and ongoing issues 24/25.</p>

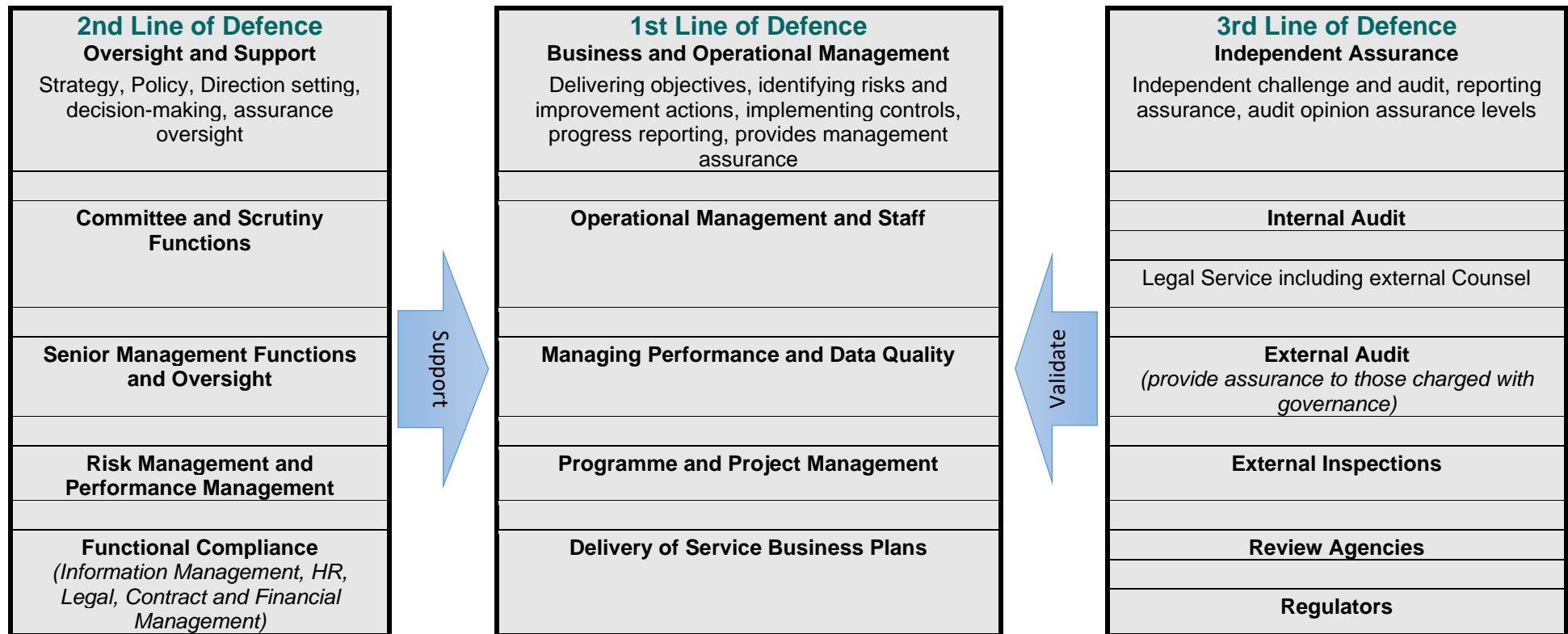
The Three Lines of Defence in Effective Risk Management and Control – (CIPFA Principle F)

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.

Figure 3, The three lines of defence.



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 2024/25 and will continue to be monitored. Any issues that have been resolved during 2023/24 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 2024/25 - this Code is reported to Council and forms part of the Council's Constitution.

Local Government Association (LGA) Peer Challenge

In June 2023, the Council elected to undertake an LGA Corporate Peer Challenge. Some of the feedback from the review related to governance arrangements including:

1. Support and Development for Cabinet Members – to enable Cabinet Members to fully undertake their strategic role as well as updated processes relating to the new Executive system;
2. Policy and Administrative Support – ensuring that the Administration have appropriate political and policy support;
3. Review of Company Governance and Loan Arrangements – to ensure that these arrangements link to the council's priorities, and that risk is managed appropriately.

In response to the Peer Challenge, an Action Plan was reported to Cabinet on 5th September 2023: [Agenda for Cabinet on Tuesday 5th September, 2023, 7.00 pm \(moderngov.co.uk\)](#). The LGA undertook a progress review on 23rd February 2024. At the time of drafting the Statement, formal feedback from the LGA was awaited. However, a summary of the progress against the feedback is detailed below:

1. Support and Development for Cabinet Members – Cabinet Forward Plan is being co-produced with Cabinet; regular meetings between individual Cabinet Members and their linked director/key officer; early engagement with Cabinet on key decisions; training for Cabinet Members and officers;
2. Policy and Administrative Support – a review of support for Cabinet is taking place; and training and development for officers will take place on cultural shift in relation to policy development; and
3. Review of Company Governance and Loan Arrangements – update as detailed in sections below.

Work will continue during 2024/25 on addressing the governance related recommendations in the LGA Peer Challenge.

Governance Issues Identified Throughout 2023/2024

The table below summarises the specific governance issues identified. These have been categorised as:

- Ongoing Issue (previously identified)
- New or Amended Issue – identified in 2023-2024
- Closed Issues – issue is now closed on the Annual Governance Statement but is being managed as ‘Business as Usual’

Governance Issue	Responsible Officer
OPEN / OPEN (Amended)	
1. Annual Internal Audit Opinion - Key Findings	Head of Internal Audit
2. Auditor Capacity and Impact on Audit of Accounts	Executive Director Strategy & Resources / Head of Internal Audit
3. Company Governance and Loan Arrangements	Executive Director Strategy & Resources / Monitoring Officer / / Head of Governance
4. Cyber Security and Business Continuity	Assistant Director Customer & Digital Services / Head of Organisational Resilience
5. Housing Regulation	Head of Strategic Housing
6. Financial Resilience	Executive Director Strategy & Resources
7. Emergency Planning and Organisational Preparedness	Head of Organisational Resilience
8. Centre for Governance and Scrutiny Governance Risk and Resilience Framework	Monitoring Officer and Head of Governance
9. Industrial Relations	Assistant Director Human Resources & Organisational Development
CLOSED:	
• Change of Governance Arrangements	
• Governance of Major Capital Programmes including Brent Cross Cricklewood Regeneration	
• Workplace Wellbeing	
• Emerging Legislation and Inspection Regimes	

Open On-Going Issues to be Monitored in 2024/25

1	<p>Annual Internal Audit Opinion - 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 2023/24 Audit Plan to 31 March 2024. This is monitored via every Annual Governance Statement.</p> <p>The Annual Opinion was drafted in May 2024 and will be presented to the next Governance, Audit, Risk Management & Standards Committee.</p> <p>The Opinion provides Reasonable Assurance overall. 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, it is important to note and not overlook the potential negative implications of the high risk rated findings reported during 23/24. Further improvements are required to improve the adequacy and effectiveness of governance and control compliance in particular areas.</p> <p>The performance on implementation of audit actions has deteriorated in 2023/24. For the actions followed up, we were only able to confirm that 67% that were due had been implemented by year end. This is below the target of 90% and is a deterioration on the previous year when the outturn was 81%. The decline is largely attributable to delayed implementation of carried forward actions from 2022/23, of which 68% were implemented by 31st March 2024. This is compared to last year, when 85% of carried forward actions (from 2021/22) were implemented by 31st March 2023. This relates to two historic audits in particular: 'Commercial Rents and Lease Renewals' and 'Local Land Charges Review of Planning Data Controls and Policies', for which the reasons for the delays are understood. As the delays are primarily isolated to two specific audits, the overall assurance rating of Reasonable Assurance is still considered appropriate.</p> <p>Some familiar issues continued to be noted on reviews performed during the year, in particular relating to governance, oversight, roles and responsibilities and compliance issues. The key findings from our non-school audits have been grouped into three themes which are:</p> <ul style="list-style-type: none"> • Governance and oversight • Compliance / Policies & Procedures • Roles and responsibilities <p>Status: Open Responsible Officer: Head of Internal Audit</p>
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<p>2 Auditor Capacity and Impact on Audit of Accounts</p>	<p>The 2022/23 Statement highlighted significant delays with auditing of the Council’s accounts by the external auditors. Details of this issue are on pages 25-26 here.</p> <p>The independent audit of a local authority’s statutory accounts and arrangements for achieving value for money is a key transparency and accountability mechanism which is fundamental to sustaining public confidence in systems of local democracy. Local audit enables taxpayers, and local bodies themselves, to have confidence that financial accounts are true and fair, and that the authority has been acting with propriety and has arrangements in place to secure value for money through the economic, efficient, and effective use of its resources.</p> <p>Recent years have seen delays in audit completion due to increased regulatory requirements of audit firms and capacity and capability issues within the external audit sector. Despite this, the council’s accounts to 2019/20 have been successfully audited. In 2020/21, an additional issue relating to the reporting of infrastructure assets led to delays in local authority audits, principally for highways authorities. This has resulted in delays to the audit of the council’s 2020/21 financial statements and a delay in the commencement of the 2021/22 and 2022/23 external audits.</p> <p>The most recent update from the Council’s external auditor for the years 2020/21 through to 2022/23 advised that they are likely to complete the 2020/21 audit by 30 September 2024, but they will be unable to complete audits for 2021/22 and 2022/23 by the backstop date (as set out below). This is likely to mean disclaimed audit opinions for those two years. The implications of this will need to be carefully managed and updates reported to committee in a timely manner.</p> <p>A joint statement consulting on proposals to clear the backlog of historical audits and ‘reset’ the system was issued by Department for Levelling Up, Housing and Communities (DLUHC) in February 2024. The consultation proposes putting a date in law (the “backstop date”) of the 30 September 2024, by which point local bodies would publish audited accounts for all outstanding years up to and including 2022/23. The outcome of the consultation will be factored into external auditor plans for the audits of the 2021/22 and 2022/23 accounts.</p> <p>On a wider level, the government has recognised the issues in the audit sector. In June 2023 the Public Accounts Committee (PAC) recommended DLUHC, the Financial Reporting Council (FRC) and other system partners set out how to tackle capacity, capability and leadership in local audit, as well as how to ensure developments are made in the long-term market and workforce to address existing issues. PAC also recommended DLUHC set out contingency plans should the legislative</p>
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		<p>programme not allow for the establishment of the Audit, Reporting and Governance Authority (ARGA) during this Parliament.</p> <p>In the absence of the external assurance, and to provide transparency and accountability to elected councillors and residents, the council continues to maintain a strong internal audit function and regular dialogue with the GARMS Committee to ensure councillors are kept up to date of progress, on-going issues and actions that are being taken to address any concerns. The council also undertakes a robust monthly monitoring framework for both revenue and capital spend which is reported to both CMT and Cabinet.</p> <p>Status: Open Responsible Officers: Executive Director Strategy and Resources / Head of Internal Audit</p>
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Open (Amended) Issues to be Monitored in 2024-2025

<p>3</p>	<p>Company Governance and Loan Arrangements</p>	<p>The 2022/23 Statement reviewed the separate bodies and their reporting arrangements and concluded that robust arrangements were in place and that this issue should be closed (see pages 8-12 here).</p> <p>However, the Council completed a Local Government Association Peer Review in June 2023 and one of the recommendations was: “Undertake a review of company governance and loan arrangements, providing clarity of responsibility around the management of risk.” As such, it was decided that this issue should remain open and be monitored during 2024/25.</p> <p>During the year, the Council has undertaken a review of:</p> <ul style="list-style-type: none"> ➤ Council companies and subsidiaries including capturing key company information (purpose, lead officer, directors, insurance arrangements, auditors, memorandum of understanding or articles of association, reserved matters, loans to the company, etc.); ➤ Council investments including investment/asset details, business case, monitoring arrangements, benefits realisation, senior responsible officer, partners, and links to council decisions; ➤ Council Loan arrangements including name of loan, sponsor, relationship manager, loan compliance officer, key third party contact, business cases/financial appraisals, commercial or service income, links to council decisions, other key documents, regulatory guidance,
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		<p>management of counterparty risk, related companies, details of loan facility, drawdown, loan principal repayment, interest rate, and recourse in the event of default; and</p> <ul style="list-style-type: none"> ➤ Council trusts including name of trust, address, date of trust, title numbers, key documents, and council decisions relating to the trust. <p>Work to collate key information on companies and subsidiaries, investments, loans, and trusts has been completed, but the Council must ensure that the risks around these areas are being appropriately managed. An officer group (which included the Deputy Chief Executive, Section 151 Officer, Monitoring Officer, and other lead officers) has agreed that the collated information should be reported to the quarterly Council Management Team Assurance meeting to build in a regular strategic review of these entities. Given the potential risks relating to these types of bodies, this issue will continue to be monitored via the 2024/25 Statement.</p> <p>The council has also identified several opportunities to accelerate regeneration and development of new homes through making loans to partner organisations, some of which it owns in part or whole. Given the changing nature of the portfolio of loans and investments, it is now proposed to update and broaden the investment portfolio review undertaken by a third-party financial consultant (31ten) most recently undertaken in March 2023. During 2024/25, the council will also develop several indicators to monitor the nature of its capital risk exposure in a more nuanced way.</p> <p>Status: Open (amended) Responsible Officers: Monitoring Officer / Executive Director Strategy & Resources / Head of Governance</p>
4	<p>Cyber Security and Business Continuity</p>	<p>In the 2022/23 Statement, the Council monitored an issue relating to cyber security and information management (see pages 16-17 here). Due to the potential impact of this issue on the council's systems and services, this issue has been monitored during 2023/24. However, the emphasis of the issue has changed and now focusses on cyber security and business continuity (rather than cyber security and information management) as it is considered that there is a significant risk to service delivery in the event of a loss access to the Council's IT network and associated systems. The update on this issue is as follows:</p> <p>The threat of cyber security is a key risk to the authority's data, systems, and services; there is consistent monitoring and controls in place to mitigate this risk. Despite the ongoing actions taken to reduce risk in this area, cyber security remains a significant risk due to the potential impact and likelihood of a cyber-attack.</p>

		<p>There is a continued maturing, structured approach that proactively reviews technical controls in place to ensure they are in line with changing threat levels, so that technologies and processes evolve to mitigate the threat. The Council works with relevant agencies and partners both locally and nationally, such as the National Cyber Security Centre, to ensure live threats and intelligence are monitored and responded to. This ensures awareness and vigilance remain high, and clear protocols to respond to evolving threats are developed and maintained.</p> <p>Whilst it is not considered best practice to publish technical mitigations in place to thwart a cyber-attack these are being continually updated and improved. In 2023/24 Barnet:</p> <ul style="list-style-type: none"> ➤ Implemented technical changes that detect and monitor traffic to the network; ➤ Began implementing recommendations following a PwC audit on third party supply chain; ➤ A communications campaign to staff and partners around cyber security and awareness; and ➤ Following the November 2023 PwC audit report on Business Continuity, the service has and will continue to link with business continuity leads to ensure updated reports reflect cyber security risk. <p>Cyber security and information management will continue to be reflected through 2024/25 statement.</p> <p>Status: Open (amended) Responsible Officers: Assistant Director Customer and Digital Services / Head of Organisational Resilience</p>
5	Housing Regulation	<p>Fire Safety</p> <p>The 2022/23 update outlined the Council’s response to the ‘Building a Safer Future’ government initiative and associated legislation which included: the appointment of an ‘Accountable Person’; delivering a Fire Safety Investment Programme for high-risk council owned housing blocks; Barnet Homes undertaking fire risk assessments for low and medium rise blocks and delivering a programme of associated safety works; and regular updates in risk assessments in private sector residential buildings.</p> <p>Building Safety</p> <p>‘Building a Safer Future’ (BSF) is a Government-led initiative in response to the Grenfell Tower tragedy. It is a framework within which the shortcomings identified in the post Grenfell review of Building Regulation and Fire Safety can be addressed. These shortcomings include the way high-rise residential buildings are built and managed. BSF is also intended to deal with situations where</p>

		<p>residents may raise concerns about the safety of their buildings, which they may feel are not taken seriously by their landlord. Two key pieces of legislation support this initiative – the Building Safety Act and the Fire Safety Act.</p> <p>The new Building Safety Regulator, working under the responsibility of the Health and Safety Executive and with responsibility for ‘high risk’ / ‘in-scope’ buildings (e.g., residential blocks over 18 metres, but other criteria may be defined through subsequent statutory instruments) will be operational in 2023/24. Following formal introduction of the Acts an additional £0.9m per annum has therefore been included in the Housing Revenue Account {HRA} Business plan as revenue expenditure within the plan to deliver the requirements of ‘Building a Safer future’ and associated legislation.</p> <p>An update on the council’s progress in putting in place the requirements of the Building Safety Act was submitted to Housing and Growth Committee on 23rd March 2023. The Committee also approved the following recommendations:</p> <ol style="list-style-type: none"> 1. Note that the Council will be the ‘Accountable Person’ for the purposes of the Building Safety Act 2022 and ask Council to approve that the functions of the ‘Accountable Person’ be delegated to the Deputy Chief Executive and that the Constitution be updated; and 2. Approve that the Housing Management Agreement between the Council and Barnet Homes be updated as some duties of the ‘Accountable Person’ will be carried out by them as agent for the council. <p>Fire safety has continued to be monitored throughout 2023/24 with the following highlights:</p> <ul style="list-style-type: none"> • The £52m Fire Safety Investment Programme for high-risk council owned housing blocks is now complete. • Barnet Homes have delivered the fire risk assessment survey programme for low and medium rise blocks totalling 900+ reports. An assessment of future investment need has been developed and budget provision of £29.5m for a 5-year investment programme has been approved. Due to the unforeseen Moss Hall Fire and the wider impact this programme has been extended to 7 years with an additional £3.6million required to deliver the Moss Hall wider project. These works will include compartmentation; fire doors to communal areas and flats; fire detection systems; emergency lighting and fire signage. Due to latest update from DLUCH on the response being proportionate on buildings under 11m a new assessment tool is being created to identify the risk of each building which may lead to variations on the delivery of work. This task will be completed in 2024. • Implementation of the Moss Hall wider fire safety project for timber frame houses which will run from 2023 to 2026. • Implementation of Fire Door inspection programme.
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- Structural assessments of high rise buildings and conversions from EWI to PAS 9980 external wall assessments
- Registration of high-rise buildings on HSE portal, Building Safety Cases, Golden Thread digital system and Resident engagement strategy to 'go live' in Q1 2024.
- Quarterly meetings with Deputy Chief Executive and The Barnet Group (TBG) CEO as per note above regarding 'Accountable Person' status.
- Reporting regime for LFB of life safety equipment in high rise buildings
- Regular updates on risk assessments in private sector buildings (residential).

Damp and Mould

The 2022/23 update detailed that; the council had been undertaking surveys of council housing stock; Barnet Homes recruiting a 'Healthy Homes Team' and linked investment to deal with damp and mould issues; and the approach to managing this issue in the private rented sector.

Since the original response to [Housing and Growth Committee on 17th January 2023](#), following the tragic case of Awaab Ishak, Barnet Homes has recruited additional resources and created a new 'Healthy Homes Team' to manage the current caseload of damp and mould. This is at a cost of circa. £0.200m per annum. We commenced 2023/24 with a revenue budget of £1.1m for staffing and revenue works expenditure and a £1m capital budget for improvements to the stock were required to deal with damp and mould issues.

The consultant Savills have completed property condition surveys at 100% of LBB's social housing stock. These surveys have identified damp and mould issues at different levels of severity. Repairs works have since been completed to rectify the 131 'severe' cases of damp and mould that were identified through the surveys.

To ensure that damp and mould cases are identified and addressed going forward, Barnet Homes' Damp and Mould Working Group has overseen the delivery of training for technical and non-technical staff on identifying and reporting damp and mould in tenants' homes. In addition, the options available to residents for reporting damp and mould issues have been expanded and simplified, and a communications campaign has been delivered to benefit residents.

From June to August 2023, the internal auditors for The Barnet Group (TBG), Mazars, completed an independent audit of TBG's approach to dealing with Damp, Mould and Condensation in

residential properties. The result of the audit was ‘adequate’ assurance, with one minor and one moderate recommendation, as follows:

- Implement more detailed complaints performance reporting including analysis on service area sub-categories.
- Introduce formal damp and mould training which is mandatory for new starters and staff, and is required to be refreshed on a periodic basis by all staff.

TBG have since completed these actions.

Housing Regulation and Inspection

Over the last few years the regulatory landscape for Housing has shifted significantly, especially for local authority housing, we have seen:

- Outcome-focused regulator.
- Regulator of Social Housing (RSH) vision: “To deliver safe, quality homes for tenants to live in, and for tenants to enjoy universally good services”.
- Social Housing (Regulation) Act 2023
- Tenant Satisfaction Measures.
- Introduction of proactive regulation of the revised consumer standards.
- Consultation on new consumer standards July - October 2023. Awaiting outcome.
- Safety and Quality Standard
- Transparency, Influence and Accountability Standard
- Neighbourhood and Community Standard
- Tenancy Standard.
- Accompanying Code of Practice.

To ensure compliancy with this Regulation an inspection regime has been put in place which means all Landlords with over 1000 homes will be inspected every four years. The Regulator of Social Housing will look at the quality of our services, the safety of our homes and seek to understand what our residents think of us and how much they are involved in decision making. In preparation for inspection we will:

		<ul style="list-style-type: none"> • Undertake a self-assessment against the incoming consumer standards – gap analysis will identify any areas of focus. • Ensure all policies are up to date. • Take stock of current reporting and accountability framework between Barnet Homes and LBB. • Undertake a readiness exercise with Housing Quality Network. <p>Status: Open (amended) Responsible Officer: Head of Strategic Housing</p>
6	Financial Resilience	<p>During 2023/24, several local authorities have issued Section 114 notices which has the effect of restricting all spending except on statutory services. Funding across the local government sector is challenging and without sound financial management, the Council could be at risk of issuing a notice. This emerging issue has therefore been monitored during 2023/24 with an update as detailed below.</p> <p>Following the November 2023 Autumn Statement and 2024/25 funding settlement, real-terms funding cuts for unprotected departmental spending coupled with high inflation and interest costs means there is real uncertainty for the sector over its medium-term financial sustainability. Added to this are potential government funding reforms (including ‘fair funding’ and a business rates reset) on the horizon that could have a significant, negative impact on funding levels in the next Spending Review period (commencing 2025/26).</p> <p>Additional government funding in the short term is highly unlikely to be a route to restoring the council to a sustainable financial position and limited assurance can be given regarding the Council’s medium term financial position until the Government has set out the future of Local Government funding. Until this funding is confirmed the S151 Officer cannot confirm that future medium term financial strategies are robust and achievable. Despite the funding uncertainty, the S151 Officer can confirm that the Council is taking all measures to ensure its future financial sustainability by investing in housing and digital transformation, reducing costs in demand led services like social care and homelessness, and working alongside neighbouring boroughs and London Councils to ensure best practice is being adopted.</p> <p>In addition, the council maintains reserves to ensure financial sustainability and for other, non-recurrent purposes such as work on sustainability and transformation, expenditure linked to previous grant receipts or for unplanned one-off items. The Council’s Financial Strategy states that <i>“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 2024, this has</i></p>

been identified as £15m for general fund balance and £40m for earmarked non-ringfenced revenue reserves". Although there is a risk that the level of non-ringfenced revenue reserves may fall below £40m during the MTFS period, the Section 151 Officer considers the current level of reserves sufficient to manage financial sustainability and will be actively working to replenish some of the previous years' drawdowns. The MTFS for 2024-2030 includes plans to contribute further sums to reserves in order to build up financial resilience.

As detailed in the Workplace Wellbeing item, financial stability has been causing anxiety amongst staff. An update on steps being taken to address this are set out below:-

The current UK financial crisis together with the shortfalls faced by the council, directly impact members of our staff both in their personal lives and at work. The council is committed to improving the wellbeing of our workforce and so must consider that financial hardship, as well as a lack of resources at work (increased workloads due to budget pressures, and fears over jobs), can lead to unhealthy levels of anxiety and stress for our workforce. There is also a risk of staff being impacted to such a degree that sickness absence levels rise and staff that are at work are not functioning at their best, which will directly impact service delivery. Measures are in place to manage this risk including the councils Workplace Wellbeing strategy and Action plan, which addresses workplace impacts on health, as well as the councils stress policy and risk assessments that identify work related stressors. We will continue to monitor the impact and intervene where appropriate.

Inflation

In 2022/23 the impact of inflation and increased interest rates on the Budget and Medium-Term Financial Strategy (MTFS) was monitored via the Statement. The update highlighted the impact on the revenue budget and requirement to drawdown on contingency to manage the in-year position. Details of this issue are on pages 23-24 [here](#). This issue has continued to be monitored during 2023/24 and the update is as follows:

When the 2023/24 budget was set, the Bank of England, Office for National Statistics and other forecasting organisations were estimating inflation to be around 5-6% in 2023. Based on this intelligence the Council budgeted for non-pay inflation to be just under 8%. The average non-pay inflation across contracts (including fuel, electricity and social care contracts factoring London Living Wage) was just under 10%. While the MTFS for 2023/24 made provision for inflation, given this, it was necessary to drawdown on contingency to help manage the in-year financial position.

	<p>During 2023/24, rising demand for services against a backdrop of rising inflationary costs in the sector continued to be a financial challenge to the authority with a forecast overspend at Q3 of £19m.</p> <p>The Chancellor’s budget on 6 March 2024 forecast inflation to return to 2.2% by the end of 2024 but given the economic volatility over the last financial year, it would be prudent to keep income and expenditure under review until the outturn has been established.</p> <p>The Council will continue to monitor the impact of rising costs on both in-year budgets and the MTFS, and any impacts will be addressed through regular Business Planning reports to Cabinet.</p> <p>Dedicated Schools Grant (DSG) and School Finances</p> <p>There are significant emerging pressures in the Dedicated Schools Grant and in individual schools finances. These are caused by increasing demands for help for children with additional needs including those with EHCP (Education, Health and Care Plans) and falling school roles in some parts of the Borough. A Schools Finance Group and a Schools in Financial Difficulty Group has been established and is progressing work to address some of these concerns in partnership with Schools Forum.</p> <p>Reforms</p> <p>There are significant reforms proposed by central Government in relation to children’s social care, Special Educational Needs and Disability (SEND) and childcare reforms. There are risks to the Local Authority associated with these proposals as the resources are insufficient to meet the requirements.</p> <p>Housing Revenue Account</p> <p>The current inflation and interest rate environment is putting chronic pressure on Housing Revenue Accounts (HRA’s) across London and the diminishing ability for HRA’s to self-fund (through rental income) sustainably into the future.</p> <p>Balancing the HRA budget has become more challenging due to the turbulent macro-economic environment, changing legislative requirements, government restrictions on the council’s ability to</p>
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		<p>increase rents, and the growing demand for increasingly costly resources. Significant on-going financial and operational challenges include:</p> <ul style="list-style-type: none"> • Increased cost of repairs/ major repairs due to the inflationary cost of labour/ materials significantly above CPI • The current high interest rate environment affecting affordability of capital investment and development programmes, as well as meeting our statutory duties – e.g. Damp and Mould, Fire Safety, building safety regulations on Regeneration sites. • Increasing cost of utilities rising above prior assumptions, meaning higher subsidy by the council for some households • Increasing damp and mould costs, beyond the significant originally estimated investment the council has previously committed. • Potential cap on Rents. For 2023/24, Central Government applied a 7% cap on rent, which was significantly lower than the increased cost of repairs. Central Government has not yet notified local authorities of a cap for 2024/25. <p>Status: Open (amended) Responsible Officers: Executive Director Strategy and Resources</p>
7	<p>Emergency Planning and Organisational Preparedness</p>	<p>In the 2021/22 Statement, the Council committed via a self-assessment process to provide a regular update on emergency planning and organisational preparedness. Details of this issue are on pages 13-14 here</p> <p>The council fully recognises the importance of contingency planning in support of its communities. The council committed considerable resource to this area, pre-pandemic, to meet our obligations under the Civil Contingencies Act 2004. The council continues to be well supported by officers in delivering its emergency response capabilities, through both senior managers on a voluntary basis and bronze officer roles subject to a supplementary role and on-call allowance.</p> <p>During 2023/24 Organisational Resilience has continued to provide:</p> <ul style="list-style-type: none"> • Skilled and trained emergency responders to maintain an adequate state of preparedness. • Captured and acted on lessons learnt following each emergency response. • Reviewed and updated key plans in line with the risk and London Resilience frameworks including a full review of the council’s Multi-Agency Flood Plan and Local Flood Plan. • Tested and exercised plans through live incidents and training.

		<ul style="list-style-type: none"> Completed self-assessment to Resilience Standards for London (RSL) and identified an action plan to improve resilience where improvement is identified. <p>RSL is an annual self-assessment undertaken by all London Boroughs against a set of 11 requirements, assessed using a scale of Developing, Established or Advanced. The assessment is signed off by the Chief Exec and shared with London Resilience who will accumulate responses in order to identify learning across regions and all London.</p> <p>Over the last 12 months the council has increasing our level of assurance across Community Resilience by developing greater connections and supported successful funding grants in this sector.</p> <p>Whilst our emergency planning and response to civil emergencies and business continuity incidents remains resilient, the Business Continuity Audit report dated November 2023 highlighted 3 high and 2 medium recommendations around documentation and procedures leading to an overall assessment of Limited Assurance.</p> <p>The 5 recommendations have been converted into an action plan with timeframes and work is already being progressed. Monthly monitoring of progress has been introduced with the Executive Director of Assurance sponsoring the project.</p> <p>To reflect this, we have decreased our RSL assessment of Business Continuity and Organisational Engagement to Developing and will target recovery of these areas over the following 12 months.</p> <p>Despite the above, there remains a low risk that Barnet would not be able to provide an adequate emergency response.</p> <p>Status: Open (amended) Responsible Officer: Head of Organisational Resilience</p>
8	<p>Centre for Governance and Scrutiny Governance Risk and Resilience Framework</p>	<p>The Council committed to undertake a review against the Centre for Governance and Scrutiny (CfGS) Governance Risk and Resilience Framework. The Framework details the seven characteristics of good governance and allows councils to consider the positive and negative behaviours in each category.</p>

		<p>In addition to this review, the council explored the findings from several recent Public Interest and Best Value reports from authorities where there have been significant governance failures to identify lessons learnt.</p> <p>Further information on this review is detailed in the 2022/23 Statement here.</p> <p>Following a review of the CfGS Framework and the Public Interest/Best Value reports, an Action Plan was developed and presented to Council Management Team. Officers from the various services have been addressing the issues raised and the Action Plan has been updated.</p> <p>Good progress has been made but will continue to be monitored via the Statement.</p> <p>Status: Open Responsible Officers: Monitoring Officer and Head of Governance</p>
<p>9.</p>	<p>Industrial Relations</p>	<p>The council has always sought to maintain positive industrial relations with staff and trade unions. This has included consulting with unions on major changes and working with them to resolve workplace issues. During the year 2023/24, some industrial relations challenges have developed that are expected to continue to impact the council during 2024/25. This has included localised industrial action taking place, that is ongoing.</p> <p>The council is working with trade unions, via the ACAS service, to resolve the current industrial dispute, and is committed to continue working closely with unions to minimise future industrial relations issues.</p> <p>Status: Open Responsible Officer: Assistant Director Human Resources & Organisational Development</p>

Issues Closed in 2024-2025

<p>9</p>	<p>Change of Governance Arrangements</p>	<p>The 2022/23 Statement noted that the Council was due to change its governance arrangements from a Committee System to an Executive system in May 2023 and noted that the transition could represent a governance risk to the authority.</p> <p>The new governance arrangements were successfully implemented including the adoption of a new Constitution and all the associated arrangements. The system has embedded well with no significant issues arising. The Governance Review Project Closedown report was reported to GARMS in October 2023⁴. This issue will be closed and not be monitored during 2024/25.</p> <p>Status: Closed Responsible Officers: Head of Governance</p>
<p>10</p>	<p>Governance of Major Capital Programmes including Brent Cross Cricklewood Regeneration</p>	<p>In the 2021/22 and 2022/23 Statements the governance of major capital programmes has been monitored including: highways capital investment; Housing Revenue Account capital portfolio; and capital delivery projects. In those Statements, assurance was provided that these programmes were being managed appropriately (see pages 14-15 here). The only programme where a significant governance risk remained was in relation to construction of the Brent Cross Thameslink station as there was a potential significant financial risk to the authority. The 2022/23 Statement reported progress on completion of the station including the closeout process for the major contracts and alternative funding strategy to respond to any overspend risk.</p> <p>Brent Cross West station officially opened on the 10th December 2023 and has since been well used by the local population. Passenger numbers are expected to increase over the coming years as the wider Brent Cross Town development comes forward, 5 plots of which are already well under construction. The opening of the station marks a major milestone for the Brent Cross Regeneration, and will act as a catalyst bringing people, jobs and investment to the area.</p> <p>The council maintain an obligation to fund any operational deficit of the new Station until it turns profitable. This is expected to occur in year 1 or year 2 and a prudent reserve has been set aside to cover this obligation. The project team are maintaining regular contact with the station operator who will provide interim figures to ensure the council are sighted on the quantum of any funding required.</p>

⁴ [Agenda for Governance, Audit, Risk Management and Standards Committee \(GARMS\) on Monday 16th October, 2023, 7.00 pm \(moderngov.co.uk\)](#) – Agenda item 11 Governance Review Project Closedown

		<p>Following physical completion of the station, the major delivery contracts will undergo the process of final accounting which will formally bring the station project to a close. Updates on the progress of this will continue to be reported to the Brent Cross Governance Board which has oversight of key decisions related to this and the wider Brent Cross development.</p> <p>Status: Closed Responsible Officer: Deputy Chief Executive and Brent Cross Director</p>
13	Workplace Wellbeing	<p>In 2021/22 and 2022/23 the Statement monitored the impact of the pandemic on employees' physical and mental health as these could have a significant impact the operational delivery of services (see pages 22-23 here). The Statements detailed the actions that had been taken to address this issue including development and delivery of a Workplace Wellbeing Strategy; responses to increases in the prevalence of mental health issues in staff; and coaching programmes. These mitigating actions provided assurance that appropriate steps had been taken to support staff with a return to the office and engagement with new ways of working post-pandemic.</p> <p>However, staff are beginning to report increased levels of anxiety amongst staff due to the impact of financial sustainability in local government and the impact of inflation. The impact and response to this will be covered in the financial sustainability update below and Workplace Wellbeing will be closed as a separate issue.</p> <p>Status: Closed Responsible Officer: Head of Health, Safety & Wellbeing</p>
14	Emerging Legislation and Inspection Regimes	<p>In the 2022/23 Statement an issue was monitored relating to new legislation and changes to external inspection regimes. Details of this issue are on pages 17-22 here.</p> <p>At the time of drafting the 2022/23 Statement, the impact of many of these areas on services was unknown and this was the reason for the inclusion of the items. Following the updates provided in 2022/23, most of these areas have been managed by directorates and services as business as usual without a significant impact on the authority including: children's services; adult social care; Environment Act; housing quality and regulation; social housing and private sector rented housing. As such, these areas have not been monitored during 2023/24.</p> <p>Status: Closed Responsible Officer: Various Directorates</p>

Conclusion

During 2023/24 the council has progressed and resolved some of the significant governance issues identified. The governance issues marked as 'open' above will carry forward for monitoring in 2024/25.

To the best of our knowledge the governance arrangements as defined have been effectively operating during the year 2023/24 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 2024/25.

SIGNED: _____ Date: 24 May 2024
Leader of the Council

SIGNED: _____ Date: 24 May 2024
Chief Executive

Statement of Responsibilities

The Council's Responsibilities

The council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In the London Borough of Barnet that officer is the Executive Director of Resources and Section 151 Officer.
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Executive Director of Resources and S151 Officer Responsibilities

The Executive 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 2023/24 Code of Practice on Local Authority Accounting in the United Kingdom (The Code).

In preparing this Statement of Accounts, the Executive 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 as at 31 March 2024 and its income and expenditure for the year then ended. The draft accounts were published on 30 May 2024.

Kevin Bartle (CPFA)
Interim Executive 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 Governance, Audit, Risk Management and Standards Committee on xx xxx 2024.

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

Auditor's Statement

Auditor's Statement (to follow)

Core Financial Statements

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

This statement summarises the income and expenditure of the council in providing services during 2023/24. 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.

Restated 2022/23*					2023/24		
Gross Expenditure	Gross Income	Net Expenditure	Comprehensive Income and Expenditure Statement (CIES)	Note	Gross Expenditure	Gross Income	Net Expenditure
£'000					£'000		
199,607	(61,553)	138,054	Communities, Adults and Health		227,916	(74,202)	153,714
21,177	(19,570)	1,607	Public Health		21,673	(19,995)	1,678
11,559	(7,371)	4,188	Assurance		12,932	(1,938)	10,994
290,776	(124,201)	166,575	Customer and Place		186,800	(104,161)	82,639
232,148	(199,083)	33,065	Strategy and Resources		224,095	(194,900)	29,195
446,176	(346,499)	99,677	Children's Services		470,795	(379,612)	91,183
81,700	(67,228)	14,472	Local Authority Housing (HRA)		170,212	(77,832)	92,380
1,283,143	(825,505)	457,638	Cost of Services	7	1,314,423	(852,640)	461,783
1,210	(22,043)	(20,833)	Other Operating Income and Expenditure	10	43,610	(10,198)	33,412
53,897	(14,016)	39,881	Financing and Investment Income and Expenditure	11	42,202	(24,045)	18,157
0	(343,072)	(343,072)	Taxation and Non-Specific Grant Income	12	0	(371,556)	(371,556)
55,107	(379,131)	(324,024)	Subtotal		85,812	(405,799)	(319,987)
1,338,250	(1,204,636)	133,614	(Surplus)/Deficit on Provision of Services		1,400,235	(1,258,439)	141,796
		(37,538)	(Surplus)/Deficit on revaluation of non-current assets				(377,631)
		(345,400)	Remeasurement of the net defined benefit liability	35			(51,233)
		(382,938)	Other Comprehensive Income and Expenditure				(428,864)
		(249,324)	Total Comprehensive Income and Expenditure				(287,068)

*There has been a re-statement of the Surplus/Deficit on revaluation of non-current assets since 2022/23 accounts were published. Please refer to Note 6 for an explanation of changes.

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 2023/24 Barnet Group company made an operating gain of £2.950m (£2.128m loss in 2022/23) and BELS made an operating loss of £0.059m (£00.025m profit in 2022/23).

Restated 2022/23*				2023/24		
Gross Expenditure	Gross Income	Net Expenditure	Comprehensive Income and Expenditure Statement (CIES)	Gross Expenditure	Gross Income	Net Expenditure
£'000				£'000		
199,949	(62,140)	137,809	Communities, Adults and Health	228,819	(75,319)	153,500
21,028	(19,431)	1,596	Public Health	21,673	(19,995)	1,678
11,517	(7,329)	4,188	Assurance	12,932	(1,938)	10,994
282,800	(128,378)	154,421	Customer and Place	179,737	(107,135)	72,602
232,125	(199,061)	33,063	Strategy and Resources	224,095	(194,900)	29,195
433,930	(334,291)	99,640	Children's Services	459,690	(368,505)	91,185
209,574	(65,991)	143,582	Local Authority Housing (HRA)	327,634	(69,642)	257,992
1,390,922	(816,622)	574,300	Cost of Services	1,454,581	(837,435)	617,146
1,210	(22,043)	(20,833)	Other Operating Income and Expenditure	43,610	(10,198)	33,412
59,069	(7,114)	51,955	Financing and Investment Income and Expenditure	49,725	(20,160)	29,565
0	(343,072)	(343,072)	Taxation and Non-Specific Grant Income	0	(371,556)	(371,556)
10	0	10	Corporation Tax	0	0	0
60,289	(372,229)	(311,940)	Subtotal	93,335	(401,914)	(308,579)
1,451,211	(1,188,851)	262,360	Group (Surplus)/Deficit on Provision of Services	1,547,916	(1,239,349)	308,567
		(37,538)	(Surplus)/Deficit on revaluation of non-current assets			(377,631)
		(345,400)	Remeasurement of the net defined benefit liability			(58,517)
		(382,938)	Other Comprehensive Income and Expenditure			(436,148)
		(120,578)	Total Comprehensive Income and Expenditure			(127,581)

* There has been a re-statement of the Surplus/Deficit on revaluation of non-current assets since 2022/23 accounts were published. Please refer to Note 6 for an explanation of changes.

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 2022/23											
Balance as at 31 March 2022		15,084	15,662	158,748	4,020	20,561	1,998	152,708	368,780	639,089	1,007,872
Surplus / (Deficit) on provision of services		(118,477)	(2,818)	0	(12,319)	0	0	0	(133,614)	0	(133,614)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	0	382,938	382,938
Total Comprehensive Income and Expenditure		(118,477)	(2,818)	0	(12,319)	0	0	0	(133,614)	382,938	249,324
Adjustments between accounting basis and funding basis	8	86,427	0	0	12,421	23,266	0	(34,311)	87,803	(87,803)	0
Net increase / (decrease) in year		(32,050)	(2,818)	0	102	23,266	0	(34,311)	(45,811)	295,135	249,324
Transfer to/(from) earmarked reserves	9	32,048	0	(32,048)	0	0	0	0	0	0	0
Balance as at 31 March 2023		15,082	12,844	126,700	4,122	43,827	1,998	118,397	322,969	934,222	1,257,191
Movements in Reserves 2023/24											
Balance as at 31 March 2023		15,082	12,844	126,700	4,122	43,827	1,998	118,397	322,969	934,222	1,257,191
Surplus / (Deficit) on provision of services		(62,682)	(2,264)	0	(76,850)	0	0	0	(141,796)	0	(141,796)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	0	428,864	428,864
Total Comprehensive Income and Expenditure		(62,682)	(2,264)	0	(76,850)	0	0	0	(141,796)	428,864	287,068
Adjustments between accounting basis and funding basis	8	19,542	0	0	83,373	(17,438)	0	(15,161)	70,316	(70,316)	0
Net increase / (decrease) in year		(43,140)	(2,264)	0	6,523	(17,438)	0	(15,161)	(71,480)	358,548	287,068
Transfer to/(from) earmarked reserves	9	43,139	0	(43,139)	0	0	0	0	0	0	0
Balance as at 31 March 2024		15,081	10,580	83,561	10,645	26,389	1,998	103,236	251,489	1,292,769	1,544,258

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 2022/23												
Balance as at 31 March 2022	15,084	15,662	158,748	4,020	20,561	1,998	152,708	368,780	639,089	1,007,872	(131,626)	876,247
Surplus / (Deficit) on provision of services	(107,430)	(2,818)	0	(12,319)	0	0	0	(122,567)	0	(122,567)	(139,793)	(262,360)
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	0	0	382,938	382,938	0	382,938
Total Comprehensive Income and Expenditure	(107,430)	(2,818)	0	(12,319)	0	0	0	(122,567)	382,938	260,371	(139,793)	120,578
Adjustment between Council account and Group accounts	(11,047)	0	0	0	0	0	0	(11,047)	(2)	(11,052)	141,955	130,904
Net increase / (decrease) before transfers	(118,477)	(2,818)	0	(12,319)	0	0	0	(133,614)	382,936	249,319	2,163	251,482
Adjustments between accounting basis and funding basis	86,427	0	0	12,421	23,266	0	(34,311)	87,803	(87,803)	0	0	0
Net increase / (decrease) before transfers to earmarked reserve	(32,050)	(2,818)	0	102	23,266	0	(34,311)	(45,811)	295,133	249,319	2,163	251,482
Transfer to/(from) earmarked reserves	32,048	0	(32,048)	0	0	0	0	0	0	0	0	0
Balance as at 31 March 2023	15,082	12,844	126,700	4,122	43,827	1,998	118,397	322,969	934,222	1,257,191	(129,460)	1,127,731
Movements in Reserves 2023/24												
Balance as at 31 March 2023	15,082	12,844	126,700	4,122	43,827	1,998	118,397	322,969	934,222	1,257,191	(129,460)	1,127,731
Surplus / (Deficit) on provision of services	(52,705)	(2,264)	0	(76,850)	0	0	0	(131,819)	0	(131,819)	(176,748)	(308,567)
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	0	0	428,864	428,864	7,284	436,148
Total Comprehensive Income and Expenditure	(52,705)	(2,264)	0	(76,850)	0	0	0	(131,819)	428,864	297,045	(169,464)	127,581
Adjustment between Council account and Group accounts	(9,977)	0	0	0	0	0	0	(9,977)	0	(9,977)	177,003	167,025
Net increase / (decrease) before transfers	(62,682)	(2,264)	0	(76,850)	0	0	0	(141,796)	428,864	287,068	7,538	294,606
Adjustments between accounting basis and funding basis	19,542	0	0	83,373	(17,438)	0	(15,161)	70,316	(70,316)	0	0	0
Net increase / (decrease) before transfers to earmarked reserve	(43,140)	(2,264)	0	6,523	(17,438)	0	(15,161)	(71,480)	358,548	287,068	7,538	294,606
Transfer to/(from) earmarked reserves	43,139	0	(43,139)	0	0	0	0	0	0	0	0	0
Balance as at 31 March 2024	15,081	10,580	83,561	10,645	26,389	1,998	103,236	251,489	1,292,770	1,544,261	(121,919)	1,422,339

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.

Restated 31 March 2023*				31 March 2024	
Council	Group		Note	Council	Group
£'000		Balance Sheet		£'000	
1,713,731	1,795,162	Property plant and equipment		2,307,705	2,381,537
1,733	1,733	Heritage assets	15	1,807	1,807
175,424	175,424	Investment properties		58,679	58,679
14,824	25,623	Intangible assets		12,882	23,306
215,362	33,613	Long term debtors	17	247,378	43,430
0	0	Long term investments		17,607	17,607
2,121,074	2,031,555	Total Long-Term Assets		2,645,528	2,526,366
131	131	Inventories		122	122
26,144	21,144	Short term investments	17	55,982	50,982
181,348	186,510	Short term debtors	18	280,981	282,573
7,000	7,000	Assets held for sale		5,100	5,100
103,353	141,266	Cash and cash equivalents	19	57,594	92,331
317,976	356,051	Total Current Assets		399,779	431,108
0	0	Bank Overdrafts	17	0	0
(2,570)	(2,570)	Short term borrowing	17	(2,492)	(2,492)
(213,838)	(244,808)	Short term creditors	20	(219,746)	(249,125)
(6,149)	(6,149)	Short Term Provisions	21	0	0
(222,557)	(253,527)	Total Current Liabilities		(222,238)	(251,617)
(688,437)	(687,921)	Long term borrowing	17	(1,056,994)	(1,056,994)
(9,209)	(9,237)	Long term provisions	21	(10,927)	(10,963)
(248,832)	(296,366)	Pension scheme	35	(199,986)	(204,657)
(12,824)	(12,824)	Long term lease (PFI)	32	(10,904)	(10,904)
(959,302)	(1,006,348)	Total Long-Term Liabilities		(1,278,811)	(1,283,518)
1,257,191	1,127,731	Net Assets		1,544,258	1,422,339
(322,969)	(193,509)	Usable reserves	8	(251,489)	(129,570)
(934,222)	(934,222)	Unusable reserves	22	(1,292,769)	(1,292,769)
(1,257,191)	(1,127,731)	Total Reserves		(1,544,258)	(1,422,339)

*There has been a restatement since 2022/23 accounts were published. Please refer to Note 6 for an explanation of changes. 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 2024 and its income and expenditure for the year then ended.

**Kevin Bartle (CPFA)
Executive Director of Resources & Statutory
Section 151 Officer**

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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.

2022/23				2023/24	
Council	Group			Council	Group
£'000			Cash Flow Statement	Note	£'000
(133,614)	(262,360)		Net surplus/(deficit) on the provision of services		(141,796) (308,567)
84,372	249,340		Adjustment to the surplus on the provision of services for non-cash movements*	23	28,889 212,088
(94,525)	(105,398)		Adjustment for items included in the net surplus on the provision of services that are investing and financing activities **		(70,126) (73,803)
(143,767)	(118,418)		Net cash flows from operating activities		(183,034) (170,283)
3,180	(5,739)		Net cash flows from investing activities	24	(209,905) (229,984)
125,649	128,319		Net cash flows from financing activities		347,180 351,328
(14,937)	4,162		Net (decrease)/increase in cash and cash equivalents		(45,759) (48,937)
118,291	137,106		Cash and cash equivalents at the beginning of the reporting period		103,353 141,266
103,353	141,266		Cash and cash equivalents at the end of the reporting period***	19	57,594 92,331

* Includes £167m write down cost to Expected Use Value for Social Housing on new dwellings @ 75%

**Group cashflow includes TBG adjustments of £8.7m relating to ODH Loan Deferred income and £15.9m Actuarial gain on Defined benefit on pension scheme

Notes Relating to the Core Financial Statements

Note 1 Accounting Policies

1.1 Introduction

The Statement of Accounts summarises the London Borough of Barnet's transactions for the financial year 2023/24 and its financial position as at 31 March 2024. The accounting policies adopted, that are material to the context of the Council's accounts for 2023/24, 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 2023/24, 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 2023/24 MRP Policy agreed by Council in February 2023 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.

1.11 Value Added Tax (VAT)

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

1.12 Reserves

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

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

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

1.13 Property, Plant and Equipment

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

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

Recognition

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

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

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

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

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

- Infrastructure (including street lighting PFI), community assets and assets under construction – depreciated historical cost.
- Highways Infrastructure Network – depreciated historical cost. However, this is a modified form of historical cost. Opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.
- Dwellings – current value, determined using the basis of existing use value for social housing (EUVSH).
- Surplus assets - the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets (For example schools, leisure 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 70% (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 120 years
PFI Street Lighting	Straight Line	25 years

Highways Network Infrastructure depreciation is provided on the parts of the highways network that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis. Annual depreciation is the depreciation amount allocated each year.

Useful lives of the various parts of the highways network have either been assessed by the Highways Engineer using industry standards, existing inventories or best estimate where applicable, and will be reviewed annually. The estimated useful life are as follows:

Part of the highways network	Depreciation Basis	Estimated Useful Life
Carriageways & Cycle Tracks	Straight Line	25 years
Footways & Cycle Tracks	Straight Line	45 years
Structures (bridges, tunnels and underpasses)	Straight Line	120 years
Structures (Other Barriers)	Straight Line	30 years
Street lighting	Straight Line	30 years
Street furniture	Straight Line	20 to 50 years
Traffic management systems	Straight Line	15 to 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 and derecognition

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

Receipts from Disposal

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

Receipts from sale of Council Houses

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

1.14 Heritage Assets

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

Property Heritage Assets

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

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

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

Mayor's Regalia and Silverware

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

General Accounting Policy

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

1.15 Investment Properties

Investment properties are those that are held solely to earn rental income and/or for capital appreciation. The definition is not met if the Council has any Social, Strategic or Operational interest in the asset or if it 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.

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.

The accounting treatment of leases is determined by the identification of an asset within the contract, the value of the asset and the length of the use. Finance must be consulted at the earliest possible stage when lease agreements are being actively considered by Services.

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.

Under IFRS 16 a lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time. A contract can be (or contain) a lease only if the underlying asset is ‘identified’. Having the right to control the use of an identified asset means having the right to direct, and obtain all of the economic benefits from, the use of that asset. These rights must be in place for a period of time and/or a specified amount of use.

Types of assets that may be suitable for leasing include the following:

- Transport (vehicles and cars)
- Equipment
- Property
- Land
- Technology (including computers, telephony and other communications equipment)
- Plant
- Furniture, Fixtures and Fittings
- Leisure Equipment; and
- Managed service contracts (Embedded leases).

Under IFRS16 there are two types of leases; non-residual based, and residual based.

Non-residual based: there is no assumed residual value, repayments cover all the principal with interest, there are no return conditions and there is an entitlement to any sales proceeds.

Residual based: there is an assumed residual value, repayments are the principle with interest (exclude the residual value amount), there are return conditions and there is no entitlement to sales proceeds.

Recognition exemptions

There are two specific exemptions for lessees from applying the detailed accounting requirements to transactions that would meet the definition of a lease:

Short-term leases

Leases that have a lease term of 12 months or less at the commencement date. Any lease that contains a purchase option is automatically excluded from the definition. Contracts that might meet the criteria as short-term include property tenancies with notice periods of less than 12 months, hire agreements for vehicles, plant and equipment.

Leases where the underlying asset is of low value.

The Code allows authorities to elect not to apply the lease accounting provisions to leases where the underlying asset is of low value, even if the impact of doing so would be material. Leases that have an annual value of less than £10k are deemed to be low value.

1.18 Intangible Assets

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

1.19 Revenue Expenditure Funded from Capital under Statute

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

1.20 Cash and Cash Equivalents

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

1.21 Contingent Assets and Liabilities

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

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

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

1.22 Interests in Companies and Other Organisations

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

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

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

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

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

1.23 Events after the Reporting Period

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

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

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

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

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

1.25 Pooled Budgets

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

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

1.26 Financial Instruments

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

Financial Liabilities

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

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

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

Financial Assets

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

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

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

Which are guaranteed to be repaid by statute, and

- Council Tax Debtors
- Business Rate Debtors

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

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

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

- Only to individual Financial Instruments with carrying value above 2% of the council's materiality figure set by the auditors. The materiality figure is £640k based on the 2023/24 Audit Planning Report.
- Apply Collective Assessment for Financial Instrument with shared risk characteristics and to apply the simplified approach using lifetime expected credit losses – i.e., General Trade Debtors, Housing Related Debtors and Parking Debt.
- The above is done through carrying out collective assessment of loss allowances calculated largely using provision matrices based on historical experience in accordance with the Code and applying the general principle of materiality for any judgement that might be required to determine the loss allowance.
- Where reasonable and supportable information is available without undue cost or effort, the remaining Financial Instruments will be assessed separately to measure expected losses. The Risk assessment will be carried out on such instruments at initial recognition and

reviewed annually for possible credit risk increased since initial recognition. Loss allowance will be calculated using 12 month expected credit losses.

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

1.27 Group Accounts

Introduction

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

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

The Barnet Group Ltd

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

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

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

Barnet Education and Learning Services Ltd

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

Basis of Consolidation

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

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

The council's detailed accounting policies are disclosed above.

The Barnet Group Ltd, a Local Authority Trading Company

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

Barnet Education and Learning Services Ltd

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

Note 2 Accounting Standards Issued Not Yet Adopted

The Code requires the council discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted or amendment to an existing standard. The following amendments to the Code shall be made prospectively, unless otherwise required by the relevant amendments to standards:

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

None of the above changes are expected to have a material impact on the 2023/24 accounts.

The Council will fully implement IFRS16 for 2024/25, the estimated impact on the value of assets and liabilities are as follows:

- £13.963m Right of Use Asset
- £1.031m Current Creditors (Lease Liability)
- £12.932m Non-Current Creditors (Lease Liability)

The Council's policy for IFRS16 adoption in 2024/25 is listed under accounting policies note 1.17 Leases.

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 Town (South) development has progressed during the year. Large parts of the site have been cleared and construction of the first new homes is underway and public realm and highways already delivery. Works on the first office building commenced in April 2024. As new plots come forward the land is being invested into the joint venture. Further land will be secured and invested over the coming decade as the development continues to come forward. Land which has been secured but is not ready to be invested in the scheme has been classified as surplus land rather than assets held for sale.

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

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

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

The items in the council’s Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Material Uncertainty (Property Valuation)

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 23/24 Brent Cross valuation was an internal valuation based on cash flow 'Option 2 – CLC paid at Start on Site', when individual plots is drawn-down, using the revenue and cost projections. The valuation of the land at year end was £75.539m with a valuation gain of £18.775m 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 5%, this would result in a charge to the Comprehensive Income and Expenditure Statement of approximately £115.39m. 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>
<u>Brent Cross Surplus Assets</u>		
<p>The asset is a brown-field site of approximately 2.6 acres. The valuations basis is Existing Use Value using comparable method based on residual land values. Given the use of comparable data the valuation is kept under frequent review.</p>		

Item	Uncertainties	Effect if actual results differ from assumptions		
Information about unobservable comparable evidence inputs (Level 3)				
Address	Area	Occupied	Use	Analysis (sqm & Ha.)
Site 1 (MolAve)	Est. 1-2acres	Tenanted	Civic waste depot.	£55psqm/ £8mln.
Site 2 (EdiRd)	3.39 acres (incl. ¼ acre recycling)	Tenanted	Plant yard and highway. Concrete surface and salt barn.	£47.50psqm/£6.9mln.
Impairment for doubtful debt and Expected Credit Loss (ECL)	<p>The council had an outstanding balance of short-term debtors totalling £280.981m, against which an impairment allowance of £82.786m has been made. It is not certain that this impairment allowance would be sufficient as the council cannot assess with certainty which debts will be collected and which will not.</p> <p>ECL of £7.253m is applied to non-statutory debt and statutory debt continues to be impaired (£32.683m) on the incurred loss model. Please refer to Note 18 for a breakdown.</p> <p>ECL impairment is based on historical information such as collection rates adjusted to reflect current and future economic conditions. Whereas incurred loss impairment, mainly business rates, council tax, housing benefit overpayments, housing rents and parking is based on historical data such as collection rates.</p>		<p>An understatement of doubtful debts would lead to a future adjustment and impairment to be reflected.</p> <p>If collection rates fall or improve by 5% the impairment would increase or decrease by £2.995m.</p>	

Material Uncertainty (Property Valuation)

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 2024 there have been no material events which would require an adjustment to the financial statements of the council.

Note 6 Balance Sheet, CIES OCIE and MiRS Restatement for 2022/23

Since the publication of the draft 2022/23 Statements a number of restatements have been made to the Balance Sheet

		Original 31 March 2023		Restatement		Restated 31 March 2023	
		Council	Group	Council	Group	Council	Group
Balance Sheet		£'000		£'000		£'000	
Property plant and equipment	i	1,749,731	1,831,162	(36,000)	(36,000)	1,713,731	1,795,162
Heritage assets		1,733	1,733			1,733	1,733
Investment properties		175,424	175,424			175,424	175,424
Intangible assets		14,824	25,623			14,824	25,623
Long term debtors	ii	223,166	41,417	(7,084)	(7,084)	216,082	34,333
Long term investments		0	0			0	0
Total Long-Term Assets		2,164,878	2,075,359	(43,084)	(43,084)	2,121,794	2,032,275
Inventories		131	131			131	131
Short term investments		26,144	21,144			26,144	21,144
Short term debtors	ii	173,544	178,706	7,084	7,084	180,628	185,790
Assets held for sale		7,000	7,000			7,000	7,000
Cash and cash equivalents		103,353	141,266			103,353	141,266
Total Current Assets		310,172	348,247	7,084	7,084	317,256	355,331
Bank Overdrafts		0	0			0	0
Short term borrowing		(2,570)	(2,570)			(2,570)	(2,570)
Short term creditors	iii	(214,459)	(245,429)	621	621	(213,838)	(244,808)
Short Term Provisions		(6,149)	(6,149)			(6,149)	(6,149)
Total Current Liabilities		(223,178)	(254,148)	621	621	(222,557)	(253,527)
Long term borrowing		(688,437)	(687,921)			(688,437)	(687,921)
Long term provisions		(9,209)	(9,237)			(9,209)	(9,237)
Pension scheme		(248,832)	(296,366)			(248,832)	(296,366)
Long term lease (PFI)	iii	(12,203)	(12,203)	(621)	(621)	(12,824)	(12,824)
Total Long-Term Liabilities		(958,681)	(1,005,727)	(621)	(621)	(959,302)	(1,006,348)
Net Assets		1,293,191	1,163,731			1,257,191	1,127,731
Usable reserves		(322,969)	(193,509)			(322,969)	(193,509)
Unusable reserves	i	(970,222)	(970,222)	36,000	36,000	(934,222)	(934,222)
Total Reserves		(1,293,191)	(1,163,731)	36,000	36,000	(1,257,191)	(1,127,731)

- i. PPE asset valuation input incorrectly increased the value of an asset by £36m, this has subsequently been adjusted resulting in a reduction in PPE and Revaluation Reserve carrying amounts.
- ii. Reclassification of a debtor from Long Term to Short Term was required due to debtor being due within 12 months of the Balance Sheet date.
- iii. PFI Long Term Creditor amount incorrectly classified as Short Term

Restatement of 2022/23 Other Comprehensive Income and Expenditure

CIES		2022/23	Restatement	Restated 2022/23
Deficit/(Surplus) on revaluation of non-current assets	i	(73,538)	36,000	(37,538)
Remeasurement of the net defined benefit liability		(345,400)		(345,400)
Other Comprehensive Income and Expenditure		(418,938)	36,000	(382,938)

i. The restatement of PPE by £36m resulted in a change in the Deficit/Surplus on revaluation of non-current assets under OCIE.

Restatement of 2022/23 Movement in Reserves Statement for Unusable Reserve and Total Authority Reserves

	Unusable Reserves	Total Authority Reserves	Restatement	Unusable Reserves	Total Authority Reserves
Movements in Reserves 2022/23	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2022	639,087	1,007,867		639,087	1,007,867
Surplus / (Deficit) on provision of services	0	(133,614)		0	(133,614)
Other Comprehensive Income and Expenditure (i)	418,938	418,938	36,000	382,938	382,938
Total Comprehensive Income and Expenditure	418,938	285,324	36,000	382,938	249,324
Adjustments between accounting basis and funding basis	(87,803)	0		(87,803)	0
Net increase / (decrease) in year	331,135	285,324		295,135	249,324
Transfer to/(from) earmarked reserves	0	0		0	0
Balance as at 31 March 2023	970,222	1,293,191	36,000	934,222	1,257,191

i. The restatement of PPE by £36m resulted in a change in Other Comprehensive Income and Expenditure note on the MiRS.

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.

2022/23							2023/24					
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					
139,967	6,248	3,777	(11,939)	0	138,054	Communities, Adults and Health	162,916	6,085	(1,443)	(13,845)	0	153,713
71,030	15,344	10,644	(158)	2,818	99,678	Children's Family Services	87,505	9,232	(3,975)	(7,065)	5,485	91,183
41,127	128,569	4,485	(8,311)	704	166,574	Customer and Place	66,021	24,377	(2,578)	(2,158)	(3,023)	82,639
5,544	866	916	(3,138)	0	4,188	Assurance	10,659	866	(531)	0	0	10,994
48,056	(2)	1,832	0	(16,822)	33,065	Strategy and Resources	44,662	226	(689)	0	(15,003)	29,196
0	13,848	0	0	624	14,472	Local Authority Housing (HRA)	0	92,353	0	0	26	92,379
19,926	0	0	(18,318)	0	1,608	Public Health	20,594	0	0	(18,915)	0	1,679
325,649	164,874	21,654	(41,863)	(12,675)	457,638	Cost of Services	392,358	133,140	(9,216)	(41,984)	(12,515)	461,783
(290,883)	(34,861)	15,325	0	(13,605)	(324,024)	Other Income and Expenditure	(353,477)	(29,167)	11,603	0	51,053	(319,988)
34,766	130,013	36,979	(41,863)	(26,280)	133,614	Difference between the Statutory Charge and the Surplus or Deficit in the CIES	38,881	103,973	2,387	(41,984)	38,538	141,796
(193,514)						Opening GF and HRA Revenue Reserves	(158,748)					
34,766						Net chargeable expenditure to GF and HRA	38,881					
(158,748)						Closing GF and HRA Revenue Reserves	(119,867)					

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

2022/23 £'000	Analysis of Income and Expenditure by Nature	2023/24 £'000
353,462	Employee benefits expenses	369,855
831,681	Other services expenses	813,936
117,426	Depreciation, amortisation and impairment	147,107
19,945	Interest Payments	25,727
1,210	Precepts and Levies	1,257
0	Loss on the disposal of assets	42,339
0	Payments to Housing Capital Receipts Pool	13
0	Capital Grants and Contributions unapplied credited to CIES	0
14,526	Costs relating to investment properties	0
1,338,250	Total Expenditure	1,400,234
	Income	
(278,399)	Fees, charges and other service income	(250,302)
(8,764)	Interest and investment income	(9,077)
(3,036)	Income relating to investment properties	(12,597)
(22,043)	Gain on the disposal of assets	(10,198)
(253,212)	Income from council tax, non-domestic rates, district rate income	(289,585)
(639,181)	Government grants and contributions	(686,679)
(1,204,635)	Total Income	(1,258,439)
133,614	(Surplus)/Deficit on the provision of services	141,796

Note 8 Adjustments between Accounting Basis and Funding Basis under Regulations

	Note	General Fund Balance	School balances	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments relating to the year ended 31 March 2022											
Balance as at 31 March 2021		15,084	15,662	158,748	4,020	20,561	1,998	152,708	368,781	639,087	1,007,867
Movement in reserves during 2021/22											
Surplus / (Deficit) on provision of services		(118,477)	(2,818)	0	(12,319)	0	0	0	(133,614)	0	(133,614)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	0	382,938	382,938
Total Comprehensive Income and Expenditure		(118,477)	(2,818)	0	(12,319)	0	0	0	(133,614)	382,938	249,324
Adjustments involving the Capital Adjustment Account:											
Reversal of items debited or credited to the CIES											
Charges for depreciation, impairment and revaluation losses		75,968	0	0	39,318	0	0	0	115,286	(115,286)	0
Movements in the Market value of Investment Properties		5,109	0	0	9,417	0	0	0	14,526	(14,526)	0
Amortisation of Intangible assets		2,140	0	0	0	0	0	0	2,140	(2,140)	0
Capital Grants and contributions applied		(11,436)	0	0	(7,298)	0	0	0	(18,734)	18,734	0
Movement in donated assets account		0	0	0	0	0	0	0	0	0	0
Disposals and Derecognition		29,755	0	0	5,647	0	0	0	35,402	(35,402)	0
Revenue Expenditure Funded from Capital Under Statute		44,734	0	0	835	0	0	0	45,569	(45,569)	0
Inclusion of items not debited or credited to the CIES:											
Statutory provision for the financing of capital investment		(15,949)	0	0	0	0	0	0	(15,949)	15,949	0
Capital expenditure charged against the General Fund and HRA balances		(22,920)	0	0	0	0	0	0	(22,920)	22,920	0
Adjustments involving the Capital Grants Unapplied Account:											
Capital Grants and Contributions unapplied credited to CIES		(32,013)	0	0	0	0	0	32,013	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account		0	0	0	0	0	0	(66,324)	(66,324)	66,324	0
Adjustments involving the Capital Receipts Reserve:											
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES		(6,886)	0	0	(20,815)	27,701	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure		0	0	0	0	(4,772)	0	0	(4,772)	4,772	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool		0	0	0	0	0	0	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		0	0	0	0	0	0	0	0	0	0
Adjustments involving the Deferred Capital Receipts Reserve:											
Deferred sale proceeds credited as part of the gain/loss on disposal to the CIES		0	0	0	0	337	0	0	337	(337)	0
Adjustments involving the Major Repairs Reserve (MRR):											
Reversal of HRA depreciation charged to the Major Repairs Reserve		0	0	0	(14,681)	0	14,681	0	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure		0	0	0	0	0	(14,681)	0	(14,681)	14,681	0
Adjustments involving the Financial Instruments Adjustment Account:											
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements		(3)	0	0	(2)	0	0	0	(5)	5	0
Adjustments involving the Pension Reserve:											
Reversal of items relating to retirement benefits debited or credited to the CIES		62,010	0	0	0	0	0	0	62,010	(62,010)	0
Employer's pension contributions and direct payments to pensioners payable in the year		(25,031)	0	0	0	0	0	0	(25,031)	25,031	0
Adjustments involving the Collection Fund Adjustment Account:											
Amount by which council tax and NNDR income credited to the CIES is different from council tax and NNDR income calculated for the year in accordance with statutory requirements		(19,051)	0	0	0	0	0	0	(19,051)	19,051	0
Adjustment involving the Accumulated Absences Account:											
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		0	0	0	0	0	0	0	0	0	0
Adjustments between accounting basis and funding basis under regulations		86,427	0	0	12,421	23,266	0	(34,311)	87,803	(87,803)	0
Net increase / (decrease) in year		(32,050)	(2,818)	0	102	23,266	0	(34,311)	(45,811)	295,135	249,324
Transfer to/(from) earmarked reserves	9	32,048	0	(32,048)	0	0	0	0	0	0	0
(Decrease) / Increase in Year		(2)	(2,818)	(32,048)	102	23,266	0	(34,311)	(45,811)	295,135	249,324
Balance as at 31 March 2022		15,082	12,844	126,700	4,122	43,827	1,998	118,397	322,969	934,222	1,257,191

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 2024											
Balance as at 31 March 2023		15,082	12,844	126,700	4,122	43,827	1,998	118,397	322,969	934,222	1,257,191
Movement in reserves during 2023/24											
Surplus / (Deficit) on provision of services		(62,682)	(2,264)	0	(76,850)	0	0	0	(141,796)	0	(141,796)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	0	428,864	428,864
Total Comprehensive Income and Expenditure		(62,682)	(2,264)	0	(76,850)	0	0	0	(141,796)	428,864	287,068
Adjustments involving the Capital Adjustment Account:											
Reversal of items debited or credited to the CIES											
Charges for depreciation, impairment and revaluation losses		19,283	0	0	125,663	0	0	0	144,946	(144,946)	0
Movements in the Market value of Investment Properties		4,001	0	0	(16,103)	0	0	0	(12,102)	12,102	0
Amortisation of Intangible assets		2,160	0	0	0	0	0	0	2,160	(2,160)	0
Capital Grants and contributions applied		(31,312)	0	0	(9,558)	0	0	0	(40,870)	40,870	0
Movement in donated assets account		0	0	0	0	0	0	0	0	0	0
Disposals and Derecognition		36,260	0	0	6,078	0	0	0	42,338	(42,338)	0
Revenue Expenditure Funded from Capital Under Statute		21,391	0	0	0	0	0	0	21,391	(21,391)	0
Inclusion of items not debited or credited to the CIES:											
Statutory provision for the financing of capital investment		(12,689)	0	0	0	0	0	0	(12,689)	12,689	0
Capital expenditure charged against the General Fund and HRA balances		(14,969)	0	0	0	0	0	0	(14,969)	14,969	0
Adjustments involving the Capital Grants Unapplied Account:											
Capital Grants and Contributions unapplied credited to CIES		(20,981)	0	0	0	0	0	20,981	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account		0	0	0	0	0	0	(36,142)	(36,142)	36,142	0
Adjustments involving the Capital Receipts Reserve:											
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES		(184)	0	0	(10,015)	10,199	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure		0	0	0	0	(27,949)	0	0	(27,949)	27,949	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool		0	0	0	13	(13)	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	325	0	0	325	(325)	0
Adjustments involving the Major Repairs Reserve (MRR):											
Reversal of HRA depreciation charged to the Major Repairs Reserve		0	0	0	(12,703)	0	12,703	0	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure		0	0	0	0	0	(12,703)	0	(12,703)	12,703	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		(4)	0	0	(2)	0	0	0	(6)	6	0
Adjustments involving the Pension Reserve:											
Reversal of items relating to retirement benefits debited or credited to the CIES		42,011	0	0	0	0	0	0	42,011	(42,011)	0
Employer's pension contributions and direct payments to pensioners payable in the year		(39,624)	0	0	0	0	0	0	(39,624)	39,624	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		10,976	0	0	0	0	0	0	10,976	(10,976)	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		3,223	0	0	0	0	0	0	3,223	(3,223)	0
Adjustments between accounting basis and funding basis under regulations		19,542	0	0	83,373	(17,438)	0	(15,161)	70,316	(70,316)	0
Net increase / (decrease) in year		(43,140)	(2,264)	0	6,525	(17,438)	0	(15,161)	(71,480)	358,548	287,068
Transfer to/(from) earmarked reserves	9	43,139	0	(43,139)	0	0	0	0	0	0	0
(Decrease) / Increase in Year		(1)	(2,264)	(43,139)	6,525	(17,438)	0	(15,161)	(71,480)	358,548	287,068
Balance as at 31 March 2024		15,081	10,580	83,561	10,645	26,389	1,998	103,236	251,489	1,292,769	1,544,258

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 2023/24.

		Balance at 31 March 2022	In year Expenditure	Reserve movements	New Reserves Raised	Balance at 31 March 2023	In year Expenditure	Reserve movements	New Reserves Raised	Balance at 31 March 2024
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Capital - Community Infrastructure Levy		28,226	(23,633)	0	20,107	24,699	(16,487)	0	8,600	16,812
Revenue implications of capital		3,921	0	(352)	0	3,569	0	(3,569)	0	0
Total Capital Reserves		32,147	(23,633)	(352)	20,107	28,268	(16,487)	(3,569)	8,600	16,812
Public Health	(a)	1,828	(225)	0	0	1,603	(785)	0	0	818
Dedicated Schools Grant		4,870	(861)	0	5,702	9,711	0	0	1,064	10,775
Special Parking Account		1,311	0	0	0	1,311	0	0	0	1,311
Earmarked Revenue Grants		5,837	(669)	(21)	356	5,503	(3,802)	(34)	2,322	3,990
Brent Cross Designated Area S31		13,449	0	0	0	13,449	0	(7,449)	0	6,000
Insurance		0	0	0	2,768	2,768	0	0	0	2,768
Council tax and NNDR smoothing		25,021	(27,320)	0	5,121	2,822	(5,531)	0	3,801	1,091
Total Ringfenced Reserves		52,315	(29,076)	(21)	13,948	37,167	(10,117)	(7,483)	7,187	26,753
Housing Benefits		0	0	0	0	0	0	0	0	0
Local Welfare Provision		4,658	(574)	0	0	4,084	(3,411)	320	0	993
Covid-19 Recovery		6,756	(6,756)	0	0	(0)	0	0	0	(0)
Service Specific Revenue Reserves		10,782	(6,609)	5,751	4,812	14,737	(6,756)	(790)	9,944	17,134
Climate change		1,600	(57)	0	0	1,543	(724)	0	0	818
Council Tax Rebate		2,100	0	(2,100)	0	0	0	0	0	0
Transformation Reserve	(b)	4,053	(876)	3,000	0	6,177	(1,609)	6,000	0	10,568
Residents Support Fund		0	(131)	2,500	0	2,369	(768)	0	0	1,601
Financial Resilience Reserve	(c)	44,336	(8,549)	(8,779)	5,347	32,356	(29,526)	5,522	530	8,882
Total Committed Reserves		74,286	(23,552)	372	10,159	61,266	(42,795)	11,052	10,474	39,996
Total Earmarked Reserves		158,748	(76,261)	0	44,214	126,701	(69,400)	0	26,261	83,562

(a) Public Health: ringfenced reserve to cover future Public Health expenditure.

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

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

Note 10 Other Operating Income and Expenditure

2022/23	Note 10 Other Operating Income and Expenditure	2023/24
£'000		£'000
1,210	Precepts and Levies	1,257
0	Payments to the Government Housing Capital Receipts Pool	13
(22,043)	(Gains)/Losses in the disposal of non-current assets	32,141
(20,833)	Total	33,411

Note 11 Financing and Investment Income and Expenditure

2022/23	Note 11 Financing and Investment Income and Expenditure	2023/24
£'000		£'000
19,945	Interest Payable and similar charges	25,727
15,325	Net interest on the net defined benefit liability	11,603
(8,763)	Interest receivable and similar income	(9,077)
11,490	Income and expenditure in relation to the investment properties and changes in their fair value	(12,597)
0	(Gain) or Loss on disposal of investment properties	0
177	Impairment allowance	530
1,708	Trading operations	1,971
39,881	Total	18,157

Note 12 Taxation and Non-specific Grant Income

2022/23	Note 12 Taxation and Non-specific Grant Income	2023/24
£'000		£'000
(200,740)	Council Tax income	(212,578)
(52,472)	Non-Domestic Rates income and expenditure	(49,295)
(50,720)	Non-specific Government grants*	(59,939)
0	Donated asset	0
(39,140)	Capital grants and contributions	(49,743)
(343,072)	Total	(371,555)

*Please refer to Note 13 Grant Income for a breakdown of non-specific Government grants

Note 13 Grant Income

2022/23	Analysis of Non-ringfenced grant income included in Note 12 Taxation and Non-Specific Grants	2023/24
£'000		£'000
(13,732)	Business Rates Related	(17,824)
(1,308)	Housing Benefit Admin Grant	(1,249)
(565)	Council tax Administration	(565)
(4,847)	New Homes Bonus	(1,389)
(4,258)	Homelessness Prevention Grant	(4,258)
(12,059)	Adults Social Care Grant	(19,460)
(2,235)	Private Finance Initiative Grant	(2,235)
(4,049)	Un-Ringfenced 2023/24 Services Grant	(2,375)
(7,657)	Other Grants Non-Specific	(10,583)
(50,710)	Non-ringfenced government grants	(59,939)
(39,141)	Capital Grants and Contributions*	(49,743)
(89,851)	Total Non-Specific Grants	(109,682)

2022/23	Analysis of the grant income that has been credited to services in the CIES.	2023/24
£'000		£'000
(18,318)	Public Health Grant	(18,915)
(10,599)	Improved Better Care Fund	(9,622)
(1,340)	Independent Living Grant	(1,340)
(5,068)	Asylum Seekers Grant	(5,602)
(253,961)	Dedicated Schools Grant**	(269,653)
(42,024)	Education Related Grants	(11,035)
(175,962)	Housing Benefit Subsidy	(174,150)
(145)	London Crime Prevention Fund	(145)
(12,225)	Council Tax Rebate Grant	0
(20,113)	Other Grants Specific	(74,428)
0	Basic Needs	(174)
(5,250)	MHCLG Thameslink	0
(3,138)	Disabled Facilities Grant	(2,883)
(1,188)	Transport for London	(2,158)
0	School Conditioning	(3,473)
0	Secure Children's Home Programme	(3,418)
(549,331)	Total Specific Grants	(576,997)

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

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

Note 14 Dedicated Schools Grant

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

The Schools' Budget includes elements for a range of educational services provided on a council-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2023/24 are as follows:

Dedicated Schools Grant (DSG) Breakdown	Restated 2022/23*			2023/24		
	Central Expenditure	Individual Schools' Budget	Total	Central Expenditure	Individual Schools' Budget	Total
	£'000			£'000		
Final DSG before Academy recoupment			398,894			426,267
Academy figure recouped			(146,377)			(158,615)
Total DSG after academy recoupment			252,517			267,652
Plus: Brought forward from prior year			4,870			9,711
Less: Carry-forward to following year agreed in advance			0			0
Agreed initial budget distribution	68,195	189,192	257,387	75,194	202,169	277,363
In-year adjustments		910	910		(580)	(580)
Final budget distribution	68,195	190,102	258,297	75,194	201,589	276,784
Less: Actual central expenditure	(58,484)		(58,484)	(64,419)		(64,419)
Less: Actual ISB deployed to schools		(190,102)	(190,102)		(201,589)	(201,589)
Plus: Local authority contribution						0
Carry-forward from in year grant received	9,711	0	9,711	10,775	0	10,775

*Since the 2022/23 draft Statement of Accounts the DSG carry forward has been restated from £4.841m to £9.711m

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

Valuations

The Principal Valuation Manager, Robert Braham, of the Estates service at Barnet 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 2024. Where applicable the valuation date for all other assets due for revaluation in the year was 31 December 2023. 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 2023 and 31 March 2024 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 2023 and 31 March 2024 RICS Registered Valuers.

Capital Commitments	
At 31 March 2024, the council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2023/24 and future years, budgeted to cost £21.228m (£30.415m in 2022/23). This is broken down in the table below:	
Capital Project	Commitments £'000
Care Homes Maintenance	6,430
BXW - Station Construction	4,453
BXW - Rail Systems & Sidings	6,126
Public Sector Decarbonisation Scheme 3	1,453
Trojan Phase 2 EV charge point project	2,766
Carry-forward of capital commitments	21,228

"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. The Estates valuation team undertook valuations of operational property and investment property. HRA Stock was valued at 31st March 2024 and all Other Land and Buildings as at 31st December 2023. The valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture, and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

	Council Dwellings	Land & Buildings	Schools	Plant / Vehicles / Equipment	Infrastructure	Community	Surplus	Assets Under Construction	Intangible	Held for Sale	Heritage	Investment Properties	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Held at Historic Cost and Depreciated Historic Cost	239	83,039	0	21,321	178,447	36	70	119,267	12,882	0	390	0	415,691
Different Valuations are applied to different asset classes													
31st March 2024	943,683	303,858	530,076	0	0	672	90,806	0	0	0	85	57,256	1,926,436
31st March 2023	0	2,115	0	0	0	9	0	0	0	0	37	999	3,160
31st March 2022	0	18,310	0	0	0	324	374	0	0	0	0	163	19,171
31st March 2021	0	11,966	0	0	0	61	0	0	0	5,100	1,114	262	18,503
31st March 2020	0	1,982	0	0	0	80	0	0	0	0	181	0	2,243
31st March 2019	0	969	0	0	0	0	0	0	0	0	0	0	969
Net Book Value of Asset at 31 March 2024	943,922	422,239	530,076	21,321	178,447	1,182	91,250	119,267	12,882	5,100	1,807	58,680	2,386,173

	Council House Dwellings	Other Land and Buildings	Schools	Vehicles Plant and Equipment	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
Cost or Valuation of Assets at 1 April 2022	845,885	256,248	186,521	64,855	425	133,985	87,579	1,575,498	1,734	167,541	31,420	7,000	1,783,193
Reclassifications	558	25,002	0	330	40	(207)	(29,897)	(4,174)	0	2,067	0	0	(2,107)
Additions	57,505	7,498	4,171	1,860	160	3,676	60,690	135,560	0	20,341	166	0	156,067
Revaluation increases/ (Decreases) recognised in the Revaluation Reserve	286	40,159	(14,033)	0	363	364	0	27,139	0	0	0	0	27,139
Revaluation increases/ (Decreases) recognised in the Surplus/Deficit on the Provision of Service	(37,906)	(4,854)	(4,659)	0	(44)	(47,810)	0	(95,273)	0	(14,526)	0	0	(109,799)
Derecognition - Disposals	(3,402)	0	0	(15)	0	0	0	(3,417)	0	0	0	0	(3,417)
Derecognition - Other	0	(27,544)	0	0	0	(2,292)	(1,147)	(30,983)	0	0	0	0	(30,983)
Gross Value of Assets at 31 March 2023	862,926	296,509	172,000	67,030	944	87,716	117,225	1,604,350	1,734	175,423	31,586	7,000	1,820,093
Accumulated Depreciation at 1 April 2022	0	5,186	39	44,483	0	0	0	49,708	0	0	14,622	0	64,330
Reclassifications	0	0	0	0	0	0	0	0	0	0	0	0	0
Writeback of depreciation on revaluation recognised in the Revaluation Reserve	(412)	(4,244)	(5,743)	0	0	0	0	(10,399)	0	0	0	0	(10,399)
Writeback of depreciation on revaluation recognised in the Surplus/Deficit on the Provision of Service	(12,223)	(1,924)	(1,460)	0	0	0	0	(15,607)	0	0	0	0	(15,607)
Derecognition - Disposals	(47)	0	0	(5)	0	(27)	0	(79)	0	0	0	0	(79)
Derecognition - Other	0	(77)	0	0	0	0	0	(77)	0	0	0	0	(77)
Depreciation charge	12,683	5,647	7,241	2,568	0	27	0	28,166	0	0	2,140	0	30,306
Accumulated Depreciation 31 March 2023	1	4,588	77	47,046	0	0	0	51,712	0	0	16,762	0	68,474
NBV of Asset at 31 March 2022	845,885	251,062	186,482	20,372	425	133,985	87,579	1,525,790	1,734	167,541	16,798	7,000	1,718,863
NBV of Asset at 31 March 2023	862,925	291,921	171,923	19,984	944	87,716	117,225	1,552,638	1,734	175,423	14,824	7,000	1,751,619

*Total Assets are £1,912.714m which includes Infrastructure Assets of £161.095m. Please refer to page 95 reconciliation of PPE

	Council House Dwellings	Other Land and Buildings	Schools	Vehicles Plant and Equipment	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
Cost or Valuation of Assets at 1 April 2023	862,926	296,509	172,000	67,030	944	87,716	117,225	1,604,350	1,734	175,423	31,586	7,000	1,820,093
Reclassifications	72,500	140,711	0	100	0	(8,663)	(75,777)	128,871	46	(129,565)	0	0	(648)
Additions	129,793	7,056	10,896	5,804	0	7,756	85,502	246,807	48	712	218	0	247,785
Revaluation increases/ (Decreases) recognised in the Revaluation Reserve	4,736	14,516	354,536	(101)	264	(5,586)	0	368,365	(21)	0	0	0	368,344
Revaluation increases/ (Decreases) recognised in the Surplus/Deficit on the Provision of Service	(123,064)	(10,782)	(486)	(1,023)	(25)	11,281	0	(124,099)	0	12,358	0	0	(111,741)
Derecognition - Disposals	(2,655)	(260)	0	(53)	0	(1,237)	0	(4,205)	0	(112)	0	(1,900)	(6,217)
Derecognition - Other	(313)	(21,079)	(6,869)	(2,332)	0	(17)	(7,683)	(38,293)	0	(137)	0	0	(38,430)
Gross Value of Assets at 31 March 2024	943,923	426,671	530,077	69,425	1,183	91,250	119,267	2,181,796	1,807	58,679	31,804	5,100	2,279,186
Accumulated Depreciation at 1 April 2023	0	4,588	78	47,047	0	0	0	51,713	0	0	16,762	0	68,475
Reclassifications	0	0	0	0	0	0	0	0	0	0	0	0	0
Writeback of depreciation on revaluation recognised in the Revaluation Reserve	(412)	(3,919)	(4,941)	(14)	0	0	0	(9,286)	0	0	0	0	(9,286)
Writeback of depreciation on revaluation recognised in the Surplus/Deficit on the Provision of Service	(12,254)	(2,746)	(1,546)	(146)	0	0	0	(16,692)	0	0	0	0	(16,692)
Derecognition - Disposals	(36)	0	0	(41)	0	0	0	(77)	0	0	0	0	(77)
Derecognition - Other	(6)	(2)	(433)	(1,540)	0	0	0	(1,981)	0	0	0	0	(1,981)
Depreciation charge	12,709	6,511	6,843	2,798	0	0	0	28,861	0	0	2,160	0	31,021
Accumulated Depreciation 31 March 2024	1	4,432	1	48,104	0	0	0	52,538	0	0	18,922	0	71,460
NBV of Asset at 31 March 2023	862,925	291,921	171,923	19,984	944	87,716	117,225	1,552,638	1,734	175,423	14,824	7,000	1,751,619
NBV of Asset at 31 March 2024	943,922	422,239	530,076	21,321	1,183	91,250	119,267	2,129,258	1,807	58,679	12,882	5,100	2,207,726

*Total Assets are £2,386.173m which includes Infrastructure Assets of £178.447m. Please refer to page 95 reconciliation of PPE

Highways Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The London Borough of Barnet has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

We have also utilised the provisions granted under The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 SI 1232/2022 which allows for the derecognition of replaced elements of infrastructure assets to be assumed to be at nil value and confirms that prior year adjustments are not required in relation to this matter. This means that the figures presented below represent the spend and depreciation calculated for this asset class, but due the information deficits, may not accurately reflect the true value of these assets.

Movements on balances

	2022/23	2023/24
	£'000	£'000
NBV (modified historical costs)		
At 1 April	149,409	161,095
Additions	18,013	24,853
Derecognitions	(1,131)	0
Reclassifications	2,107	648
Depreciation	(7,303)	(8,149)
NBV At 31 March	161,095	178,447

Reconciliation of Property, Plant and Equipment

The below table reconciles the individual disclosure notes to the total property, plant, and equipment balance on the face of the balance sheet.

	2022/23	2023/24
	£'000	£'000
Infrastructure assets	161,095	178,447
Other PPE assets	1,552,636	2,129,258
Total PPE assets	1,713,731	2,307,705

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

Description	Net Book Value as at
	31-Mar-24
	£'000
Asset Register Project	33
Colindale office EcoPilot	96
Children’s Services Care Management Controcc (E Financial)	74
CS Early Intervention System	65
CSG - Project management – Verto work collaboration	147
CSG Estates	89
CSG Software	315
Drupal	993
End point software	532
Exor Asset Management System	868
Info Management Data Software 1920	1,192
Integra Enhancement	25
Mosaic (Adults Care Management System)	5,577
My account - one digital	1,340
Office 365	962
Sharepoint	573
TOTAL Per Note 15	12,882

Note 16 Investment Property

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

	2022/23	2023/24
	£'000	£'000
Investment Properties		
Rental income from investment property	(3,036)	(489)
Direct operating expenses arising from investment property	0	0
Net Gain	(3,036)	(489)

Investment Property Movements

Investment properties are those that are held solely to earn rental income and/or for capital appreciation. The definition is not met if the Council has any Social, Strategic or Operational interest in the asset if it is held for sale. 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:

	2022/23				2023/24			
	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	(19,945)	0	0	(19,945)	(25,727)	0	0	(25,727)
Total expense in Surplus or Deficit on the Provision of Services	(19,945)	0	0	(19,945)	(25,727)	0	0	(25,727)
Interest income	0	7,371	1,392	8,763	0	3,532	5,545	9,077
Total income in Surplus or Deficit on the Provision of Services	0	7,371	1,392	8,763	0	3,532	5,545	9,077
Net (Loss)/Gain for the Year	(19,945)	7,371	1,392	(11,182)	(25,727)	3,532	5,545	(16,650)

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

	Long-term £'000		Current £'000	
	31-Mar-23	31-Mar-24	31-Mar-23	31-Mar-24
Investments:				
Fair value through profit or loss	0	0	0	0
Amortised costs	0	0	26,144	55,982
Total Investments	0	0	26,144	55,982
Debtors:				
Amortised costs	223,166	247,378	173,544	280,981
Total included in Debtors	223,166	247,378	173,544	280,981
Cash and cash equivalents:				
Fair value through profit or loss	0	0	39,000	
Amortised costs	0	0	64,353	57,594
Total cash and cash equivalents*	0	0	103,353	57,594
Borrowing:				
Financial liabilities at amortised cost	688,437	1,056,994	2,570	2,492
Total included in Borrowing	688,437	1,056,994	2,570	2,492
Other Long-term Liabilities:				
PFI and finance lease liabilities carried at amortised cost	12,824	10,904	794	1,020
Total Other Long-term Liabilities	12,824	10,904	794	1,020
Creditors:				
Financial liabilities at amortised cost	0	0	213,838	219,746
Total Creditors	0	0	213,838	219,746

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 and expenditure statement. The short-term element is made up of treasury investments made to help manage cashflow and liquidity while managing risk. These include government bonds (gilts) from the UK government, and money market fund investments under cash and cash equivalents (they can be realised daily at cost) as fair value through profit and loss. The longer-term element comprises of service investments made by the Council, which have the aim of helping to meet service delivery outcomes. These include a loan to a wholly owned subsidiary of the council, and two loans to organisations within the community, the provision of which deliver benefits to Barnet through supporting the borrowers.

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 2024 (prior year 31 March 2023), 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 2024 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 £987.991 million would be valued at £793.559 million, as recognised in the table below as part of 'Borrowing held at amortised cost'.

The council is able to repay PWLB loans early if it chooses to but this is subject to being charged premia on the loans. Given, there is a significant proportion of new borrowing that makes up the portfolio and that this is at relatively similar rates to those available at 31 March 2024, these loans will be charged a premium on early redemption. Older loans taken when rates were significantly lower attract a discount to repay sooner, however if the council were to seek to repay these loans to the PWLB because of this discount, it would also need to factor in the cost of refinancing at higher rates into the decision. The fair value of the PWLB loans using the premature redemption rate method of calculation is £872.214m.

The council also has long-term market loans totalling £62.500m as at 31 March 2024. Using a similar methodology as PWLB loans the fair values are £50.515m using new borrowing rates (the basis used in the table below) or £66.964m 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 entirely of UK government issued gilts 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-23		31-Mar-24	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000		£'000	
Bank Overdrafts	0	0	0	0
Borrowing held at amortised cost	688,437	513,597	1,056,994	846,652
PFI lease liabilities	12,824	12,824	10,904	10,904
Trade creditors	98,998	99,026	116,377	116,377
Total	800,259	625,447	1,184,275	973,933

Financial Assets				
	31-Mar-23		31-Mar-24	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000		£'000	
Long term debtors	215,362	206,673	247,378	238,461
Cash and cash equivalents	103,353	103,353	57,594	57,614
Short term investments	26,144	21,147	55,982	56,023
Long term investments	0	0	17,607	17,645
Trade debtors	63,748	63,748	117,515	117,515
Total	408,607	394,921	496,076	487,258

With the exception of the council's service investments, 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 service investments include a loan relating to the development of residential properties, for which a 0.64% provision has been made, and a loan to a community organisation, for which a 0.05% provision has been made. A second loan agreed in 2023/24 to a property developer to build within Barnet has also had an expected credit loss provision made at 3.49%.

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-23	31-Mar-24
	£'000	£'000
Trade receivables Outstanding	74,957	127,459
Less impairment allowance	(11,209)	(9,944)
Net Trade receivables	63,748	117,515
Local Taxation receivables Outstanding	61,052	59,907
Less impairment allowance	(35,162)	(32,683)
Net Local Taxation receivables	25,890	27,223
Other receivables amount Outstanding	85,840	90,866
Less impairments	(42,752)	(40,159)
Net Other receivables amounts	43,089	50,707
Central Government Receivables	29,598	57,665
Prepayments	19,023	27,871
TOTAL	181,348	280,981

Breakdown of non-impaired Local Taxation Debtors

Restated 2022/23*		2023/24
3,921	Due in less than three months	3,807
1,290	Three to six months	1,314
572	Six months to one year	1,834
20,108	More than one year	20,269
25,890		27,223

*Previously published 2022/23 draft figures were, Due <3mths £1,153k, 3mths to 6mths £243k, 6mths to 1yr £5,566k, and >1yrs £18,928k totalling £25,890k

Note 19 Cash and Cash Equivalents

Cash and Cash Equivalents	31-Mar-23	31-Mar-24
	£'000	
Cash	15,753	3,150
Short-term deposits - Money Market Funds	39,000	45,410
Short-Term Government Bonds	0	9,034
Short-term deposits – term deposits	48,600	0
Total	103,353	57,594

Note 20 Creditors

	31-Mar-23	31-Mar-24
	£'000	
Trade Payables	(98,998)	(116,377)
Other Payables	(114,839)	(103,370)
Total	(213,838)	(219,746)

Creditors	31-Mar-23	31-Mar-24
	£'000	
Public Sector		
HMRC-PAYE	(2,265)	(2,840)
Central Government Bodies	(49,773)	(10,542)
Other Public Sector Creditor	(9,577)	(23,016)
NHS	(4,756)	(13,575)
LBB Pension Fund	(1,176)	(4,457)
Sub-Total Public Sector	(67,547)	(54,430)
Non-Public Sector		
Other Non-Public sector Creditor	(71,339)	(94,818)
HRA	(18,647)	(23,298)
Council Tax	(14,294)	(15,725)
NNDR	1,651	0
Receipts in Advances	(43,662)	(31,476)
Sub-Total Non-Public Sector	(146,291)	(165,317)
Total	(213,838)	(219,746)

Note 21 Provisions

	Note	As at 31 March 2022	In year related payments	Written back in year	In year increase	New provisions raised	As at 31 March 2023	In year related payments	Written back in year	In year increase	New provisions raised	As at 31 March 2024
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Insurance	i)	8,469	(2,172)	0	0	0	6,297	0	0	0	0	6,297
Service Related	ii)	6,001	(206)	(582)	234	702	6,149	0	(6,149)	0	0	0
Business Rates Appeals	iii)	3,692	(27,396)	0	26,616	0	2,912	0	0	1,718	0	4,631
Total		18,162	(29,774)	(582)	26,850	702	15,358	0	(6,149)	1,718	0	10,927
	Short Term	6,001				Short Term	6,149				Short Term	0
	Long term	12,161				Long term	9,209				Long term	10,927

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 2024 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. The next assessment will occur in 2024/25.

Service Related

These provisions were evaluated against guidance and as a result were written back in 2023/24.

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 2024. 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 2022	146,188	1,017,535	(515)	(14,359)	(557,253)	(7,052)	54,544	639,087	1,007,867
Movement in unusable reserves during 2022/23									
Surplus / (Deficit) on provision of services	0	0	0	0	0	0	0	0	(133,614)
Other Comprehensive Income and Expenditure	37,538	0	0	0	345,400	0	0	382,938	382,938
Total Comprehensive Income and Expenditure	37,538	0	0	0	345,400	0	0	382,938	249,324
Adjustments involving the Capital Adjustment Account:		0	0	0	0	0	0	0	0
Reversal of items debited or credited to the CIES									
Charges for depreciation, impairment, and revaluation losses	(4,441)	(110,845)	0	0	0	0	0	(115,286)	0
Movements in the Market value of Investment Properties	0	(14,526)	0	0	0	0	0	(14,526)	0
Amortisation of Intangible assets	0	(2,140)	0	0	0	0	0	(2,140)	0
Capital Grants and contributions applied	0	18,734	0	0	0	0	0	18,734	0
Disposals and Derecognition	(59)	(35,343)	0	0	0	0	0	(35,402)	0
Revenue Expenditure Funded from Capital Under Statute	0	(45,569)	0	0	0	0	0	(45,569)	0
Inclusion of items not debited or credited to the CIES									
Statutory provision for the financing of capital investment	0	15,949	0	0	0	0	0	15,949	0
Capital expenditure charged against the General Fund and HRA balances	0	22,920	0	0	0	0	0	22,920	0
Adjustments involving the Capital Grants Unapplied Account:									
Application of grants to capital financing transferred to the Capital Adjustment Account	0	66,324	0	0	0	0	0	66,324	0
Adjustments involving the Capital Receipts Reserve:									
Use of the Capital Receipts Reserve to finance new capital expenditure	0	4,772	0	0	0	0	0	4,772	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	0	0	0	0	0
Adjustments involving the Deferred Capital Receipts Reserve:									
Deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	0	0	0	0	0	0	(337)	(337)	0
Adjustments involving the Major Repairs Reserve (MRR):									
Use of the Major Repairs Reserve to finance new capital expenditure	0	14,681	0	0	0	0	0	14,681	0
Adjustments involving the Financial Instruments Adjustment Account:									
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	5	0	0	0	0	5	0
Adjustments involving the Pension Reserve:									
Reversal of items relating to retirement benefits debited or credited to the CIES	0	0	0	0	(62,010)	0	0	(62,010)	0
Employer's pension contributions and direct payments to pensioners payable in the year	0	0	0	0	25,031	0	0	25,031	0
Adjustments involving the Collection Fund Adjustment Account:									
Amount by which council tax and NNDR income credited to the CIES is different from council tax and NNDR income calculated for the year in accordance with statutory requirements	0	0	0	19,051	0	0	0	19,051	0
Adjustment involving the Accumulated Absences Account:									
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0	0	0	0	0	0	0	0	0
Adjustments between accounting basis and funding basis under regulations	(4,500)	(65,043)	5	19,051	(36,979)	0	(337)	(87,803)	0
Net increase / (decrease) in year	33,038	(65,043)	5	19,051	308,421	0	(337)	295,135	249,324
Transfer to/(from) earmarked reserves	0	0	0	0	0	0	0	0	0
(Decrease) /Increase in Year	33,038	(65,043)	5	19,051	308,421	0	(337)	295,135	249,324
Balance as at 31 March 2023	179,226	952,492	(510)	4,692	(248,832)	(7,052)	54,207	934,222	1,257,191

	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 2023	179,226	952,492	(510)	4,692	(248,832)	(7,052)	54,207	934,222	1,257,191
Movement in unusable reserves during 2022/23									
Surplus / (Deficit) on provision of services	0	0	0	0	0	0	0	0	(141,796)
Other Comprehensive Income and Expenditure	377,630	0	0	0	51,234	0	0	428,864	428,864
Total Comprehensive Income and Expenditure	377,630	0	0	0	51,234	0	0	428,864	287,068
Adjustments involving the Capital Adjustment Account:									
Reversal of items debited or credited to the CIES									
Charges for depreciation, impairment, and revaluation losses	(4,663)	(140,283)	0	0	0	0	0	(144,946)	0
Movements in the Market value of Investment Properties	0	12,102	0	0	0	0	0	12,102	0
Amortisation of Intangible assets	0	(2,160)	0	0	0	0	0	(2,160)	0
Capital Grants and contributions applied	0	40,870	0	0	0	0	0	40,870	0
Disposals and Derecognition	(1,610)	(40,728)	0	0	0	0	0	(42,338)	0
Revenue Expenditure Funded from Capital Under Statute	0	(21,391)	0	0	0	0	0	(21,391)	0
Inclusion of items not debited or credited to the CIES									
Statutory provision for the financing of capital investment	0	12,689	0	0	0	0	0	12,689	0
Capital expenditure charged against the General Fund and HRA balances	0	14,969	0	0	0	0	0	14,969	0
Adjustments involving the Capital Grants Unapplied Account:									
Application of grants to capital financing transferred to the Capital Adjustment Account	0	36,142	0	0	0	0	0	36,142	0
Adjustments involving the Capital Receipts Reserve:									
Use of the Capital Receipts Reserve to finance new capital expenditure	0	27,949	0	0	0	0	0	27,949	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	(325)	(325)	0
Adjustments involving the Major Repairs Reserve (MRR):									
Use of the Major Repairs Reserve to finance new capital expenditure	0	12,703	0	0	0	0	0	12,703	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	6	0	0	0	0	6	0
Adjustments involving the Pension Reserve:									
Reversal of items relating to retirement benefits debited or credited to the CIES	0	0	0	0	(42,011)	0	0	(42,011)	0
Employer's pension contributions and direct payments to pensioners payable in the year	0	0	0	0	39,624	0	0	39,624	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	(10,976)	0	0	0	(10,976)	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	(3,223)	0	(3,223)	0
Adjustments between accounting basis and funding basis under regulations	(6,273)	(47,138)	6	(10,976)	(2,387)	(3,223)	(325)	(70,316)	0
Net increase / (decrease) in year	371,357	(47,138)	6	(10,976)	48,847	(3,223)	(325)	358,548	287,068
Transfer to/(from) earmarked reserves									
(Decrease) /Increase in Year	371,357	(47,138)	6	(10,976)	48,847	(3,223)	(325)	358,548	287,068
Balance as at 31 March 2024	550,583	905,354	(504)	(6,284)	(199,985)	(10,275)	53,882	1,292,769	1,544,258

Notes Relating to the Cash Flow Statement

Note 23 Operating Activities

2022/23	Operating activities within the cash flow statement include the following cash flows relating to interest	2023/24
£'000		£'000
(8,764)	Interest received	(9,089)
19,945	Interest paid	25,727
11,181	Net Interest	16,638

Net Cash Flows from Operating Activities		
2022/23	Adjust net Deficit on the Provision of Services for non-cash movements	2023/24
£'000		£'000
35,443	Depreciation	37,010
79,667	Impairment and downward valuations	107,407
2,057	Amortisation	2,066
(50,704)	Increase/decrease in Creditors	5,255
(24,967)	Increase/decrease in Debtors	(71,656)
30	Increase/decrease in Inventories	9
36,979	Movement in Pension Liability	2,387
(5,658)	Value of non-current assets disposed or derecognised	(42,339)
11,525	Other non-cash items charged to the net Surplus or Deficit on the Provision of Services	(11,250)
84,372	Net Cash Flows from Operating Activities	28,889

2022/23	Adjustment for items included in the net (Surplus)/Deficit on the Provision of Services that are investing or financing activities	2023/24
0	Proceeds from short and long-term investments	0
(27,701)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(10,198)
(59,957)	Capital Grants & Contributions	(59,800)
(6,867)	Capital Receipts	(129)
0	Any other item of which the cash effects are investing or financing cashflow (capital grants)	0
(94,525)	Sub-Total	(70,126)

Note 24 Financing and Investing Activities

2022/23	Cash Flows Arising from Financing Activities	2023/24
£'000		£'000
98,935	Cash receipts of short and long-term borrowing	368,479
701	Cash payments for the reduction of outstanding liabilities relating to finance leases and on Balance Sheet PFI Contracts	900
(1,710)	Repayment of short and long-term borrowing	(1,218)
27,724	Other payments for financing activities	(20,981)
125,649	Net Cash Flows from Financing Activities	347,180

2022/23	Cash Flows Arising from Investing Activities	2023/24
£'000		£'000
(174,080)	Property, Plant and Equipment, intangible and investment properties purchased	(272,638)
109,215	Purchase of short term and long-term investments	12,607
(22,101)	Loans to Saracens & Open Door Homes	(20,000)
(4,379)	Other payments for Investing Activities	0
27,701	Proceeds from sale of Property Plant and Equipment, Investment Property and Intangible Assets	10,198
59,957	Capital Grants & Contributions	59,800
6,867	Capital Receipts	129
0	Other Receipts from Investing Activities	0
3,180	Total Cash Flows from Investing Activities	(209,905)

Note 24a Reconciliation of Liabilities Arising from Financing Activities

	31-Mar-22	Financing Cash Flows	Non Cash Changes	31-Mar-23
	£'000	£'000	£'000	£'000
Long Term Borrowings	589,463	98,974	0	688,437
Short Term Borrowings	2,609	(39)	0	2,570
Lease Liabilities	19,135	(1,554)	0	17,581
On Balance sheet PFI liabilities	13,619	(794)	0	12,824
Banks Overdrafts	22,509	0	0	0
TOTAL	647,335	96,587	0	721,412

	31-Mar-23	Financing Cash Flows	Non Cash Changes	31-Mar-24
	£'000	£'000	£'000	£'000
Long Term Borrowings	688,437	368,556	0	1,056,994
Short Term Borrowings	2,570	(78)	0	2,492
Lease Liabilities	17,581	(3,618)	0	13,963
On Balance sheet PFI liabilities	12,824	(900)	0	11,924
Banks Overdrafts	0	0	0	0
TOTAL	721,412	363,960	0	1,085,373

Other Notes

Note 25 Pooled Budgets

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

- Community equipment services
- Learning disability services
- To support people with learning disabilities who have been living in long stay NHS accommodation to be re-settled to live within the local community.
- To develop an approach to commissioning preventative services to reduce duplication, maximise outcomes and improve health and social care outcomes for service users
- 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.
- Continued delivery of services in the Better Care Fund plan under the existing integrated health and social care section 75 agreement.

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

2022/23	Pooled Budgets	2023/24
£'000		£'000
(29,046)	London Borough of Barnet	(30,508)
(23,577)	NCL Integrated Care Board	(24,193)
(52,623)	Total Funding	(54,701)
29,444	London Borough of Barnet	30,894
25,161	NCL Integrated Care Board	25,680
54,605	Total Expenditure	56,574
1,982	Net deficit arising on pooled budget in year	1,873
405	Council share of (surplus)/ deficit on the pooled budget	461

Section 75 Agreement for in respect of the Better Care Fund

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

Use of BCF:	2022/23			2023/24		
	Barnet Council £'000	NHS NCL ICB £'000	Total £'000	Barnet Council £'000	NHS NCL ICB £'000	Total £'000
Carers Support	1,979	0	1,979	2,159	0	2,159
Integrated Care	1,314	0	1,314	1,434	0	1,434
Personalised Support	1,450	0	1,450	1,582	0	1,582
Reablement	893	0	893	893	0	893
Social Care	4,277	0	4,277	4,666	0	4,666
Disabled Facilities Grant	2,885	0	2,885	2,885	0	2,885
Improved Better Care Fund	9,622	0	9,622	9,622	0	9,622
Winter Pressure funding	0	0	0	0	0	0
Community Equipment	2,238	0	2,238	2,883	0	2,883
Frail Elderly	0	124	124	0	126	126
Community Services	0	13,922	13,922	0	14,079	14,079
Enablement	0	88	88	0	89	89
Hospice Contracts	0	1,719	1,719	0	1,739	1,739
Memory Assessment	0	275	275	0	278	278
Additional Enablement	0	1,064	1,064	0	1,076	1,076
Total Better Care Fund	24,659	17,192	41,850	26,125	17,386	43,511

Note 26 Member's Allowances

2022/23	Member's Allowance	2023/24
£'000		£'000
1,016	Members' Allowances	969
1,016	Total	969

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:

2022/23 Total Number of employees	Remuneration band	2023/24 Total Number of employees
215	£50,000 - £54,999	280
203	£55,000 - £59,999	240
147	£60,000 - £64,999	170
47	£65,000 - £69,999	124
51	£70,000 - £74,999	41
36	£75,000 - £79,999	39
25	£80,000 - £84,999	39
30	£85,000 - £89,999	21
16	£90,000 - £94,999	34
15	£95,000 - £99,999	13
11	£100,000 - £104,999	10
3	£105,000 - £109,999	10
4	£110,000 - £114,999	6
7	£115,000 - £119,999	7
1	£120,000 - £124,999	2
3	£125,000 - £129,999	1
1	£130,000 - £134,999	3
1	£135,000 - £139,999	1
1	£140,000 - £144,999	2
0	£145,000 - £149,999	1
2	>£150,000	2
819		1,046

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:

2023/24 Post Title and Name	Note	Salary	Expenses / Allowances	Compensation for loss of office	Pension Contributions	Total Remuneration
		£	£		£	£
Chief Executive (Head of Paid Service) - John Hooton		212,685	-	-	60,403	273,088
Deputy Chief Executive - Cath Shaw		179,951	-	-	51,106	231,057
Executive Director of Children and Young People - Chris Munday		168,200	6,554	-	49,630	224,385
Executive Director of Communities, Adults and Health - Dawn Wakeling		168,200	6,554	-	49,630	224,385
Executive Director of Strategy & Resources (S151) - Anisa Darr	ii	143,690	5,473	-	42,362	191,524
Interim Executive Director of Resources (S151) - Kevin Bartle	iii	23,361	-	-	-	23,361
Director of Public Health & Prevention - Tamara Djuretic		127,793	-	64,419	32,664	224,877
Executive Director of Assurance - Clair Green		147,212	-	-	41,808	189,020
Chief Legal Advisor and Monitoring Officer- Jessica Farmer	i	87,000	-	-	-	87,000
Director of Transformation - Deborah Hinde		130,018	26,004	-	44,310	200,332

- (i) Jessica Farmer has been the Monitoring Officer from 1st January 2020. She provides services to Barnet via a secondment agreement with London Borough of Harrow.
- (ii) Anisa Darr is the substantive post holder for the Executive Director of Strategy & Resources post and is the Section 151 Officer. Ms Darr was on maternity leave for part of 2023/24.
- (iii) Kevin Bartle is the Interim Executive Director of Resources (S151) covering Anisa Darr’s absence.

2022/23 Post Title and Name	Note	Salary	Expenses / Allowances	Compensation for loss of office	Pension Contributions	Total Remuneration
		£	£	£	£	£
Chief Executive (Head of Paid Service) - John Hooton		205,493	-	-	59,388	264,881
Deputy Chief Executive - Cath Shaw		173,866	-	-	50,247	224,113
Executive Director of Children and Young People - Chris Munday		162,512	6,333	-	44,778	213,623
Executive Director of Communities, Adults and Health - Dawn Wakeling		162,512	6,333	-	44,778	213,623
Executive Director of Strategy & Resources (S151) - Anisa Darr		139,726	6,345	-	42,215	188,285
Director of Public Health & Prevention - Tamara Djuretic		148,466	55	-	38,617	187,138
Executive Director of Assurance - Clair Green		139,726	-	-	40,381	180,107
Chief Legal Advisor and Monitoring Officer- Jessica Farmer	iv	87,000	-	-	-	87,000
Director of Transformation - Deborah Hinde	v	20,937	4,187	-	7,261	32,385

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

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

Pay Band	*Exit Packages by:			
	2023/24		2022/23	
	Number	£'000	Number	£'000
£nil to £20,000	30	207	40	298
£20,001 - £40,000	6	173	8	213
£40,001 - £60,000	4	206	3	198
£60,001 - £80,000	4	265	1	61
£80,001 - £100,000	2	205	0	0
More than £150,000	0	0	0	0
Total	46	1,055	52	771

*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 2023/24 has decreased by 6 but the cost has increased by £0.283m when compared to 2022/23.

Note 28 External Audit Fees

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

2022/23**	Audit Fee Breakdown	2023/24
£'000		£'000
306	Fees payable for external audit services for the year*	343
2	Fees payable for certification of grant claims and returns and other services provided	10
308	Total*	353

*2023/24 audit fees are subject to change for any additional fees agreed with external auditors. The fee for 2023/24 is £458k.

** BDO were the auditors up until 31/3/2023. The audits of prior years may not be completed by BDO in which case fee adjustments are likely to be made.

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 2023/24 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 2023/24 the council's employer's contributions were £24.8m (£23.9m in 2022/23) and the council charged £0.341m for its administration (£0.261m in 2022/23).

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 2023/24 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 2023/24 £3.885m was paid to voluntary groups/charities and academy schools where 25 members were on the governing bodies. In 2022/23 the council paid a total of £3.3832m to voluntary groups/charities and academy schools in which 25 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 2023/24, five officers were company directors or board members (five in 2022/23) 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 2023/24, returns were received for 15 out of 16 Senior Officers (one officer left in January 2024) and 56 out of 63 Members.

Interests in Companies and Group Relationships

The London Borough of Barnet has six subsidiaries:

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

The Barnet Group

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

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

	2022/23	2023/24
	£'000	£'000
Expenditure by the council paid to TBG*	259,924	266,332
Income received from TBG	(25,902)	(9,530)
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 £31m (2022: £77m) capitalised by the council.

Open Door Ltd and the council have agreed a loan arrangement of £72m to be drawn down over several years, which had previously been £65m but the facility has been extended. £67.8m has been drawn down so far including £1.78m of interest that was accrued in 2023/24. In 2023/24, there was also a £20m drawdown of principal against the £170m loan facility to finance the 500 acquisitions programme taking the total drawn down amount to £87.5m. In 2023/24 the council did not transfer any Right to Buy receipts and other grants to Open Door Ltd.

In addition, there is also a £45m financing facility that relates to the transfer of properties from the council to Open Door limited. Of this, the full £45m was owed prior to 2023/24.

Expected credit loss applied on the loan to Open Door Ltd is based on 12 month historical default probabilities of similar loans for BB rated entities in the year to 31 December 2023 as provided by Link, the council’s treasury advisors, considering circumstances specific to the loan and the arrangements. An Expected Credit Loss of £1.275m has been made in 2023/24 (£1.136m in 2022/23).

Barnet (Holdings) LTD

The London Borough of Barnet owns 100% of the share capital of Barnet (Holdings) Ltd, which owned 49% of the share capital in Regional Enterprise Ltd (RE Ltd) with Capita plc. In October 2023, Capita bought Barnet Holdings Ltd shares in RE thereby ending the joint venture.

The council contracts with RE Ltd for development and regulatory services. As at the reporting date the board of RE Ltd included did not include any directors or senior officers (2022/23 included one director and one senior officer). The following transactions occurred between the council and this company:

	2022/23	2023/24
	£'000	£'000
Income received by the council	(3,130)	(168)
Expenditure incurred by the council	24,642	79
Net Balanced owed to the council	14,660	2,450

BX Holdings LTD and Hill Green Homes

The council owns 100% of the shares of BX Holdings and Hill Green Homes Ltd. One Senior Officer is a director of BX Holdings Ltd. Neither subsidiary traded in 2022/23. In 2018/19 the council advanced £5.0m to BX Holding Ltd to facilitate the purchase Cricklewood Regeneration Ltd. at 31st March 2019 and this remains repayable to the council as at 31 March 2024.

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 2023/24. There were no receipts received in 23/24 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	2022/23	2023/24
	£'000	£'000
Opening Capital Financing Requirement	834,345	937,171
Capital Investment		
Property plant and equipment	153,573	271,660
Investment properties	20,341	712
Intangible assets	166	218
Heritage assets	0	48
Revenue expenditure funded from capital under statute	45,569	21,391
Long term debtor treated as capital	26,557	31,211
Source of finance		
Capital receipts	(4,772)	(27,949)
Government grants and other contributions	(85,058)	(77,011)
Sums set aside from reserves	(37,601)	(27,672)
MRP	(15,949)	(12,689)
Closing Capital Financing Requirement	937,171	1,117,089
Explanation of movement in year		
Increase in underlying need to borrow (unsupported by government financial assistance)	102,309	179,330
Assets acquired under PFI contracts	588	615
Increase in Capital Financing Requirement	102,897	179,945

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 2023:		
less than one year	1,299	(3,447)
one to five years	4,455	(11,496)
greater than five years	11,827	(36,564)
Total	17,581	(51,506)
Future Operating Lease Payments 31 March 2024:		
less than one year	1,031	(3,429)
one to five years	3,395	(10,856)
greater than five years	9,538	(36,564)
Total	13,963	(50,848)

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-23	In-Year	31-Mar-24
	£'000	£'000	£'000
PFI Street Lights			
Gross book value	29,691	615	30,306
Accumulated depreciation	(18,306)	(1,569)	(19,875)
Net	11,385	(954)	10,431

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

	31-Mar-22	In-Year	31-Mar-23	In-Year	31-Mar-24
	£'000	£'000	£'000	£'000	£'000
PFI Street Lights:					
Total lease liability	13,619	(794)	12,824	(900)	11,924
Breakdown of Liability in:					
Short-Term Creditors	794		900		1,020
Long-Term Leases	12,824		11,924		10,904

	Repayment of Liability	Interest	Service Charges	Other Charges	Total
	£'000	£'000	£'000	£'000	£'000
2024/25	1,020	1,603	2,218	2,807	7,648
2025/26 -2027/28	3,907	3,914	7,073	9,814	24,708
2028/29-2030/31	6,797	2,055	7,744	7,497	24,093
2031/32	201	27	225	114	567
Total	11,925	7,599	17,260	20,232	57,016

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

Note 33 Termination Benefits

The council terminated the contracts of a number of employees in 2023/24, incurring unreduced early retirement benefits of £0.044m (2022/23: £0.060m), of which £0.044m (2022/23: £0.060m) was payable to the employees and there was no effect on the pension strain. All other termination payments are included in note 27 (Officers' Remuneration).

Note 34 Pension Schemes Accounted for as Defined Contribution Schemes

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

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

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

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

Note 35 Pension Schemes Accounted for as Defined Benefit Schemes

Participation in Pension Schemes

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

Transactions relating to Post-Employment Benefits

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

Breakdown of Transactions in Core Financial Statements	2022/23	2023/24
<i>Transactions Included in the CIES</i>	£'000	£'000
<i>Cost of services:</i>		
Current service cost	46,541	30,359
Past service cost	144	49
Settlements & Curtailments	0	0
<i>Financing and Investment Income and Expenditure:</i>		
Net interest expense	5,325	11,603
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	62,010	42,011
<i>Post-employment Benefits charged to Other Comprehensive Income and Expenditure Statement</i>		
<i>Remeasurement of the net defined liability comprising:</i>		
Return on plan assets (excluding the amount included in the net interest expense)	(45,661)	34,880
Actuarial (gains) / losses arising from changes in demographic assumptions	(2,039)	5,644
Actuarial (gains) / losses arising from changes in financial assumptions or other experience	393,100	10,709
Total Post-Employment Benefits Charged to Other Comprehensive Income and Expenditure	345,400	51,233
Total charged to the CIES	407,410	93,244
<i>Transactions Includes in the MIRS</i>		
<i>Adjustments between accounting basis and funding basis under regulations:</i>		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services	62,010	42,011
<i>Actual amount charged against the General Fund Balance for pensions:</i>		
Employers' contributions payable to the scheme	(25,031)	(39,264)
<i>Pension Assets and Liabilities recognised in the Balance Sheet</i>		
Present value of the defined benefit obligation	(1,028,171)	(1,051,916)
Fair value of plan assets	798,837	870,941
Net Liability	(229,334)	(180,975)
Present value of the unfunded obligation	19,498	(19,011)
Net Liability in Balance Sheet	(248,832)	(199,986)

The net liability shows the underlying commitments that the council has in the long term to pay retirement benefits. The total net deficit of £199.986m (2022/23: £248.832m), 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

	2022/23	2023/24
	£'000	£'000
Opening Fair Value of Scheme Assets	808,293	798,837
Interest income	21,709	37,928
Return on assets, excluding the amount included in the net interest expense	(45,661)	34,880
Contributions by the council including in respect of unfunded benefits	21,958	38,093
Contributions by scheme participants	23,600	9,141
Effects of settlement	7,511	0
Estimated benefit paid including unfunded benefits	0	(47,938)
Effects of business combinations and disposals	(38,573)	0
Closing Fair Value of Scheme Assets	798,837	870,941

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

	2022/23	2023/24
	£'000	£'000
Opening Defined Benefit Obligation	808,293	(1,047,669)
Current service cost	(46,541)	(30,359)
Interest cost	(37,034)	(49,531)
Effects of settlement	0	0
Remeasurement gains and losses:		
Actuarial gains and losses arising from changes in Demographic assumptions	(2,039)	5,644
Actuarial gains and losses arising from changes in Financial assumptions	371,142	10,709
Other Experience gains and losses	0	0
Estimated funded benefit paid	38,573	47,938
Past service costs, including curtailments	(144)	(49)
Contributions by scheme participants	(7,511)	(9,141)
Unfunded pension payments	1,431	1,531
Effects of business combinations and disposals	0	0
Closing Defined Benefit Obligation	(1,047,669)	(1,070,927)

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 2024 and 2023 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 2023		Holdings as at 31 March 2024	
	%	£'000	%	£'000
Equity	51.70%	412,999	31.3%	272,862
LGIM - Global equities on basis of fundamental factors (sales, cashflow, book value, dividends)	13.20%	105,446	6.7%	58,461
LGIM ESG tilted global market	26.90%	214,887	14.3%	124,299
Adam Street - Private Equity	3.50%	27,959	3.5%	30,173
Adam Street – Secondaries	0.80%	6,391	1.3%	11,585
LCIV Sustainable Equity Exclusion	2.70%	21,569	2.8%	24,388
LCIV Emerging market equities	4.60%	36,747	2.8%	23,956
Corporate Bonds	8.0%	63,907	28.7%	250,112
Schroders All Maturities Corporate Bond Fund	8.00%	63,907	0.0%	0
LCIV Global Bond Fund	0.00%	0	14.5%	126,258
LCIV Long Duration Buy and Maintain Credit Fund	0.00%	0	14.2%	123,854
Liquid Multi-Asset Credit	12.9%	103,050	12.9%	112,741
Alcentra - Clareant Global Multi Credit	4.10%	32,752	0.0%	0
Baring Global High Yield Credit Strategies	2.70%	21,569	2.6%	23,043
Insight - IIFIG Secured Finance	6.10%	48,729	6.2%	54,013
LCIV MAC	0.00%	0	4.1%	35,685
Illiquid Alternatives	17.10%	136,601	15.3%	133,112
Partners Multi Asset Credit 2015	0.20%	1,598	0.2%	1,475
Partners Multi Asset Credit 2017	0.90%	7,190	0.4%	3,709
Partners Multi Asset Credit 2019	2.00%	15,977	1.4%	12,444
Partners Group Multi-Asset Credit	0.00%	0	0.6%	5,054
Alcentra - Clareant Direct European Lending	0.90%	7,190	6.3%	54,464
IFM Global Infrastructure	6.70%	53,522	1.4%	12,041
LCIV Renewables Infrastructure	1.20%	9,586	2.9%	24,911
LCIV Private debt	2.90%	23,166	2.2%	19,014
Barings Special Situation Credit	2.30%	18,373	0.0%	0
Property	5.90%	47,131	4.9%	42,701
Aberdeen Long Lease Property	1.80%	14,379	1.5%	12,924
CBRE Property	2.20%	17,574	1.8%	15,926
Fiera Real Estate	1.90%	15,178	1.6%	13,850
Long Term Cash	0.00%	0	3.4%	29,302
Allianz Trade Finance	0.00%	0	1.7%	14,630
Pemberton Trade Finance	0.00%	0	1.7%	14,672
Cash	4.40%	35,149	3.5%	30,111
Total	100%	798,837	100%	870,941

Basis for Estimating Assets and Liabilities

To assess the value of the employer's liability at 31 March 2024, 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 2023, 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	2022/23	2023/24
		Years	Years
Retiring Today	Male	21.5	21.3
	Female	24.3	24.1
Retiring in 20 Years	Male	22.5	22.4
	Female	25.9	25.7

Financial Assumptions

Assumptions	2022/23	2023/24
	% p.a.	% p.a.
Rate of increase in salaries	4.0	3.8
Rate of increase in pensions	3.0	2.8
Rate for discounting scheme liabilities	4.75	4.80

As at the date of the most recent valuation, the duration of the Employer's funded liabilities is 16 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)	32,128 to 53,546	(32,128) to (53,546)
Rate of inflation in salaries (increase or decrease by 0.5%)	451	(451)
Rate of inflation in pensions (increase or decrease by 0.5%)	17,989	(17,989)
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	(18,117)	18,117

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 2024/25 is £27.3m.

Note 36 Contingent Liabilities

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

- North London Business Park- Dilapidations - The council successfully agreed to break its lease on North London Business Park in 20/21. There is a possibility that Middlesex University (MU) (our former landlord) will claim dilapidations from the council. Building 2 at NLBP has a potential new tenant taking majority of the space and this letting does have a positive impact for the council on the dilapidations. The landlord can claim void period and the claim can be minimised if they are going to be letting the space without any works taking place. Charges could be levied by the head landlord (Comer) on Middlesex Uni (our landlord) and then potentially passed through to us. Currently the claim is at £3m down from £3.6m and could potentially reduce. The likelihood that this risk will materialise is reducing but currently we can't be sure when (as well as if) the liability will arise. Negotiations are still on going and MU's surveyors are waiting to hear back from Comer's surveyors, and we are a long way from having to deal with a claim.
- Dispute for Ordinary Residence - Dispute regarding Ordinary Residence costs between London Borough of Barnet and another council who are seeking repayment of community care provision. This dispute is likely to be settled by the Secretary of State. Potential liability between £300k-£400k.
- Dispute regarding rent and service charge for arrears – The council is owed rent and service charge arrears from prior years. Due to a surrender of the lease, the council risks losing the rent and service charges owed to it. Proceedings are on-going. Potential loss of £200k-£300k.
- Dispute regarding care orders - This dispute concerns applications for care orders. The council may be liable to find appropriate accommodation which may cost greater than £100k.
- Disputes regarding recovery of debt – These disputes concern recovery of debts for service users. Proceedings have been issued. Potential recovery of debt is between £100k-£150k.

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 DLUHC guidance on local government investments. This guidance emphasises that priority is to be given, in order, to security, liquidity then 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 while maintaining 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 that fall into the 'specified' investment category of the TMSS 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 (unless otherwise defined in the TMSS, for example there is no limit for investments with the UK government's debt management office) 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 treasury investments (maximum 12 months duration), the council can enter into service investments. Service investments do not have the same treasury management aims of ensuring security of capital, managing liquidity and achieving yield. Service investments are intended to support the achievement of the council's objectives and help meet service outcomes and the risk management framework for these investments is developed and captured within the council's capital strategy.

Outside of the short-term treasury management investment activity, the treasury team has the option to invest in slightly long duration deposits to counterparties described as 'non-specified' within the TMSS. The council's 2023/24 TMSS determines time limits for classes of investments and states a maximum £100m total in non-specified investments.

In 2023/24, all investments except for loans to Saracens (maximum 30 years), TBG Open Door (ODH) (maximum 49 years) and RA BX Plot 1 (maximum 5 years) were placed for less than 365 days. The loans to Saracens, ODH and RA BX Plot 1 are service investments and are not defined within the terms of the TMSS.

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 2023/24, approved by Council on 28 February 2023.

The two tables below summarise the nominal value and credit ratings of the council’s investment portfolio at 31 March 2024, 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 2024	Balance Invested as at 31 March 2024					
			£'000					
			<=3 months	>3 months and <6 months	>6 months and <12 months	>12 months and <24 months	>24 months	Total
UK Government Bonds (Gilts)	Yes	Yes	12,184	15,919	40,070	14,951	-	83,124
Money Market Funds	Yes	Yes	45,410	0	0	0	0	45,410
Current accounts	N/A	N/A	0	0	0	0	0	0
Total Cash and Cash Equivalents			57,594	0	0	0	0	128,534
Loans to community organisations*	N/A	N/A	0	0	0	0	21,696	21,696
Other Service Investment loans*	N/A	N/A	0	0	0	0	11,211	11,211
Loans to council subsidiary*	N/A	N/A	0	0	0	0	199,274	199,274
Total Corporate Loans			0	0	0	0	232,181	232,181

*Loans to community repaid over 30yrs, Other Service Investment loans repaid over 5yrs, and Loans to Council Subsidiary repaid over 49yrs

The above analysis shows that all deposits outstanding as at 31st March 2024 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 service investments arising from the Council’s service delivery activities.

	Credit Ratings	31-Mar-23		31-Mar-24	
		Current	Non- Current	Current	Non- Current
		£'000	£'000	£'000	£'000
Treasury Investments	AAAmmf (funds)	39,000	0	45,410	0
Treasury Investments	AA-	0	0	83,124	0
Treasury Investments	AA+	30,000	0	0	0
Treasury Investments	A	14,300	0	0	0
Treasury Investments	A-	25,000	0	0	0
Treasury Investments	BBB+	0	0	0	0
Service Investments	Unrated community organisation	0	0	0	21,696
Service Investments	Unrated corporates	0	23,763	0	11,211
Service Investments	Wholly owned Subsidiary	0	155,207	0	199,274
	Total	108,300	178,970	128,534	232,181

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 (£128.479m in the above table) as 0.008% as at 31st March 2024. There is no evidence at the 31 March 2024 that a risk of loss is likely to crystallise on the other investments. However, in line with the requirement of IFRS9 a provision of £1.275 million has been made against the loan to the wholly owned subsidiary to reflect the long-term repayment profile and £0.402m provision against the unrated corporates.

Statutory Debt

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

Council Tax Debtors	Gross Debt £'000	Bad and Doubtful Debts Provision £'000
2022/23 Council Tax Debtors	54,237	(31,002)
2023/24 Council Tax Debtors	53,413	(29,307)

NNDR Debtors	Gross Debt £'000	Bad and Doubtful Debts Provision £'000
2022/23 NNDR Debtors	6,815	(4,160)
2023/24 NNDR Debtors	6,494	(3,376)

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 2024, all treasury investments (£128.479m) had a callable maturity of less than 12 months, of which £45.410m was immediately available through redemption from money market funds. The remainder was gilts which are highly liquid due to the active secondary gilt market. The duration of all service and treasury 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 2024 was as follows:

Maturity Analysis of Borrowing:	31 March 2024 £'000	% of total debt portfolio	31 March 2023 £'000	% of total debt portfolio
Less than 12 months	96,789	9.18%	19,402	1.47%
Over 1 but not over 5 years	242,116	22.96%	108,469	8.24%
Over 5 but not over 10 years	115,491	10.95%	218,187	16.57%
Over 10 but not over 15 years	73,467	6.97%	122,809	9.33%
Over 15 but not over 20 years	68,794	6.53%	130,648	9.92%
Over 20 but not over 25 years	4,164	0.39%	73,967	5.62%
Over 25 but not over 30 years	34,791	3.30%	52,735	4.01%
Over 30 but not over 35 years	6,723	0.64%	78,274	5.94%
Over 35 but not over 40 years	8,543	0.81%	46,864	3.56%
Over 40 but not over 45 years	100,855	9.57%	55,880	4.24%
Over 45 years	302,554	28.70%	409,410	31.09%
Total Borrowing	1,054,287	100.00%	1,316,645	100.00%

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 several strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy, a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The treasury team will monitor markets 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 rate borrowing would be postponed where possible or replaced with interim short term borrowing as in 2023/24.

As at 31 March 2024, the debt portfolio (nominal value) consisted of fixed rate PWLB debt of £991.28m, market loans of £62.5m and interest free loans of £2.578m 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 2024, 100% of the debt portfolio was held in fixed rate instruments, of which 32.15% mature in the next five years. In addition, the debt balances with interest rate options represent 5.92% 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	377
Impact on Surplus or Deficit on the Provision of Services	377
Share of overall impact credited to the HRA	41
Increase in fair value of fixed interest investments*	4
Impact on Other Comprehensive Income and Expenditure:	302
Decrease in fair value of fixed rate borrowings/liabilities*	(102,681)

*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 £377,000 (HRA share: £41,000). These assumptions are based on the same methodology as used in the 'Fair Value' disclosure note. (Note 17).

Price Risk

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

Foreign Exchange Risk

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

Note 38 Group Pension Reserve

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

Consolidated Pension Fund	31 March 2023 £'000	31 March 2024 £'000
London Borough of Barnet	248,832	199,986
The Barnet Group Ltd	11,635	4,671
Total	296,366	296,366

The assumptions used and the detailed breakdown of the London Borough of Barnet Pension Liability of £199,986 can be seen in Note 35.

The Barnet Group Pension Liability

Net Pension Fund Liability as at	31 March 2023 £'000	31 March 2024 £'000
Present Value of Funded Obligation	(140,337)	(101,554)
Fair Value of Scheme Assets	93,413	97,359
Net Liability	(46,924)	(4,195)
Present Value of Unfunded Obligation	(610)	(476)
Net Liability in Statement of Financial Position	(47,534)	(4,671)

The Barnet Group Pension Assets

Reconciliation of the Movement in Fair Value of Scheme Assets	31 March 2023	31 March 2024
	£'000	£'000
Opening Fair Value of Scheme Assets	85,494	89,936
Interest Income	2,516	4,255
Return on Assets	(5,484)	3,912
Administration expenses	26	29
Effect of business combination	0	0
Other Actuarial gains/(losses)	(792)	0
Contributions by employer	2,372	2,491
Contributions by scheme participants	625	636
Estimated benefits paid including unfunded benefits	(2,740)	(3,900)
Fair value of scheme assets at end of period	89,936	97,359

Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligation)	31 March 2023	31 March 2024
	£'000	£'000
Opening Defined Benefit Obligation	140,947	101,571
Current service cost	3,976	2,222
Interest Cost	3,823	4,802
Remeasurement Gains & Losses:		
Actuarial gains and losses arising from changes in financial assumptions	(51,941)	(5,940)
Actuarial gains and losses arising from changes in demographic assumptions	(625)	(561)
Other Experience gains and losses	7,366	3,129
Liabilities extinguished on settlements	0	0
Estimated funded benefit paid	(2,714)	(3,871)
Past Service Cost	140	71
Effect of business combinations	0	0
Contributions by scheme participants	625	636
Unfunded pension payments	(26)	(29)
Closing Defined Benefit Obligation	101,571	102,030

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)

2022/23		2023/24
£'000		£'000
1,713,731	Council PPE	2,307,705
210,862	The Barnet Group PPE	237,903
8,503	Assets transferred to The Barnet Group for £1 in 201819	8,503
(131,660)	Write down cost to expected use value of social housing on new dwellings @ 75%	(167,204)
(6,275)	Accounting standard IFRS16 - implemented by TBG; due to be implemented by the council in 2024/25	(5,370)
1,795,162	Consolidated Group	2,381,537

39.2 Intangible Assets

2022/23		2023/24
£'000		£'000
14,824	Council Intangible Assets (Licenses and certificates)	12,882
799	The Barnet Group Intangible Assets (Licenses and certificates)	424
10,000	Land option	10,000
25,623	Consolidated Group	23,306

39.3 Long Term Debtors

2022/23		2023/24
£'000		£'000
215,362	Council Long Term Debtors	247,378
(131,749)	Elimination debtor for loans to ODH	(163,948)
(45,000)	Transfer of properties to ODH for deferred capital Receipts	(45,000)
(5,000)	£5m long term debtor in Cricklewood	5,000
33,613	Consolidated Group	43,430

39.4 Short Term Debtors

2022/23		2023/24
£'000		£'000
181,348	Council Short Term Debtors	280,981
19,012	The Barnet Group Short Term Debtors	43,942
4,591	BELS Short Term Debtors	2,061
(2,210)	Amount due to parent undertaking by TBG	(2,674)
(4,178)	Amount due to parent undertaking by BELS	(1,911)
(7,807)	Amounts due from parent undertaking by TBG	(37,944)
(4,245)	Amounts due from parent undertaking by BELS	(1,881)
186,510	Consolidated Group	282,573

39.5 Cash and Cash Equivalents

2022/23		2023/24
£'000		£'000
103,353	Council Cash and cash equivalents	57,594
35,601	The Barnet Group Cash and cash equivalents	31,499
2,312	BELS Cash and cash equivalents	3,238
141,266	Consolidated Group	92,331

39.6 Short Term Creditors

2022/23		2023/24
£'000		£'000
(213,838)	Council Short Term Creditors	(219,746)
(45,503)	The Barnet Group Short Term Creditors	(72,132)
(6,403)	BELS Short Term Creditors	(4,804)
7,807	Amount due to parent undertaking by TBG	37,944
4,245	Amount due to parent undertaking by BELS	1,881
4,704	Amounts due from parent undertaking by TBG	5,820
4,179	Amounts due from parent undertaking by BELS	1,911
0	Accounting standard IFRS16 – Finance leases payable in less than one year	0
(244,808)	Consolidated Group	(249,125)

39.7 Pension Scheme

2022/23		2023/24
£'000		£'000
(248,832)	Council Pension Scheme	(199,986)
(47,534)	The Barnet Group Pension Scheme	(4,671)
0	Increase in pension liability in pension assets	0
(296,366)	Consolidated Group	(204,657)

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 rent 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.

2022/23	Income and Expenditure Statement	2023/24
£'000	Expenditure	£'000
11,286	Repairs & Maintenance	10,941
30,057	Supervision & Management	31,377
101	Rents, Rates, Taxes, and other charges	1,560
39,318	Depreciation, impairment, and revaluation losses of non-current assets	125,664
(3)	Debt Management Costs	(4)
942	Increase/(Decrease) in allowance for bad or doubtful debts	667
81,700	Total Expenditure	170,205
	Income	
(52,578)	Dwelling rents	(56,279)
(794)	Non-dwelling rents	(1,424)
(6,802)	Charges for services and facilities	(9,703)
(4,620)	Other	(5,617)
(64,794)	Total Income	(73,023)
14,472	Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	97,182
(15,168)	(Gains)/loss on sale of HRA Fixed Assets	(3,922)
11,520	Interest Payable and Similar Charges	14,078
(2,434)	HRA Interest and Investment Income	(4,803)
(624)	Investment property income	(26)
9,417	Movement in Investment Property valuation	(16,102)
(7,298)	Capital Grants and Contributions	(9,557)
9,885	Deficit for the year on HRA Services	76,850

*HRA Interest Income for 22/23 has been restated to £2.434m, this amount was previously included within 'Other' under Income £4.620m (22/23 £7.054m).

Movement on HRA Statement

2022/23	Movement on HRA Statement	2023/24
4,020	HRA Balance as at 31 March 2023	4,122
12,318	Surplus/(Deficit) for the Year on HRA Services	76,850
	Adjustments Between Accounting and Funding Basis under Statute:	
(2)	Financial Instrument Adjustment	(2)
(14,681)	Transfer to Major Repairs Reserve	(12,703)
(15,168)	Gain/(loss) on sale of HRA non-current assets	(3,922)
42,270	Transfer to Capital Adjustment Account	100,002
-	Transfer to/from Capital Receipts Reserve	-
-	Transfer to Capital Grants Unapplied Reserve	-
12,420	Total Adjustments	83,375
102	Net increase / (decrease) in year	6,525
4,122	HRA Balance as at 31 March 2024	10,645

Note 1 Analysis of Housing Stock

Note 1 Analysis of Housing Stock		
At 31st March 2024, the council was responsible for managing a housing stock of 9,757 dwellings, comprising the following types:		
31-Mar-23	Asset Type	31-Mar-24
3,509	Houses	3,517
5,707	Flats	6,240
9,216	Total Stock	9,757

Note 2 Arrears and Bad Debt Provision

Note 2 Arrears and Bad Debt Provision		
31-Mar-23	Category	31-Mar-24
£'000		£'000
4,535	Council House Tenants	5,276
12,034	Leaseholders	12,956
1,087	Commercial Tenants	737
17,656	Total Arrears	18,969
(3,111)	Bad Debt Provision	(2,913)

Note 3 Balance Sheet Value of HRA Operational Assets

Note 3 Balance Sheet Value of HRA Operational Assets		
31-Mar-23	Asset Type	31-Mar-24
£'000		£'000
862,373	Council Dwellings	943,928
14,367	Other Land and Buildings	48,179
181	Heritage Assets	181
82,844	Investment properties	9,396
15,258	Surplus Assets not held for sale	10,630
975,023	Total Value	1,012,314
31-Mar-23	Asset Type	31-Mar-24
£'000		£'000
3,382,569	Value of Non-Operational Assets	3,481,631

*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		
2022/23	Asset Type	2023/24
£'000		£'000
26,167	Council Dwellings	112,240
9,417	Other Land and Buildings and Investment Properties	(16,102)
35,584	Total	96,138

Note 5 Depreciation

Note 5 Depreciation		
2022/23	Asset Type	2023/24
£'000		£'000
12,683	Council Dwellings	12,703
468	Other Land and Buildings	722
13,151	Total	13,425

Note 6 Capital Expenditure and Financing

Note 6 Capital Expenditure and Financing		
2022/23	Breakdown	2023/24
£'000		£'000
92,184	Capital Expenditure	156,745
	Sources of Funding	
(14,681)	Major Repairs Reserve (MRR)	(12,703)
(945)	Capital Receipts	(27,620)
(76,558)	Other Contributions	(116,422)
(92,184)	Total	(156,745)

Note 7 Capital Receipts from Disposals

Note 7 Capital Receipts from Disposals		
2022/23	Asset Type	2023/24
£'000		£'000
16,639	Council Dwellings	6,052
4,225	Other Land and Buildings	3,950
12,487	Total	20,864

Note 8 Accounting for Pensions in the HRA

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

Collection Fund

Collection Fund Statement

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

2022/23			Collection Fund Statement	2023/24		
NDR	Council Tax	Total		NDR	Council Tax	Total
£'000			Income	£'000		
0	263,270	263,270	Council Tax	0	282,537	282,537
96,442	0	96,442	Business Rates Receivable	91,089	0	91,089
2,597	0	2,597	Business Rates Supplement	2,247	0	2,247
			Contributions to prior year's deficit			
19,303	0	19,303	Central Government	0	0	0
17,548	0	17,548	London Borough of Barnet	0	2,328	2,328
21,643	0	21,643	Greater London Authority	0	633	633
157,533	263,270	420,803	Sub-Total	93,336	285,498	378,835
			Expenditure			
			Disbursement of prior year's surplus			
0	0	0	Central Government	7,840	0	7,840
0	1,246	1,246	London Borough of Barnet	7,128	0	7,128
0	356	356	Greater London Authority	8,791	0	8,791
0	1,602	1,602	Sub-Total	23,759	0	23,759
			Precepts and demands			
27,423	0	27,423	Central Government	31,395	0	31,395
24,930	203,732	228,662	London Borough of Barnet	28,541	214,612	243,153
30,747	59,668	90,415	Greater London Authority	35,201	66,455	101,656
2,591	0	2,591	Crossrail (GLA)	2,241	0	2,241
85,690	263,400	349,091	Sub-Total	97,378	281,068	378,445
			Charges to Collection Fund			
385	0	385	Cost of collection allowance	372	0	372
6	0	6	BRS collection allowance	6	0	6
0	0	0	Interest	141	0	141
0	2,170	2,170	Increase/(decrease) in allowance for bad or doubtful debts	804	7,253	8,057
(2,600)	0	(2,600)	Movement in provision for appeals	5,728	0	5,728
538	0	538	Transitional Protection Payments (received)/payable	(5,014)	0	(5,014)
			Sub-Total	2,036	7,253	9,292
(1,671)	2,170	499	(Surplus)/deficit for the year	29,837	2,823	32,659
(73,513)	3,903	(69,611)				

Surplus on the Collection Fund

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

31-Mar-23			(Surplus)/Deficit on the Collection Fund	31-Mar-24		
NDR	Council Tax	Total		NDR	Council Tax	Total
£'000				£'000		
(9,678)	4,974	(4,703)	London Borough of Barnet	(727)	7,009	6,282
(11,936)	1,453	(10,483)	Greater London Authority	(896)	2,241	1,345
(10,645)	0	(10,645)	Central Government	(799)	0	(799)
(32,259)	6,427	(25,832)	Total	(2,422)	9,250	6,828

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 £1,836.16 for 2023/24. The tax base in Barnet has increased from 150,834 to 153,073.

Band	Ratio	2022/23 Band D Equivalent	2023/24 Band D Equivalent
A	6/9	1,710	1,703
B	7/9	4,641	4,561
C	8/9	19,791	19,953
D	9/9	32,161	33,982
E	11/9	33,799	34,075
F	13/9	25,746	25,753
G	15/9	24,931	24,991
H	18/9	8,050	8,051
MOD Contribution		4	4
Tax Base		150,834	153,073

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.

2022/23	Business Rates	2023/24
290,795,913	Non-domestic rateable value at 31 March	299,484,239
51.2	Business rate multiplier - standard rate	54.6
49.9	Business rate multiplier - small businesses	49.9

Note 4 Collection Fund Surplus/Deficit

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

Note 5 Business Rates Supplement

A Business Rates Supplement (BRS) is levied by the Greater London Authority on non-domestic properties with a rateable value of £75,000 or more and is subject to certain allowances and exemptions.

The aggregate rateable value of properties liable for the BRS at 31st March 2024 was £168.3m (the equivalent figure at 31st March 2023 being £168.0m). The multiplier has remained at 2.0p / £ since the BRS was introduced.

Pension Fund

Statement of Accounts

2023/24

Auditor's Statement – Pension Fund (to follow)

Main Statements: Fund Account

		2023/24	2022/23*
	Notes	£000	£000
Dealings with members, employers and others directly involved in the fund			
Contributions	6	(81,906)	(66,878)
Transfers in from other pension funds	7	(9,965)	(6,072)
		(91,871)	(72,951)
Benefits	8	70,929	64,913
Payments to and on account of leavers	9	4,712	9,944
		75,641	74,858
Net (additions) from dealings with members		(16,230)	1,907
Management expenses	10	20,202	17,846
Net (additions) / withdrawals including fund management expenses		3,971	19,753
Returns on investments			
Investment income	11	(4,204)	(4,037)
Profit and losses on disposal of investments and changes in the value of investments	13	(168,974)	20,362
Net return on investments		(173,178)	16,325
Net (increase) / decrease in the net assets available for benefits during the year		(169,206)	36,078
Opening net assets of the fund		1,465,548	1,501,627
Closing net assets of the fund		1,634,755	1,465,548

*Please note that some figures from 2022/23 differ from those published in the 2022/23 Pension Fund Accounts and Annual Report. These are due to updates to fund manager expenses and accruals which became available after the publishing of these documents.

Main Statements: Net Assets Statement

		31 March 2024	31 March 2023*
	Notes	£000	£000
Investment assets		1,621,810	1,481,221
Long term investments		150	150
Total net investments	13	1,621,960	1,481,371
Current assets	18	24,928	14,772
Current liabilities	19	(12,133)	(30,595)
Net assets of the fund available to fund benefits at the end of the reporting period		1,634,755	1,465,548

*Please note that some figures from 2022/23 differ from those published in the 2022/23 Pension Fund Accounts and Annual Report. These are due to updates to fund manager expenses and accruals which became available after the publishing of these documents.

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

Notes to the Pension Fund Accounts

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 2023/24* and the underlying statutory powers underpinning the Fund.

General

The Fund 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, for most employees, compulsory under the auto-enrolment regulations. However, employees, including non-teaching staff in schools, are free to choose whether to remain in the Fund 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 2024, 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 decreased during the year from 9,729 to 9,464 at 31 March 2024. During the same period, the number of pensioners increased from 8,587 to 9,002 and the number of deferred pensioners increased from 9,517 to 9,903.

	31 March 2024	31 March 2023
Number of employers with active members	66	70
Number of employees in fund		
London Borough of Barnet	4,158	3,961
Other employers	5,306	5,768
Total	9,464	9,729
Number of pensioners		
London Borough of Barnet	5,699	5,500
Other employers	3,303	3,087
Total	9,002	8,587
Deferred pensioners		
London Borough of Barnet	5,772	5,835
Other employers	4,131	3,682
Total	9,903	9,517
Total number of members in pension fund	28,369	27,833

NB: Fund 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 Fund 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 2024. 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.

2. *Basis of Preparation*

The statement of accounts summarises the Fund's transactions for the 2023/24 financial year and its position at year-end as at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, 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.

3. *Summary of Significant Accounting Policies*

3.1 Fund account – revenue recognition

Contribution income

Normal contributions, both from the members and from the employers, 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 Fund 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.

3.2 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 Fund pays their tax liabilities due in respect of annual 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.

3.3 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 Fund actuary in accordance with the requirements of IAS 26 and relevant actuarial standards.

Additional voluntary contributions

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

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

3.4 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

3.5 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.

4. Critical Judgements in Applying Accounting Policies

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

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

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

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.

6. Contributions Receivable

By category

	2023/24	2022/23
	£000	£000
Employees' contributions:	(15,427)	(14,079)
Employers' contributions:		
Normal contributions	(59,403)	(44,900)
Deficit recovery contributions (deficit contributions paid as a % of salary included in Normal Contributions)	(3,440)	(3,897)
Augmentation contributions	(3,636)	(4,003)
Total employers' contributions	(66,479)	(52,800)
Total contributions receivable	(81,906)	(66,878)

By authority

	2023/24	2022/23
	£000	£000
London Borough of Barnet	(55,460)	(39,748)
Scheduled bodies	(24,336)	(23,487)
Admitted bodies	(2,110)	(3,643)
Total contributions receivable	(81,906)	(66,878)

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

Barnet Homes	£2.084 million (2023/24: £1.832 million)
Your Choice	£0.396 million (2023/24: £0.664 million)
Barnet Education & Learning Services	£0.516 million (2023/24: £0.604 million)

7. Transfers in from other Pension Funds

	2023/24	2022/23
	£000	£000
Group transfers	0	0
Individual transfers	(9,965)	(6,072)
Total transfers in from other Pension Funds	(9,965)	(6,072)

8. Benefits Payable

By category

	2023/24	2022/23
	£000	£000
Pensions	59,199	53,542
Commutation and lump sum retirement benefits	10,376	9,584
Lump sum death benefits	1,354	1,788
Total benefits payable	70,929	64,913

By authority

	2023/24	2022/23
	£000	£000
London Borough of Barnet	50,383	46,763
Scheduled bodies	15,498	13,103
Admitted bodies	5,048	5,047
Total benefits payable	70,929	64,913

9. Payments to and on Account of Leavers

	2023/24	2022/23
	£000	£000
Refunds to members leaving service	342	222
Individual transfers	4,370	9,723
Total payments to and on account of leavers	4,712	9,944

10. Management Expenses

	2023/24	2022/23*
	£000	£000
Administrative costs	906	953
Investment management expenses	18,422	15,951
Oversight and governance costs	874	942
Total management expenses	20,202	17,846

*Please note that some figures from 2022/23 differ from those published in the 2022/23 Pension Fund Accounts and Annual Report. These are due to updates to fund manager expenses charged directly to investments and accrual information on advisor fees, which became available after the publishing of these documents.

Administration costs represent charges from the third-party pension administrator and LBB 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. Other than for LGIM and Schroders Funds, all fees are deducted within the amounts invested. The 'Change in Investment' item within Note13 is therefore expressed gross of Investment Fees.

10a. *Investment Management Expenses*

	2023/24	2022/23*
	£000	£000
Management fees	7,447	6,866
Performance related fees	6,131	4,848
Custody fees	0	(3)
Transaction costs	4,844	4,240
Total investment management expenses	18,422	15,951

*Please note that some figures from 2022/23 differ from those published in the 2022/23 Pension Fund Accounts and Annual Report. These are due to updates to fund manager expenses and accruals which became available after the publishing of these documents.

NOTE: Management Fees are estimated at the time of producing these draft accounts as not all Investment Managers have provided their fees over the period. £35,000 (2022/23: £31,000) relates to money market funds.

11. *Investment Income*

	2023/24	2022/23
	£000	£000
Pooled investments – unit trusts and other managed funds	(2,709)	(2,524)
Interest on cash deposits	(1,495)	(1,514)
Total investment income	(4,204)	(4,037)

12. *Audit Cost*

	2023/24	2022/23
	£000	£000
Payable in respect of external audit	77	40
Total external audit costs	77	40

Prior year audit costs in the above table include additional charges agreed after the closure of the accounts. Note, no work has been undertaken on the audit for the period 23/24 or 22/23.

13. Investments

2023/24	Market value	Purchases during the year	Sales during the year	Change in market value (gross of Fees)	Market value
	1 April 2023				31 March 2024
	£000	£000	£000	£000	£000
Investment assets:					
Pooled investments	1,442,701	598,199	(627,654)	168,974	1,582,220
Money market funds	38,500	1,070			39,570
Long term investments	150				150
	<u>1,481,351</u>	<u>599,269</u>	<u>(627,654)</u>	<u>168,974</u>	<u>1,621,940</u>
Other investment balances:					
Cash deposits	20				20
Net investment assets	<u><u>1,481,372</u></u>				<u><u>1,621,960</u></u>

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.

13a. Analysis of Investments

	31 March 2024	31 March 2023
	£000	£000
Pooled funds – additional analysis		
UK		
Unit trusts	343,906	587,697
UK managed funds	1,129,766	759,377
Money market funds	39,570	38,500
Non-UK		
Overseas Managed Fund	108,548	95,626
	1,621,790	1,481,201
Long term investments	150	150
Cash deposits	20	20
Total investment assets	1,621,960	1,481,371

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

13b. Investments Analysed by Fund Manager

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 £284.08 million (31.3.23: £247.90 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 invests around 43.1% of assets with the London CIV (an increase from 15.3% at 31 March 2023). The Fund's investments with Legal & General (% of investments) are monitored by LCIV. The tables below provides further analysis of the investments as at 1 March 2024 by both asset class and geographical exposure, breaking down pooled funds into their underlying exposures. Additional details of each fund can be found by reviewing the Fund's Pension Fund Committee papers.

	Market value 31 March 2024		Market value 31 March 2023	
	£000	%	£000	%
Legal and General	343,906	21.1	587,697	39.6
Schroder Investment Management	19	0.0	117,107	7.9
LCIV	698,448	43.1	227,015	15.3
Alcentra	9,510	0.6	13,164	0.9
Partners Group	33,172	2.0	46,586	3.1
Barings	79,140	4.9	74,560	5.0
Insight Investments	101,638	6.3	91,785	6.2
IFM Investors	102,487	6.3	98,001	6.6
Aberdeen Long Lease Property	24,320	1.5	26,753	1.8
CBRE	29,969	1.8	31,873	2.2
Adams Street	78,578	4.8	63,198	4.3
Fiera Real Estate	26,063	1.6	27,577	1.9
Allianz	27,529	1.7	18,500	1.2
Pemberton	27,609	1.7	18,500	1.2
Legal and General Liquidity Fund	20,285	1.3	19,250	1.3
Aberdeen Standard Life	19,285	1.2	19,250	1.3
	1,621,960	100.0	1,480,816	100.0

Investment Analysed by Asset Class

	Market value	31-Mar-24
	£000	%
UK Equities	6,917	0.4
UK Corporate Bonds	136,195	8.4
Overseas Equities	427,958	26.4
Overseas Bonds	334,450	20.6
Private Equity	78,578	4.8
Property	80,352	5.0
Cash	39,740	2.5
Infrastructure	125,145	7.7
Private Debt	99,144	6.1
Multi Asset Credit	238,341	14.7
Trade Finance	55,139	3.4
	1,621,960	100.0

Note: Proportion of UK equity and Bonds estimated from underlying allocation of LGIM equity and London CIV / Schroders Bond funds.

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

	31 March 2024		31 March 2023	
	£000	as % of investment assets	£000	as % of investment assets
Legal and General Future Worlds Fund	233,897	14.4	394,606	26.6
Legal and General RAFI	110,009	6.8	193,092	13.0
Schroder All Maturities Corporate Bond Fund	0	0.0	117,087	7.9
LCIV Buy & Maintain Bonds	237,585	14.6	98,001	6.6
LCIV Global Bonds	237,585	14.6		
IFM Global Infrastructure	102,487	6.3	98,001	6.6
Insight IIFIG	101,638	6.3	91,785	6.2

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 2024.
- UK managed funds are stated at net asset value as calculated by their respective managers as at 31 March 2024.
- 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.

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. (table on next page)

31 March 2024				
	Quoted Market Price	Using Observable Inputs	With Significant Unobservable Inputs	Amortised Cost
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Financial Assets				
Fair value through profit and loss	39,570	1,298,314	284,076	0
Amortised cost				
Total financial assets	39,570	1,298,314	284,076	0
Grand Total:				1,621,960

31 March 2023				
	Quoted Market Price	Using Observable Inputs	With Significant Unobservable Inputs	Amortised Cost
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Financial Assets				
Fair value through profit and loss	38,500	1,188,632	253,684	
Amortised cost				
Total financial assets	38,500	1,188,632	253,684	0
Grand Total:				1,480,816

All investments are classified as Level 2 with the exception of most property, infrastructure and private equity, which are classified as Level 3. The Aberdeen Money Market Fund and LGIM Sterling Liquidity Fund are the only investment classed as Level 1. These disclosures take into consideration the classifications used in the underlying funds' own financial statements. Level 3 investments as at 31 March 2024 comprise:

IFM Infrastructure	£102.487m (31 March 2023: £98.001m)
CBRE Global Property	£29.969m (31 March 2023: £31.873m)
Aberdeen Long Lease Property	£24.320m (31 March 2023: £26.753m)
Adams Street Private Equity	£78.578m (31 March 2023: £52.140m)
LCIV Renewables Infrastructure	£22.658m (31 March 2023: £17.896m)
Fiera Real Estate Fund	£26.063m (31 March 2023: £27.576m)

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

IFM Investors (Infrastructure) – valuation 31 March 2024 £102.487 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 2024 £29.969 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 2024 £24.320 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 2024 £78.578 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 2024 £22.658 million](#)

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

Fiera Real Estate Fund (Property) – valuation 31 March 2024 £26.063 million

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

13f. Reconciliation of Level 3 investments

2023/24	Market Value 1 April 2023	Purchases during the year	Sales during the year	Change in Market Value	Market Value 31 March 2024
	£0	£0	£0	£0	£0
Infrastructure	98,000,883	0	0	4,486,378	102,487,261
Pooled UK Long Lease Property	26,752,626	0	0	-2,432,498	24,320,128
Pooled Property (global)	31,872,727	316,216	-127,995	-2,347,681	29,969,257
Private equity	63,753,746	13,071,290	0	1,753,356	78,578,392
Total	220,379,983	13,387,506	-127,995	1,459,555	235,355,038

Sensitivity of assets valued at Level 3

Sensitivity of our alternative asset classes are analysed further under Note 15.

The key unobservable inputs that are being sensitised in the above tables are identified on pages 19 and 20.

14. Classifications of Financial Instruments

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

	31 March 2024			31 March 2023*		
	Fair value through profit and loss	Amotised Cost	Financial liabilities at amortised cost	Fair value through profit and loss	Amortised cost	Financial liabilities at amortised cost
	£000	£000	£000	£000	£000	£000
Financial assets						
Pooled investments	1,582,220			1,427,313		
Cash and cash equivalents		56,343			59,742	
Other investment balances		150			150	
Receivables		8,176			7,050	
Total financial assets	1,582,220	64,668	0	1,427,313	66,942	0
Financial liabilities						
Creditors			(12,113)			(30,461)
Total financial liabilities	0	0	(12,113)	0	0	(30,461)
Total	1,582,220	64,668	(12,113)	1,427,313	66,942	(30,461)
Grand Total			1,634,775			1,463,795

*Please note that some figures from 2022/23 differ from those published in the 2022/23 Pension Fund Accounts and Annual Report. These are due to updates to fund manager expenses charged directly to investments and accrual information on advisor fees, which became available after the publishing of these documents. This has impacted the Pooled Investments and Cash and Cash Equivalents line.

15. Nature and Extent of Risks Arising from Financial Instruments

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 Fund 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.

15a. 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 2 November 2023.

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. 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.

Assets type	Assessed valuation range (+ / -)	Value as at 31 March 2023	Value on increase	Value on decrease
	£000	£000	£000	£000
Equity	13.1%	513,453	580,715	446,191
Bonds	5.8%	470,645	496,531	444,760
Property	5.6%	80,352	84,852	75,852
Alternatives	5.6%	462,631	489,001	436,261
Cash	0.9%	94,879	109,111	94,120
Total		1,621,960	1,760,209	1,497,183

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 2024 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. Many of the overseas investments are hedged into sterling by the investment managers. Specifically, at 31 March 2024 the Fund held £93m as an unhedged position in LGIM's Future World Fund, £78.6m in an Adam Street Fund, which is US Dollar dominated, £30.0m in a pooled CBRE Property Fund, which is US Dollar dominated, £102.5m in an IFM Global Infrastructure Fund, which is US Dollar dominated and £35.8m in a Barings Special situation Credit Fund, which is Euro dominated.

15b. 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 Committee 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 2024 working capital was held in the Pension Fund bank accounts with NatWest, in a money market fund with Aberdeen Standard Life, and a Sterling Liquidity fund with Legal & General Investment Management, in accordance with the credit rating criteria within the Council’s Treasury Management Strategy. Pension administration working capital was held in a bank account at HSBC operated by West Yorkshire Pension Fund on behalf of the Pension Fund.

Summary	Rating	Source	Balances as at 31 March 2023 £000	Balances as at 31 March 2022 £000
Standard Life MMF Cash	AAAm	Moody's	19,285	19,250
Legal and General Standard Liquidity Fund Cash	AAA- mf	Moody's	20,285	19,250
Royal Bank of Scotland	A1	Moody's	14,517	4,376
HSBC	Aa3	Moody's	2,235	3,346
Cash held by Fund Managers			20	20
Total			56,343	46,242

15c. 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 in this regard is for the Pension Fund is not having the funds available to meet its commitments to make pension payments to its members. The Pension Fund is currently cash flow positive (contributions exceed pension payments) and has high cash balances to service Private Capital calls and so does not anticipate any liquidity issues over the forthcoming 12-months.

16. Actuarial Valuations

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

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

For the period 24/25 and 25/26 the Pension Committee agreed to change the Council’s contribution rate from 28.4% to 20.4%, increasing to 28.9% from 26/27. Details and rationale around this decision are set out in the 1 February 2024 Pension Fund Committee papers. The Actuary confirmed that this employer contribution profile would restore the funding position to 100% over the next 17 years (based on the actuarial position at 31 March 2022) i.e. the actuarial analysis did not allow for Post Valuation experience (which has been favourable).

The assumptions used for the triennial valuation were:

Financial assumptions

	31 March 2022	31 March 2019
	%	%
Assumed future investment return (Discount rate)	4.6	4.4
CPI	2.7	2.3
Pension increases rate	2.7	2.3
Salary increases rate	3.7	3.0

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

	Annualised total returns																	17 year real yield (CPI)	17 year yield		
	Cash	Index Linked Gilts (medium)	Fixed Interest Gilts (medium)	Developed World ex UK Equity	Private Equity	Property	Emerging Markets Equity	Unlisted Infrastructure Equity	Multi Asset Credit (sub inv grade)	Asset Backed Securities (AA rated) GBP	Asset Backed Securities (BBB rated) GBP	Direct Lending (private debt) GBP Hedged	Corp Short A	Corp Medium A	Corp Short BBB	Corp Medium BBB	Inflation (RPI)			Inflation (CPI)	
10 years	16th %ile	0.8%	-1.9%	-0.3%	-0.7%	-1.2%	-0.6%	-2.5%	0.7%	1.7%	1.1%	1.3%	2.7%	1.4%	-0.1%	1.3%	0.0%	2.4%	1.6%	-1.7%	1.1%
	50th %ile	1.8%	0.2%	1.1%	5.6%	9.4%	4.4%	5.8%	5.9%	3.5%	2.3%	2.9%	6.0%	2.4%	1.6%	2.7%	1.9%	4.1%	3.3%	-0.5%	2.5%
	84th %ile	2.9%	2.4%	2.4%	11.7%	20.1%	9.5%	14.4%	11.2%	5.2%	3.6%	4.5%	9.2%	3.4%	3.2%	3.9%	3.6%	5.7%	4.9%	0.7%	4.3%
20 years	16th %ile	1.0%	-1.5%	0.7%	1.5%	2.4%	1.4%	0.1%	2.6%	2.8%	1.5%	1.9%	4.3%	2.0%	1.1%	2.2%	1.3%	1.6%	1.2%	-0.7%	1.3%
	50th %ile	2.4%	0.1%	1.5%	6.1%	10.0%	5.0%	6.3%	6.5%	4.4%	3.0%	3.5%	6.8%	3.2%	2.1%	3.5%	2.5%	3.1%	2.7%	1.1%	3.2%
	84th %ile	4.0%	1.9%	2.2%	10.8%	17.6%	8.9%	12.8%	10.6%	6.0%	4.7%	5.4%	9.2%	4.6%	3.2%	5.0%	3.6%	4.7%	4.3%	2.7%	5.7%
40 years	16th %ile	1.2%	-0.3%	1.5%	3.1%	4.7%	2.6%	2.1%	3.9%	3.6%	1.8%	2.3%	5.5%	2.4%	2.0%	2.6%	2.3%	1.1%	0.9%	-0.6%	1.1%
	50th %ile	2.9%	1.2%	2.3%	6.5%	10.3%	5.5%	6.8%	7.0%	5.3%	3.5%	4.0%	7.7%	3.9%	3.1%	4.2%	3.4%	2.4%	2.2%	1.3%	3.3%
	84th %ile	4.9%	3.1%	3.5%	10.2%	16.1%	8.8%	11.7%	10.3%	7.1%	5.6%	6.3%	10.0%	5.8%	4.4%	6.2%	4.9%	3.9%	3.7%	3.2%	6.1%
	Volatility (Disp) (5 yr)	2%	7%	6%	19%	30%	15%	26%	15%	6%	3%	4%	10%	3%	7%	4%	7%	3%	3%		

Demographic assumptions

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

The 2022 triennial valuation has been presented to and approved by the Pension Fund Committee. The next actuarial valuation will be based on the value of the fund as at 31 March 2025.

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 2023/24 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 2024	31 March 2023
Active members (£m)	608	559
Deferred members (£m)	451	451
Pensioners (£m)	733	749
Total (£m)	1,792	1,759

The promised retirement benefits at 31 March 2024 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

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

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

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2024 and 31 March 2023. I estimate that the impact of the change in financial assumptions to 31 March 2024 is to decrease the actuarial present value by £78m. I estimate that the impact of the change in demographic assumptions is to decrease the actuarial present value by £10m.



London Borough of Barnet Pension Fund | Hymans Robertson LLP

Financial assumptions

Year ended	31 March 2024	31 March 2023
	% p.a.	% p.a.
Pension Increase Rate (CPI)	2.80%	3.00%
Salary Increase Rate	3.80%	4.00%
Discount Rate	4.80%	4.75%

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 2022 model, with a 25% weighting of 2022 data, 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.4 years	24.2 years
Future pensioners (assumed to be aged 45 at the latest valuation date)	22.6 years	25.8 years

All other demographic assumptions are unchanged from last year and are 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 2024	Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)
0.1% p.a. decrease in the Discount Rate	2%	31
1 year increase in member life expectancy	4%	72
0.1% p.a. increase in the Salary Increase Rate	0%	1
0.1% p.a. increase in the Rate of CPI Inflation	2%	30

Professional notes

This paper accompanies the 'Accounting Covering Report – 31 March 2024' which identifies the appropriate reliances and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Prepared by:-



Steven Scott FFA

15 May 2024

For and on behalf of Hymans Robertson LLP

18. Current Assets

	31 March 2024	31 March 2023
	£000	£000
Contributions due – employees	1,788	1,030
Contributions due – employers	6,244	5,875
Sundry debtors	144	146
Cash balances	16,752	7,722
Total current assets	24,928	14,772

19. Current Liabilities

	31 March 2024	31 March 2023
	£000	£000
Sundry creditors	(10,164)	(28,756)
Benefits payable	(1,969)	(1,705)
Total current liabilities	(12,133)	(30,461)

Sundry creditors at 31 March 2024 includes £7.8 million as a potential refund to the employer due to an overpayment of contribution relative to the Rates and Adjustment certificate over the period 1 April 2022 to 31 March 2023. Note that this Sundry creditor was also included at 31 March 2023.

20. Additional Voluntary Contributions

	Market value	Market value
	31 March 2024	31 March 2023
	£000	£000
Aviva	245	329
Prudential	3,461	3,201
Total AVC	3,705	3,530

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 £0.679m (2022/23: £0.713m) 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 £55.575 million to the Fund in 2023/24 (2022/23: £39.748 million). These amounts include employee contributions of £10.200 million (2023/24) and £8.565 million (2022/23), and also contributions from companies wholly owned by the Council see note 6).

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 2024 & 31 March 2023 is a deferred member of the Barnet Pension Fund. There are no active members of the Fund that are members of the Pension Fund Committee. Each member of the Pension Fund Committee is required to declare their interests at each meeting.

21a. Key Management Personnel

The key management personnel of the Fund are the Chief Executive, the s.151 officer and the Head of Pensions & Treasury. The proportion of the total remuneration payable to key management personnel that is charged to the Pension Fund is set out below.

	2023/24	2022/23
	£000	£000
Short-term benefits	99	125
Post-employment benefits	28	35
Total remuneration	127	160

Post-employment benefits are employers pension contributions.

22. Contractual Commitment

The Fund has the following outstanding investment commitments as at 31 March 2024:

Adams Street 2019 Global Private equity - \$11.3 million (\$17.6 million)
Adam Street Global Secondaries Fund 7 - \$34.4 million (\$44.6 million)
LCIV Private Debt - £19.5 million (£22.0 million)
LCIV Rewables Infrastructure - £21.1 million (£26.4 million)
Barings Special Situation Credit - €1.2 million (€3 million)

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

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 had 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.

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).