BARNET
LONDON BOROUGH

2019/20 Statement of Accounts

Contents

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 2019/20 coupled with a narrative of the non-financial performance over the past 12 months.

The end of the financial year 2020, with the outbreak of Covid-19 in the UK and the country going into lockdown, presented a unique set of circumstances for the organisation. It is a challenge that the organisation responded to admirably and I'd like to take the opportunity to specifically thank the Finance Service and the numerous budget holders across the organisation (often front-line responders) for their commitment to producing the statement of accounts and adherence to financial controls.

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 2019/20. The statement is included within the Statement of Accounts (pages 36 to 39).

About the Council

Barnet, already the largest borough in terms of population, is continuing to grow. For 2019, the population of Barnet is estimated to be 400,600 which is the largest of all the London boroughs and the borough's overall population is projected to increase by around 5% by 2030.

Barnet remains a great place to bring up children. We continue to have some of the best schools in the country schools achieving fantastic results with Barnet coming second in both the national Progress 8 league tables and Attainment 8 scores, which gauge the academic progress made by each student during their time at secondary school.

We are working to make sure that the benefits of growth are shared by all our residents through careful investment. For example, we have invested in open spaces with a £5 million upgrade of Montrose Playing Fields and Silkstream Park. We are also investing in a greener environment and have installed over 100 new e-vehicle charging points last year; removed over 3,000 fly tips; and increased investment in street cleaning by £500,000. As one of London's greenest boroughs, we have planted over 900 trees in streets and parks and won an award for our innovative Tree Policy.

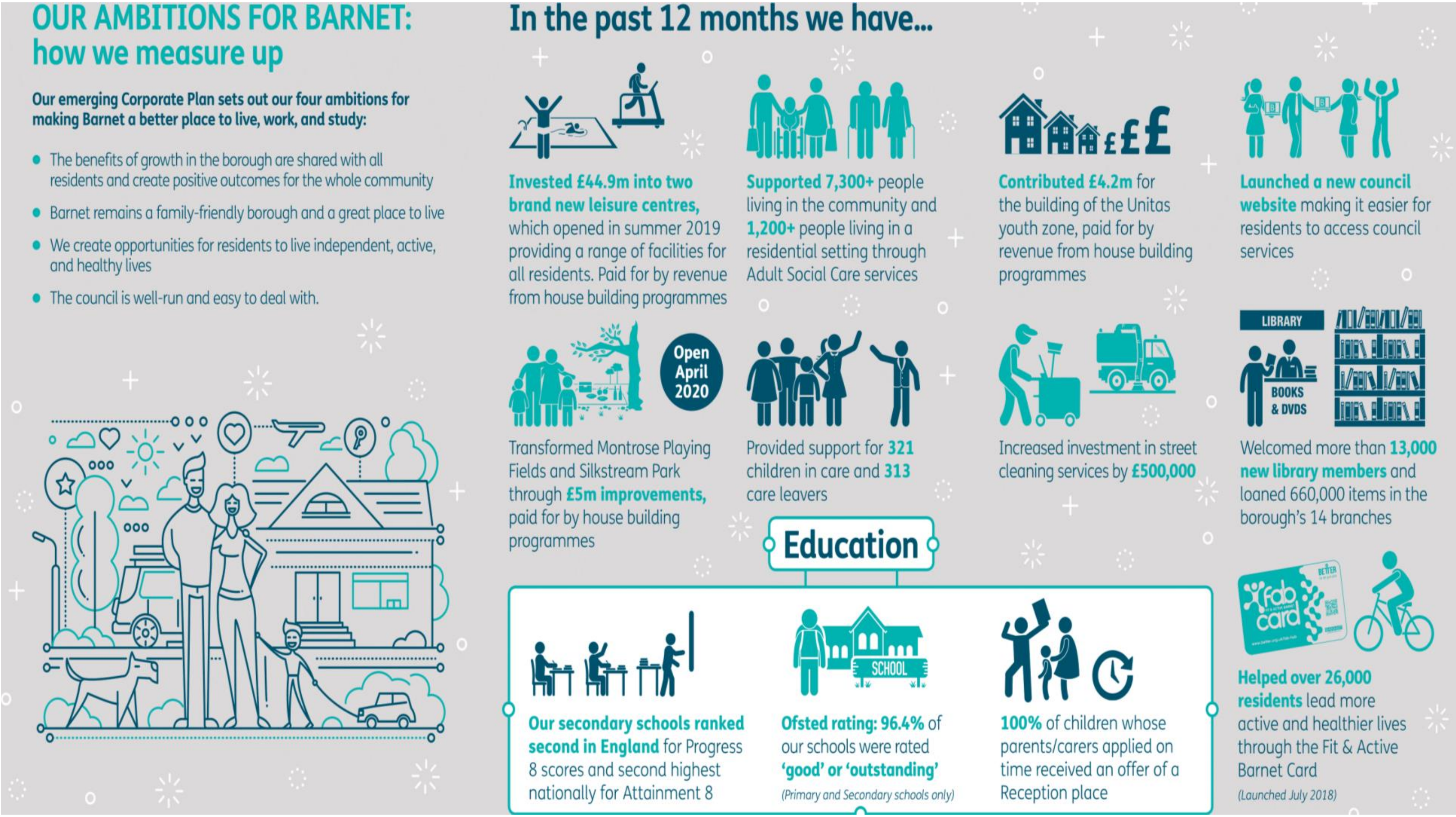
We have fantastic social care programmes, weekly bin collections, and have kept every public library open. Our services maintain high levels of resident satisfaction with 82% of residents satisfied with their local area as a place to live (Spring 2017 Residents' Perception Survey).

We opened our new youth zone, Unitas, a great facility for 8-19 year olds, set in the newly refurbished Montrose Playing Fields and the launch of our new website in 2019 makes it simpler for residents to find information, join schemes, start petitions, and pay for services.

We will continue to work hard for all our residents, regardless of the financial outlook, and continue to make progress towards the delivery of our Corporate Priorities shown below:

- Thriving – Building a Barnet fit for the future where all residents benefit from improved infrastructure and opportunity
- Family Friendly – A great place to grow up, with excellent schools, family homes and children's service
- Healthy – A place with fantastic facilities for all ages, enabling people to live happy and healthy lives
- Clean, Safe & Well Run – Investing in our environment, ensuring streets are clean & residents feel sage, underpinned by excellent customer service

The below infographic shows the highlights for the year:


OUR AMBITIONS FOR BARNET: how we measure up
Our emerging Corporate Plan sets out our four ambitions for making Barnet a better place to live, work, and study:
The benefits of growth in the borough are shared with all residents and create positive outcomes for the whole community
Barnet remains a family-friendly borough and a great place to live
We create opportunities for residents to live independent, active, and healthy lives
The council is well-run and easy to deal with.
In the past 12 months we have...
Invested £44.9m into two brand new leisure centres, which opened in summer 2019 providing a range of facilities for all residents. Paid for by revenue from house building programmes
Supported 7,300+ people living in the community and 1,200+ people living in a residential setting through Adult Social Care services
Contributed £4.2m for the building of the Unitas youth zone, paid for by revenue from house building programmes
Launched a new council website making it easier for residents to access council services
Open April 2020
Transformed Montrose Playing Fields and Silkstream Park through £5m improvements, paid for by house building programmes
Provided support for 321 children in care and 313 care leavers
Increased investment in street cleaning services by £500,000
LIBRARY
BOOKS & DVDS
Welcomed more than 13,000 new library members and loaned 660,000 items in the borough's 14 branches
Education
Our secondary schools ranked second in England for Progress 8 scores and second highest nationally for Attainment 8
SCHOOL
Ofsted rating: 96.4% of our schools were rated 'good' or 'outstanding'
(Primary and Secondary schools only)
100% of children whose parents/carers applied on time received an offer of a Reception place
fab card
Helped over 26,000 residents lead more active and healthier lives through the Fit & Active Barnet Card
(Launched July 2018)

Committee Structure

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

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

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

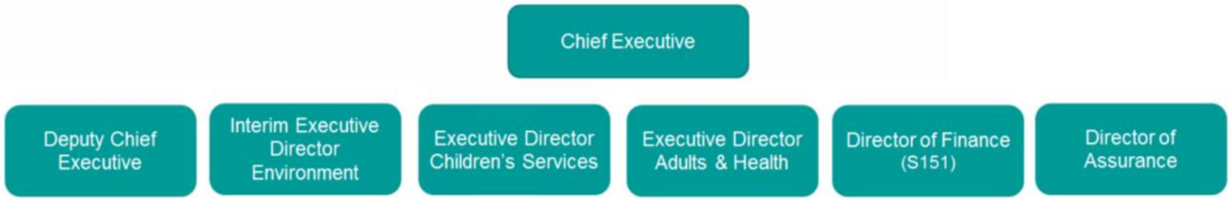
Council Committee

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

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

Council's Management Structure

The council restructured its management team and the changes came into effect from the 1st April 2019. The structure, together with the key areas of responsibility is shown below:

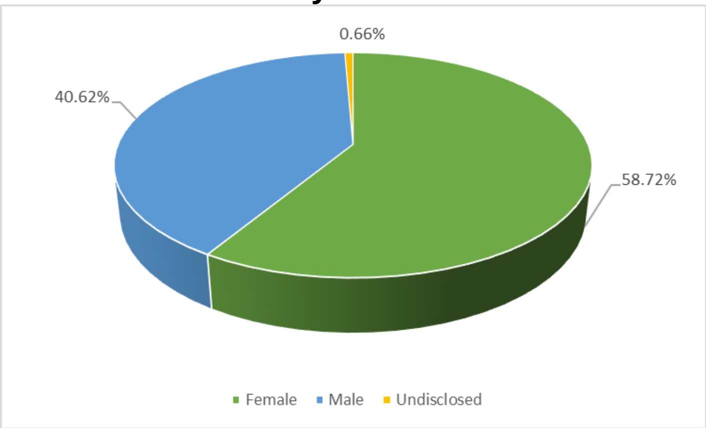


The Director of Public Health was also a member of CMT and reports to the Executive Director of Adults & Health within the organisational structure.

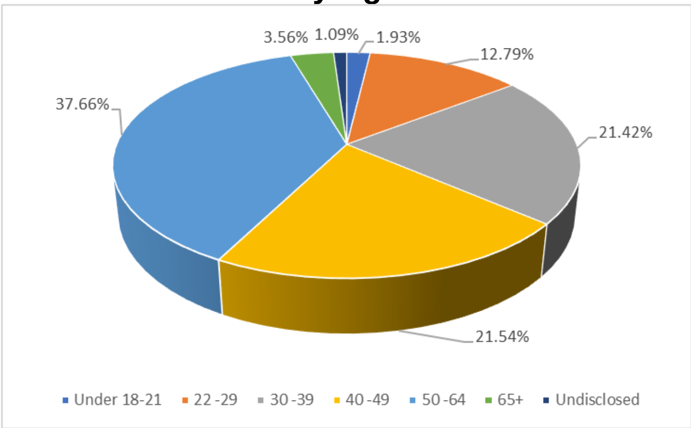
Barnet Workforce

The council employs over 1,600 members of staff (excluding schools based staff) on full and part-time contracts. This profile gives an overview of the composition of Barnet's workforce covering diversity strands such as gender, age and ethnicity. Understanding the core demographic information of our employees helps us to evaluate the impact of management practices, review and implement policy and enable the council to fulfil its obligations under the Equality Act 2010.

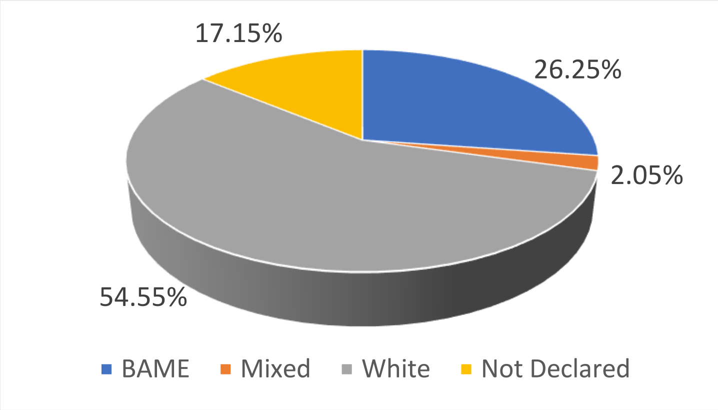
By Gender



By Age



By Ethnicity



Strategy and Resource Allocation

Barnet is an ambitious council that aspires to deliver excellent modern services to residents at the best possible value to the taxpayer. Barnet is a diverse borough which has some of the best schools in the country, great parks and open spaces and a high level of volunteering. We aim to deliver the best outcomes for our residents and work with a range of public, private, and voluntary sector organisations to achieve this.

Our aim is to support residents to stay independent for as long as possible by equipping them with the skills to help themselves and intervene to address and respond to issues as they arise. We will always support our vulnerable residents and will target our resources at those most in need, whilst ensuring that everyone can benefit from the opportunities that growth and investment will bring to the borough.

Barnet is home to more than 23,000 small businesses and we are continuing to do all we can to support entrepreneurialism, employers, and a strong jobs market which are essential to creating a thriving borough.

At a grassroots level, the ever-popular ‘Barnet’s Big Idea’ competition nurtures budding local entrepreneurs and students, giving them the platform to showcase their business ideas and vie for a winning prize fund of £10,000. The annual Pop-Up Business School that we run at Brent Cross shopping centre is well-established. Over two weeks, we help people develop their commercial ideas and knowledge through workshops that teach them the essentials of building a business from scratch. For more established enterprises, our support programmes have advised and assisted more than 170 businesses over the past year.

On a broader level, significant progress is being made in fulfilling our ambition for Brent Cross to become north London's premier destination for business, retail, leisure and living. This is one of the biggest growth programmes of its kind in the capital.

We have moved a step closer to building the new Brent Cross Thameslink station. The £40m station will connect Brent Cross to Kings Cross St Pancras, with up to eight trains an hour. The 15-minute ride will dramatically improve journey times between Barnet and the M1 corridor and central London.

The Brent Cross South development, delivered jointly with developer Argent Related, is on track to create a new town centre replete with 7,500 homes, three-million square feet of commercial space and 27,000 jobs.

Changing demographics and a growing population – particularly among the very young and the very old – continues to put pressure on council services but, by adopting a long-term view of future challenges, Barnet has always sought to be ahead of the curve in terms of financial planning.

Financial Performance

General Fund

The council managed a General Fund revenue budget of £301m during 2019/20 and the net budget variance was an overspend of £0.051m. This outturn variance was after the council contributed £14.900m to its reserves. The tables below set out how the Service Areas performed in 2019/20 and accounting adjustments made to get to the Comprehensive Income and Expenditure Statement (CIES). The expenditure of the council is monitored and reported on quarterly to Financial Performance and Contracts Committee and quarterly via the Strategic Performance Report to Policy and Resources Committee:

	2019/20						
Service Areas	Budget	Actual as per Outturn	(Under)/Over spend as per Outturn	Reserve and Non-specific grant Adjustments	Expenditure and Funding Analysis Note 7	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	(a)	(b)	(c)=(b)-(a)	(d)	(e)=(b)+(d)	(f)	(g)=(e)+(f)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adults and Health	115,988	118,267	**2,279**	(8,944)	**109,322**	**(11,887)**	**97,435**
Assurance	5,688	5,531	**(157)**	741	**6,273**	**1,384**	**7,656**
Growth and Corporate services	40,495	41,751	**1,256**	(5,838)	**35,912**	**(104,112)**	**(68,200)**
Finance	59,518	53,941	**(5,577)**	(3,114)	**50,826**	**(22,595)**	**28,232**
Children's Family Services	67,424	68,046	**622**	(282)	**67,764**	**14,611**	**82,375**
Local Authority Housing (HRA)	0	0	**0**	(2,536)	**(2,536)**	**(43,644)**	**(46,180)**
Environment	11,985	13,614	**1,629**	119	**13,734**	**19,009**	**32,742**
Net Expenditure on Services	**301,098**	**301,149**	**51**	**(19,855)**	**281,294**	**(147,234)**	**134,060**
Other Income and Expenditure	0	0	0	(276,807)	(276,807)	(5,608)	(282,417)
(Surplus) or Deficit on Provision of Services	**301,098**	**301,149**	**51**	**(296,662)**	**4,487**	**(152,843)**	**(148,356)**

The overall contribution to reserves of £14.900m is mainly the result of:

- The tranche 1 Covid 19 government funding received in late March (£9.4m (of which £8.8m was carried forward to 20/21), with a further tranche received in the new financial year);
- CIL/S106 contributions: the difference between amounts received and amounts spent carried to reserves at year end for future years; and
- Contributions to reserves funded by increased Housing Benefit Overpayment Recovery and an underspend within the Capital Financing budget.

The expenditure of the council is monitored and reported on quarterly to Financial Performance and Contracts Committee and quarterly via the Strategic Performance Report to Policy and Resources Committee.
In 2019/20, Grant funding of £9.417m was received from central government to fund Covid-19 related pressures. In March 2020, costs of £0.646m were identified as having been incurred in service delivery and these service costs were funded from the grant. The balance of £8.772m is being carried forward to be applied to costs being incurred during 2020/21. Details of how the £0.646m was allocated to each directorate is show below:

Directorate	Covid-19 Grant allocated £	Main spend areas
Adults and Health	24,028	PPE, Care home supplies
Children's Family Services	1,350	PPE
Environment	569,347	Loss of parking income, agency cost to cover sickness, additional spend on park closures
Growth and Corporate services	51,000	Temporary accommodation additional spend, increased security costs
Total	**645,725**	

Capital Outturn

For 2019/20 the capital programme included a budget of £302.157m. The outturn of £274.260m included slippage of £27.996m and additions of £0.099m. The table below shows how each service area spent capital funds in the year:

Service Area	2019/20 Budget	Additions/ (Deletions)	(Slippage)/ Accelerated Spend	2019/20 Outturn	Variance from Approved Budget
	£'000	£'000	£'000	£'000	£'000
Adults and Health	15,294		(1,972)	13,322	(1,972)
Children's Family Services	21,003	(2)	(516)	20,485	(518)
Growth and Corporate services	77,490	463	(23,146)	54,807	(22,683)
Environment	22,301	180	(2,185)	20,296	(2,005)
Brent Cross	101,312		10,163	111,475	10,163
Regional Enterprise (Re)	10,427		(552)	9,875	(552)
General Fund Programme Total	**247,827**	**641**	**(18,208)**	**230,260**	**(17,567)**
HRA	54,330	(542)	(9,788)	44,000	(10,330)
Grand Total	**302,157**	**99**	**(27,996)**	**274,260**	**(27,897)**

The reasons for the variances versus budget are given below:

- **Adults and Health** – Slippage in both the investing in IT project (covering improvements to client recording systems (Mosaic)) and Leisure and Sport projects (delivery of new leisure centres in Barnet).
- **Children's and Family Service** – Slippage mainly due to an overall reprofiling of the capital budget to reflect revised project plans; meet school requirements; and to reflect externally agreed direct funding from the Department for Education (DfE).
- **Corporate Services -** slippages due to the current suspension of Saracens loan drawdowns; office build costs related to the retention payment slippage around the later practical completion date; and the ICT strategy project delivery being slipped into 2020/21.

- **Housing (General Fund)** - slippages due to Empty Properties schemes (whereby we have made less CPO acquisitions than expected in 2019/20 along with additional income recovered from the auction of 2x properties in 2019/20); and delays in the Microsite development programme of affordable homes.
- **Environment (RE)** - accelerated spend mainly due to spend against Highways TFL which occurred ahead of plan and spend against NRP phase 2 in line with 19/20 capital betterment costs. This was offset by slippage (NRP) due to delayed works such as Hampden Way resurfacing; Colindale parks and open spaces for Rushgrove park works; and the refurbishment and regeneration of Hendon Cemetery and Crematorium for the new roof to the gatehouse and internal alterations.
- **StreetScene** - slippage mainly due to the delay in the delivery of vehicles; delays in signing the contract for the Data Management System; delays in the installation of cameras and implementing CPZ; and slippage relating to park works. This was partly offset by accelerated spend relating to highways permanent re-instalment works.
- **Brent Cross** - The overall development comprises four programmes as detailed below:
  - Land Acquisitions – delays in legal documentation from owners' solicitors, valuation in dispute and appropriate council approval for a hardship case led to slippage of land purchases for three properties that were expected to complete prior to year-end.
  - Thameslink Station - of the 4 elements that make up the Brent Cross Thameslink Programme, Train Operators Compound (TOC), and Rail systems & sidings have been completed. The other 2 elements, the Station and the Waste Transfer Station (WTS) are in progress. The final outturn for 2019/20 was £17.9m over the in-year budget due to a realignment of the programme as a consequence of the revised rail processions and the re-procurement of the WTS main works contract.
  - Critical Infrastructure – there was slippage in the Critical Infrastructure scheme mainly relating to General Vesting Decisions being served on a number of plots as the council holds the title and right to possession as at 31st March 2020.
  - The Strategic Infrastructure Charge element of the programme is now complete with all £23m of drawdown payments having been paid as at Dec 2019. The council have completed the agreement with Homes England (HE), of which the first £23m was received on the 31st March 2020. This has allowed substituting the current borrowing funding stream in year. The HE loan accelerates delivery, creates greater financial resilience and increases the council's land value.
- **Regional Enterprise (Re)** – slippage in relation to Colindale – Highways and Transport due to major restructuring of the programme (moving away from car based schemes to pedestrian and cycle schemes); and against Grahame Park Community facility on the new Grahame park health centre which has been subject to major delay due to refusal of planning permission by the Mayor of London.

Housing Revenue Account

The Housing Revenue Account (HRA) had a budgeted deficit of £10.713m for 2019/20 to be offset by a corresponding use of the reserve built up in previous years. A key determinant of that budget position was a planned contribution to capital expenditure of £9.074m as illustrated in the table below.

Following the removal of the HRA borrowing cap, it was decided during 2019/20 that the transfer to capital funds would not take place and be funded from borrowing thereby reducing planned expenditure by £9.074m. This left the HRA with a reduced budgeted deficit of £1.639m and the 2019/20 outturn position was a net deficit of £4.796m (£3.255m above the revised budget).

The 19/20 brought forward HRA reserve balance was £12.321m and, with the deficit outturn of £4.796m, this reduces the HRA reserve balance to be carried forward to 2020/21 to £7.525m. This reserve balance remains above the required minimum level of £3m and will be reviewed during the updating of the HRA business plan in 2020/21.

	Original Budget	Revised Budget	2019/20 Outturn after reserve movements	Variance
	£'000	£'000	£'000	£'000
Dwelling Rent	(48,609)	(48,609)	(49,799)	(1,190)
Service & Other Charges	(9,010)	(9,010)	(8,434)	576
Housing Management	18,440	18,440	21,958	3,518
Internal recharges	2,121	2,121	2,330	208
Repairs & Maintenance	7,570	7,570	7,524	46
Provision for Bad Debt	250	250	333	83
Regeneration	837	837	412	(425)
Capital Charges	7,570	7,570	7,569	(1)
Accumulated Adj/ Depreciation	22,564	22,564	23,045	481
Interest on Balances	(95)	(95)	(142)	(47)
Revenue Contribution to Capital Outturn	9,075	0	0	0
HRA Surplus/(Deficit)	**10,713**	**1,638**	**4,796**	**3,250**
Transfer to/(from) reserves	(10,713)	(1,638)	(4,796)	(3,250)
HRA Surplus/(Deficit)	**-**	**-**	**-**	**-**

The overspend of £3.255m is largely attributable to Housing Management and partially offset by increased Dwelling Rent. The housing management overspend is predominantly due to a higher than expected number of change notices within the management fee (in relation to universal credit migration, warden and security costs, and additional decanting).

Reserves

The council has set aside specific amounts as reserves for future policy purposes or to cover contingencies. As at 1 April 2019, the council held reserves of £63.626m. Revenue reserves at 19/20 outturn were £67.692m (including £8.8m unapplied Covid19 grant) versus a forecast of £48.2m when the 20/21 budget was set. This improved revenue reserves position puts the council in a much more resilient position than was otherwise expected.

The improved reserves position is mainly the result of:

- CIL/S106 contributions: the difference between amounts received and amounts spent carried to reserves at year end for future years; and
- Contributions to reserves funded by increased Housing Benefit Overpayment Recovery and an underspend within the Capital Financing budget.

Reserve Movements	Balance Brought Forward	Use of reserves agreed in budget setting	Resulting balance	Additional in-year use of reserves	Increases to Reserves	Resulting balance
	£000s	£000s	£000s	£000s	£000s	£000s
Revenue Reserves - non-earmarked	**49,950**	(8,057)	**41,893**	(4,658)	2,577	**39,813**
Revenue Reserves – earmarked including unapplied Covid-19 grant of £8.8m	**9,298**	0	**9,298**	(1,201)	9,924	**18,021**
Total Revenue	**59,248**	**(8,057)**	**51,191**	**(5,858)**	**3,729**	**57,834**
Capital Reserves	**4,378**	0	4,378	(2,267)	7,747	**9,858**
Total All	**63,626**	**(8,057)**	**55,569**	**(8,125)**	**11,476**	**67,692**

2020/21 Budget

Medium Term Financial Strategy (MTFS)

The current Medium Term Financial Strategy (MTFS) presented a balanced budget for 2020/21 with no use of reserves to balance the budget. The MTFS presented a tough financial landscape to close a budget gap of £71.9 million between 2020 and 2025, with £17.3 million in savings to be made in 2020/21 alone. This was on top of the £174m that we have saved since 2010.

The budget gap for 2021/22 to 2024/25 reported in March 2020 was £36.9 million. This has since been revised to £61.3 million to reflect the impact of Covid-19. Proposed savings of £38.4 million have been identified leaving a savings gap still to address of £22.9 million. However, the majority of the savings required are in the later years through to 2025 to allow management time to identify and develop these savings.

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

The council recognised that there are pressures on budgets, especially in Children's and Adults, and increased the budget to prioritise:

- Investment in Children's services improvement has been protected so that the services for our children and young people can reach the standard they deserve
- Protecting weekly bin collections and investing in road and pavement improvements as we know these services are priorities for our residents
- Continuing to invest in infrastructure and community facilities that help our borough to grow and thrive such as; leisure centres, community facilities and enhancements to schools
- Looking at how we can take more creative approaches to support vulnerable adults to stay independent for as long as possible, while also reducing costs. For example, utilising innovations in technology such as; sensors, pendent alarms, GPS tracking and the piloting of Amazon Alexa
- Investing in initiatives to help residents look after their physical and mental wellbeing

However, Government funding settlements for the council are unknown and the Covid-19 pandemic has created additional financial pressure for the council for 2020/21 and beyond. The pandemic further exacerbates the uncertain economic climate with some financial and economic impacts of the outbreak not yet quantifiable.

Yet, against this background we will still need to 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.

Covid-19

Barnet's Response

Coronavirus, or Covid-19, is widely recognised as being the single biggest issue facing the country since the Second World War. Covid-19 has had a considerable impact on health and wellbeing with negative effects of prolonged isolation on mental health, an increase in the levels of domestic violence during lockdown, as well as broader health impacts for those not accessing care for other health needs. As well as deaths directly associated with Covid-19, there will be increased mortality over the long-term.

During the Coronavirus pandemic, the Council has taken several decisions to address the impact of the pandemic, and to respond to announcements by the Government; directions from the London Strategic Coordination Group; London Local Authority Gold; and legislative changes.

The council has also mobilised resources across virtually all service areas with a number of new services being created to support residents and support the NHS through this period including: A Help Hub distributing food to residents and foodbanks; the Integrated Hospital Discharge Team; and creating additional enforcement capacity.

In addition, given that a significant part of the council's response to the crisis is dependent on support from the Voluntary and Community Sector (VCS), the decision was taken to extend contracts that were due to expire mid-year so as to not to destabilise the sector during the pandemic. The council also paused debt enforcement and reminders (except for Parking) up to June 2020 to support individuals and business during this challenging financial period.

To protect staff and the public and, in accordance with government guidance on social distancing, the Council took several decisions to comply with the guidelines including staff moving to home working; and closing several services such as libraries, leisure centres, day centres, face-to-face contact centres.

Financial impact

The Covid-19 crisis will have a detrimental financial impact on many of the Council's services and this will be significant across a number of these. The scale of the financial challenge is unprecedented in complexity, scale of the crisis and the number of uncertainties in play. Officers have been and will continue to assess the financial impact of the crisis as the council takes a range of decisions to stop and delay certain work and to increase expenditure in other areas in order to support local residents and businesses through the crisis.

Significant funding has been afforded to the council by the government during the pandemic including Covid19 related grants (to support expenditure in relation to Social Care and other increases in expenditure or reduced income); funding to NHS England (to support and fund discharges from hospitals to care homes); homelessness funding; infection control funding; funding to re-open high streets safely and funding to support local businesses (£10k and £25k grants to support businesses that meet eligibility set out by Government and additional Business Rates Relief). However, across the local government sector, councils are finding that the funding provided to councils so far is not sufficient to meet the additional demands or provide councils with security to budget for the future.

The impact on 2019/20 accounts was £0.646m which was fully funded from Covid-19 grants received in 2019/20. A significant proportion of the financial impact in relation to Covid-19 will be in 2020/21 and officers will continue to monitor the impacts to ensure the costs of Covid-19 are forecast on a robust basis; continue to engage with MHCLG proactively; and keep stakeholders abreast of the emerging financial picture.

The Council maintains balances and reserves in order to deal with unexpected fiscal events and manage risk. However, it is important to note that the Covid-19 response is unprecedented in scale. Additionally, the sector has just emerged from a financially challenging period of austerity and it is extremely difficult for organisations to free up significant resources without risking their long term sustainability.

The way forward

With the country now emerging from the worst of the health emergency, council officers have turned attention to recovery planning. This is an organisation-wide effort involving all service areas, as well as key partners across the borough and beyond. The Recovery Framework that the council is following focuses both on the council's external-facing role in the wider community and economy, as well as on internal operations. Over the longer-term, recovery efforts will directly shape and support delivery of the council's Corporate Plan objectives.

There are a number of objectives associated with the recovery programme, as summarised below. These are indicative only and will be refined over time following further engagement and consultation:

- Facilitate the social and economic recovery of Barnet
- Take opportunities for council and civic society to enhance and improve the borough
- Ensure an effective, co-ordinated multi-agency and cross-sector approach to recovery
- Review, update and embed organisational change
- Restore (an updated set of) council services, full governance processes, project delivery and financial sustainability
- Recognise the skills people have gained and support career change
- Recognise effort and commitment of staff and community during crisis

- Support the healing process, following the loss of friends and colleagues
- Secure successful, timely step down of the recovery phase

It is also recognised that many decisions will need to be made while there remains continued uncertainty. For example, some of the ‘known unknowns’ include:

- Future waves of the virus – number and severity;
- Public response to easing of lockdown;
- Extent to which businesses can adapt;
- Impact on unemployment and demand-led services, e.g. safeguarding, homelessness;
- Which communities are hit hardest, both by the virus and the related economic shock;
- Level of ongoing support required for the most vulnerable residents;
- The impact of the virus on council and partner finances; and
- Central government interventions and priorities for recovery.

Given this uncertainty, the process is unlikely to be linear. For example, it may become necessary to revert to an earlier phase should there be a second peak. The council’s approach to recovery reflects the fact that different geographical areas and tiers of government are working in a coordinated way to support recovery:

- At the **borough level** we are working to support individuals, communities and businesses to recover and thrive locally, for example by supporting people with the greatest immediate levels of need; assisting our town centres to respond to the impacts of Covid-19 and requirements for social distancing in the public realm; and working with health and community partners on ongoing support and care for vulnerable residents.
- At the **sub-regional level**, the council is coordinating with its partners at the West London Alliance group of local authorities, particularly in relation to our response to economic recovery, and with partners in the North Central London Sustainability and Transformation Partnership (NCL STP) in relation to health and care.
- At the **pan-London level** the council is engaged with a range of activity to support the response to Covid-19 and associated recovery, for example in relation to environmental services, health and care services.

Non-Financial Performance

The council has made significant progress in delivering our priorities to ensure that Barnet remains a thriving and vibrant borough to live and work in, despite reduced funding continuing in recent years. The Corporate Plan sets out the priorities which will assist in the monitoring of performance. Below are the key indicators from each of the areas of the council and how each of these performed this year compared to the previous. An overall status for each corporate priority is given below. This reflects end of year positions for performance on key indicators, progress on activities, budget forecasting and high-level risks.

Corporate Priorities

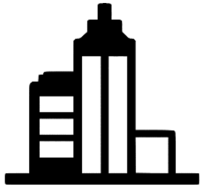
We have been developing the council's priorities around growth benefiting all residents, and customer services, along with the agendas around being a family friendly borough and improving health outcomes. In delivering these priorities we will:

- Aim to collaborate better with our residents - this doesn't just apply to services, our approach to customer services, enforcement, prevention must also be more joined up;
- Become more externally focused – we are keen to develop a new narrative which firmly links the people within the borough and the priorities about the borough; and
- Explore how to establish a better, more effective way of working with the voluntary sector and partners more generally.

This work needs to develop further, and as part of that we want to look again at the Corporate Plan (Barnet 2024). One of things we want to explore through the development of a new plan is moving to a more place-based approach, including how we work at a place/locality level, for example, through a more joined up local approach to enforcement.

As the plan is an articulation of the council's priorities and aspirations for the borough it is important that we develop this plan with those who live and work in Barnet and our strategic partners. We will therefore engage with these groups as we develop the plan. We are currently developing the work programme and establishing the scope and resource requirements to deliver a new Corporate Plan and expect to undertake engagement over the spring/summer.

We have also developed a narrative around four themes of Thriving; Family Friendly; Healthy, and Clean, Safe and Well Run.



Thriving
Building a Barnet fit for the future, where all residents benefit from improved infrastructure and opportunity

Family Friendly
A great place to grow up, with excellent schools, family home and children's service

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

Clean, Safe and Well Run
Investing in our environment, ensuring streets are clean and residents feel safe, underpinned by excellent customer service

In addition to the themes outlined above, the new Corporate Plan will address two cross cutting workstreams which will address:

- **Prevention** - Development of a long-term prevention strategy aimed at embedding prevention in health and social care partnerships and developing effective interventions to reduce demand on statutory services (e.g. social care, housing).
- **The Way We Work** – to improve the way the council works including office re-entry following Covid-19; Organisational Development; Information Technology; Communications; and Insight.

These are based on the Administration's priorities and reflect Barnet's assets and strengths e.g. great parks and open spaces and high levels of volunteering. However, we want to test these themes with residents to establish a narrative which really resonates with them.

Overall status for priorities (EOY 2019/20)

The Corporate Plan (Barnet 2024) was approved by Policy and Resources Committee on 5 March 2019 and sets out the priorities for achieving three outcomes for the place, people and communities of Barnet.

The end of year 2019/20 position statement for the priorities are set out below:

A pleasant, well maintained borough that we protect and invest in (PLACE)		
Getting Barnet clean through efficient street cleaning services, minimising and recycling waste, and weekly bin collections	- Dialogue commenced with Barnet Homes to tackle hotspot fly-tipping locations and proposals are being developed to trial improved recycling provision within Barnet Homes estates. This has built on work undertaken to deliver waste minimisation communications for Barnet Homes tenants. A role was successfully recruited to and plans are being developed to support the priorities detailed in the Refuse Reduction Plan and NLWA Waste Prevention Plan. - Work was undertaken to update and improve the Street Scene section of the website and enhance social media activity and service profile with specific communications issued about waste services. This work will continue in line with the councils Customer Transformation Programme. - Additional funding was provided to support the improvement of the street cleansing service, including trials of un-obstructive cleansing. Additional staff were recruited, and training of new and existing staff took place on mechanical sweepers to enable deployment of these units. To tidy up town centres, time banded collections were implemented in Mill Hill and Burnt Oak. An assessment of bin provision was also undertaken to optimise the location of bins across the borough. - The new Subscribed Garden Waste Service subscription take-up started during 2019/20 and the service went live in May 2020. Circa. 32,000 customers had signed up to the service by end May 2020. - Progress towards the end of the year was affected by the impact of Covid-19 and the need to divert resource to the council's response to this. Significant efforts were made to keep all critical frontline services operational and residents aware of service updates during this period.	Satisfactory progress
Keeping the borough moving, including improvements to roads and pavements	- A draft long-term Transport Strategy was developed, and a public consultation carried out between 14 February and 17 May 2020. The results will inform the final strategy, which will be taken to Environment Committee for approval in the autumn. - Year 5 of the Network Recovery Plan (NRP) was implemented, including 178 highway schemes. In response to Covid-19, some restrictions were imposed for health and safety reasons, which had an impact on completion of all planned works. Discussions are taking place for specific NRP backlog to be progressed in 2020/21.	Satisfactory progress

Getting the best out of parks and improving air quality by look after and investing in our greenspaces	- Improvement schemes were carried out at Montrose Playing Fields and Silkstream Parks and at a series of smaller parks. Montrose and Silkstream parks make up one of the largest greenspaces in Barnet. As part of £5m investment, a significant upgrade was made to the facilities and landscape of the parks, which were re-opened to the public in March 2020. Colindale Park and Rushgrove Park also form part of the 'Colindale Parks Improvement Plan'. A report presented to Environment Committee in September 2019 included draft masterplan proposals for these locations and requested the approval to co-ordinate a full public consultation. The public consultation took place in 2019/20, the results of which have been reviewed and will be presented back to a future meeting along with the Outline Business Case for delivery. - Public consultation was carried out on the Copthall Sports Hub/Mill Hill Open Spaces, West Hendon Playing Fields, and Barnet Playing Fields/ King George V Playing Fields Masterplans and all were approved by Environment Committee. - The Victoria Park Masterplan was approved, and contractors appointed to deliver a new play area; and refurbish three tennis courts/multi-use games area. The Childs Hill Park Masterplan was also approved, in consultation with the Friends of Childs Hill, and an improvement programme (value £210,000) commenced for a new picnic area, upgrade to the play surface and landscaping. - A new leisure centre was opened within Victoria Recreation Ground, which also included a new play area, landscaping improvements and tree planting within the park. - The council won the London Tree and Woodland Award for the Barnet Tree Policy, which outlines best practice management of trees and woodlands, and includes the target planting of 900 trees per year contributing towards improved air quality. In 2019/20, 1126 new trees were planted for green infrastructure, urban heat, in streets and parks and open spaces.	Good progress
Ensuring decent quality housing that buyers and renters can afford, prioritising Barnet's residents	- The draft Local Plan (Reg 18) with 51 policies and 67 site proposals and new Local Development Scheme (LDS) setting out priorities for area based Supplementary Planning Documents (SPDs) at Middlesex University and the Burroughs, and the Edgware Growth Area were approved by P&R Committee. - Barnet Homes continued to make good progress on delivering affordable housing on council land. Budgetary approval was given, as part of the MTFS, for sites linked to additional affordable housing in Barnet.	Satisfactory progress
Investing in community facilities to support a growing population, such as schools and leisure centres	- Work progressed on the Infrastructure Delivery Plan, including plans for community facilities as part of Brent Cross South and Grahame Park/Colindale and West Hendon regeneration schemes. - The design for Claremont School commenced and a Schools Strategic Partnering Board was set up to give guidance on the delivery of schools within the Brent Cross Cricklewood projects. - A new planning application for Grahame Park was submitted. This has an amended phasing plan, with the health centre being demolished in 2025 and children's and community centres later still.	Good progress

Responsible delivery of major regeneration schemes	- Construction started on Phase 4 at West Hendon, which will deliver 611 residential units (418 private and 193 affordable) with completion expected in 2023. - The accelerated decant of Marsh Drive in West Hendon was considered by H&G Committee on 27 January 2020, along with a report to secure authority to vary the Principal Development Agreement (PDA) to allow the development partners to further develop proposals for Phases 5 and 6 and submit them to Planning in mid-2020. - Demolitions took place at Granville Road and Dollis Valley. - The Barnet Group (TBG) was commissioned to develop mixed tenure residential development schemes comprising affordable rent, shared ownership and private sale homes across the five Tranche 1 sites. Planning consent for the first of these sites, Hermitage Lane, was secured. - The contract for Brent Cross West Station was awarded to Volker Fitzpatrick; and the design work started in January 2020. - The Train Operating Company (TOC) building works were completed. The demolitions at Claremont Industrial Estate, required for Brent Cross South, progressed and Argent Related placed the first significant infrastructure contract in January 2020 to commence infrastructure works by mid-2020. This will enable development to commence on Plot 12 in early 2021. - The council continued to progress the critical infrastructure workstreams to deliver the highway improvements to the junctions of Claremont Road / Cricklewood Lane and Cricklewood Lane / A5 Edgware Road (known as the Southern Junctions). The first tranche of works commenced in January 2020. - The new Growth Strategy was approved by H&G Committee in January 2020.	Good progress

Our residents live happy, healthy, independent lives with the most vulnerable protected (PEOPLE)

Improving services for children and young people and ensuring the needs of children are considered in everything we do	- In response to the Ofsted ILAC report, the Placements Team has ensured young people in care are aware of how to access advocacy services; Practice Development Workshops have been completed with Social Workers and Team Managers in the Duty and Assessment and Intervention and Planning teams to ensure staff understand expectations in providing information to the MARAC; and Practice Standards and an audit template have been developed to reflect practice expectations for the timely integration of actions arising from the Vulnerable Adolescents at Risk Panel (VARP), Sexual Exploitation and Missing (SEAM) Strategy Meetings, and MARAC into children's plans. - A new Autism Strategy was drafted in conjunction with practitioners, parents, carers and young people; and the new draft Life Chances Strategy 2020-24 set out a renewed commitment to improving outcomes for children, young people and families. - The new Woodside Avenue Children's Home received planning approval and work commenced on site. - Since Live Unlimited launched in February 2018, more than 70 looked after children and care leavers have been supported through the Imagination Trust small grants scheme; and three care leavers have passed their driving tests through the Driving Ahead scheme (in partnership with the AA). - Over 5,000 members have joined Unitas Youth Zone since it opened in June 2019, of which 21% are eligible for free school meals, and just under 10% have additional needs. - Following a recommissioning of short breaks, more than 525 families took up short breaks in 2019/20 (compared to 460 in 2018/19).	Satisfactory progress

- Opendoor Homes completed 38 properties as part of its family sized affordable housing schemes.
- Children's membership of libraries remained steady at 25,484; and children's use of libraries increased over the past two years since the library reorganisation.
- The multi-agency 0-19 model has facilitated co-ordinated services for families; and an increase in referrals to all locality areas. Barnet Integrated Clinical Services (BICS) has positively contributed to integrated mental health support within the 0-19 Early Help offer alongside the Resilience Schools programme
- Through a partnership with MAC UK, Growing Against Violence and Art Against Knives work was delivered with young people at risk of exploitation (including in relation to gangs). This work is being built on through a successful bid to the Home Office's Trusted Relationships programme.
- The work of the REACH team has demonstrated a positive impact on reducing missing episodes, offending and family breakdown and supporting young people back to employment, education or training.
- Youth Endowment Funding has been granted to two projects one to establish a Transition Hub for children new to and on the edge of care; and the second to deliver protective and connecting mentoring programme for children aged 10-14 years who have a sibling involved in offending behaviours.
- The Children and Young People Mental Health Transformation Plan was submitted outlining ambitions to transform services in line with the THRIVE principles for system change.
- The Clinical Commission Group committed to the expansion of the Acute Care Team (delivered by Barnet, Enfield and Haringey Mental Health Trust) with two further clinicians to expand to Royal Free Hospital and enable the service to support GPs and schools in a preventative capacity.
- Significant improvements were made on the Healthy Child Programme (HCP), including improved rates of HCP reviews and breastfeeding.
- The Healthy Schools Programme expanded support to schools, with PSHE and Home Start continuing to provide good value for money. From November, Brook was commissioned to provide a sexual health and healthy relationship promotion service, which included initiating a C-Card scheme.
- The Healthy Weight programme, run by GLL, initiated the Xplore programme focusing on promoting a healthy weight and lifestyle among children of primary school age.
- The National Child Measurement Programme data showed that Barnet compared favourably to other boroughs on excess weight in primary school aged children. A recent evaluation of the healthy weight lifestyle service in Barnet highlighted areas for further improvement, including how teenagers are supported to achieve and maintain a healthy weight. These will be worked on with the service provider when normal service resumes.
- The Resilient School programme expanded significantly to 57 schools. The programme promotes the link between physical activity and mental health, providing resources to encourage 20 minutes of additional physical activity a day in schools (including the Mayor's Golden km). 74 schools have at least one trained mental health first aider. 90 mental health first aiders have been trained, with a further 12 staff due to complete their training.
- Public Health continued to work with stakeholders from a range of organisations to lead cross-sector working to improve child health in areas such as breastfeeding, healthy weight, childhood immunisations, and PSHE.
- All providers continued to provide virtual services during Covid-19.

Integrating health and social care and providing support for those with mental health problems and complex needs	- Adults and Health worked with the GP Federation, NHS Barnet Clinical Commissioning Group (BCCG) and NHS providers on the development of primary care networks (PCNs), which aim to deliver primary and community health care closer to people's homes. Seven PCNs[1] were implemented in Barnet. Some PCNs took a specialist focus, such as diabetes and frailty, with council staff involved. - Adults and Health developed the social prescribing model with NHS partners, including training and a week-long induction programme for new Social Prescribing Link Workers, which are now embedded in each PCN and working closely with the Prevention and Wellbeing Team and Public Health. - The number of people benefiting from mental health recovery support has increased with the Network (the mental health enablement service), doubling the number of referrals it has managed over the last year. The intensive enablement team has developed awareness and training programmes for providers of supported accommodation, with the team working with staff in these services to enhance resident safety and reducing their risk of social exclusion. - The Barnet Integrated Learning Disability Service (BILDS) continued to support the 'progression' of people with learning disabilities to increased independence through in-depth reviews. The service worked with six care providers to enable commissioned services to be more flexible in responding to people's needs as they became more independent. - Work was undertaken on setting up a Shared Lives Scheme for launch in 2020/21. - Work continued with NHS partners on the development of integrated care models as part of the North London Sustainability and Transformation Partnership's (NCL STP) move to form an integrated care system, made up of five local integrated care partnerships (ICPs). The pace of this work was impacted by Covid-19, but work will resume in 2020/21 as part of the recovery phase of the response. - Close working took place between Adults and Health, BCCG and NHS Provider Trusts to manage the acute and community urgent care pathways, with hospital social work staff and team managers focused on facilitating discharges of long length of stay patients with multiple complex needs. The council continued to work closely with providers on ensuring capacity and quality of care to support hospital discharge. - GP practices implemented a new brief intervention for people with pre-diabetes and referral to the National Diabetes Prevention Programme (NDPP), which should continue to increase referrals from Primary Care. Referrals to NDPP are slightly below target (75%, against target of 80%). Practice Facilitators are being recruited and other interventions explored. - Virtual clinics in all practices were completed for Atrial Fibrillation (AF). Provisional data shows that AF prevalence rates have risen, meaning more people are being detected and given appropriate treatment. Support is being provided to lower performing practices.	Satisfactory progress
Supporting our residents who are older, vulnerable or who have disabilities to	- Ansell Court, a dementia friendly extra-care scheme with 53 flats, was completed and all flats were allocated, and residents moved in over the course of the year. Two additional extra care sites are in development, with one due to commence build in 2020. - The Care Technology service continued to grow, with an additional 1,440 user installations by year-end.	Good progress

[1] Primary Care Networks are groups of GP practices working closely together with other primary and community care staff and health and care organisations to provide integrated services to their local populations.

remain independent and have a good quality of life	- The Prevention and Wellbeing Service (PWS) continued to undertake a community development role and identify opportunities for the VCS and adult social care to work together to enhance prevention and community activities for disabled people. The PWS led a quarterly forum for VCS providers which work with adults in the borough, with around 40 organisations in attendance. The team continued to support the work of other partners and key community contacts including BOOST, Social Prescribing Link Workers, Community Together Network, commissioned and non-commissioned organisations. - The Specialist Dementia Support Service provided tailored activity courses to people with dementia and a bespoke training course to carers of people with dementia. The course was designed to build knowledge and confidence when providing care for loved ones at home. Due to Covid-19, the final session took place online.	
Helping people into work and better paid employment	- Employment schemes were put in place on the regeneration estates (Dollis Valley, West Hendon and Grahame Park) and new initiatives continued to be developed with partners. Employment and skills delivery for Plots 10, 11 and 12A of Grahame Park were agreed and a partnership established with Barnet and Southgate College to deliver Adult Education on the West Hendon Estate. - The council continued to engage with private developers on major schemes to secure employment and skills outcomes. Work continued with developers to secure apprenticeship and training opportunities through development, including further preparation for Brent Cross Cricklewood employment and skills delivery. - A project with Cambridge Education to offer 'Access for All' routes for residents Not in Employment, Education or Training (NEET) was launched. This engaged 13 development sites, with eight offering work experience placements to NEET individuals and Care Leavers. - Barnet Homes leads on managing BOOST, which provides community-based help for Barnet residents from bases at Burnt Oak Library and 184 Cricklewood Lane or via outreach at South Friern and Chipping Barnet libraries and a monthly work club at the Probation Service. By the end of the year, BOOST services had achieved 11,479 visitors and supported 246 people into work, 74 of whom were under 25. - The Welfare Reform Task Force also led by Barnet Homes engages with residents and provides support to help them manage the Benefit Cap and transition onto Universal Credit. By the end of the year, 155 clients had moved off the Benefit Cap as a result of finding work; 80 households had moved to more suitable accommodation; 1226 clients had been provided with benefit advice; and Discretionary Housing Payments at a total value of £1.72m had been awarded to 915 people.	Good progress
Encouraging residents to lead active and healthy lifestyles and maintain their mental wellbeing	- Completion and opening of two brand new leisure facilities - New Barnet Leisure Centre (30 Aug 2019) and Barnet Copthall Leisure Centre (1 Sep 2019). Both facilities offer a diverse mix of facilities and programming and collectively achieved over 431,000 attendances between September 2019 and March 2020. The total number of visits to all Barnet leisure facilities (up to 21 March 2020) was 1,165,408. - More than 27,000 residents signed up for a Fit and Active Barnet (FAB) Card, including c.50% junior members (5-16 years). This represented a 29% increase from last year. - The council's leisure management contract with GLL (Better) continued to deliver a range of programmes to support the achievement of Public Health outcomes including weight management (children and adults); support for those with cancer; diabetes and falls prevention; dementia cafe etc. 651 participants were engaged in targeted initiatives. The council continued to co-ordinate and deliver the Disability Sports Network, diversifying the membership through further stakeholder engagement.	Good progress

	- The Sugar Smart Barnet campaign was launched, focusing on early years and schools. The aim was to reduce sugar intake by promoting healthy choices and enabling people to make informed decisions about their sugar intake. - The final two (of 6) healthy heritage walks and their accompanying audio were published in Barnet First. The Healthy Heritage Walks webpage was the most visited webpage on the Health & Wellbeing section of the website in March 2020. - £25,000 Area Committee funding was secured to install Active Trails across parks and open spaces within Chipping Barnet. - The Barnet Health Walks Programme (7 weekly walks) was implemented, with two additional walks now offered from leisure facilities - Two new weekly parkrun events were established in Friary Park and Sunnyhill Park. - The annual London Youth Games were co-ordinated, with over 400 young people representing Barnet in competition against other London Boroughs. - 1,800 young people were engaged in the SHAPE physical activity Programme (14-19 years) led by the council. - In collaboration with the Young Barnet Foundation, the VCS was helped to secure funding from Sport England for 37 satellite clubs and 35 sportivate programmes. - £90k investment was secured from the TfL LIP to support Active Travel projects in partnership with GLL and Middlesex University.	
Ensuring we have good schools and enough school places, so all children have access to a great education	- The percentage of Primary, Secondary and Nursery schools rated Good or better is 96.8%. 100% of Secondary schools are rated Good or better by Ofsted. The percentage of children attending a Good or Outstanding primary, secondary or Nursery school in Barnet is 96.6%. - Barnet's Progress 8 in 2019 ranked the 2nd best Local Authority in the country (out of 151 LAs) in 2019. These results gauge the progress made by students during their time at secondary school. The average 'Attainment 8' score in Barnet is 56.9 points, compared to the national average of 46.7 points, and an increase of 0.9 points in Barnet from the results in 2018. Our Attainment 8 was the 2nd best in the country (up from 5th in 2018). - Final validated DfE data shows the attainment of disadvantaged pupils at KS2 for 2019 is in the top 10% of LAs for maths (8th), GPS (13th), reading (13th) and in the top 10% for Reading, Writing and Mathematics combined (ranked 9th out of 151 LAs). - Educational attainment at KS2 (RWM) in 2019 for children and young people with SEN Support is in the top 10% of LAs nationally and for children and young people with an EHCP is in the top 15% of LAs. Progress at KS2 for SEN Support pupils is in the top 10% of LAs for reading and maths. Progress at KS2 for children with an EHCP is in the top 10% of LAs for maths, and in the top 20% for reading. - At Key Stage 2, Barnet is 7th in the country for the number of pupils reaching the expected standards in Reading, Writing and Maths combined. Maths results were particularly strong (4th best LA in the country). - Two new dedicated 'zones' for young people, SENCo Zone and Young People Zone, have been established on the local offer. Data analytics show that the SENCo Zone is particularly well used. - There were sufficient school places in primary and secondary schools for all Barnet children and young people who needed one. Extra secondary places at the newly-opened Ark Pioneer Academy and the expanded St. James Catholic High School enabled growing secondary demand to be met.	Good progress

Safe and strong communities where people get along well		
Keeping Barnet safe	- The Barnet Safer Communities Partnership has helped keep Barnet safe by delivering a co-ordinated multi-agency response for victims of repeat anti-social behaviour (ASB). This work has been coordinated through the Community Safety MARAC, where over 65 complex repeat ASB cases have been problem solved during 2019/20 (outperforming the EOY target of 30). - In addition, Barnet has continued to support and utilise the OWL (Online Watch Link) app, so that more residents can receive crime prevention advice and updates from their local Neighbourhood Policing Teams. The EOY target was met with over 20,000 residents using OWL to receive crime prevention updates.	Good progress
Tackling anti-social behaviour and environmental crime	- The Barnet Safer Communities Partnership has been working with the Police and other partner agencies to deliver a co-ordinated response to tackle anti-social behaviour and environmental crime. This has included utilising Public Space Protection Orders to tackle ASB linked to street drinking and other ASB issues. There are five PSPOs live (exceeding the EOY target of 3). The evidence indicates that the PSPOs are effective in reducing the types of ASB that they have been targeting and there has been a reduction in alcohol related calls to the London ambulance service in the street drinking PSPO areas. - In addition, there are 13 multi-agency action plans in place to address high impact ASB and environmental crime areas (exceeding the EOY target of 6). - The volume of ASB calls to Police increased, reflecting a similar trend across London (over 65,000 more ASB calls to Police in London during 2019/20 compared to the previous year). Increased capacity within the '101' call handling system, which reduced the average waiting time for '101' calls to picked up, has been a major contributory factor to the increase in recorded calls.	Good progress
Celebrating our diverse and strong communities and taking a zero-tolerance approach to hate crime	- The Barnet Zero Tolerance to Hate Crime project is part of the Barnet Safer Communities Partnership's commitment to working together to improve access to justice for victims of hate crime and to make it easier for people to report Hate Crime and get the support that they need. Barnet's reported incidence of racist and religious Hate Crime remains below the London average (there were 781 Racist and Religious crimes reported in Barnet in the last 12 months). However, Hate Crime continues to be underreported both locally and nationally. - 270 residents and staff in Barnet signed up to become Hate Crime Reporting Champions (exceeding the EOY target of 50). In addition, 99 partnership staff received Hate Crime reporting training (1 short of the EOY target of 100). - The project also had a target to increase the number of Reporting Centres from 9 to 10 during 2019/20. Staff have been preparing an additional 6 centres to join the scheme, but these have been delayed due to Covid-19.	Good progress
Ensuring we are a family-friendly borough	- In the British Youth Council 'Make Your Mark' consultation, Barnet received 12,399 votes, with 'Put an end to Knife Crime' voted as the top devolved issue and the UK issue being 'Protect the Environment'. - As part the UNICEF Child Friendly Communities partnership, the council worked with the 'Real Play Coalition' to deliver three workshops with 150 children, families and young people to seek views about how to make Barnet more play friendly.	Good progress

Safe and strong communities where people get along well		
	- The Youth Assembly was relaunched with elections for Youth Ambassadors to chair Youth Assembly running alongside the UK Youth Parliament elections in March. There were 7,368 votes and two UKYPs and Youth Ambassadors were elected. - A UNICEF staff survey was promoted to find out what staff and partners' understanding of children's rights was. The results are being analysed by UNICEF. - New safeguarding partnership arrangements were published, which place a shared and equal duty on the local authority, the Police and Clinical Commissioning Group to safeguard and promote the welfare of children. Red Quadrant was appointed to undertake independent scrutiny of the arrangements. As part of the new safeguarding partnership arrangements, Professional & Young People's Forums (PYPF) were delivered on mental health, knife crime and harmful practices. - The Young People's Perception Survey conducted face-to-face interviews with 500 young people. The results will be presented at the next CES Committee. - A mental health campaign strategy is being developed to raise awareness of mental health issues and signposting to access support services. Stress, anxiety and depression were identified as the priority mental health challenges for children and young people in the borough.	
Focusing on the strengths of the community and what they can do to help themselves and each other	- Delivery against VCS performance indicators has been satisfactory throughout the year, and the council's engagement with the community has seen real improvement. Covid-19 has given rise to a huge amount of community participation with residents coming together to help each other in ways the borough has never previously seen. At the heart of this is the Community Response programme, led by the Barnet Together partnership. This has seen the VCS lead organisations take the initiative to drive and co-ordinate their sector to meet the needs of vulnerable residents. In order not to disrupt this work, it was agreed to extend until March 2021 the VCS development contracts that were due to elapse in the autumn.	Good progress
Supporting local businesses to thrive	- Local businesses have been supported through the construction contracts that form part of the regeneration schemes, with increased inclusion of Local Supply Chain obligations in Planning Agreements for Grahame Park, Silkstream (Sainsbury's), Finchley Gate and TfL sites across the borough and ongoing planning for supply chain engagement on Brent Cross Cricklewood. - Ongoing support has been provided to the established Town Teams (Chipping Barnet, Edgware, Cricklewood) and work started on the Chipping Barnet Community Plan, which will develop a comprehensive vision for the area. A procurement was launched for a design team to deliver a detailed design and community engagement for Finchley Square (Finchley Central). The Chipping Barnet pavement build-out was completed. There was continued development of North Finchley Town Centre revitalisation, with a focus on identifying the funding strategy. - Work progressed to identify workspace for small and micro businesses, including potential workspace at the NIMR site in Mill Hill. - A strengthened commitment to workspace was identified in the new Growth Strategy. - The Pop Up Business School was delivered in November 2019, with circa 90 people attending the two weeks event.	Good progress

Risk Management

The council has a Risk Strategy and a Corporate Risk Register to identify, evaluate and manage risks. All risks are held by the relevant theme committees and any high level (scoring 15+) strategic risks from the Corporate Risk Register are noted in this report with accompanying narrative.

- **STR08 - Major regeneration** schemes (risk score 15). Failure to effectively manage the major regeneration schemes such as Brent Cross could lead to delays resulting in significant financial implications for the council (e.g. loss of revenue) and local economy. There is a financial shortfall in the funding of the project. Work is ongoing to calculate the financial cost of the shortfall. An independent cost review has been completed and was reviewed in January 2020. The risk score will remain unchanged until the full costs are confirmed, and the next steps decided upon.

- **STR09 - Increase in the NLWA levy** (risk score 15). The expected replacement of the NLWA Energy from Waste (EfW) facility could lead to an increase in the waste disposal levy of up to £8million per annum and additional financial costs relating to delays in the construction of the EfW. This would result in increased financial pressure on the council. In October 2019, enabling works and construction of the Resource Recovery Facility (RRF) was approved by NLWA. It was confirmed that NLWA would be able to borrow £100m from the Government on a reduced interest rate. Work has continued developing the financial strategy to build a stable budget for the Environment cost centre.

- **STR16 - Environmental sustainability** (risk score 20). This risk relates to the inability to adequately manage the environmental impact of resident and business activities (such as air quality, resource management and climate change), which could lead to negative long-term consequences to the local environment and result in statutory environmental duties and targets not being met; financial consequences; and not protecting the environment for future generations. A paper on the ultra-low emission zone was presented to the Council Management Team in October 2019. The draft Transport Strategy was approved by Environment Committee on 20 January 2020.

- **STR17 - Strengthening children's safeguarding** (risk score 16). If the council does not maintain strong safeguarding arrangements for children, there is a risk that children will suffer significant harm. The risk is being managed by the controls and mitigations in place to manage the risk, such as ongoing monitoring and partnership working such as preventative identification of vulnerable adolescents at risk of harm.

- **STR19 - Failure of third-party Pension administrator meeting standards** (risk score 16 – increased from 12). Poor performance levels could lead to delays in meeting statutory deadlines such as annual benefit statements and/or member benefits being inaccurate or paid late which could result in enforcement action by the Pensions Regulator. Performance of the administration function is below the minimum acceptable level. A remediation plan is in place with progress against target dates being monitored. A pension team has been established to identify service gaps, agree on necessary actions and monitor implementation.

- **OP27 - Affordability of the Thames Link project (**risk score 15 - increased from 10). If the Thameslink project becomes unaffordable, this could lead to uncertainty of the Thameslink project resulting in the council potentially having to increase its funding of the project/or noncompletion of the project altogether. Cost escalation on the TOC (train operating company) programme has led to the need for a detailed contract review. A financial cost report has been prepared was reviewed by the council in January 2020.

- **G&C065 - Consolidation of Street Scene services in the east of the borough** (risk score 16) (NEW). The council may be unable to efficiently consolidate Street Scene services at the Oakleigh Road site, which could impact on the delivery of services. Work to space-plan a number of options is underway for both medium and long-term solutions.

- **SS018 - Frontline employment and retention** (risk score 16). Difficulties in recruiting appropriate staff could lead to an increase in the use of agency staff and the impact on service delivery. Permanent positions are being offered to frontline agency staff. There was a contingency of agency staff retained over the Christmas period, which was reduced after the New Year. The use of the apprentice levy is being investigated for potential future recruitment of apprentices, and HR have put together a presentation for the eight staff members identified who require assistance with their 'right-to-stay' paperwork.

- **SS020 - Remedial work at Oakleigh Depot** (risk score 20). Issues with the Oakleigh Depot require immediate significant remedial works that will lead to service disruption for up to nine months, impacting on business continuity and delivery of services. A series of controls have been put in place, such as the implementation of a one-way traffic system and monitoring of ground movement at Oakleigh Depot. The site next to Oakleigh Depot has been temporarily procured by the council. The Harrow based collection fleet has been relocated to Oakleigh Depot. The garden waste service has been suspended earlier than planned and 12 collection rounds have had collection days changed for an interim period to reduce vehicle movements while the remedial works continue.

- **TS013 - Passenger Transport Services move** (risk score 20). The hand back of North London Business Park (NLBP) will necessitate the relocation of Passenger Transport Service (PTS) vehicles with operation to a suitable alternate site; not being able to secure a suitable site could result in additional costs to extend the current lease (subject to availability) or disruption to the Home to School transport service for Special Education Need children in and out of borough. Requirements have been provided to the projects team and several options are being considered for PTS by the service. Estates are providing updates on a potential new location for the service to be based as one of these options. PTS will remain at NLBP until the end of 2020, but uncertainty remains about the long-term arrangements for PTS.

- **PI011 - Winter Service** (risk score 15 - reduced from 20). The relocation of the gritting depot from Barnet to Harrow could lead to increased travel time and the effectiveness of the service. As there is no other alternative available during this winter season, this risk will focus on ensuring that decisions and deployment are carried out in a timely manner. A winter plan has been produced and approved internally and the processes identified in the plan have been implemented and are currently operating daily. Further work is required around resource planning for priority footway gritting and this is being reviewed by Re. The long-term forecast is not suggesting there will be any snow events arising; however, this situation may change and continues to be monitored by the service.

- **AC001 - Increased overspend to meet statutory duties** (risk score 20). Increased demand and the uncertainty of the operating environment could lead to insufficient resources for the service to meet its statutory duties. There are strong monitoring processes in place for all savings as part of the MTFS. Budget monitoring processes have remained robust. Controls on all spend are in place and closely monitored. 2020/21 MTFS plans are being finalised as part of the business planning process.

- **AC046 - Adults MASH Resourcing** (risk score 15). There is a risk that there will be insufficient resource and subject expertise within the Multi-Agency Safeguarding Hub (MASH) due to capacity constraints within service areas and delays to co-location with other services/partners, which may lead to the MASH being less effective and unable to effectively safeguard vulnerable adults. There is a dedicated team of six staff. In the absence of MASH Police moving to Colindale there have been discussions about having a Police representation in the weekly Hub.

- **PH06 - Pandemic Influenza type disease outbreak** (risk score 20). A Declaration of Pandemic Influenza by the World Health Organisation (WHO) could lead to severe resource and capacity issues for the council and partner agencies resulting in an impact on service delivery and the health protection of residents. [Pandemic Influenza is a national risk and is recorded on the Borough Resilience Forum Risk Register. Local Authority management of a Pandemic Influenza outbreak is in accordance with the council's category 1 statutory responsibilities and obligations, in line with the Civil Contingencies Act (2004)]. The Multi-Agency Flu plan has been reviewed twice by Barnet's Resilience Forum and will be reviewed by the Council Management Team in Q4 for final sign off.

- **FIN002 - Implementation of 2019/20 savings** (risk score 20). If the MTFS savings identified for 2019/20 are not fully implemented, this could lead to non-achievement of MTFS targets and an overspend on the revenue budget. Monthly monitoring arrangements and budget setting processes are in place to manage the risk. Savings targets are being closely monitored though there has been some slippage. Recovery plans are being developed to deliver further savings and reduce the level of overspend.

- **FIN001 - Impact of political uncertainty on Finances** (risk score 15). The uncertainty of the national and regional political landscape, legislative changes and local government funding changes that affect council services could lead to further reduction of the multi-year budget. The Council Management Team has identified actions to help mitigate the existing overspend, such as incorporating critical analysis of savings delivery into monthly budget monitoring reports. Action plans for savings over the MTFS were presented to P&R Committee on 6 January 2020 and detailed the MTFS and a draft budget for 2020/21.

- **FIN003 – Ineffective financial controls** (risk score 15). Ineffective internal controls, governance arrangements or policies and procedures could lead to an increased risk of the council being unable to prevent an incident of organised or high value fraud, bribery or corruption. Following a review of internal controls in 2018 by Grant Thornton, an action plan was developed. The control environment continues to be improved through (1) testing of controls to identify any further control weaknesses; and (2) reviewing actions to implement improvements to controls. There is regular reporting to Finance SMT and updates to the Internal Control Board. A detailed review of controls is being undertaken to identify areas where further improvements are needed along with the implementation of the audit programme.

- **CSG55 - Poor delivery of pension service by administration team** (risk score 16 – increased from 9). Poor management of pensions administration could lead to scheme members experiencing delays in receiving benefits and/or inaccurate pension information resulting in enforcement actions by the Pensions Regulator. A remediation plan is in place with progress against target dates being monitored. Enhanced scrutiny has identified new failings for which corrective actions and timescales are being agreed with the pension administrator.

- **AG020 - Audit actions not implemented** (risk score 16). If audit actions are not implemented, this could lead to a deterioration in the council's control environment and result in the Head of Internal Audit providing a Limited Assurance Annual Opinion. In Q2, 78% of high priority actions were completed by the deadline. This was below the target of 90%. Q3 focused on following-up on a sample of medium priority actions in addition to the high priority actions. The risk score will remain unchanged until there is assurance that the implementation of audit actions is sustainable and consistent. An update on the implementation of Q4 high priority actions was presented to Audit Committee on 14 July 2020.

Annual Governance Statement

CERTIFICATION

To the best of our knowledge the governance arrangements as defined have been effectively operating during the year 2019/20 except for those areas identified in the section on Significant Governance Issues. 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 2020/21.

SIGNED: Dan Thomas **Date: 30 July 2020**

Leader of the Council

SIGNED: **Date: 30 July 2020**

Chief Executive

Introduction

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

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

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

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

This Annual Governance Statement explains how the Council meets the requirements of regulation 6[1] and 6[2] of the Accounts and Audit Regulations 2015[2] in relation to the publication of a statement of internal control.

The Council has a separate Code of Corporate Governance which will be reported alongside this Annual Governance Statement. The Code is consistent with the principles of the of Good Governance as set out in the CIPFA Delivering Good Governance in Local Government Framework 2016. A Code of Corporate Governance is also included within the Constitution which details the Good Governance principles. How the Council complies with the principles will be reported annually alongside the Annual Governance Statement.

Governance

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

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

[2] http://www.legislation.gov.uk/uksi/2015/234/regulation/6/made

The Governance Framework

The governance framework encompasses the systems and processes, culture and values by which the Council is directed and controlled, together with the activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

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

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

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

The governance framework has been in place within Barnet London Borough Council for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

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

The Annual governance statement

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

- This process is designed to provide assurance, based on sufficient evidence, that internal controls are in place and are operating effectively and that objectives are being achieved, except for those areas identified in Section 7 which require further improvements.

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

The Three Lines of Defence in effective Risk Management and Control

The three lines of defence model is designed to provide confidence, based on sufficient evidence, that internal controls are in place and are operating effectively and that objectives are being achieved.
As assurance is derived from multiple sources, the "Three Lines of Defence" concept helps identify and understand the different sources of assurance.
Where controls are not operating effectively then improvements to strengthen the control environment are required, such issues are set out in section 7 of the report and will be addressed in the coming year.

2nd Line of Defence **Oversight and Support** **Strategy, Policy, Direction setting, decision-making, assurance oversight**	Support	1st Line of Defence **Business and Operational Management** **Delivering objectives, identifying risks and improvement actions, implementing controls, progress reporting, provides management assurance**	Validate	3rd Line of Defence **Independent Assurance** **Independent challenge and audit, reporting assurance, audit opinion assurance levels**
Committee and Scrutiny Functions		**Operational Management and Staff**		**Internal Audit**

Senior Management Functions and oversight		**Managing Performance and Data Quality**		**External Audit (provide assurance to those charged with governance)**
Risk Management and Performance Management		**Programme and Project Management**		**External Inspections**
Functional Compliance (Information Management, HR, Legal, Contract and Financial Management)		**Delivery of Service Business Plans**		**Review Agencies** **Regulators**

How has the Annual Governance Statement been prepared?

The Council has reviewed significant governance issues from previous years and identified new issues that have arisen during the year. Detailed updates on these issues are set out in the following sections.

The Council has also updated the Local Code of Corporate Governance to reflect the updated CIPFA Framework which includes an assessment of our compliance with the seven principles of Good Governance.

How do we know our arrangements are working?

Within this Annual Governance Statement, the Council has undertaken an assessment of significant governance issues and the progress made against these throughout the year. Any areas which have not been resolved will carry forward into 2020/21 and will continue to be monitored. Any issues that have been resolved during 2019/20 will no longer be monitored through the Annual Governance Statement but will continue to be monitored through appropriate channels.

The Council is compliant with the CIPFA Delivering Good Governance in Local Government Framework 2016. How the Council complies with the Code is monitored annually and reported via a separate Code of Corporate Governance 2019/20 which is reported to the Audit Committee alongside this Annual Governance Statement.

Significant Governance Issues

COVID -19 and Recovery Planning

Like all local authorities across the country, we rapidly changed our focus in March 2020 to respond to the global COVID-19 pandemic. This involved enacting emergency planning and business continuity arrangements, protecting and supporting the most vulnerable, supporting public health measures to reduce the spread of the virus and maintaining and adapting council services to continue to serve residents and businesses in the borough. This was not just a Barnet response - we have and continue to work with partners, local and regional authorities across London and government through London emergency planning arrangements.

As with any emergency, our Emergency Planning business continuity plans were enacted in response to Covid-19 and we were able to sustain most services by using technology to enable staff to work from home. To respond to the impacts of Covid-19, the council mobilised resources virtually across all service areas. Many services adapted their business model rapidly to move services online, or to provide support to residents remotely.

Strong governance during a crisis also supports disaster recovery and resilience. Ensuring that robust governance arrangements were in place for key decisions relating to the pandemic has been a significant issue. At the end of March, the Council took the decision to suspend face-to-face committee meetings in line with advice from national and local government. Barnet operate a Committee System of governance and there is no provision for individual Member decision-making. Significant decisions should be approved by committees, but in the absence of an urgent/emergency provisions in the Constitution, several emergency decisions had to be taken by officers. Whilst these emergency decisions were taken in consultation with Members and were subsequently ratified by the Urgency Committee at the end of April[3], the pandemic has highlighted a requirement to revise arrangements relating to taking urgent or emergency decisions so that the Council can react quickly without the requirement to convene a committee meeting whilst retaining Member oversight. Proposals to resolve this issue with the Council's governance arrangements will be further considered in 2020/21.

With the country now emerging from the worst of the health emergency, and whilst still delivering critical and essential services, Barnet has also turned attention to Local Outbreak Control and Recovery Planning. Therefore, as lockdown is eased, some restrictions are lifted and various aspects of life return to normal, there is inevitably an increased risk of a resurgence of Covid-19. Prevention will continue to be key to our approach during this next phase, with a focus on supporting everyone who lives, works and visits Barnet to put in place the necessary measures and adopt those behaviours that are necessary to keep everyone safe.

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[3] Urgency Committee, 27 April 2020: https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=716&MId=10375&Ver=4

To do this we have created our Local Outbreak Control Plan for COVID-19 infection.

The plan is designed to be a live and iterative document and will be regularly updated, as further evidence emerges.

The main aims of the Plan are to:

- Build on the existing plans to prevent and manage outbreaks in specific settings;
- Ensure the challenges of COVID-19 are understood;
- Consider the impact on local communities and
- Ensure the wider system works together to contain the spread of infection locally.

Our plan outlines seven steps in local preparedness to prevent, control and manage COVID-19 incidents and outbreaks, if and when they emerge. It describes our local whole system response and it has been developed with a wide range of stakeholders and overseen by the Barnet Health Protection Board. It is signed off by Barnet's Chief Executive Officer, the Director of Public Health, the Public Health England (PHE) Health Protection Team and Health Protection Board and published first on 30th June 2020. The Health and Wellbeing Board ratified the Plan on 23rd July. Local Outbreak Control Plan for COVID-19 infection

Additionally, our Covid-19 Recovery Planning programme has commenced, led by the council's Deputy Chief Executive and with input from all service areas as well as our delivery partners CSG, Re, The Barnet Group and Cambridge Education. It is too early to set out a firm timetable for recovery. We do not know yet whether there will be a second or subsequent peak in new infections, and we do not know at what speed the rate of infection in the community will decline.

It is clear that – as well as being a pressing social and economic need – recovery provides an unparalleled opportunity for the council to work with partners to collectively re-think how we operate individually and together. There are numerous examples of positive changes that have been implemented throughout our response to Covid-19 that we should build upon and retain in the future. At this stage, it is intended that the Recovery Framework will be in place for between six and 12 months. After this time, activities will be incorporated into Barnet's new Corporate Plan. This approach will act to embed recovery into the council's long-term vision for the borough.

Financial sustainability is a key element to the recovery programme which needs to deliver a robust Medium Term Financial Strategy (MTFS) in order to support the continuation of council's operations to support residents. All councils are experiencing significant, unplanned financial pressure and some organisations within the sector face a significant risk of failure, even with the current level of funding provided by the Government. The process will need to ensure the council, over a four-year horizon, needs to return to a balanced budget and live within its means throughout the MTFS.

The council set a robust and sustainable budget in March 2020 which resourced the corporate plan priorities. However, it is important to note that the impacts of Covid-19 are unprecedented in scale. Additionally, the sector has just emerged from a financially challenging period of austerity and it is extremely difficult for organisations to free up significant resources. The financial context of the organisation has fundamentally changed following the Covid- 19 pandemic and whilst some likely impacts can be estimated at this point, others depend on variables which are still unknown. The remodelling of the MTFS will be co-designed with the borough's recovery plan to ensure that the Long-Term Change phase delivers a balanced budget that allows for the investment needed to allow the borough to thrive. Each workstream will be responsible for contributing to the financial sustainability within the corporate budget setting process.

This will be an area of focus Barnet in the coming year.

Existing Issues – Carried Forward from 2018/19

Emergency Planning and Organisational Preparedness

Under the Civil Contingencies Act 2004, the London Borough of Barnet is defined as a Category 1 Responder, along with other Category 1 Responders such as Police, Fire and Ambulance Service. During any emergency that occurs in Barnet, the role of the council is to support and assist the emergency services in life saving and operational activities; then take the lead during the recovery phase to ensure the community has a swift return to normality.

Barnet has a duty under the Act to identify risks and hazards that have the potential to impact the borough and its communities and on that basis, to plan for such emergencies, exercise those plans and to make its residents aware of the hazards in their area and how they can prepare for an emergency. Hence, our contingency planning and business continuity arrangements (how we maintain service delivery in the event of incidents and disruption) have a key role in our ability to manage our resources, effectively, efficiently and economically.

Covid-19 has been the single biggest incident that has tested the organisation's resilience and Emergency Response arrangements. The initial response and early preparations in February 2020 lead to the activation of Barnet's Multi-Agency Pandemic Plan, calling together the Borough Resilience Forum and the opening of the Borough Emergency Control Centre (BECC) to provide urgent support and co-ordination to the new emerging workstreams until these were formed and headed by workstream leads, predominantly officers from the council's Silver rota. Throughout this period the Organisational Resilience team have maintained a response team to address any other non-Covid emergencies arising to include fire and flood evacuations and major loss of services.

As part of demonstrating resilience, all London Boroughs participate annually in an exercise. Safer City 2020, scheduled for March was intended to exercise mutual aid arrangements across London regions and partner organisations. However due to the impending pandemic a number of boroughs withdrew from the exercise. Although there was limited opportunity to test mutual aid, we took the decision to run and adapt the scenario and exercise the opening of the BECC, activation of Gold and Silver roles, Communications and numerous service managers across all departments.

Whilst responding to Covid, work to further enhance our resilience against Resilience Standards for London (RSL) has been paused. As the Council returns to normality, whilst ensuring preparedness for a second wave or peak, the Organisational Resilience team will undertake a review of our response to the 11 standards and resume a workplan to deliver throughout the remainder of 2020 and into 2021.

Improvement of key services currently delivered through the Capita CSG and RE contracts

A report was considered by the Policy and Resources Committee on 19 July 2018, which proposed a review of the Capita CSG and RE contracts. A subsequent report to the Committee on 11 December 2018 agreed that the review be conducted on a phased basis and that the Finance and Strategic HR services be returned in-house (subject to the outcome of consultation) on 1 April 2019. That transfer has now taken place. A further report on phase II of the Review, covering Regeneration and Highways services, was considered by the Committee on 17 June 2019. As a result, it was agreed that part of the Regeneration service (the Skills, Employment and Economic Development team and the Director of Place role) should be returned to the council. This transfer took place in October 2019 and has further strengthened strategic control in a key area of the council's activities. It was also agreed that the Safety, Health and Wellbeing Service be returned to the council and that the remaining services should be reviewed alongside the year 6 (CSG) and year 7 (Re) contract reviews. In addition, the Integrated Programme Management Office, which co-ordinates the management of the Brent Cross programme, also returned to the council in January 2020.

In respect of the Pensions Administration Service, Policy and Resources Committee agreed on 17th February 2020 that the service should be transferred to the West Yorkshire Pension Fund (WYPF), which is a specialist provider of Local Government Pension Fund administration services. Discussions are under way with Capita and WYPF to ensure a smooth, phased transition of the service and associated data.

Other services provided under the CSG and RE contracts will be reviewed through the Year 6/7 Review process, terms of reference for which were agreed by the Financial Performance and Contracts Committee in January 2020. That Committee will also provide oversight and scrutiny of the Review process. The Review is currently paused as the team is focusing on Covid response activities.

This area will continue to be monitored as a significant issue during 2020/21.

Governance of major capital programmes including Brent Cross Cricklewood Regeneration

The council is expected to deliver over £350m of capital investment in 2019/20.

Within this portfolio, the regeneration of Brent Cross Cricklewood is the most significant scheme. The scheme comprises three programmes:

- **Brent Cross Thameslink** – delivery of a new Thameslink station, 'Brent Cross West' and associated infrastructure funded through £419m Government grant and delivered by the council. The station is due to open in 2022.
- **Brent Cross South** – delivery of at least 7,500 homes, a significant new office location and associated community facilities and other infrastructure. The council has established a joint venture with Argent Related to deliver the scheme.
- **Brent Cross North** – the expansion of the Brent Cross Shopping Centre and delivery of major supporting infrastructure. To be delivered by the shopping centre owners – Hammerson and Aberdeen Standard Investments. This part of the programme is currently deferred.

While Brent Cross North is deferred, both Brent Cross Thameslink and South have made significant progress through the planning and design stages. Railway works commenced in January 2019. The replacement Train Operating Company (TOC) facility is now occupied and the replacement railway sidings opened in June 2020. In 2020 we will see further major works with start on site of the new Brent Cross West Thameslink train station.

Brent Cross South has also progressed through planning and land acquisition to enable demolitions and site clearance, ready for the first phases of works to commence. 2020 will also see the start of significant investment in infrastructure from February onwards with the development of a temporary open space ahead of upgrades to Claremont Park to enable development of the first plots in 2021.

The scale of the changes to be delivered in the borough, and of the spend, mean that the programme has a corporate significance beyond that of most regeneration projects. In terms of Brent Cross Thameslink, the council is exposed to the risk of cost overrun and grant clawback if the grant conditions, particularly key milestone dates, are not met. There is a mechanism for amending key milestones in agreement with Government, and currently the council is meeting the agreed the programme.

The major risks for the programme relate to securing the required railway possessions to deliver the new station platforms. In response to this, an integrated industry supported programme has been developed which focuses on delivery of these key railway possessions. The council, through the Thameslink delivery team, have developed a Memorandum of Understanding that is being signed up to by all rail industry and government partners which confirms the collaborative agreement to work towards delivering in line with the integrated programme.

A new board, the Railway Operations Assurance Board has been established with a specific focus of ensuring the programme is maintained and rail related issues are resolved before impacting the programme. The board reports into the already established Government Assurance Board and can escalate issues which may require input from more senior levels.

The programme will also deliver wide ranging benefits to the council and the borough, including but not limited to, new homes to meet housing need, investment in infrastructure for the benefit of existing and new residents, and increased revenue from council tax and business rates. In order to monitor against these a benefits tracker has been established which will be monitored throughout the programme lifecycle to ensure benefits are being realised in line with the business case.

The programme has a comprehensive internal governance structure within the council, reporting to the Housing & Growth Committee for strategic direction and regeneration related decisions, the Policy & Resources Committee for budget decisions and the Financial Performance & Contracts Committee for monitoring of key delivery contracts between the council and Network Rail in respect of the Rail Sidings and Systems and Volker Fitzpatrick in respect of the station delivery contract.

Externally, programme progress, risks, issues, benefits realisation and finance are all reviewed monthly at the Government Assurance Board (attended by the council: Ministry of Housing, Communities and Local Government: Department for Transport; HM Treasury; Homes England; Greater London Authority; Transport for London; and the Infrastructure Projects Authority (IPA)).

In the coming year update reports on the overall project will continue to be submitted to the Housing & Growth Committee on a quarterly basis. The programme has also begun reporting to the Financial Performance and Contracts Committee and this will continue quarterly now that the scheme has moved into the delivery phase and major contracts let. Through the Government Assurance Board, Government partners have agreed to a joined-up approach in relation to audit and assurance reviews. The Infrastructure and Projects Authority (IPA) have carried out progress reviews previously, and it has been agreed that a follow up review will be council led with support from MHCLG and IPA. This review is due to take place in 2020.

There is a capital governance review underway to strengthen current arrangements across the wider capital programme which is investing in schools, highways and other assets across the borough.

This issue will continue to be monitored through the Annual Governance Statement during 2020/21.

Health and Care Integration – quality of local NHS providers

Last year's AGS included an update on the Royal Free Hospital (RFH) NHS Foundation Trust's Care Quality Commission (CQC) inspection rating of 'Requires Improvement' in a report published in May 2019, from a previous rating of 'good'. Since the publication of this report, the Chief Medical Director and Deputy Chief Executive Officer of the Trust has reported regularly to the Barnet Health Overview and Scrutiny Committee (HOSC) on the actions being taken to address the matters raised by CQC in their inspection report and has provided suitable assurance to the HOSC about the measures being taken. All the other NHS trusts are rated good.

As the response to this matter has a programme of work which underway and is being regularly scrutinised by Health Overview Scrutiny Committee, it will not be a matter for the AGS in 2020/21.

Pensions Administration

In 2016/17 concerns were identified relating to pensions administration and further issues led to Regulatory Intervention by the Pensions Regulator to the London Borough of Barnet Pension Fund. Since then the council has been engaging closely with the Pensions Regulator to address these issues.

Data quality remained an issue in 2019/20. However, focused efforts by the council and the fund administrator meant the 2019 valuation of the fund was completed on time and the Actuary issued a letter concluding that the data quality was satisfactory. The valuation determines both the funding level and individual employer contribution rates for the next three years.

Annual Benefit Statements (ABS) were issued to active and deferred members at the end of August 2019. Many issues were identified by the Council after the issuing of the statements, such as incorrect data, missing data and statements not being issued to members. Each of these issues were documented and the fund administrator was requested to investigate, correct and reissue statements if required. Reissued statements have all now been sent where required.

Pension Savings Statements (PSS) must be issued to members whose pension savings in a tax year exceed the standard annual allowance. The statutory deadline for statements to be issued is by 6 October in the following the tax year. In 2019/20, it was discovered that 2018-19 statements were not issued to 30 members. An investigation into previous years going back to the 2013-14 tax year identified a further 22 members who had not received one or more PSS. Of the affected members, 13 individuals have potential tax issues. Affected members are being supported both to complete tax filings and regularise their tax position.

The Pensions Regulator has been updated on the actions taken to resolve both the annual benefit statement and pension savings statement issues.

Issues in relation to admissions agreements and bonds remain work in progress with significant improvement in Q2, 2020. Officers are working with the fund administrator and the Scheme Actuary, Hymans Robertson, to ensure these progress as a matter of urgency.

The Council has continued its dialogue with the Pensions Regulator detailing the actions taken to address the weaknesses identified by the Regulator and the other breaches brought to the Regulator's attention. While work is ongoing to address a back log of casework and member record updating, we are pleased to note that following the last update to the Regulator on 12 May 2020 that the Regulator responded that they are not seeking any further updates on the matters previous discussed. Efforts continue to ensure the fund administrator's internal controls are robust, data held is correct and required improvements are being monitored.

Weekly meetings with Capita Employee Benefits (CEB) continue to assess their plans to correct the issues identified and that the plans of action are on track and where evidence of issues arise, these can be escalated to senior management and Members as appropriate to ensure resolution. There is also ongoing communication with unions and individuals around queries and/or issues with their individual pension to resolve these.

On 19 February 2020, the Policy & Resources Committee approved the proposal that the administration of the London Borough of Barnet Pension be moved from CEB to a shared services agreement with the West Yorkshire Pension Fund. The function was delegated by Full Council on 3 March 2020. The transition is progressing in accordance with the timetable to complete on 31 October 2020.

This is an area that will remain under review for 2020/21.

Financial Control and Fraud Risk

Following the internal fraud case that came to light late in December 2017, the council commissioned a full independent review of financial controls and financial forensic analysis through Grant Thornton. The findings of this report and the associated action plan was presented to and monitored through the Audit Committee during 2018/19 and 2019/20.

During 2018/19, intensive work was carried out to strengthen financial controls in the areas highlighted by Grant Thornton in the review. The scope of the review was narrow, so additional work was undertaken in 2019/20 to look more broadly at financial systems at the Council and further measures were implemented to tighten financial controls across areas which were not directly addressed through the initial review. A proactive assessment of the control environment against best practice models in ten key finance areas was undertaken. Where controls gaps or weaknesses were identified during this process, actions and timelines were agreed for tightening existing controls and implementing new ones. Work was also undertaken to ensure that the strengthened financial controls were embedded across the organisation and its strategic partners and operating effectively.

Governance around internal controls has continued to be a focus for the Council in 2019/20. An Internal Controls Board meets on a monthly basis to ensure officers and partners across the organisation are implementing the recommendations made by Internal Audit. As part of the Finance team restructure, a dedicated post has been created with responsibility for internal controls.

During 2019/20, the following financial areas received limited assurance internal audit reports:

- Accounts Payable
- Accounts Receivable
- Cash and Bank
- Pension Fund Finance and Investment

Therefore, this area will continue to be monitored as a significant issue during 2020/21.

The findings from these audits have been addressed in line with timescales agreed with Internal Audit and improvements to the control environment in these areas continue to be made.

Loan Agreement with Saracens Copthall LLP (SCLLP)

In accordance with the decisions of the Policy & Resources Committee on 19 July 2018 and 23 October 2018, and the Delegated Powers Report dated 28 January 2019, the Council entered into a Loan Agreement between the council and Saracens Copthall LLP (SCLLP). The decisions detail the amount to be loaned, the conditions upon which the loan is made and can be drawn down and the terms of repayment. This agreement also details the obligations for legal assignments over future contracts and collateral warranties from appropriate entities.

To date, SCLLP has drawn down £3.2m of the agreed £22.9m loan facility.

On 5 November 2019, it was announced that Saracens had been fined £5.4m and docked 35 points by Premiership Rugby Limited (PRL). Following that announcement, the club wrote to the council on 18 November 2019 to confirm that the fine was to be met by the shareholders and setting out evidence that the business plan for the development of the West Stand remained robust. On 17 January 2020, in response to media speculation about further action to be taken by PRL against Saracens, council officers placed a temporary stop on loan drawdowns. It has subsequently been confirmed by PRL on 18 January 2020 that the club is to be relegated automatically at the end of the 2019/20 season.

In light of recent events, the club and SCLLP are taking stock of their plans for the West Stand. No further drawdowns will be approved until a way forward has been agreed between the council, SCLLP and the club. Interest will continue to accrue on the £3.2m already drawn down. Should SCLLP wish to pursue the development of the West Stand, the council will require a robust revised business plan, subject to independent due diligence, before any further loan drawdowns are made.

The impact of these events will be monitored through the Annual Governance Statement during 2020/21.

Annual Internal Audit Opinion; Reasonable Assurance - Key Findings

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 2019/20 audit plan to 31 March 2020, including the work completed more recently to complete the audits that were paused due to the COVID-19 response. It is also informed, where appropriate, by other third-party assurances, for example from Ofsted and the Pensions Regulator.

In 2019-20 the annual opinion overall is **Reasonable Assurance**. This is the first time the annual opinion has been Reasonable Assurance since 2016-17. In 2017-18 and 2018-19 the annual opinion was Limited Assurance.

In those two years, the key contributing factors to the Limited ratings were (a) the Compulsory Purchase Orders fraud that was identified in December 2017 and the subsequent Grant Thornton report and associated action plan; and (b) the Ofsted inspection of Family Services for children in need of help and protection, children looked after and care leavers, and review of the effectiveness of the Local Safeguarding Children Board in April/May 2017. At the time of the inspection in 2017 Ofsted judged these services to be ‘inadequate’.

During 2019/20, as part of our audit programme we continued work to confirm that the Grant Thornton actions had been implemented. The vast majority of this work has been completed and we have seen improvements across the Finance function since the service was brought in-house on 1st April 2019. The service has since completed a significant restructure and undertaken its own project to review and strengthen financial controls. With regard to the Children Service improvements, in May 2019 OFSTED began the three-week full ILACS (Inspection of Local Authority Children’s Services). This was the first full inspection following the Single Inspection undertaken two years before in which the council was judged inadequate. The outcome from the Inspection of Local Authority Children’s Service in Barnet was graded as **Good** by OFSTED.

On Pensions Administration, in 2018/19 we found that a number of audit actions had not been implemented and the service was under scrutiny from the Pensions Regulator. In 2019/20 we continued to follow-up previously raised audit actions and these are now substantially implemented. In addition, the Council made the decision to transfer pensions data and administration services from Capita to West Yorkshire Pension Fund on 1st April 2021 and there is a transition plan in place.

In March 2020, the COVID-19 pandemic affected every aspect of Council service delivery. There is recognition from residents, officers and members that the Council has acted responded reasonably effectively in extremely difficult circumstances which is acknowledged within the opinion. Any review of effectiveness of the response and the Recovery Planning Programme will primarily inform the 2020/21 Annual Opinion next year.

Finally, the % of audit reports that have been given a ‘positive’ assurance rating of either Substantial or Reasonable assurance has increased compared to the previous year for both Non-Schools and Schools audits.
In summary, improvements have been shown during the year and it is the Head of Internal Audit Opinion that the overall rating of Reasonable Assurance is appropriate. Although some high risk rated weaknesses were identified in individual assignments these are broadly isolated to specific systems or processes. None of the individual assignment reports have an overall classification of critical risk.

Further improvements are required to improve the adequacy and effectiveness of governance and control compliance in some areas.

The key findings from the audits have been grouped into four themes which will be a continued focus of Internal Audit work in 2020/21:

- Financial control and fraud risk
- Compliance / Policies & Procedures
- Oversight, accountabilities and roles and responsibilities
- Systems access

Barnet’s Fire Safety

Following the tragic fire on 14 June 2017 at Grenfell Tower in the Royal Borough of Kensington and Chelsea, this was identified as a significant governance issue and has been included in the annual governance statements for 2018/19 and 2019/20.

The council is undertaking a £51.9m investment programme to improve fire safety in council homes, and this has progressed as planned during 2019/20.

Work has also been undertaken to survey council homes that were built using the Large Panel System (LPS) construction method, which has resulted in significant issues. Work is underway to vacate some of the affected buildings and rectify issues in the others.

During 2019/20, at the request of the Government, the council commenced collecting detailed information on the external wall coverings of all residential buildings in the borough that are 18 metres or more in height, and this could result in further significant issues that need to be addressed, particularly in the private sector.

The potential issues associated with LPS surveys and the private sector external wall coverings will continue to be monitored through the Annual Governance Statement during 2020/21.

Conclusion

To summarise, the following governance issues will be key the councils key priorities and focus in the coming year: -

- *COVID Outbreak Control and Recovery Planning*
- *Emergency Planning and Organisational Preparedness*
- *Improvement of key services currently delivered through the Capita CSG and RE contracts*
- *Governance of major capital programmes including Brent Cross Cricklewood Regeneration*
- *Pensions Administration*
- *Annual Internal Audit Opinion; Reasonable Assurance – Key findings*
- *Financial Control and Fraud Risk including the Loan Agreement with Saracens Copthall LLP (SCLLP)*
- *Barnet's Fire Safety*

Over the coming year the council will be taking steps to address the matters outlined in this Annual Governance Statement and also addressed within the Annual Internal Audit Opinion to further enhance governance arrangements and control compliance within the council. We are satisfied that these steps will address the need for improvements that have been identified and we will monitor their implementation and operation through appropriate committees throughout the year as well as part of the next annual review.

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

Statement of Responsibilities

The Council's Responsibilities

The council is required to:

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

The Director of Finance and S151 Officer Responsibilities

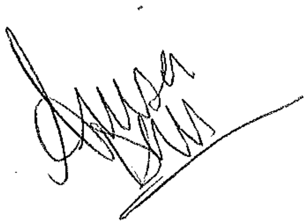
The Director of Finance and Section 151 Officer is responsible for the preparation of the London Borough of Barnet's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy 2019/20 Code of Practice on Local Authority Accounting in the United Kingdom (The Code).

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

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

Certification of Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of the London Borough of Barnet Council at 31 March 2020 and its income and expenditure for the year then ended. The draft accounts were published on 31 July 2020.



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

Approval of Accounts

In accordance with the Accounts and Audit Regulations 2015, I certify that the Statement of Accounts was approved by the Audit Committee on 19 October 2020.

Chair of Audit Committee
Councillor Rohit Grover

Auditor’s Statement

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF LONDON BOROUGH OF BARNET

Opinion on the financial statements

We have audited the financial statements of London Borough of Barnet (“the Council”) and its subsidiaries (“the group”) for the year ended 31 March 2020 which comprise the Council and group Comprehensive Income and Expenditure Statements, the Council and group Movement in Reserves Statements, the Council and group Comprehensive Income and Expenditure Statement, the Council and group Balance Sheets, the Council and Group Cash Flow Statements, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund Statement and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2020 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the group as at 31 March 2020 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion on the financial statements

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), the Code of Audit Practice issued by the National Audit Office in April 2015 (“Code of Audit Practice”) and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Council and the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Finance use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Director of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Emphasis of matter – valuation of properties

We draw attention to Note 4 to the financial statements which describes [the basis on which properties have been valued and the uncertainties inherent in determining market values in the current economic environment. Our opinion is not modified in respect of this matter.

Other information

The Director of Finance is responsible for the other information. The other information comprises the Narrative report together with all other information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts is consistent with the financial statements.

Conclusion on use of resources

On the basis of our work, having regard to the guidance on the specified criterion published by the National Audit Office in April 2020, we are satisfied that, in all significant respects, the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Basis for conclusion on use of resources

We have undertaken our review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion, published by the National Audit Office in April 2020, as to whether in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

The National Audit Office has determined this criterion as that necessary for us to consider in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Based on our risk assessment, we undertook such work as we considered necessary. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Matters on which we are required to report by exception

We have nothing to report in respect of the following other matters which the Code of Audit Practice requires us to report to you if:

- we have been unable to satisfy ourselves that the Annual Governance Statement is not misleading or inconsistent with other information that is forthcoming from the audit;
- we issue a report in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit;
- we designate under section 24 of the Local Audit and Accountability Act 2014 any recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

Responsibilities of the Director of Finance and the Council

As explained more fully in the Statement of the Director of Finance's Responsibilities, the Director of Finance is responsible for the preparation of the Statement of Accounts, which comprises the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that the financial statements give a true and fair view.

In preparing the financial statements, the Director of Finance is responsible for assessing the Council's and group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council intends to cease operations of the Council or group or has no realistic alternative but to do so.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

In respect of our audit of the financial statements our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Auditor's responsibilities in respect of the Council's use of resources

We are required under Section 20 of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criterion specified by the National Audit Office.

We report if significant matters have come to our attention which prevent us from concluding that the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Council's

Whole of Government Accounts consolidation pack and completed the work necessary to conclude on objections to the accounts received from local government electors in previous years. We are satisfied that this work does not have a material effect on the Council and group financial statements or on our use of resources conclusion.

Use of our report

This report is made solely to the members of London Borough of Barnet, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in the Responsibilities of the Audited Body and Responsibility of the Auditor within Chapter 2 of the Code of Audit Practice published by the National Audit Office. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Leigh Lloyd Thomas
For and on behalf of BDO LLP, Appointed Auditor
London, UK
28 January 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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 2019/20. The statement also shows how the council's services are funded through Council Tax, Business Rates, Government grants and fees and charges made by the council for its services.

Re-stated 2018/19*					2019/20		
Gross Expenditure	Gross Income	Net Expenditure	Comprehensive Income and Expenditure Statement (CIES)	Note	Gross Expenditure	Gross Income	Net Expenditure
£'000					£'000		
151,723	(58,406)	**93,319**	Adults and Health		155,358	(57,923)	**97,435**
10,988	(1,782)	**9,206**	Assurance		9,613	(1,957)	**7,656**
150,033	(140,560)	**9,473**	Growth and Corporate Services		198,284	(266,484)	**(68,200)**
283,963	(265,713)	**18,250**	Finance		267,106	(238,874)	**28,232**
378,045	(287,553)	**90,492**	Children's Services		384,844	(302,469)	**82,375**
86,245	(58,899)	**27,346**	Local Authority Housing (HRA)		9,819	(55,999)	**(46,180)**
60,606	(31,141)	**29,465**	Environment		65,430	(32,688)	**32,742**
1,121,603	**(844,054)**	**277,551**	**Cost of Services**	**7**	**1,090,454**	**(956,394)**	**134,060**
17,587	(10,408)	**7,178**	Other Operating Income and Expenditure	**10**	12,155	0	**12,155**
27,253	(7,248)	**20,005**	Financing and Investment Income and Expenditure	**11**	36,687	(45,932)	**(9,245)**
0	(281,601)	**(281,601)**	Taxation and Non-Specific Grant Income	**12**	0	(285,327)	**(285,327)**
44,840	**(299,257)**	**(254,418)**	**Subtotal**		**48,842**	**(331,259)**	**(282,417)**
1,166,445	**(1,143,311)**	**23,133**	**(Surplus)/Deficit on Provision of Services**		**1,139,297**	**(1,287,653)**	**(148,356)**
		(3,431)	(Surplus)/Deficit on revaluation of non-current assets				(14,573)
		56,444	Remeasurement of the net defined benefit liability	**35**			(127,624)
		53,013	**Other Comprehensive Income and Expenditure**				**(142,197)**
		76,146	**Total Comprehensive Income and Expenditure**				**(290,553)**

*There has been a re-statement of the service headings since 2018/19 accounts were published to reflect management reporting lines. These have been agreed at Committee in 2019/20. Please refer to Note 6 for an explanation of changes to services.

Core Financial Statements: Group Comprehensive Income and Expenditure Statement

This statement summarises the income and expenditure of the council and its subsidiaries (The Barnet Group Ltd and Barnet Holdings Ltd). Group Financial Performance- In 2019/20 Barnet Group company made an operating loss of £4.615m (£3.002m loss in 2018/19). 2018/19 has been re-stated – see Note 40 for details.

Re-stated 2018/19					2019/20		
Gross Expenditure	Gross Income	Net Expenditure	Comprehensive Income and Expenditure Statement (CIES)	Note	Gross Expenditure	Gross Income	Net Expenditure
£'000					£'000		
151,097	(58,406)	**92,691**	Adults and Health		156,492	(58,722)	**97,770**
10,988	(1,782)	**9,206**	Assurance		9,613	(1,957)	**7,656**
144,630	(141,009)	**3,621**	Growth and Corporate Services		201,133	(275,226)	**(74,093)**
283,963	(265,713)	**18,250**	Finance		267,106	(238,874)	**28,232**
377,974	(287,553)	**90,421**	Children's Services		384,912	(302,028)	**82,884**
83,528	(58,899)	**24,629**	Local Authority Housing (HRA)		20,099	(55,357)	**(35,259)**
60,606	(30,141)	**30,465**	Environment		65,430	(32,688)	**32,742**
1,112,786	**(843,503)**	**269,283**	**Cost of Services**		**1,104,786**	**(964,853)**	**139,932**
17,587	(10,408)	**7,179**	Other Operating Expenditure		13,069	(862)	**12,207**
18,144	(9,102)	**9,042**	Financing and Investment Income and Expenditure		34,970	(46,815)	**(11,845)**
0	(281,601)	**(281,601)**	Taxation and Non-Specific Grant Income		0	(285,327)	**(285,327)**
61		**61**	Corporation Tax		47	0	**47**
35,792	**(301,111)**	**(265,319)**	**Subtotal**		**48,086**	**(333,004)**	**(284,918)**
1,148,578	**(1,144,614)**	**3,964**	**Surplus on Provision of Services**		**1,152,872**	**(1,297,856)**	**(144,986)**
		(3,430)	Deficit/(Surplus) on revaluation of non-current assets				**(14,573)**
		64,458	Remeasurement of the net defined benefit liability				**(132,404)**
		61,028	**Other Comprehensive Income and Expenditure**				**(146,977)**
		64,992	**Total Comprehensive Income and Expenditure**				**(291,962)**

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
Movements in Reserves 2018/19		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2018		**15,083**	**12,489**	**75,755**	**15,003**	**29,337**	**12,189**	**85,563**	**245,419**	**502,534**	**747,953**
Surplus / (Deficit) on provision of services		4,810	1,357	0	(29,301)	0	0	0	**(23,134)**	**0**	**(23,134)**
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	**0**	**(53,013)**	**(53,013)**
Total Comprehensive Income and Expenditure		**4,810**	**1,357**	**0**	**(29,301)**	**0**	**0**	**0**	**(23,134)**	**(53,013)**	**(76,148)**
Adjustments between accounting basis and funding basis	**8**	(16,939)	0	0	26,619	(8,327)	(2,843)	25,883	**24,393**	**(24,393)**	**0**
Net increase / (decrease) in year		**(12,129)**	**1,357**	**0**	**(2,682)**	**(8,327)**	**(2,843)**	**25,883**	**1,259**	**(77,405)**	**(76,146)**
Transfer to/(from) earmarked reserves	**9**	12,129		(12,129)					**0**		**0**
Balance as at 31 March 2019		**15,083**	**13,846**	**63,626**	**12,321**	**21,010**	**9,346**	**111,446**	**246,678**	**425,129**	**671,807**
Movements in Reserves 2019/20											
Balance as at 31 March 2019		**15,083**	**13,846**	**63,626**	**12,321**	**21,010**	**9,346**	**111,446**	**246,678**	**425,129**	**671,807**
Surplus / (Deficit) on provision of services		88,958	(3,661)	0	63,059	0	0	0	**148,356**	**0**	**148,356**
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	**0**	**142,197**	**142,197**
Total Comprehensive Income and Expenditure		**88,958**	**(3,661)**	**0**	**63,059**	**0**	**0**	**0**	**148,356**	**142,197**	**290,553**
Adjustments between accounting basis and funding basis	**8**	(84,891)	0	0	(67,855)	(6,272)	2,017	87,722	**(69,280)**	**69,280**	**0**
Net increase / (decrease) in year		**4,067**	**(3,661)**	**0**	**(4,796)**	**(6,272)**	**2,017**	**87,722**	**79,076**	**211,478**	**290,553**
Transfer to/(from) earmarked reserves	**9**	(4,066)	0	4,066	0	0	0	0	**0**	**0**	**0**
Balance as at 31 March 2020		**15,084**	**10,185**	**67,692**	**7,525**	**14,738**	**11,363**	**199,168**	**325,754**	**636,607**	**962,361**

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 Holdings 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. This table has been re-stated – see Note 39 for details.

	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
Movements in Reserves 2018/19 (re-stated)	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2018	15,083	12,489	75,755	15,003	29,337	12,189	85,563	245,419	502,534	747,953	(28,823)	719,130
Surplus / (Deficit) on provision of services	27,053	1,357	0	(29,301)	0	0	0	(891)	0	(891)	(3,073)	(3,964)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(53,013)	(53,013)	(8,016)	(61,029)
Total Comprehensive Income and Expenditure	27,053	1,357	0	(29,301)	0	0	0	(891)	(53,013)	(53,904)	(11,088)	(64,993)
Adjustment between Council account and Group accounts	(22,243)	0	0	0	0	0	0	(22,243)	0	(22,243)	22,243	0
Net increase / (decrease) before transfers	4,810	1,357	0	(29,301)	0	0	0	(23,134)	(53,013)	(76,147)	11,154	(64,993)
Adjustments between accounting basis and funding basis	(16,939)	0	0	26,619	(8,327)	(2,843)	25,883	24,393	(24,393)	0	0	0
Net increase / (decrease) before transfers to earmarked reserve	(12,129)	1,357	0	(2,682)	(8,327)	(2,843)	25,883	1,259	(77,406)	(76,147)	11,154	(64,993)
Transfer to/(from) earmarked reserves	12,129	0	(12,129)	0	0	0	0	0	0	0	0	0
Balance as at 31 March 2019 (re-stated)	15,083	13,846	63,626	12,321	21,010	9,346	111,446	246,678	425,128	671,806	(17,669)	654,137

	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
Movements in Reserves 2019/20												
Balance as at 31 March 2019	15,083	13,846	63,626	12,321	21,010	9,346	111,446	246,678	425,128	671,806	(17,669)	654,137
Surplus / (Deficit) on provision of services	99,851	(3,661)	0	63,059	0	0	0	159,249	0	159,249	(14,263)	144,986
Other Comprehensive Income and Expenditure									142,197	142,197	4,780	146,977
Total Comprehensive Income and Expenditure	99,851	(3,661)	0	63,059	0	0	0	159,249	142,197	301,446	(9,483)	291,963
Adjustment between Council account and Group accounts	(10,894)	0	0	0	0	0	0	(10,894)	0	(10,894)	10,894	0
Net increase / (decrease) before transfers	88,957	(3,661)	0	63,059	0	0	0	148,355	142,197	290,552	1,411	291,963
Adjustments between accounting basis and funding basis	(84,891)	0	0	(67,855)	(6,273)	2,017	87,722	(69,280)	69,280		(19)	(19)
Net increase / (decrease) before transfers to earmarked reserve	4,066	(3,661)	0	(4,796)	(6,273)	2,017	87,722	79,075	211,477	290,552	1,392	291,944
Transfer to/(from) earmarked reserves	(4,066)	0	4,066	0	0	0	0	0	0	0	0	0
Balance as at 31 March 2020	15,083	10,185	67,692	7,525	14,737	11,363	199,168	325,753	636,605	962,358	(16,277)	946,081

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.

Re-stated 31 March 2019					31 March 2020	
Council	Group				Council	Group
£'000			Balance Sheet	Note	£'000	
1,398,298	1,430,159		Property plant and equipment	15	1,585,181	1,636,785
1,831	1,831		Heritage assets		1,728	1,728
134,017	134,017		Investment properties		91,782	91,782
17,408	29,231		Intangible assets		17,363	29,208
28,491	11,740		Long term debtors	17	46,426	14,931
5,000	0		Long term investments		5,000	0
1,585,045	**1,606,978**		**Total Long-Term Assets**		**1,747,480**	**1,774,434**
171	171		Inventories		127	128
7,834	7,834		Short term investments	17	29,282	29,282
123,469	130,585		Short term debtors	18	137,883	139,472
0	0		Assets held for sale		8,230	8,230
63,018	71,178		Cash and cash equivalents	19	111,978	115,848
194,492	**209,768**		**Total Current Assets**		**287,500**	**292,960**
(46,573)	(60,403)		Short term borrowing	17	(427)	(427)
(110,027)	(110,050)		Short term creditors	20	(140,890)	(149,814)
(12,399)	(12,399)		Short term provisions	21	(879)	(879)
(168,999)	**(182,852)**		**Total Current Liabilities**		**(142,196)**	**(151,120)**
(304,610)	(304,466)		Long term borrowing	17	(388,955)	(388,639)
(8,056)	(8,100)		Long term provisions	21	(13,966)	(14,010)
(611,125)	(652,251)		Pension scheme	35	(513,182)	(553,224)
(14,940)	(14,940)		Long term lease (PFI)	32	(14,319)	(14,319)
(938,731)	**(979,757)**		**Total Long-Term Liabilities**		**(930,422)**	**(970,193)**
671,807	**654,137**		**Net Assets**		**962,361**	**946,080**
(246,678)	(229,009)		Usable reserves	8	(325,754)	(309,476)
(425,129)	(425,128)		Unusable reserves	22	(636,607)	(636,605)
(671,807)	**(654,137)**		**Total Reserves**		**(962,361)**	**(946,081)**

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 2020 and its income and expenditure for the year then ended.

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

27 January 2021

Core Financial Statements: Council and Group Consolidated Cash Flow Statement

This This shows the changes in cash and cash equivalents of the council and its subsidiaries (The Barnet Group Ltd and Barnet Holdings 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.

2018/19 (re-stated)					2019/20	
Council	Group				Council	Group
£'000			Cash Flow Statement	Note	£'000	
(23,133)	(3,904)		Net surplus on the provision of services		148,356	144,986
147,689	126,472		Adjustment to the surplus on the provision of services for non-cash movements	23	32,597	39,955
(32,782)	(32,827)		Adjustment for items included in the net surplus on the provision of services that are investing and financing activities		(29,170)	(30,782)
91,774	**89,741**		**Net cash flows from operating activities**		**151,783**	**154,160**
(136,521)	(136,521)		Net cash flows from investing activities	24	(145,361)	(150,843)
38,010	42,665		Net cash flows from financing activities		42,538	41,354
(6,737)	**(4,115)**		**Net (decrease)/increase in cash and cash equivalents**		**48,960**	**44,670**
69,755	**75,293**		**Cash and cash equivalents at the beginning of the reporting period**		**63,018**	**71,178**
63,018	**71,178**		**Cash and cash equivalents at the end of the reporting period**	19	**111,978**	**115,848**

Notes to the Accounts

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 2019/20 and its financial position at 31 March 2020. The accounting policies adopted, that are material to the context of the council's accounts for 2019/20, 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 2019/20, 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 £0.01m, although exceptions are made for:

- Grant related income & expenditure
- 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

Notes to the Accounts

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 accruals basis to the appropriate service line in the CIES at the earlier of when the council can no longer withdraw the offer of the benefit or when the council recognises the costs of restructuring.

Post-Employment (Retirement) Benefits

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

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

Notes to the Accounts

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 2019/20 MRP Policy agreed by Council in March 2019 and the Local Government Guidance on MRP. The council's policy is to:

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

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 Support Services

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

1.13 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.

1.14 Property, Plant and Equipment

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

Recognition

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

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. Any expenditure on an asset that is under £10,000 is considered non- enhancing and is treated as revenue expenditure. Any acquisitions such as equipment and vehicles for less than £10,000 are assessed and included in Property, Plant and Equipment if considered appropriate to do so.

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

- Community and community special schools
- 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;
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

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

- Infrastructure (including street lighting PFI), community assets and assets under construction – depreciated historical cost.
- Dwellings – current value, determined using the basis of existing use value for social housing (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, crematorium and cemeteries prior to their being run on a more commercial basis. The DRC method of valuation provides the current cost of replacing an asset with its Modern Equivalent Asset (MEA) less deductions for all physical deterioration and all relevant forms of obsolescence and optimisation. The council, where possible, has used direct evidence from its own capital programmes to determine the MEA cost basis for specialist assets. Where this evidence is not available, Building Cost Information Service construction cost figures have been used.

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

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.

Notes to the Accounts

Where impairment losses are identified, they are accounted for as follows:

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

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

Depreciation and useful lives

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

Depreciation is calculated on the following basis:

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

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

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

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

Componentisation

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

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

Disposals

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

Receipts from Disposal

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

Receipts from sale of Council Houses

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

1.15 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.

Notes to the Accounts

1.16 Investment Properties

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

Measurement

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

Accounting Arrangements

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

1.17 Private Finance Initiative (PFI)

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

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

The amounts payable to the PFI operators each year are analysed into five elements:

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

1.18 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.

1.19 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.

1.20 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.

1.21 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.

1.22 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.

1.23 Interests in Companies and Other Organisations

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

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

These entities have the nature of subsidiaries, 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.

1.24 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.

Notes to the Accounts

- 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.

1.25 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.

1.26 Pooled Budgets

The council has six pooled budgets in conjunction with Barnet Clinical Commissioning Group (CCG). The council's pooled budgets with Barnet CCG relate to community equipment, learning disabilities, preventative services, speech, language and occupational therapies, looked after children and the Better Care Fund.

The 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.

1.27 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.

Notes to the Accounts

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 of 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 repay by statute, and

- Council Tax Debtors
- Business Rate Debtors

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

Notes to the Accounts

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

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

- Only to individual Financial Instruments with carrying value above 2% of the council's materiality figure set by the auditors. This figure was £346k in 2019/20 and will be reviewed for 2020/21.
- 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.

Notes to the Accounts

1.28 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 Holdings Ltd

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

Notes to the Accounts

Basis of Consolidation

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

The council's detailed accounting policies are disclosed above.

The Barnet Group Ltd, a Local Authority Trading Company

i) Nature of Business

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

Note 2 Accounting Standards Issued Not Yet Adopted

The Code requires the council discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The following accounting standards have been issued but will not be adopted under the Code until 2020/21:

- IFRS 16 Leases: CIPFA/LASAAC have deferred implementation of IFRS16 for Local Government to 1 April 2021.
- IAS 19 Employee Benefits: amendments to this accounting standard did not receive formal EU endorsement in time for inclusion to the 2019/20 Code and so will be effective from 01 April 2020.
- Annual Improvements to IFRS Standards 2015–2017 Cycle.
- IAS 28 Investments in Associates and Joint Ventures: amendments in respect of Long-term Interests in Associates and Joint Ventures.

Notes to the Accounts

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 Council has transferred the land held for the Brent Cross South development from Investment Properties at £91 million and into Property, Plant and Equipment. This was previously held in Investment Properties earning rents from tenants during the acquisition phase of the site. The development has progressed in the year, a large part of the site has been cleared and is being prepared for a major regeneration scheme to develop new homes, offices and retail space. Further work is on-going to prepare the site for this development and will be transferred into a joint venture with a development partner to build the new developments. As the site is not currently available for transfer and this is likely to take place in 2021/22, the land has been classified as surplus land rather than assets held for sale.

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

Covid-19 is expected 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 the pandemic has been unprecedented in scale and much of the work we have done is described in the narrative statement.

Events after the Balance Sheet Date

On 23rd March 2020, the Prime Minister announced that to limit the spread of the coronavirus he would be asking people to stay at home and where possible work from home and only essential journeys should be made. Effectively this meant that a lot of businesses temporarily became unable to carry on operating and many employees across the country were 'furloughed' on 80% of their existing salary paid for by central government. The financial and social outcomes of this are not yet fully understood, however, it is anticipated that the effects will have a significant impact upon the UK and global economy for some time.

Notes to the Accounts

As the condition did exist at the 31 March 2020, an estimate of its financial effect on the reporting entity can be made as at 31 March 2020. This is particularly relevant in terms of Property Plant and Equipment valuations and impairments, the provision for impairment on receivables and Pension liability valuations as at the balance sheet date.

The majority of the impact of Covid-19 is expected to impact in 2020/21 and expenditure incurred on additional service provision, or reduced income from services or investments pertaining to 2020/21 will be accounted for within the 2020/21 financial statements in accordance with our accounting policies and accepted accounting practice.

Since the council set its budget in March 2020, there are significant pressures which will fundamentally impact on the council's overall financial position for 2020/21. In addition, savings across the MTFS period have been identified as at risk of delayed delivery. Regular updates on these matters will be provided to the Financial Performance and Contracts Committee and the Policy & Resources Committee as appropriate.

The government have also announced a phased repayment of 2020/21 Collection Fund deficits over the next 3 years. At present the council understands any deficits will be required to be spread evenly between 2021/22 to 2023/24.

Material Uncertainty (Property Valuation)

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, the valuer concluded that less weight can be attached to previous market evidence for comparison purposes to fully inform opinions of value.

The valuer indicated that the valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty, and a higher degree of caution, should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market the valuer recommended that the valuation of the properties are kept under frequent review.

The number of valuations carried out this year subject to the material valuation uncertainty clause are shown below. Valuations were provided for all properties where a request was made. Whilst the material valuation uncertainty clause is in place, this does not mean that these valuations cannot be relied upon, but only indicates that a higher degree of uncertainty than in normal times.

Property Type	Total Value (£m)
Council House Dwellings	782.5
Investment Properties	63.3
Other Land and Buildings	176.9
Schools	196.3
Brent Cross	97.3
Surplus Assets	19.0

A reduction in estimated valuations would result in reductions to the Revaluation Reserve and/or a loss recorded as appropriate in the CI&ES. For example, a 1% reduction in the value of investment properties would result in a £0.917m debit to “Financing and Investment Income and Expenditure” in the CI&ES. Conversely, an increase in operational property values would result in increases to the Revaluation Reserve and/or reversals of previous negative revaluations to the CI&ES and/or gains being recorded as appropriate in the CI&ES.

Going Concern

The CIPFA Code confirms that local authority accounts must be prepared on a going concern basis. In light of the unprecedented nature of Covid-19, its impact on the funding of public sector entities and uncertainty over the form and extent of government support, this note supports the S151 Officer’s assertion that the statements have been prepared on a going concern basis.

The Covid-19 restrictions across the UK, have created significant issues for many businesses and residents. The Section 151 Officer has carried out an assessment of the impact of Covid-19 on the MTFS and is satisfied that the financial strategy previously adopted by the council means that it is able to navigate the unprecedented financial challenges presented by the pandemic. Through this assessment it has been identified that there is an expected unfunded pressure in 2020/21. At the time of publication of these Statement of Accounts, for 2020/21, the council had received £35.864m funding from central government resulting in an unfunded pressure within the year and Collection Fund losses deferred into future years. As previously mentioned, regular updates of the forecasts for these costs are provided to the Financial Performance and Contracts Committee.

Unless further government funding is received, the Covid impact is expected to impact on reserves and take them below our financial strategy but not eradicate them. The council’s financial strategy of maintaining a minimum of £30m reserves has given the organisation a buffer meaning that reserves will be reduced but the annual MTFS gaps we are currently forecasting are no bigger than previous years. The S151 officer’s professional judgement is that the council will be in a position to balance the MTFS for future years.

In addition, the council's revenue outturn for 2019/20 was better than previously expected which means that reserves started 2020/21 a little higher than planned. Earmarked revenue reserves at 2019/20 outturn were £58.920m versus a forecast of £48.2m when the 20/21 budget was set. This improved revenue reserves position puts the council in a much more resilient position than was otherwise expected.

Our most recent year-end balances, as reported in these statements are as follows.

Date	General Fund	Housing Revenue Account	Earmarked reserves	Unapplied Revenue Grants (Covid related)
31st March 2020	£15.084m	£7.525m	£58.920m	£8.772m

Cash flow forecasts for a rolling 12 month period have also been completed and the council has sufficient cash to navigate this challenging period. In addition, work has begun on refreshing the MTFS and identifying savings and additional income to bridge the gap in future years.

It is therefore the S151 Officer's professional view that the council is a going concern. Further, MHCLG and CIPFA have issued revised guidance for local authorities in danger of being unable to set a balanced budget due to Covid19. This is intended to prevent avoidable issuances of s114 notices and instead make use of flexibilities which can be afforded to local authorities by the secretary of state. The council does not believe it will have a requirement to seek to exercise that option.

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

The items in the council's Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Notes to the Accounts

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.	The effect of the net pension liability due to changes in individual assumptions can be measured although the assumptions interact in complex ways. The impact of changes in assumptions is shown in note 35 Defined Benefit Pension Schemes.
Property Plant and Equipment and Investment Properties	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 The increase in Surplus assets in 2019/20 relates to Brent Cross surplus land, which is not currently held for a return on Investment. The 2019/20 valuation was an internal valuation using forecasts of receipts based on the Brent Cross Business Plan and Cash flow model. The valuation of the land at year end was £97m with a valuation gain of £29m going into the CIES. 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) 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. 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 This valuation is reported with "material valuation uncertainty" and RICS caveat advice is presented in the Valuation certificate. Refer to material uncertainty note above.	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 10%, this would result in a charge to the Comprehensive Income and Expenditure Statement of approximately £138m.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.. A reduction in estimated valuations of the Brent Cross Surplus land would result in reductions to the Revaluation Reserve and/or a loss recorded as appropriate in the CI&ES. For example, a 10% reduction in the valuation will result in 9.7m debit to CIES/Revaluation Reserve. 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. Significant changes in any of the observable inputs would result in significantly lower or higher fair values.

Notes to the Accounts

Item	Uncertainties	Effect if actual results differ from assumptions

Brent Cross Surplus Assets

Given the nature of the valuation, the use of internal unobservable data through the cash flow forecast analysis and the unknown future impact that COVID-19 might have on the real estate market, the valuation certificate includes a recommendation to keep the valuation under frequent review.

Information about fair value measurements of Brent Cross Surplus Asset using unobservable inputs (Level 3) for the year ended 31 March 2020:

Development	Valuation Technique	ERV per Sq. Ft			Equivalent Yield			Costs to Complete/ Sq.' Ft		
		Max (£)	Min (£)	Average (£)	Max (%)	Min (%)	Average (%)	Max (£)	Min (£)	Average (£)
Retail	Residual Method	30	20	26	6	6	6	155	99	148
Office	Residual Method	53	40	47	6	1	5	340	325	326
Other Commercial	Residual Method	25	15	20	7	6	7	339	149	211
Residential	Residual Method	40	16	30	4	4	4	400	314	347

Transfer into Level 3
The Brent Cross Land was valued based on comparable industrial land value at 31 March 2019. Valuation of land at 31 March 2020 is based on the residual value using unobservable input.

Item	Uncertainties	Effect if actual results differ from assumptions
Impairment for doubtful debt and Expected Credit Loss	The council had an outstanding balance of short-term debtors totalling £213.237m, against which an impairment allowance of £75.353m 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. The council's policy for estimating the impairment allowance required is to firstly consider any specific debts which are regarded as being individually significant and then to assess the impairment allowance required for each category of debt based on the nature of the debt and service area, historical loss experience and current economic conditions. Expected cash flows are estimates based on information available and certain assumptions and judgements. If these have been underestimated, then the carrying amount of the investment on the Balance Sheet may not be an accurate reflection of the actual amount recoverable. The 2018 Code adopted IFRS 9 (Financial Instruments). Accordingly, the council must recognise impairment of loans & investments prospectively (as opposed to retrospectively which was the case hitherto). The council has recognised an impairment of £7.47m on a loan to Open Door Ltd. The	An understatement of doubtful debts would lead to a future adjustment and impairment to be reflected. The council's policy for estimating the impairment allowance required is to firstly consider any specific debts which are regarded as being individually significant and then to assess the impairment allowance required for each category of debt based on the nature of the debt and service area, historical loss experience and current economic conditions. Expected cash flows are estimates based on information available and certain assumptions and judgements. If these have been underestimated then the carrying amount of the investment on the Balance Sheet may not be an accurate reflection of the actual amount recoverable

Notes to the Accounts

Item	Uncertainties	Effect if actual results differ from assumptions
	impairment is based on the difference between the contractual cash flows and expected cash flows.	

Note 5 Post Balance Sheet Events

Since the Balance Sheet date of 31 March 2020 there have been no material events which would require an adjustment to the financial statements of the council.

For the Barnet Group, Barnet Homes has signed two loan agreements totalling up to £215 million with London Borough of Barnet. These loans are to fund acquisition projects. The first will see Open Door Homes acquire 156 already let properties from London Borough of Barnet. The second is to acquire 500 homes on the 'open market' and then rent these homes to people nominated by London Borough of Barnet. Both these projects have Board approval but have compliance and other controls in place to ensure the projects deliver to the financial returns in the business case. Both these loans can be drawn down in tranches, they do not need to be drawn in full in a single transaction.

Note 6 Comprehensive Income and Expenditure Statement (CIES) Restatement

Due to change in reporting segment in 2019/20, numerous prior year comparators have been re-presented in the Expenditure and Funding Analysis and the CIES. These changes are summarised in the table below and reflected in the restated 2018/19 Expenditure and Funding Analysis and the CIES. In additional prior year capital grants have been re-classified as detailed in Note 40.

	2018/19 Original			*Restatements*		2018/19 Revised		
Reporting Segment	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	*Gross Expenditure £'000*	*Gross Income £'000*	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
Adults and Health	0	0	0	*151,723*	*(51,490)*	151,723	(51,490)	**100,233**
Adults and Communities	130,544	(33,265)	**97,279**	*(130,544)*	*33,265*	0	0	**0**
Public Health	18,194	(17,209)	**985**	*(18,194)*	*17,209*	0	0	**0**
Assurance	8,800	(1,772)	**7,028**	*2,188*	*(10)*	10,988	(1,782)	**9,206**
Finance	0	0	**0**	*283,963*	*(265,713)*	283,963	(265,713)	**18,250**
Central Expenses	20,620	(1,942)	**18,678**	*(20,620)*	*1,942*	0	0	**0**
Growth and Corporate Services	0	0	**0**	*150,033*	*(74,465)*	150,033	(74,465)	**75,568**
Commissioning Group	310,411	(289,634)	**20,777**	*(310,411)*	*289,634*	0	0	**0**

Customer and Support Group	45,650	(15,731)	**29,919**	*(45,650)*	*15,731*	0	0	**0**
Housing Needs and Resources	41,721	(25,662)	**16,059**	*(41,721)*	*25,662*	0	0	**0**
Children's Services	377,002	(281,814)	**95,188**	*1,044*	*0*	378,045	(281,814)	**96,231**
Local Authority Housing (HRA)	86,245	(58,899)	**27,346**	*0*	*0*	86,245	(58,899)	**27,346**
Regional Enterprise	61,155	(31,724)	**29,431**	*(61,155)*	*31,724*	0	0	**0**
Environment	21,263	(3,881)	**17,382**	*39,344*	*(23,489)*	60,606	(27,368)	**33,238**
Cost of Services	**1,121,605**	**(761,533)**	**360,072**	***0***	***0***	**1,121,603**	**(761,531)**	**360,072**
Other Operating Expenditure	17,587	(10,408)	**7,178**	*0*	*0*	17,587	(10,408)	**7,178**
Financing and Investment Income and Expenditure	27,253	(7,248)	**20,005**	*0*	*0*	27,253	(7,248)	**20,005**
Taxation and Non-Specific Grant Income	0	(364,122)	**(364,122)**	*0*	*0*	0	(364,122)	**(364,122)**
Surplus on Provision of Services	**1,166,445**	**(1,143,311)**	**23,133**	***0***	***0***	**1,166,443**	**(1,143,309)**	**23,133**
Deficit/(Surplus) on revaluation of non-current assets			(3,431)					(3,431)
Remeasurement of the net defined benefit liability			56,444					56,444
Other Comprehensive Income and Expenditure			**53,013**					**53,013**
Total Comprehensive Income and Expenditure			**76,146**					**76,146**

a. Adults and Health now includes Adults Transformation and Former Adults Commissioning Group; Public Health and Leisure, Sports and Physical Activities;
b. Assurance includes elements of Commissioning Group;
c. Central Expenses has become Finance with small section in Growth and Corporate; Housing Needs moved to Corporate and Growth;
d. Commissioning Group was restructured and split against other front-line services;
e. Street Scene now includes Transformation and Commissioning Group and has been renamed Environment.

These changes were the result of amendments to management reporting lines across council services. These were agreed at Council Committee during 19/20. The core changes are summarised in the below points:

- Adults and Health now includes Adults Transformation and Former Adults Commissioning Group; Public Health and Leisure, Sports and Physical Activities;
- Assurance includes elements of Commissioning Group;
- Central Expenses has become Finance with small section in Growth and Corporate; Housing Needs moved to Corporate and Growth;
- Commissioning Group was restructured and split against other front-line services;
- Street Scene now includes Transformation and Commissioning Group and has been renamed Environment.
- Growth and Corporate Services is made up of Housing Resource Needs, Customer and Support Group and part of Commissioning Group.

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

- For services this represents the removal of the employer pension contributions made by the 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.

Notes to the Accounts

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.

2018/19						2019/20				
Net Expenditure Chargeable to GF and HRA	Net Capital Adjustments	Net Pensions Adjustments	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	Other Differences	Net Expenditure in CIES
£'000					Reporting Segment:	£'000				
115,641	(5,923)	757	(17,156)	**93,319**	Adults and Health	**109,322**	2,491	2,326	(16,704)	**97,435**
9,070	0	135	1	**9,206**	Assurance	**6,273**	844	540	0	**7,656**
23,539	(5,233)	563	(9,396)	**9,473**	Growth and Corporate Services	**35,912**	(105,444)	726	606	**(68,200)**
33,936	(15,686)	0	0	**18,250**	Finance	**50,826**	(12,764)	540	(10,370)	**28,232**
67,718	20,914	3,442	(1,582)	**90,492**	Children's Services	**67,764**	1,753	8,260	4,598	**82,375**
(4,588)	31,324	0	610	**27,346**	Local Authority Housing (HRA)	**(2,536)**	(44,404)	0	760	**(46,180)**
28,793	276	729	(333)	**29,465**	Environment	**13,733**	16,872	2,452	(315)	**32,742**
274,109	**25,672**	**5,626**	**(27,856)**	**277,551**	**Cost of Services**	**281,294**	**(140,652)**	**14,844**	**(21,426)**	**134,060**
(260,655)	**(26,683)**	**13,909**	**19,011**	**(254,417)**	**Other Income and Expenditure**	**(276,807)**	**(37,539)**	**14,837**	**17,189**	**(282,417)**
13,454	**(1,011)**	**19,535**	**(8,845)**	**23,133**	**Difference between the Statutory Charge and the Surplus or Deficit in the CIES**	**4,390**	**(178,191)**	**29,681**	**(4,236)**	**(148,356)**
(118,330)					**Opening GF and HRA Revenue Reserves**	**(104,876)**				
13,454					Net chargeable expenditure to GF and HR	**4,390**				
(104,876)					**Closing GF and HRA Revenue Reserves**	**(100,486)**				

Notes to the Accounts

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

2018/19 (£,000)		Analysis of Income and Expenditure by Nature		2019/20 (£'000)
276,901		Employee Benefit expenses		300,329
781,755		Other service expenses		802,770
86,662		Depreciation, amortisation and impairment		10,480
13,947		Interest Payments		13,563
1,162		Precepts and levies		1,177
1,752		Payments to Housing Capital Receipts Pool		1,753
4,265		Loss on the disposal of assets		9,225
1,166,444		**Total Expenditure**		**1,139,297**
		Income		
(230,348)		Fees, charges and other service income		(244,773)
(1,021)		Interest and investment income		(3,196)
(12,122)		Income relating to investment properties		(39,190)
0		Gain on the disposal of assets		0
(240,570)		Council Tax and Non-Domestic rates Income		(237,982)
(659,250)		Government grants and contributions		(762,512)
(1,143,311)		**Total Income**		**(1,287,653)**
23,133		**Surplus /Deficit on the provision of services**		**(148,356)**

Notes to the Accounts

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
Adjustments relating to the year ended 31 March 2019		**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance as at 31 March 2018		**15,083**	**12,489**	**75,755**	**15,003**	**29,337**	**12,189**	**85,563**	**245,419**	**502,534**	**747,953**
Movement in reserves during 2018/19											
Surplus / (Deficit) on provision of services		4,810	1,357	0	(29,301)	0	0	0	**(23,134)**	**0**	**(23,133)**
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	**0**	**(53,013)**	**(53,013)**
Total Comprehensive Income and Expenditure		**4,810**	**1,357**	**0**	**(29,301)**	**0**	**0**	**0**	**(23,134)**	**(53,013)**	**(76,146)**
Adjustments involving the Capital Adjustment Account:											
Reversal of items debited or credited to the CIES											
Charges for depreciation, impairment and revaluation losses		28,520	0	0	54,758	0	0	0	**83,278**	**(83,278)**	**0**
Movements in the Market value of Investment Properties		(7,438)	0	0	(1,715)	0	0	0	**(9,153)**	**9,153**	**0**
Amortisation of Intangible assets		3,385	0	0	0	0	0	0	**3,385**	**(3,385)**	**0**
Capital Grants and contributions applied		(32,368)	0	0	(1,773)	0	0	0	**(34,141)**	**34,141**	**0**
Movement in donated assets account		(615)	0	0	0	0	0	0	**(615)**	**615**	**0**
Disposals and Derecognition		20,264	0	0	6,610	0	0	0	**26,874**	**(26,874)**	**0**
Revenue Expenditure Funded from Capital Under Statute		56,288	0	0	0	0	0	0	**56,288**	**(56,288)**	**0**
Inclusion of items not debited or credited to the CIES											
Statutory provision for the financing of capital investment		(11,323)	0	0	0	0	0	0	**(11,323)**	**11,323**	**0**
Capital expenditure charged against the General Fund and HRA balances		(29,238)	0	0	0	0	0	0	**(29,238)**	**29,238**	**0**
Adjustments involving the Capital Grants Unapplied Account:											
Capital Grants and Contributions unapplied credited to CIES		(59,987)	0	0	0	0	0	59,987	**0**	**0**	**0**
Application of grants to capital financing transferred to the Capital Adjustment Account		0	0	0	0	0	0	(34,104)	**(34,104)**	**34,104**	**0**
Adjustments involving the Capital Receipts Reserve:											
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES		(2,101)	0	0	(9,578)	11,679	0	0	**0**	**0**	**0**
Use of the Capital Receipts Reserve to finance new capital expenditure		0	0	0	0	(18,286)	0	0	**(18,286)**	**18,286**	**0**
Contribution from Capital Receipts Reserve to finance payments to Government capital receipts pool		0	0	0	1,752	(1,752)	0	0	**0**	**0**	**0**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		0	0	0	0	32	0	0	**32**	**(32)**	**0**
Adjustments involving the Deferred Capital Receipts Reserve:											
Deferred sale proceeds credited as part of the gain/loss on disposal to the CIES		(10,450)	0	0	0	0	0	0	**(10,450)**	**10,450**	**0**
Adjustments involving the Major Repairs Reserve (MRR):											
Reversal of HRA depreciation charged to the Major Repairs Reserve		0	0	0	(23,434)	0	23,434	0	**0**	**0**	**0**
Use of the Major Repairs Reserve to finance new capital expenditure		0	0	0	0	0	(26,277)	0	**(26,277)**	**26,277**	**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	(1)	0	0	0	**(4)**	**4**	**0**
Adjustments involving the Pension Reserve:											
Reversal of items relating to retirement benefits debited or credited to the CIES		43,589	0	0	0	0	0	0	**43,589**	**(43,589)**	**0**
Employer's pension contributions and direct payments to pensioners payable in the year		(24,054)	0	0	0	0	0	0	**(24,054)**	**24,054**	**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		8,817	0	0	0	0	0	0	**8,817**	**(8,817)**	**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		(226)	0	0	0	0	0	0	**(226)**	**226**	**0**
Adjustments between accounting basis and funding basis under regulations		**(16,939)**	**0**	**0**	**26,619**	**(8,327)**	**(2,843)**	**25,883**	**24,393**	**(24,393)**	**0**
Net increase / (decrease) in year		**(12,129)**	**1,357**	**0**	**(2,682)**	**(8,327)**	**(2,843)**	**25,883**	**1,259**	**(77,405)**	**(76,146)**
Transfer to/(from) earmarked reserves	9	12,129	0	(12,129)	0	0	0	0	**0**	**0**	**0**
(Decrease) /Increase in Year		**0**	**1,357**	**(12,129)**	**(2,682)**	**(8,327)**	**(2,843)**	**25,883**	**1,259**	**(77,405)**	**(76,146)**
Balance as at 31 March 2019		**15,083**	**13,846**	**63,626**	**12,321**	**21,010**	**9,346**	**111,446**	**246,678**	**425,129**	**671,807**

Notes to the Accounts

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
Adjustments relating to the year ended 31 March 2020		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2019		**15,083**	**13,846**	**63,626**	**12,321**	**21,010**	**9,346**	**111,446**	**246,678**	**425,129**	**671,807**
Movement in reserves during 2019/20											
Surplus / (Deficit) on provision of services		88,958	(3,661)	0	63,059	0	0	0	**148,356**	**0**	**148,356**
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	**0**	**142,197**	**142,197**
Total Comprehensive Income and Expenditure		**88,958**	**(3,661)**	**0**	**63,059**	**0**	**0**	**0**	**148,356**	**142,197**	**290,553**
Adjustments involving the Capital Adjustment Account:											
Reversal of items debited or credited to the CIES											
Charges for depreciation, impairment and revaluation losses		29,945	0	0	(21,359)	0	0	0	**8,586**	**(8,586)**	**0**
Movements in the Market value of Investment Properties		(27,403)	0	0	(8,965)	0	0	0	**(36,368)**	**36,368**	**0**
Amortisation of Intangible assets		1,894	0	0	0	0	0	0	**1,894**	**(1,894)**	**0**
Capital Grants and contributions applied		(49,728)	0	0	(5,107)	0	0	0	**(54,835)**	**54,835**	**0**
Movement in donated assets account		0	0	0	0	0	0	0	**0**	**0**	**0**
Disposals and Derecognition		18,336	0	0	3,750	0	0	0	**22,086**	**(22,086)**	**0**
Revenue Expenditure Funded from Capital Under Statute		102,912	0	0	0	0	0	0	**102,912**	**(102,912)**	**0**
Inclusion of items not debited or credited to the CIES:											
Statutory provision for the financing of capital investment		(12,764)	0	0	0	0	0	0	**(12,764)**	**12,764**	**0**
Capital expenditure charged against the General Fund and HRA balances		(16,877)	0	0	0	0	0	0	**(16,877)**	**16,877**	**0**
Adjustments involving the Capital Grants Unapplied Account:											
Capital Grants and Contributions unapplied credited to CIES		(155,849)	0	0	(4,990)	0	0	160,839	**0**	**0**	**0**
Application of grants to capital financing transferred to the Capital Adjustment Account		0	0	0	0	0	0	(73,117)	**(73,117)**	**73,117**	**0**
Adjustments involving the Capital Receipts Reserve:											
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES		(2,890)	0	0	(9,988)	12,878	0	0	**0**	**0**	**0**
Use of the Capital Receipts Reserve to finance new capital expenditure		0	0	0	0	(17,773)	0	0	**(17,773)**	**17,773**	**0**
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool		0	0	0	1,753	(1,753)	0	0	**0**	**0**	**0**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		16	0	0	0	0	0	0	**16**	**(16)**	**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	376	0	0	**376**	**(376)**	**0**
Adjustments involving the Major Repairs Reserve (MRR):											
Reversal of HRA depreciation charged to the Major Repairs Reserve		0	0	0	(22,948)	0	22,948	0	**0**	**0**	**0**
Use of the Major Repairs Reserve to finance new capital expenditure		0	0	0	0	0	(20,931)	0	**(20,931)**	**20,931**	**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		56,621	0	0	0	0	0	0	**56,621**	**(56,621)**	**0**
Employer's pension contributions and direct payments to pensioners payable in the year		(26,940)	0	0	0	0	0	0	**(26,940)**	**26,940**	**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		(3,098)	0	0	0	0	0	0	**(3,098)**	**3,098**	**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		937	0	0	0	0	0	0	**937**	**(937)**	**0**
Adjustments between accounting basis and funding basis under regulations		**(84,891)**	**0**	**0**	**(67,856)**	**(6,272)**	**2,017**	**87,722**	**(69,280)**	**69,280**	**0**
Net increase / (decrease) in year		**4,067**	**(3,661)**	**0**	**(4,796)**	**(6,272)**	**2,017**	**87,722**	**79,076**	**211,477**	**290,553**
Transfer to/(from) earmarked reserves	**9**	(4,066)	0	4,066	0	0	0	0	**0**	**0**	**0**
(Decrease) /Increase in Year		**1**	**(3,661)**	**4,066**	**(4,796)**	**(6,272)**	**2,017**	**87,722**	**79,076**	**211,477**	**290,553**
Balance as at 31 March 2020		**15,084**	**10,185**	**67,692**	**7,525**	**14,738**	**11,363**	**199,168**	**325,754**	**636,606**	**962,361**

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 2019/20.

	Balance at 31 March 2018	In year Expenditure	Reserve movements	New Reserves Raised	Balance at 31 March 2019	In year Expenditure	Reserve movements	New Reserves Raised	Balance at 31 March 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Community Infrastructure Levy	22,560	(29,685)	(450)	9,963	2,388	(2,167)	(450)	7,648	7,419
Dedicated Schools Grant	501	0	0	1,042	1,543	0	0	265	1,808
Financial Resilience (a)	32,855	(240)	(3,310)	11,111	40,416	(9,931)	(204)	2,000	32,281
Housing Benefits (b)	3,542	(194)	0	632	3,980	0	0	887	4,867
North London Sub Region	567	(488)	0	0	79	(79)	0	0	0
Public Health (c)	2,392	(980)	0	50	1,461	(274)	0	0	1,187
Revenue Service Specific	5,144	(2,097)	547	1,777	5,371	(1,892)	450	295	4,224
Revenue implications of Capital (d)	0	(1,021)	2,436	26	1,441	0	0	0	1,441
Transformation (e)	3,432	(2,349)	2,000	0	3,083	(320)	0	282	3,044
Tree Planting Reserve	2,613	(661)	(1,223)	900	1,629	(570)	204	0	1,263
Sub Total General Fund Earmarked Reserves	**73,605**	**(37,715)**	**0**	**25,501**	**61,391**	**(15,233)**	**0**	**11,376**	**57,534**
Special Parking Account (SPA)	2,150	(1,015)	0	1,100	2,235	(849)	0	0	1,386
Covid-19 Grant Unapplied	0	0	0	0	0	0	0	8,772	8,772
Total Earmarked Reserves	**75,755**	**(38,730)**	**0**	**26,601**	**63,626**	**(16,082)**	**0**	**20,148**	**67,692**

Notes:

a. 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

b. Housing Benefits: to cover changes in benefit subsidy, irrecoverable subsidy payments and anticipated costs in respect of Department for Work and Pensions enforced changes to benefits administration

c. Public Health: ringfenced reserve to cover future Public Health expenditure

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

e. Transformation Reserve: to meet the one-off costs of transformation in order to achieve service improvement or MTFS related savings. This was increased by £2m in 2018/19 to cover the period 2020-2024, with £0.281m raised in 2019/20

Notes to the Accounts

Notes Relating to the Comprehensive Income and Expenditure Statement

The notes below provide a breakdown of amounts summarised on the face of the Comprehensive Income and Expenditure Statement

Note 10 Other Operating Income and Expenditure

2018/19 £'000	Note 10 Other Operating Income and Expenditure	2019/20 £'000
1,161	Precepts and Levies	1,177
1,752	Payments to the Government Housing Capital Receipts Pool	1,753
4,265	(Gains)/Losses in the disposal of non-current assets	9,225
7,178	**Total**	**12,155**

Note 11 Financing and Investment Income and Expenditure

2018/19 £'000	Note 11 Financing and Investment Income and Expenditure	2019/20 £'000
13,947	Interest Payable and similar charges	13,563
13,909	Net interest on the net defined benefit liability	14,837
(1,021)	Interest receivable and similar income	(3,196)
(12,122)	Income and expenditure in relation to the investment properties and changes in their fair value	(39,190)
4,682	Impairment allowance	4,142
610	Trading operations	599
20,005	**Total**	**(9,245)**

Note 12 Taxation and Non-specific Grant Income

2018/19 Restated £'000	Note 12 Taxation and Non-specific Grant Income	2019/20 £'000
(170,020)	Council Tax income	(175,990)
(70,550)	Non-Domestic Rates income and expenditure	(61,992)
(21,894)	Non-specific Government grants*	(31,054)
(18,522)	Capital grants and contributions	(16,291)
(615)	Donated asset	0
(281,601)	**Total**	**(285,327)**

*Please refer to Note 13 Grant Income for a breakdown

Notes to the Accounts

Note 13 Grant Income

Re-stated 2018/19	Analysis Non-ringfenced grant income included in Note 12 Taxation and Non-Specific Grants.	2019/20
£'000		£'000
(5,925)	Business Rates related	(8,172)
(1,478)	Housing Benefit	(1,337)
(513)	Council Tax Administration	(486)
(9,375)	New Homes Bonus	(10,225)
(533)	Flexible Homelessness Support	(4,258)
(105)	EU Exit Preparation	(210)
(829)	Adults Social Care Support Grant	(3,921)
(2,235)	Private Finance Initiative Grant	(2,235)
(901)	Other non-specific revenue grants	(210)
(21,894)	**Non-ringfenced government grants**	**(31,054)**
(18,522)	Capital Grants and Contributions*	(16,291)
(40,416)	**Total Taxation and Non-Specific Grants**	**(47,345)**

* 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

Re-stated 2018/19	Analysis the grant income that has been credited to services in the CIES.	2019/20
£'000		£'000
(218,464)	Dedicated Schools Grant**	(219,051)
(31,619)	Education Related Grants	(27,101)
(259,264)	Housing Benefit Subsidy	(224,627)
(1,382)	Independent Living Grant	(1,340)
(17,156)	Public Health Grant	(16,703)
(167)	Elections Funding	(741)
(2,589)	Asylum Seekers Grant	(3,330)
(1,557)	Discretionary Housing Payment	0
(3,443)	Other Grants Specific	(5,701)
0	COVID-19 Grant	(9,418)
0	London Crime Prevention Fund	(344)
(672)	S106 Contributions	0
(6,914)	Improved Better Care Fund	(7,890)
(4,737)	Basic Needs	(9,203)
(1,002)	Special Educational Needs	(3,099)
(63,395)	MHCLG Thameslink	(180,985)
(2,700)	Disabled Facilities Grant	(2,542)
(3,773)	Transport for London	(3,092)
(618,834)	**Total Grants Credited to Services**	**(715,167)**

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 2019/20 are as follows:

	2018/19			2019/20		
Dedicated Schools Grant (DSG) Breakdown	**Central Expenditure**	**Individual Schools' Budget**	**Total**	**Central Expenditure**	**Individual Schools' Budget**	**Total**
	£'000			£'000		
Final DSG before Academy recoupment	0	0	**329,158**	0	0	**336,025**
Academy figure recouped	0	0	**(111,195)**	0	0	**(116,579)**
Total DSG after academy recoupment	**0**	**0**	**217,963**	**0**	**0**	**219,446**
Plus: Brought forward from prior year	0	0	**501**	0	0	**1,543**
Less: Carry-forward to following year agreed in advance	0	0	**0**	0	0	**0**
Agreed initial budget distribution	**45,824**	**172,640**	**218,464**	**48,942**	**172,047**	**220,989**
In-year adjustments	500	0	**500**	(71)	0	**(71)**
Final budget distribution	**46,324**	**172,640**	**218,964**	**48,871**	**172,047**	**220,918**
Less: Actual central expenditure	(44,781)	0	**(44,781)**	(47,063)	0	**(47,063)**
Less: Actual ISB deployed to schools	0	(172,640)	**(172,640)**	0	(172,047)	**(172,047)**
Plus: Local authority contribution	0	0	**0**	0	0	**0**
Carry-forward from in year grant received	**1,543**	**0**	**1,543**	**1,808**	**0**	**1,808**

Notes to the Accounts

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

Valuations

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

The valuation date for council dwellings was 31 March 2020. Where applicable the valuation date for all other assets due for revaluation in the year was 1 December 2019. This date was used as directed by the valuer, to allow sufficient time to collect and assess valuation information.

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

The assets were revalued on 1 December 2019 and 31 March 2020 by Capita, RICS Registered Valuers. In common with advice issued by RICS to their members following the declaration of the Novel Coronavirus (Covid-19) Worldwide Pandemic the Valuers have advised caution when placing reliance on their 1/12/19 and 31/3/20 valuations due to the 'Material Valuation Uncertainty' that impacts on the market during the Pandemic and they have drawn attention to this in their valuation as required by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

Capital Commitments

At 31 March 2020, the council had entered into numerous contracts for the construction or enhancement of Property, Plant and Equipment in 2020/21 and future years, budgeted to cost £187,175m (£33.758m in 2018/19) as follows:

Capital Project	Commitments £'000
Meadow Close Children's Homes	2,184
Micro site development for affordable housing	3,667
LED Lighting	5,790
Vehicles	2,874
BXCI - Electricity Sub-Station	12,371
BXCI - Whitefield Estate - Plot53/54	11,400
BXCI - BXS Decoupling Payment	9,365
Brent Cross - Thameslink Station	38,173
BXW - Rail Systems & Sidings	100,218
Colindale-Parks, Open Spaces &	1,133
Total Commitments	**187,175**

Notes to the Accounts

Rolling Revaluation

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

Capita PLC undertook valuations on behalf of the Council or operational property and investment property. HRA Stock was valued at 31st March 2020 and all Other Land and Buildings as at 31st December 2020.

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

	Council House Dwellings	Other Land and Buildings	Schools	Infrastructure	Community Asset	Assets under Construction	Vehicles, Plant and Equipment	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Held at Historic Cost and Depreciated Historic Cost		60,768		112,725	284	52,043	14,645	15,202	**255,667**
Different Valuations are applied to different asset classes									
31st March 2020	782,490	176,965	196,331				-	116,314	**1,272,100**
31st March 2019	-	18,003					-	4,766	**22,769**
31st March 2018	-	7,479					-	-	**7,479**
31st March 2017	-	15,239	-				-	374	**15,613**
31st March 2016	-	11,553	-				-	-	**11,553**
Net Book Value of Asset at 31 March 2020	**782,490**	**290,007**	**196,331**	**112,725**	**284**	**52,043**	**14,645**	**136,655**	**1,585,181**

Notes to the Accounts

	Council House Dwellings	Other Land and Buildings	Schools	Vehicles Plant and Equipment	Infrastructure	Community Assets	Surplus assets	Assets under Construction	Total PPE	Heritage Assets	Investment Properties	Intangible Assets	Total Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation of Assets at 1 April 2018	**752,721**	**172,030**	**198,694**	**53,318**	**163,923**	**355**	**41,776**	**64,930**	**1,447,747**	**1,583**	**128,812**	**20,482**	**1,598,624**
Reclassifications	14,548	13,549	0	0	1,745	0	1,062	(33,672)	**(2,768)**	201	(4,686)	7,253	**0**
Additions	25,595	34,211	5,877	2,728	10,714	0	0	72,519	**151,644**	35	11,430	1,546	**164,655**
Revaluation increases recognised in the Revaluation Reserve	636	8,828	1,536	0	0	1	4,883	0	**15,884**	12	0	0	**15,896**
Revaluation decreases recognised in the Revaluation Reserve	(24,132)	(8,629)	(12,530)	0	0	0	(116)	0	**(45,407)**	0	(62)	0	**(45,469)**
Revaluation increases recognised in the Surplus/Deficit on the Provision of Service	0	2,841	1,445	0	0	0	49	0	**4,335**	0	14,833	0	**19,168**
Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	(30,550)	(5,380)	(4,305)	0	0	(67)	0	0	**(40,302)**	0	(5,680)	0	**(45,982)**
Derecognition - Disposals	(3,389)	(6,690)	0	0	0	0	(2,300)	(1,861)	**(14,240)**	0	0	0	**(14,240)**
Derecognition - Other	0	(161)	0	0	0	0	0	(384)	**(545)**	0	(10,630)	(3,474)	**(14,649)**
Gross Value of Assets at 31 March 2019	**735,429**	**210,599**	**190,717**	**56,046**	**176,383**	**289**	**45,354**	**101,532**	**1,516,346**	**1,831**	**134,017**	**25,807**	**1,678,003**
Accumulated Depreciation at 1 April 2018	**0**	**(8,979)**	**(6,817)**	**(37,586)**	**(54,239)**	**0**	**(101)**	**0**	**(107,722)**	**0**	**0**	**(8,489)**	**(116,211)**
Reclassifications	0	4	0	0	0	0	58	0	**62**	0	(62)	0	**0**
Writeback of depreciation on revaluation recognised in the Surplus/Deficit on the Provision of Service	0	317	2,113	0	0	0	0	0	**2,430**	0	0	0	**2,430**
Writeback of depreciation on revaluation recognised in the Revaluation Reserve	23,434	4,643	4,704	0	0	0	161	0	**32,942**	0	62	0	**33,004**
Derecognition - Disposals	0	487	0	0	0	0	0	0	**487**	0	0	0	**487**
Derecognition - Other	0	161	0	0	0	0	0	0	**161**	0	0	3,474	**3,635**
Depreciation charge	(23,434)	(5,038)	(6,657)	(2,599)	(8,532)	0	(150)	0	**(46,410)**	0	0	(3,384)	**(49,794)**
Accumulated Depreciation 31 March 2019	**0**	**(8,405)**	**(6,657)**	**(40,185)**	**(62,771)**	**0**	**(32)**	**0**	**(118,050)**	**0**	**0**	**(8,399)**	**(126,449)**
Net Book Value of Asset at 31 March 2018	**752,721**	**163,051**	**191,877**	**15,732**	**109,684**	**355**	**41,675**	**64,930**	**1,340,025**	**1,583**	**128,812**	**11,993**	**1,482,413**
Net Book Value of Asset at 31 March 2019	**735,429**	**202,194**	**184,060**	**15,861**	**113,611**	**289**	**45,322**	**101,532**	**1,398,298**	**1,831**	**134,017**	**17,408**	**1,551,554**

Notes to the Accounts

	Council House Dwellings	Other Land and Buildings	Schools	Vehicles Plant and Equipment	Infrastructure	Community Assets	Surplus assets	Assets under Construction	Total PPE	Heritage Assets	Investment Properties	Intangible Assets	Total Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation of Assets at 1 April 2019	**735,429**	**210,599**	**190,717**	**56,046**	**176,383**	**289**	**45,354**	**101,532**	**1,516,346**	**1,831**	**134,017**	**25,807**	**1,678,003**
Reclassifications	24,409	107,006	717	331	1,435	2	86,867	(138,914)	**81,853**	19	(90,102)	0	**(8,230) ***
Additions	1,543	456	1,584	329	3,400	0	13,082	93,721	**114,115**	0	11,498	1,864	**127,477**
Revaluation increases/ (Decreases) recognised in the Revaluation Reserve	760	(1,064)	3,937	(97)	0	0	(4,231)	0	**(695)**	(40)	0	0	**(735)**
Revaluation increases/ (Decreases) recognised in the Surplus/Deficit on the Provision of Service	24,205	(16,926)	4,165	0	0	(7)	(1,913)	0	**9,523**	(80)	37,005	0	**46,449**
Derecognition - Disposals	(3,856)	(765)	(4,789)	0	0	0	(2,500)	0	**(11,910)**	0	(101)	0	**(12,011)**
Derecognition - Other	0	(3,520)	0	0	0	0	0	(4,296)	**(7,816)**	(2)	(535)	0	**(8,353)**
Gross Value of Assets at 31 March 2020	**782,491**	**295,786**	**196,331**	**56,609**	**181,218**	**284**	**136,656**	**52,043**	**1,701,417**	**1,728**	**91,782**	**27,671**	**1,822,600**
Accumulated Depreciation at 1 April 2019	**0**	**(8,405)**	**(6,657)**	**(40,185)**	**(62,771)**	**0**	**(32)**	**0**	**(118,050)**	**0**	**0**	**(8,399)**	**(126,449)**
Reclassifications	0	0	0	0	0	0	0	0	**0**	0	0	0	**0**
Writeback of depreciation on revaluation recognised in the Revaluation Reserve	253	5,116	9,702	141	0	0	94	0	**15,306**	0	0	0	**15,306**
Writeback of depreciation on revaluation recognised in the Surplus/Deficit on the Provision of Service	22,577	1,742	3,331	0	0	0	71	0	**27,721**	0	0	0	**27,721**
Derecognition - Disposals	118	56	0	0	0	0	0	0	**174**	0	0	0	**174**
Derecognition - Other	0	222	0	0	0	0	0	0	**222**	0	0	0	**222**
Depreciation charge	(22,948)	(4,510)	(6,376)	(1,920)	(5,722)	0	(133)	0	**(41,609)**	0	0	(1,909)	**(43,518)**
Accumulated Depreciation 31 March 2020	**0**	**(5,779)**	**0**	**(41,964)**	**(68,493)**	**0**	**0**	**0**	**(116,236)**	**0**	**0**	**(10,308)**	**(126,544)**
Net Book Value of Asset at 31 March 2019	**735,429**	**202,194**	**184,060**	**15,861**	**113,612**	**289**	**45,322**	**101,532**	**1,398,298**	**1,831**	**134,017**	**17,408**	**1,551,555**
Net Book Value of Asset at 31 March 2020	**782,490**	**290,007**	**196,331**	**14,645**	**112,725**	**284**	**136,656**	**52,043**	**1,585,181**	**1,728**	**91,782**	**17,363**	**1,696,055****

***£8.23m has been reclassified from Surplus assets to Assets held for sale**

****Total Assets including Assets held for sale £1,704.29m**

The Group Balance sheet includes £38.814m (18/19 £15.498m) of Assets under Construction and £13.214m of Social Housing Properties completed in 2019/20(18/19 £7.866m). The £38.814 of Assets under Construction includes £29.660 in-year additions. These assets are included under Property, Plant and Equipment.

Notes to the Accounts

Note 16 Investment Property

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

	2018/19	2019/20
Investment Properties	**£'000**	**£'000**
Rental income from investment property	(2,969)	(2,821)
Direct operating expenses arising from investment property	0	0
Net Gain	**(2,969)**	**(2,821)**

Investment Property Movements

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

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

All investment properties are valued using level 2 observable inputs.

Highest and Best Use of Investment Properties

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

Valuation Techniques

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

Notes to the Accounts

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:

	2018/19			2019/20		
	Financial Liabilities measured at amortised cost	Financial Assets measured at amortised cost	Total	Financial Liabilities measured at amortised cost	Financial Assets measured at amortised cost	Total
	£'000			£'000		
Interest expense	(13,947)	0	**(13,947)**	(13,653)	0	**(13,563)**
Total expense in Surplus or Deficit on the Provision of Services	**(13,947)**	**0**	**(13,947)**	**(13,653)**	**0**	**(13,563)**
Interest income	0	1,021	**1,021**	0	3,196	**3,196**
Total income in Surplus or Deficit on the Provision of Services	**0**	**1,021**	**1,021**	**0**	**3,196**	**3,196**
Net (Loss)/Gain for the Year	**(13,947)**	**1,021**	**(12,926)**	**(13,653)**	**3,196**	**(10,367)**

Notes to the Accounts

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

	Long-term		Current	
	31 March 2019	31 March 2020	31 March 2019	31 March 2020
	£'000		£'000	
Investments:				
Amortised costs	5,000	5,000	7,834	29,282
Total Investments	**5,000**	**5,000**	**7,834**	**29,282**
Debtors:				
Amortised costs	28,491	46,426	105,976	70,360
Total included in Debtors	**28,491**	**46,426**	**105,976**	**70,360**
Cash and cash equivalents:				
Amortised costs	0	0	63,018	111,978
Total cash and cash equivalents	**0**	**0**	**63,018**	**111,978**
Borrowing:				
Financial liabilities at amortised cost	304,610	388,955	46,573	427
Total included in Borrowing	**304,610**	**388,955**	**46,573**	**427**
Other Long-term Liabilities:				
PFI and finance lease liabilities carried at amortised cost	14,940	14,319	549	622
Total Other Long-term Liabilities	**14,940**	**14,319**	**549**	**622**
Creditors:				
Financial liabilities at amortised cost	0	0	84,626	103,965
Total Creditors	**0**	**0**	**84,626**	**103,965**

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 value of debtors and creditors reported in the above table are only for those amounts that meet the definition of a financial instrument. They are gross amounts of any impairment allowance for doubtful debts, and exclude outstanding balances to/from government department, debts arising from taxation and prepayments. The balances of debtors and creditors reported in the balance sheet also include balances which do not meet the definition of a financial instrument such as statutory debtors and creditors.

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

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 2020 (prior year 31 March 2019), 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 2020 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 £321.58 million would be valued at £356.93 million, as recognised in the table below. But, if the council were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £504.51 million. The council also has long-term market loans totalling £62.5million as at 31 March 2020. Using a similar methodology as PWLB loans the fair values are £89.34 million using new borrowing rates (the basis used in the table below) or £159.9 million based on premature repayment. As the council does not intend to repay debt prior to maturity, it will not incur penalty costs associated with premature repayment.

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

Financial Liabilities				
	31 March 2019		31 March 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000		£'000	
Borrowing held at amortised cost	351,183	437,573	389,382	448,848
PFI lease liabilities	15,489	29,773	14,941	27,043
Trade creditors	84,626	84,626	103,965	103,965
Total	**451,298**	**551,972**	**508,288**	**579,856**

Financial Assets				
	31 March 2019		31 March 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000		£'000	
Long term debtors	18,416	18,416	36,714	36,714
Cash and cash equivalents	63,018	63,018	111,978	111,978
Short term investments	7,834	7,834	29,282	29,282
Long term investments	0	0	5,000	5,000
Trade debtors	105,976	105,976	70,360	70,360
Total	**195,244**	**195,244**	**253,334**	**253,334**

Notes to the Accounts

Notes Relating to the Balance Sheet

Note 18 Debtors

Debtors by Counterparty	31-Mar-19	31-Mar-20
	£'000	
Central Government Bodies	13,696	16,813
Other Local Authorities	1,045	4,115
NHS bodies	18,308	15,355
Other Entities and Individuals	155,617	176,954
Sub-Total	**188,667**	**213,237**
Less: provision for bad and doubtful debts	(65,198)	(75,354)
Total	**123,469**	**137,883**

Note 19 Cash and Cash Equivalents

Cash and Cash Equivalents	31-Mar-19	31-Mar-20
	£'000	
Cash	2,639	36,650
Short-term deposits - money market funds	60,379	60,315
Short-term deposits – term deposits	0	15,013
Total	**63,018**	**111,978**

Note 20 Creditors

Creditors by Counterparty	31-Mar-19	31-Mar-20
	£'000	
Central Government Bodies	(4,429)	(13,292)
Other Local Authorities	(4,538)	(8,788)
NHS bodies	(2,891)	(2,068)
Other Entities and Individuals	(98,193)	(116,742)
Total	**(110,050)**	**(140,890)**

Note 21 Provisions

Breakdown of Provisions		As at 31 March 2018*	In year related payments	Written back in year	New provisions raised	As at 31 March 2019	In year related payments	Written back in year	New provisions raised	As at 31 March 2020
	Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Insurance	i)	**10,256**	(1,700)	0	1,700	**10,256**	0	0	0	**10,256**
Service-related Provision	ii)	**3,879**	(78)	(24)	0	**3,776**	(3,092)	0	195	**879**
Termination Costs		**95**	(95)	0	0	**0**	0	0	0	**0**
Business Rates	iii)	**3,945**	0	0	2,477	**6,422**	(2,712)	0	0	**3,710**
Total Provisions		**18,175**	**(1,873)**	**(24)**	**4,177**	**20,454**	**(5,804)**	**0**	**195**	**14,845**
Balance Sheet Split					Short Term	**12,399**			Short Term	**879**
					Long term	**8,056**			Long term	**13,966**

Notes:

i. Insurance - 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.

ii. These relate to Residential Care - Ordinary Residents Cases.

iii. Provision relates to the council's share of back dated and future Business Rate appeal

Insurance Provision

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

The council’s insurance provision is based on an assessment as at 31 March 2020 of the potential financial impact of outstanding insurance claims, by independent actuaries, HJC Actuarial Consulting Limited; in line with national actuarial guidelines.

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

Notes to the Accounts

outstanding claims. 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 2020. The table above is the council's share of the total appeals provision.

Business Rates 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 2020. 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

Notes to the Accounts

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	Accumulated Absences Adjustment Account	Deferred Capital Receipts	Total Unusable Reserves	Total Authority Reserves
Movements in the Council's unusable reserves are detailed below:	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2018	**144,287**	**886,842**	**(534)**	**6,872**	**(535,146)**	**(5,433)**	**5,647**	**502,534**	**747,953**
Movement in reserves during 2018/19									
Surplus / (Deficit) on provision of services	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(23,133)**
Other Comprehensive Income and Expenditure	3,431	0	0	0	(56,444)	0	0	**(53,013)**	**(53,013)**
Total Comprehensive Income and Expenditure	**3,431**	**0**	**0**	**0**	**(56,444)**	**0**	**0**	**(53,013)**	**(76,146)**
Adjustments involving the Capital Adjustment Account:									
Reversal of items debited or credited to the CIES									
Charges for depreciation, impairment and revaluation losses	(3,977)	(79,301)	0	0	0	0	0	**(83,278)**	**0**
Movements in the Market value of Investment Properties	0	9,153	0	0	0	0	0	**9,153**	**0**
Amortisation of Intangible assets	0	(3,385)	0	0	0	0	0	**(3,385)**	**0**
Capital Grants and contributions applied	0	34,141	0	0	0	0	0	**34,141**	**0**
Movement in donated assets account	0	615	0	0	0	0	0	**615**	**0**
Disposals and Derecognition	(5,087)	(21,787)	0	0	0	0	0	**(26,874)**	**0**
Revenue Expenditure Funded from Capital Under Statute	0	(56,288)	0	0	0	0	0	**(56,288)**	**0**
Inclusion of items not debited or credited to the CIES									
Statutory provision for the financing of capital investment	0	11,323	0	0	0	0	0	**11,323**	**0**
Capital expenditure charged against the General Fund and HRA balances	0	29,238	0	0	0	0	0	**29,238**	**0**
Adjustments involving the Capital Grants Unapplied Account:									
Application of grants to capital financing transferred to the Capital Adjustment Account	0	34,104	0	0	0	0	0	**34,104**	**0**
Adjustments involving the Capital Receipts Reserve:									
Use of the Capital Receipts Reserve to finance new capital expenditure	0	18,286	0	0	0	0	0	**18,286**	**0**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	0	0	(32)	**(32)**	**0**
Adjustments involving the Deferred Capital Receipts Reserve:									
Deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	0	5,367	0	0	0	0	5,083	**10,450**	**0**
Adjustments involving the Major Repairs Reserve (MRR):									
Use of the Major Repairs Reserve to finance new capital expenditure	0	26,277	0	0	0	0	0	**26,277**	**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	4	0	0	0	0	**4**	**0**
Adjustments involving the Pension Reserve:									
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	0	0	0	0	(43,589)	0	0	**(43,589)**	**0**
Employer's pension contributions and direct payments to pensioners payable in the year	0	0	0	0	24,054	0	0	**24,054**	**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	(8,817)	0	0	0	**(8,817)**	**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	226	0	**226**	**0**
Adjustments between accounting basis and funding basis under regulations	(9,064)	7,743	4	(8,817)	(19,535)	226	5,051	(24,392)	**0**
Net increase / (decrease) in year	**(5,633)**	**7,743**	**4**	**(8,817)**	**(75,979)**	**226**	**5,051**	**(77,405)**	**(76,146)**
Transfer to/(from) earmarked reserves	0	0	0	0	0	0	0	0	0
(Decrease)/Increase in Year	**(5,633)**	**7,743**	**4**	**(8,817)**	**(75,979)**	**226**	**5,051**	**(77,405)**	**(76,146)**
Balance as at 31 March 2019	**138,654**	**894,585**	**(530)**	**(1,945)**	**(611,125)**	**(5,207)**	**10,698**	**425,129**	**671,807**

Notes to the Accounts

	Revaluation Reserve	Capital Adjustment Account	Financial Instruments Adjustment Account	Collection Fund Adjustment Account	Pension Reserve	Accumulated Absences Adjustment Account	Deferred Capital Receipts	Total Unusable Reserves	Total Authority Reserves
Movements in the council's unusable reserves are detailed below:	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Movement in reserves during 2019/20	**138,654**	**894,585**	**(530)**	**(1,945)**	**(611,125)**	**(5,207)**	**10,698**	**425,129**	**671,807**
Surplus / (Deficit) on provision of services	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**148,356**
Other Comprehensive Income and Expenditure	14,573	0	0	0	127,624	0	0	142,197	**142,197**
Total Comprehensive Income and Expenditure	**14,573**	**0**	**0**	**0**	**127,624**	**0**	**0**	**142,197**	**290,553**
Adjustments involving the Capital Adjustment Account:									
Reversal of items debited or credited to the CIES									
Charges for depreciation, impairment and revaluation losses	(3,492)	(5,094)	0	0	0	0	0	**(8,586)**	**0**
Movements in the Market value of Investment Properties	0	36,368	0	0	0	0	0	**36,368**	**0**
Amortisation of Intangible assets	0	(1,894)	0	0	0	0	0	**(1,894)**	**0**
Capital Grants and contributions applied	0	54,835	0	0	0	0	0	**54,835**	**0**
Disposals and Derecognition	(3,136)	(18,950)	0	0	0	0	0	**(22,086)**	**0**
Revenue Expenditure Funded from Capital Under Statute	0	(102,912)	0	0	0	0	0	**(102,912)**	**0**
Inclusion of items not debited or credited to the CIES									
Statutory provision for the financing of capital investment	0	12,764	0	0	0	0	0	**12,764**	**0**
Capital expenditure charged against the General Fund and HRA balances	0	16,877	0	0	0	0	0	**16,877**	**0**
Adjustments involving the Capital Grants Unapplied Account:									
Application of grants to capital financing transferred to the Capital Adjustment Account	0	73,117	0	0	0	0	0	**73,117**	**0**
Adjustments involving the Capital Receipts Reserve:									
Use of the Capital Receipts Reserve to finance new capital expenditure	0	17,772	0	0	0	0	0	**17,772**	**0**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	0	0	(16)	**(16)**	**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	(376)	**(376)**	**0**
Adjustments involving the Major Repairs Reserve (MRR):									
Use of the Major Repairs Reserve to finance new capital expenditure	0	20,931	0	0	0	0	0	**20,931**	**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 Comprehensive Income and Expenditure Statement	0	0	0	0	(56,621)	0	0	**(56,621)**	**0**
Employer's pension contributions and direct payments to pensioners payable in the year	0	0	0	0	26,940	0	0	**26,940**	**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	3,098	0	0	0	**3,098**	**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	(937)	0	**(937)**	**0**
Adjustments between accounting basis and funding basis under regulations	**(6,628)**	103,814	**5**	**3,098**	**(29,681)**	**(937)**	**(392)**	69,280	**0**
Net increase / (decrease) in year	**7,945**	**103,814**	**5**	**3,098**	**97,943**	**(937)**	**(392)**	**211,477**	**290,553**
Transfer to/(from) earmarked reserves	0	0	0	0	0	0	0	**0**	**0**
(Decrease)/Increase in Year	**7,945**	**103,814**	**5**	**3,098**	**97,943**	**(937)**	**(392)**	**211,477**	**290,553**
Balance as at 31 March 2020	146,599	998,399	**(525)**	**1,153**	(513,182)	**(6,144)**	**10,306**	**636,607**	**962,361**

Notes to the Accounts

Notes Relating to the Cash Flow Statement

Note 23 Operating Activities

2018/19 (re-stated)	Operating activities within the cash flow statement include the following cash flows relating to interest	2019/20
£'000		£'000
115	Interest received	3,196
(13,947)	Interest paid	(13,563)
(13,832)	**Net Interest**	**(10,367)**

	Net Cash Flows from Operating Activities	
2018/19	**Adjust net Deficit on the Provision of Services for non-cash movements**	**2019/20**
£'000		**£'000**
46,406	Depreciation	41,609
36,869	Impairment and downward valuations	(33,023)
3,385	Amortisation	1,894
2,994	Increase/decrease in Creditors	26,995
15,821	Increase/decrease in Debtors	(8,794)
(38)	Increase/decrease in Inventories	45
19,535	Movement in Pension Liability	29,681
26,875	Value of non-current assets disposed or derecognised	22,086
(4,158)	Other non-cash items charged to the net Surplus or Deficit on the Provision of Services*	(47,897)
147,689	**Net Cash Flows from Operating Activities**	**32,597**

*includes:

- £37m due to Movement in Investment Property Values;

	Adjustment for items included in the net Deficit on the Provision of Services that are investing or financing activities	
0	Proceeds from short and long-term investments	0
(20,857)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(12,878)
(11,925)	Any other item of which the cash effects are investing or financing cashflow (capital grants)	(16,292)
(32,782)	**Sub-Total**	**(29,170)**

Notes to the Accounts

Note 24 Financing and Investing Activities

2018/19 (re-stated)	Cash Flows Arising from Financing Activities	2019/20
£'000		£'000
46,573	Cash receipts of short and long-term borrowing	84,321
(550)	Cash payments for the reduction of outstanding liabilities relating to finance leases and on Balance Sheet PFI Contracts	(621)
(1,465)	Repayment of short and long-term borrowing	(46,146)
(6,548)	Other payments for financing activities	4,960
38,010	**Net Cash Flows from Financing Activities**	**42,538**

2018/19	Cash Flows Arising from Investing Activities	2019/20
£'000		£'000
(174,164)	Property, Plant and Equipment, intangible and investment properties purchased	(127,478)
(7,834)	Purchase of short term and long-term investments*	(46,568)
(11,421)	Other payments for Investing Activities**	(23,861)
10,439	Proceeds from sale of Property Plant and Equipment, Investment Property and Intangible Assets	13,254
34,530	Proceeds from short term and long-term investments*	23,000
11,929	Other Receipts from Investing Activities***	16,292
(136,521)	**Total Cash Flows from Investing Activities**	**(145,361)**

* includes £23m loans to Brent Cross Partners that was paid and re-paid in-year.
** includes £18m loan to Open Door Homes and £3m loan to Saracens.
***capital grants

Notes to the Accounts

Other Notes

Note 25 Pooled Budgets

The council is party to a number of pooled budget arrangements for adult social care and support services with Barnet Clinical Commissioning Group. The aggregate financial summary for the year of these agreements is shown in the table below.

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

The arrangements are for the provision of the following:

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

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

2018/19 £'000		Pooled Budgets	2019/20 £'000	
(22,237)		London Borough of Barnet		(24,926)
(19,151)		Barnet Clinical Commissioning group		(21,959)
	(41,388)	**Total Funding**	**(46,885)**	
22,339		London Borough of Barnet		24,920
19,704		Barnet Clinical Commissioning group		22,419
	42,043	**Total Expenditure**	**47,339**	
	655	**Net deficit arising on pooled budget in year**	**454**	
	102	**Council share of (surplus)/ deficit on the pooled budget**	**(7)**	

Notes to the Accounts

Section 75 Agreement for in respect of the Better Care Fund

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

	2018/19			2019/20		
Use of BCF:	**Barnet Council**	**Barnet CCG**	**Total**	**Barnet Council**	**Barnet CCG**	**Total**
Carers Support	2,024	0	**2,024**	1,817	0	**1,817**
Integrated Care	1,083	0	**1,083**	1,207	0	**1,207**
Personalised Support	1,331	0	**1,331**	1,331	0	**1,331**
Reablement	246	0	**246**	200	0	**200**
Social Care	3,406	0	**3,406**	3,927	0	**3,927**
Disabled Facilities Grant	2,736	0	**2,736**	2,542	0	**2,542**
Improved Better Care Fund	6,839	0	**6,839**	7,891	0	**7,891**
Winter Pressure funding	0	0	**0**	1,447	0	**1,447**
Community Equipment	0	0	**0**	0	0	**0**
Frail Elderly	0	101	**101**	0	119	**119**
Community Services	0	11,307	**11,307**	0	13,334	**13,334**
Enablement	0	72	**72**	0	84	**84**
Hospice Contracts	0	1,396	**1,396**	0	1,647	**1,647**
Memory Assessment	0	223	**223**	0	263	**263**
Additional Enablement	0	864	**864**	0	1,019	**1,019**
Total Better Care Fund	**17,665**	**13,963**	**31,628**	**20,362**	**16,466**	**36,828**

Note 26 Member's Allowances

2018/19 £'000	**Member's Allowance**	**2019/20 £'000**
1,010	Members' Allowances	1,016
0	Members' Expenses	0
1,010	**Total**	**1,016**

Note 27 Officer's Remuneration

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

2018/19 Total Number of employees	Remuneration band	2019/20 Total Number of employees
176	£50,000 - £54,999	163
87	£55,000 - £59,999	123
42	£60,000 - £64,999	52
39	£65,000 - £69,999	49
30	£70,000 - £74,999	27
33	£75,000 - £79,999	41
20	£80,000 - £84,999	14
12	£85,000 - £89,999	13
4	£90,000 - £94,999	9
4	£95,000 - £99,999	8
2	£100,000 - £104,999	5
4	£105,000 - £109,999	1
2	£110,000 - £114,999	2
3	£115,000 - £119,999	4
1	£120,000 - £124,999	0
0	£125,000 - £129,999	0
1	£130,000 - £134,999	0
0	£135,000 - £139,999	2
460	**Total**	**513**

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 £50,000.

Notes to the Accounts

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

2018/19 Post Title and Name	Note	Salary	Expenses or Allowances	Contribution for Loss of Office	Pension Contributions	Total Remuneration
		£	£	£	£	£
Chief Executive (Head of Paid Service) - John Hooton		187,391	0	0	48,733	**236,124**
Deputy Chief Executive - Cath Shaw		154,841	0	0	41,652	**196,493**
Strategic Director of Children and Young People - Chris Munday		148,099	0	0	39,839	**187,938**
Strategic Director of Adults and Health- Dawn Wakeling		148,099	0	0	39,839	**187,938**
Strategic Director of Environment - James Blake		148,099	1,316	0	0	**149,415**
Assistant Chief Executive - Jennifer McArdle	(i)	44,891	8,638	0	0	**53,528**
Director of Public Health - Tamara Djuretic		102,000	10,200	0	30,182	**142,382**
Director of Resources and Section 151- Anisa Darr	(ii)	43,984	0	0	11,832	**55,815**
Interim Director of Resources and Section 151- Kevin Bartle	(iii)	109,152	0	0	0	**109,152**
Chief Legal Advisor and Monitoring Officer - David Tatlow		62,697	12,558	0	0	**75,255**

(i) Jenny McArdle was employed in the post of Assistant Chief Executive until 28th Feb 2019.
(ii) Anisa Darr was on maternity leave in 2018/19 and returned to her Director of Finance post on 2nd Jan 2019 and resumed S151 Officer duties following Full Council on 6th Mar 2019.
(iii) Kevin Bartle was the interim Director of Finance covering Anisa Darr's absence and was the S151 Officer until 5th March 2019.

2019/20 Post Title and Name	Note	Salary	Expenses or Allowances	Contribution for Loss of Office	Pension Contributions	Total Remuneration
		£	£	£	£	£
Chief Executive (Head of Paid Service) - John Hooton		184,789	0	0	51,556	**236,345**
Deputy Chief Executive - Cath Shaw		162,335	0	0	45,292	**207,627**
Executive Director Children's Services - Chris Munday		153,979	3,000	0	43,797	**200,776**
Executive Director Adults & Health- Dawn Wakeling		153,979	1,500	0	43,379	**198,858**
Executive Director Environment- James Blake	(i)	101,912	877	0	0	**102,789**
Executive Director Environment- Geoff Mee	(i)	175,348	4,300	0	0	**179,648**
Director of Public Health & Prevention - Tamara Djuretic		124,603	89	0	34,764	**159,456**
Director of Finance (S151) - Anisa Darr		132,131	1,500	0	37,283	**170,914**
Chief Legal Advisor and Monitoring Officer- David Tatlow	(ii)	45,924	8,407	0	0	**54,331**
Chief Legal Advisor and Monitoring Officer- Jessica Farmer	(ii)	15,950	0	0	0	**15,950**
Director of Assurance- Clair Green		126,868	0	0	35,396	**162,264**

(i) James Blake was the Executive Director of Environment from 1st April 2019 to 30th November 2019. Geoff Mee is currently interim director (agency).
(ii) David Tatlow was the Monitoring Officer from 1st April 2019 to 31st December 2019. Jessica Farmer has been the Monitoring Officer from 1st January 2020. She is on a secondment agreement with London Borough of Harrow.

Notes to the Accounts

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

	*Exit Packages by:			
	2018/19		2019/20	
Pay Band	Number	£'000	Number	£'000
£nil - £20,000	**122**	**692**	**116**	**548**
£20,001 - £40,000	**16**	**414**	**15**	**304**
£40,001 - £60,000	**2**	**108**	**0**	**0**
£60,001 - £80,000	**2**	**135**	**1**	**66**
£80,001 - £100,000	**0**	**0**	**1**	**99**
More than £150,000	**1**	**186**	**0**	**0**
Total	**143**	**1,535**	**133**	**1,017**

*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 2019/20 has decreased by 10 which resulted in £0.517 decrease when compared to 2018/19.

Note 28 External Audit Fees

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

2018/19 £'000	Audit Fee Breakdown	2019/20 £'000
131	Fees payable for external audit services for the year	167
27	Fees payable for certification of grant claims and returns and other services provided	29
158	**Total***	**196**

*2019/20 audit fees are subject to change for any additional fees agreed with external auditors. 2019/20 fees also include additional fees of £33k in respect of the prior year.

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 2019/20 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 2019/20 the council's employer's contributions were £26.940m (£24.054m in 2018/19) and the council charged £1.099m for its administration (£1.171m in 2018/19).

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 2019/20 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 2019/20 the council paid a total of £2.682m to voluntary groups/charities and academy schools in which 25 members held a position on their governing bodies. In 2018/19 £3.012m was paid to voluntary groups where 17 members were on the governing bodies.

Senior Officers and Member's Interests in Companies

Senior Officers also declare their related party transactions. During the financial year 2019/20, three officers were company directors or board members (three in 2018/19) 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 2019/20, returns were received from all Members and all Senior Officers.

Interests in Companies and Group Relationships

The London Borough of Barnet has five subsidiaries:

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

Notes to the Accounts

	2018/19	2019/20
	£'000	£'000
Expenditure by the council paid to TBG*	145,185	135,154
Income received from TBG	(8,393)	(6,391)
Amount owed to TBG	(6,010)	(22,675)
Amount TBG owes the council excluding loans to Open Door Ltd detailed below.	2,737	12,549

* includes capital expenditure of £54m (2019:£65m) capitalised by the council.

Open Door Ltd and the council have agreed a loan arrangement of £65m to be drawn down over a number of years. £33.9m has been drawn down so far. This amount includes £0.840m accrued interest. The total drawn down balance held on the council's Balance Sheet has been impaired by £7.47m. Furthermore, in 2019/20 the council transferred £7.65m of Right to Buy receipts and other grants to Open Door Ltd (£7.63m in 2018/19). Expected credit loss applied on the loan to Open Door Ltd is based on the general approach over the life of the loan based default probabilities of similar loans taking into account circumstances specific to the loan and the arrangements.

Barnet (Holdings) LTD

The London Borough of Barnet owns 100% of the share capital of Barnet (Holdings) Ltd, which owns 49% of the share capital in Regional Enterprise Ltd (RE Ltd) with Capita plc.

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

	2018/19	2019/20
	£'000	£'000
Income received by the council	(1,719)	(2,411)
Expenditure incurred by the council	18,070	44,685
Net Balanced owed to the council	3,238	17,418

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 2019/20. 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 2020.

Notes to the Accounts

Cricklewood Regeneration LTD

In 2019/20, the council and BX Holding Ltd have 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 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 Estated Ltd and Annington Property Ltd. No members or senior officers were on the board during 2019/20. The following transactions happened between the council and this company:

	2018/19	2019/20
	£'000	£'000
Income received by the council	(2,572)	(2,085)
Net Balanced owed to the council	2,795	710

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.

Notes to the Accounts

Capital Expenditure and Funding Sources	2018/19 £'000	2019/20 £'000
Opening Capital Financing Requirement:	**459,166**	**547,459**
Capital Investment:		
Property plant and equipment	144,395	114,115
Investment properties	11,461	11,498
Intangible assets	18,799	1,864
Revenue expenditure funded from capital under statute	56,288	102,912
Long term debtor treated as capital	11,420	21,338
Source of Finance:		
Capital receipts	(18,286)	(17,773)
Government grants and other contributions	(68,879)	(127,952)
Sums set aside from reserves	(55,582)	(37,807)
MRP	(11,323)	(12,764)
Closing Capital Financing Requirement	**547,459**	**602,890**
Explanation of movement in year:		
Increase in underlying need to borrow (unsupported by government financial assistance)	87,839	54,961
Assets acquired under PFI contracts	455	469
Increase in Capital Financing Requirement	**88,294**	**55,430**

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.

Operating Leases	Property Leased In	Property Leased Out
Future Operating Lease Payments 31 March 2019:	**£'000**	**£'000**
less than one year	3,114	(3,127)
one to five years	6,299	(10,337)
greater than five years	12,536	(118,593)
Total	**21,949**	**(132,057)**
Future Operating Lease Payments 31 March 2020:		
less than one year	2,692	(3,016)
one to five years	5,885	(10,119)
greater than five years	11,068	(116,209)

Total	**19,645**	**(129,344)**

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 March 2019	In-Year	31 March 2020
PFI Street Lights	**£'000**	**£'000**	**£'000**
Gross book value	27,644	469	28,113
Accumulated depreciation	(12,463)	(1,433)	(13,896)
Net	**15,181**	**(964)**	**14,217**

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

	31 March 2018	In-Year	31 March 2019	In-Year	31 March 2020
PFI Street Lights:	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Total lease liability	**15,974**	(484)	**15,490**	(549)	**14,940**
Breakdown of Liability in:					
Short-Term Creditors	484		549		621
Long-Term Leases	15,490		14,940		14,319

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

	Repayment of Liability	Interest	Service Charges	Other Charges	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
2020/21	621	2,009	1,696	1,554	**5,880**
2021/22 - 2024/25	3,416	7,083	7,322	7,606	**25,427**
2025/26 - 2028/29	5,565	4,854	8,268	9,836	**28,523**
2029/30 - 2031/32	5,339	1,141	4,717	3,232	**14,429**
Total	**14,941**	**15,087**	**22,003**	**22,228**	**74,259**

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

Notes to the Accounts

Note 33 Termination Benefits

The council terminated the contracts of a number of employees in 2019/20, incurring unreduced early retirement benefits of £0.097m (£0.255m in 2018/19) of which £0.097m (£0.255m in 2018/19) was payable to the employees and there was no effect on the pension strain. All other termination payments are included in Note 27 Officer's 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 2019/20, the council paid £22.023m to Teachers' Pensions in respect of teachers' retirement benefits, representing from 16.48% of pensionable pay up to August, to 23.68% from September 2019 of pensionable pay. The amount paid in 2018/19 was £19.166m, representing 16.48% of pensionable pay. Estimated employer contribution for 2020/21 is £25.621m.

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.

Notes to the Accounts

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:

Note 35 Pension Schemes Accounted for as Defined Benefit Schemes

Breakdown of Transactions in Core Financial Statements	2018/19	2019/20
Transactions Included in the CIES	**£'000**	**£'000**
Cost of services:		
Current service cost	34,584	38,445
Past service cost	345	3,339
Settlements & Curtailments	(5,249)	0
Financing and Investment Income and Expenditure:		
Net interest expense	13,909	14,837
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	**43,589**	**56,621**
Post-employment Benefits charged to Other Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	13,388	108,557
Actuarial (gains) / losses arising from changes in demographic assumptions	0	(33,345)
Actuarial (gains) / losses arising from changes in financial assumptions or other experience	(69,832)	(202,836)
Total Post-Employment Benefits Charged to Other Comprehensive Income and Expenditure	**(56,444)**	**(127,624)**
Total charged to the CIES	**(12,855)**	**(71,003)**
Transactions Includes in the MIRS		
Adjustments between accounting basis and funding basis under regulations:		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services	43,589	56,621
Actual amount charged against the General Fund Balance for pensions:		
Employers' contributions payable to the scheme	**(24,054)**	**(26,940)**
Pension Assets and Liabilities recognised in the Balance Sheet		
Present value of the defined benefit obligation	(1,267,274)	(1,072,662)
Fair value of plan assets	686,431	585,677
Net Liability	**(580,843)**	**(486,985)**
Present value of the unfunded obligation	(29,792)	(26,197)
Net Liability in Balance Sheet	**(610,635)**	**(513,182)**

The net liability shows the underlying commitments that the council has in the long term to pay retirement benefits. The total net deficit of £513.182m (2018/19: £611.125m), 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

	2018/19	2019/20
Opening Fair Value of Scheme Assets	**661,659**	**686,431**
Interest income	17,117	16,406
Return on assets, excluding the amount included in the net interest expense	13,388	(108,557)
Contributions by the council including in respect of unfunded benefits	24,054	26,940
Contributions by scheme participants	5,617	5,516
Estimated benefit paid including unfunded benefits	(35,404)	(41,059)
Closing Fair Value of Scheme Assets	**686,431**	**585,677**

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

	2018/19	2019/20
	£'000	£'000
Opening Defined Benefit Obligation	**(1,196,805)**	**(1,297,556)**
Current service cost	(34,584)	(38,445)
Interest cost	(31,026)	(31,243)
Remeasurement gains and losses:		
Actuarial gains and losses arising from changes in Demographic assumptions	0	33,345
Actuarial gains and losses arising from changes in Financial assumptions	(67,772)	88,322
Other Experience gains and losses	(2,060)	114,514

Notes to the Accounts

Estimated funded benefit paid	33,849	39,492
Past service costs, including curtailments	4,904	(3,339)
Contributions by scheme participants	(5,617)	(5,516)
Unfunded pension payments	1,555	1,567
Closing Defined Benefit Obligation	**(1,297,556)**	**(1,098,859)**

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 2020 and 2019 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 2019		Holdings as at 31 March 2019	
	%	£'000	%	£'000
Equity	**39.6%**	**271,739**	**39.9%**	**234,332**
LGIM - Global index tracking listed equities	20.4%	139,806	20.2%	118,449
LGIM - Global equities on basis of fundamental factors (sales, cashflow, book value, dividends)	19.2%	131,933	16.4%	96,326
Adam Street - Private Equity	0.0%	0	0.2%	1,178
LCIV Emerging market equities	0.0%	0	3.1%	18,380
Diversified Growth Funds	**22.9%**	**157,473**	**14.9%**	**87,367**
Schroder DGF	12.4%	85,127	10.7%	62,719
Newton Real Return	10.5%	72,346	4.2%	24,648
Corporate Bonds	**10.7%**	**73,469**	**11.8%**	**69,340**
Schroders All Maturities Corporate Bond Fund	10.7%	73,469	11.8%	69,340
Liquid Multi-Asset Credit	**10.2%**	**69,748**	**9.6%**	**55,937**
Alcentra - Clareant Global Multi Credit	3.1%	21,199	2.8%	16,213
Baring Global High Yield Credit Strategies	3.4%	23,008	3.0%	17,593
Insight - IIFIG Secured Finance	3.7%	25,541	3.8%	22,131
Illiquid Alternatives	**15.3%**	**105,318**	**17.8%**	**104,230**
Partners Multi Asset Credit 2015	2.3%	15,793	1.7%	9,847
Partners Multi Asset Credit 2017	2.7%	18,830	2.8%	16,553
Partners Multi Asset Credit 2019	0.0%	0	2.0%	11,608
Alcentra - Clareant Direct European Lending	2.7%	18,347	2.4%	13,766
M&G Lion Credit Opportunities Fund	2.7%	18,508	2.7%	15,649
IFM Global Infrastructure	4.9%	33,840	6.3%	36,807
Property	**0.0%**	**0**	**5.0%**	**29,566**
Aberdeen Long Lease Property	0.0%	0	2.7%	15,747
CBRE Property	0.0%	0	2.4%	13,819
Cash	**1.3%**	**8,684**	**0.8%**	**4,895**
Total	**100.0%**	**686,431**	**100.0%**	**585,667**

Basis for Estimating Assets and Liabilities

To assess the value of the employer's liability at 31 March 2020, 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 2019, 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	2018/19 Years	2019/20 Years
Retiring Today	Male	21.9	21.7
	Female	24.3	24.0
Retiring in 20 Years	Male	23.9	22.9
	Female	26.5	25.7

Financial Assumptions

Assumptions	2018/19 % p.a.	2019/20 % p.a.
Rate of increase in salaries	2.8	2.6
Rate of increase in pensions	2.5	1.9
Rate for discounting scheme liabilities	2.4	2.3

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

Sensitivity Analysis

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

Impact on the Defined Benefit Obligation in the Scheme (£'000)	Increase in Assumption	Decrease in Assumption
Longevity (increase or decrease of 1 year)	38,927 to 64,878	(38,927) to (64,878)
Rate of inflation in salaries (increase or decrease by 0.5%)	6,851	(6,851)
Rate of inflation in pensions (increase or decrease by 0.5%)	86,808	(86,808)
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	(94,224)	94,224

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 2020/21 is £23.1m at 27.9% of pensionable pay.

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.

- The council is in dispute with freehold owners of a property which could lead to a large dilapidation claim. The amount of obligation cannot be measured with sufficient reliability at this stage due to the uncertainty of the outcome.

Notes to the Accounts

- The council received appeals from various NHS trusts and limited companies seeking charitable or other relief for business rates. These were refused, however as some Trusts are still progressing with an ongoing court battle, and if they succeed, this may impact the cases refused. The amount of obligation cannot be measured with sufficient reliability at this stage due to the uncertainty of the outcome.

Note 37 Nature and Extent of Risks Arising from Financial Instruments

Financial Instruments Risks

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

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

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

- Credit Risk: The possibility that other parties might fail to pay amounts due to the council.
- 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 council as a result of changes in such measures as interest rates and stock market movements.

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

Credit risk arises from deposits and loans with banks, financial institutions, corporate borrowers as well as credit exposure to the council's customers.

Notes to the Accounts

Credit Risks

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

In addition to short-term investments (maximum 12 months duration) the council also can lend long-term to counterparties described as 'non-specified' within the TMSS. The council's 2019-20 TMSS determines time limits for classes of investments and states a maximum £100m total in non-specified investments. In 2019-20, all investments with the exception of loans to Saracens (maximum 30 years) and TBG Open Door (maximum 49 years) were placed for less than 365 days.

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

It must also be noted that although credit ratings remain a key source of information, the council recognises that they have limitations and investment decisions are based on a range of credit indicators. All investments have been made in line with the council's Treasury Management Strategy for 2019/20, approved by Council on 6 March 2019.

The two tables below summarise the nominal value and credit ratings of the council's investment portfolio at 31 March 2020, and confirms that all investments were made in line with the council's approved credit rating criteria at the time of placing the investment:

Notes to the Accounts

Counterparty	Credit Rating Criteria Met When Investment Placed	Credit Rating Criteria Met on 31 March 2020	Balance Invested as at 31 March 2020 £'000					
	Yes/No	Yes/No	Up to 1 month	>1 month and <3 months	>3 months and <6 months	>6 months and <12 months	>12 months	Total
Other Local Authorities	Yes	Yes	**0**	**15,015**	0	0	0	**15,015**
Banks – UK	Yes	Yes	0	0	16,045	0	0	**16,045**
Banks – Non-UK	Yes	Yes	0	0	7,521	5,004	0	**12,525**
Total Banks			**0**	**0**	**23,566**	**5,004**	**0**	**28,570**
Money Market Funds	Yes	Yes	60,315	0	0	0	0	**60,315**
Current accounts	Yes	Yes	36,648	0	0	0	0	**36,648**
Total Cash and Cash Equivalents*			**96,963**	**15,015**	**0**	**0**	**0**	**111,978**
Loans to community organisations	Yes	Yes	0	0	0	0	3,505	**3,505**
Other corporate loans	n/a	n/a	0	0	0	710	1,713	**2,423**
Investment in subsidiary							5,000	**5,000**
Loans to council subsidiary**	Yes	Yes	0	0	0	0	31,495	**31,495**
Total Corporate Loans			**0**	**0**	**0**	**710**	**41,713**	**42,423**

**To be repaid over 49 years

The above analysis shows that all deposits outstanding as at 31st March 2020 met the council's credit rating criteria. No investment limits were exceeded during the year and the council does not anticipate any defaults on its treasury investments. Also included in the table are non-treasury investments arising from commercial activities.

The credit ratings in the table below 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 (£104.610 million in the above table) as 0.005% as at 31 March 2020. There is no evidence at the 31 March 2020 that a risk of loss is likely to crystallise on the other investments. However, in line with the requirement of IFRS9 a provision of £7.47m has been made against the loan to the wholly owned subsidiary Expected credit loss applied on the loan is based on the general approach over the life of the loan based default probabilities of similar loans taking into account circumstances specific to the loan and the arrangements.

	31 March 2019		31 March 2020	
	Current	Non- Current	Current	Non- Current
Credit Ratings	£'000	£'000	£'000	£'000
AAAmmf (funds)	60,376	0	60,315	0
AA-	7,681	0	7,521	0
AA+	0	0	5,004	0
A	0	0	16,045	0
BBB+	2,795	0	710	0
Unrated local authorities	0	0	15,015	0
Unrated corporates	0	1,607	0	5,218
Wholly owned Subsidiary	0	16,809	0	31,496
Total	**70,852**	**18,416**	**104,610**	**36,714**

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
2018/19 Trade Debtors	33,624	(18,227)
2019/20 Trade Debtors	38,621	(23,365)

NNDR Debtors	Gross Debt £'000	Bad and Doubtful Debts Provision £'000
2018/19 Trade Debtors	8,818	(5,456)
2019/20 Trade Debtors	7,643	(4,540)

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 2020, all treasury investment (£104.610 million) had a maturity of less than 12 months of which £60.315 million was immediately available. The duration of the other investments is shown 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 2020 was as follows:

Maturity Analysis of Borrowing:	31 March 2019 £'000	% of total debt portfolio	31 March 2020 £'000	% of total debt portfolio
0 to 5 years	103,727	16.02%	81,092	10.74%
Over 5 but not over 10 years	80,025	12.36%	84,753	11.22%
Over 10 but not over 15 years	117,615	18.16%	122,093	16.17%
Over 15 but not over 20 years	77,843	12.02%	104,077	13.78%
Over 20 but not over 25 years	111,852	17.27%	95,421	12.64%
Over 25 but not over 30 years	15,987	2.47%	23,347	3.09%
Over 30 but not over 35 years	15,987	2.47%	52,410	6.94%
Over 35 but not over 40 years	40,353	6.23%	17,476	2.31%
Over 40 but not over 45 years	10,116	1.56%	17,476	2.31%
Over 45 years	74,117	11.44%	157,008	20.79%
Total	**647,622**	**100.00%**	**755,153**	**100.00%**

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

Market Risk

With regards to risks related to interest rates, 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:

- Borrowing at variable rates – the interest expense charged to the CIES will rise;
- Borrowing 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 CIES will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

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

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

As at 31 March 2020, the debt portfolio (nominal value) consisted of fixed rate PWLB debt of £323.45 million, market loans of £62.5million and interest free loans of £3m 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 2020, 100% of the debt portfolio was held in fixed rate instruments, of which 0.52% mature in the next five years. In addition, the debt balances with interest rate options represent 16% 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	300
Impact on Surplus or Deficit on the Provision of Services	**300**
Share of overall impact credited to the HRA	49
Increase in fair value of fixed interest investments*	307
Impact on Other Comprehensive Income and Expenditure:	**356**
Decrease in fair value of fixed rate borrowings/liabilities*	(70,361)

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

As the average rate earned on treasury investments is 0.80%, it is deemed unlikely that interest earned could decrease below 0%. The impact of a 1% decrease in interest rates on investment income, assuming no decrease in normal treasury Investments, is £325,000 (HRA share: £52,000). 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 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 2019 £'000	31 March 2020 £'000
London Borough of Barnet	611,125	513,182
The Barnet Group Ltd	41,178	40,042
Total	**652,303**	**553,224**

Notes to the Accounts

The assumptions used and the detailed breakdown of the London Borough of Barnet Pension Liability of £513.182m can be seen in Note 35.

The Barnet Group Pension Liability

Net Pension Fund Liability as at	31 March 2019 £'000	31 March 2020 £'000
Present Value of Funded Obligation	(114,459)	(100,296)
Fair Value of Scheme Assets	73,978	60,815
Net Liability	**(40,481)**	**(39,481)**
Present Value of Unfunded Obligation	(645)	(561)
Net Liability in Statement of Financial Position	**(41,126)**	**(40,042)**

The Barnet Group Pension Assets

Reconciliation of the Movement in Fair Value of Scheme Assets	31 March 2019 £'000	31 March 2020 £'000
Opening Fair Value of Scheme Assets	**69,218**	**73,978**
Interest Income	1,888	1,890
Return on Assets	1,351	(16,295)
Effect of business combination	0	0
Contributions by employer	2,537	2,580
Contributions by scheme participants	667	702
Estimated benefits paid including unfunded benefits	(1,683)	(2,040)
Fair value of scheme assets at end of period	**73,978**	**60,815**

Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligation)	31 March 2019 £'000	31 March 2020 £'000
Opening Defined Benefit Obligation	**100,093**	**115,104**
Current service cost	3,922	4,566
Interest Cost	2,740	2,923
Remeasurement Gains & Losses:		
Actuarial gains and losses arising from changes in financial assumptions	9,332	(9,739)
Actuarial gains and losses arising from changes in demographic assumptions	0	(3,902)
Other Experience gains and losses	33	(7,382)
Liabilities extinguished on settlements	0	0
Estimated funded benefit paid	(1,658)	(2,015)
Past Service Cost	0	650
Effect of business combinations	0	0
Contributions by scheme participants	667	677
Unfunded pension payments	(25)	(25)
Closing Defined Benefit Obligation	**115,104**	**100,857**

Notes to the Accounts

Note 39 Re-statement of Group MiRS

Subsidiary’s pension reserve (2019: £41.126m, 2018: £30.875m) was incorrectly classified as an unusable reserve in the Group Movement in Reserve Statement instead of being classified as a deficit within the group usable reserve. The statutory adjustment available to the Council to transfer the pension deficit from the General Fund to a negative Pension Reserve is not available to the subsidiaries. An incorrect entry was also made in the previous year that sought to reverse an accounting policy consolidation adjustment on the capital receipts reserve. This increased the group surplus by £10.352m as a result the usable reserves were overstated, and unusable reserves understated by £10.352m. In addition, subsidiary share of reserve was incorrectly presented as part of the Council’s reserve. This together with the pension reserve error above resulted in a net closing reserve position of £17.669m (2018: £28.896m) for the subsidiary .The correction of this has not impacted on the CIES but has led to reclassification of reserves in the Group Movement in Reserve Statement. The Balance sheet has been restated to also show the impact of this classification. See below details of lines in the primary statements affected by this restatement.

	31-Mar-19 As previously presented			31-Mar-19 As re-stated				
	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	Council Usable reserves	Subsidiary share of Usable Reserves	Total Usable Reserves	Council Unusable Reserves	Total Authority Reserves
	£'000	£'000	**£'000**	£'000	£'000	**£'000**	£'000	**£'000**
Balance as at 31 March 2018	**247,471**	**471,659**	**719,130**	**245,419**	**(28,823)**	**216,596**	**502,534**	**719,130**
Surplus / (Deficit) on provision of services	(3,904)	0	**(3,904)**	(891)	(3,073)	**(3,964)**	0	**(3,964)**
Other comprehensive income & expenditure	61	(61,028)	**(61,089)**		(8,016)	**(8,016)**	(53,013)	**(61,029)**
Total comprehensive income & expenditure	**(3,965)**	**(61,028)**	**(64,993)**	**(891)**	**(11,089)**	**(11,980)**	**(53,013)**	**(64,993)**
Adjustment between Council account and Group accounts	0	0	0	(22,243)	22,243		0	
Adjustments between accounting basis & funding basis	14,794	(14,794)	0	24,393	0	24,393	(24,393)	0
Net increase / (decrease) before transfers to earmarked reserve	**10,829**	**(75,822)**	**(64,993)**	**1,259**	**11,154**	**12,413**	**(77,406)**	**(64,993)**
Balance as at 31 March 2019	**258,300**	**395,837**	**654,137**	**246,678**	**(17,669)**	**229,009**	**425,128**	**654,137**

Included in the prior year restated Group Movement in Revenue Reserve Statement is a consolidation adjustment of £22.243m. This has been analysed below.

	£’000
Reversal of loss from transfer of land to subsidiary at a nominal value of £1	8,503
Reversal of Impairment of loan to subsidiary	3,331
Reversal of grant expenditure treated as Deferred income by subsidiary	10,352

Notes to the Accounts

Note 40 Re-statement of Grants

Restatement of Comprehensive Income and Expenditure Statement

In the prior year capital grants totalling £82.521m received for the development funding was incorrectly included in the taxation and non-specific grant income section of the Comprehensive Income and Expenditure Statement (CIES). Where funding of a capital project is provided to (and the asset owned by) another party that expenditure is recorded in the net cost of service lines of the CIES as revenue expenditure funded by capital under statute (REFCUS), and any grants received to support that funding (even where described as capital grant) should also be included in the same net cost of service line. This did not have any impact on the Balance sheet, or bottom line impact on the CIES. We have detailed below the lines in the CIES after by this restatement. The grant received has been reclassified in the Cash flow statement from investing activities to operations as it does not meet the definition of investing cash flows. Refer to note 13 for restatement of grant income.

2018/19				Re-stated 18/19				
Gross Expenditure	**Gross Income**	**Net Expenditure-Restated per Note 6**	**Comprehensive Income and Expenditure Statement (CIES)**	**Gross Expenditure**	**Gross Income**	**Net Expenditure**	**Re-stated Grant**	**Source of Grant**
£'000				**£'000**			**£'000**	
151,723	(51,492)	**100,231**	Adults and Health	151,723	(58,406)	**93,319**	(6,914)	£6.91m IBCF
10,988	(1,782)	**9,206**	Assurance	10,988	(1,782)	**9,206**	0	
150,033	(74,465)	**75,568**	Growth and Corporate Services	150,033	(140,560)	**9,473**	(66,095)	£63.4m Thameslink MHCLG, £2.7m DFG
283,963	(265,713)	**18,250**	Finance	283,963	(265,713)	**18,250**	0	
378,045	(281,814)	**96,231**	Children's Services	378,045	(287,553)	**90,492**	(5,739)	£5.74 Basic Needs
86,245	(58,899)	**27,346**	Local Authority Housing (HRA)	86,245	(58,899)	**27,346**	0	
60,606	(27,368)	**33,238**	Environment	60,606	(31,141)	**29,465**	(3,773)	£3.8m TFL Grant
1,121,603	**(761,533)**	**360,070**	**Cost of Services**	1,121,603	**(844,054)**	**277,551**	**(82,521)**	
17,587	(10,408)	**7,178**	Other Operating Income and Expenditure	17,587	(10,408)	**7,178**	0	
27,253	(7,248)	**20,005**	Financing and Investment Income and Expenditure	27,253	(7,248)	**20,005**	0	
0	(364,122)	**(364,122)**	Taxation and Non-Specific Grant Income	0	(281,601)	**-281,601**	82,521	
44,840	**(381,778)**	**(336,939)**	**Subtotal**	**44,840**	**(299,257)**	**-254,418**	**82,521**	
1,166,445	**(1,143,311)**	**23,133**	**(Surplus)/Deficit on Provision of Services**	**1,166,445**	**(1,143,311)**	**23,133**	**0**	
		(3,431)	(Surplus)/Deficit on revaluation of non-current assets			(3,431)	0	
		56,444	Remeasurement of the net defined benefit liability			56,444	0	
		53,013	**Other Comprehensive Income and Expenditure**			**53,013**	0	
		76,146	**Total Comprehensive Income and Exp**			**76,146**	0	

Notes to the Accounts

Restatement of Cashflow Statement

In terms of Cash flow statement this moved from investing activities to operations as the cashflows don't meet the definition of investing cashflows.

2018/19 Previously presented	Adjustment for items included in the net Deficit on the Provision of Services that are investing or financing activities	Re-stated 18/19
(94,450)	Any other item of which the cash effects are investing or financing cashflow (capital grants)	(11,925)

Note 13 (Grant Income) has also been re-stated as a result of the change detailed above.

Supplementary Statements and Notes

Housing Revenue Account (HRA)

Income and Expenditure Statement

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

2018/19	Income and Expenditure Statement	2019/20
£'000	Expenditure	£'000
7,553	Repairs & Maintenance	7,621
23,514	Supervision & Management	23,033
95	Rents, Rates, Taxes and other charges	192
54,758	Depreciation, impairments and revaluation losses of non-current assets	(21,358)
0	Debt Management Costs	(2)
325	Increase/(Decrease) in allowance for bad or doubtful debts	333
86,245	**Total Expenditure**	**9,819**
	Income	
(49,904)	Dwelling rents	(49,799)
(538)	Non-dwelling rents	(437)
(3,933)	Charges for services and facilities	(1,453)
(4,524)	Other	(4,310)
(58,899)	**Total Income**	**(55,999)**
27,346	**Net Expenditure or (Income) of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement**	**(46,180)**
(1,215)	(Gains)/loss on sale of HRA Fixed Assets	(4,276)
7,428	Interest Payable and Similar Charges	7,429
(159)	HRA Interest and Investment Income	0
(614)	Investment property income	(761)
(1,715)	Movement in Investment Property valuation	(9,174)
(1,773)	Capital Grants and Contributions	(10,097)
29,298	**(Surplus)/Deficit for the year on HRA Services**	**(63,059)**

Supplementary Statements and Notes: Housing Revenue Account (HRA)

Movement on HRA Statement

2018/19	Movement on HRA Statement	2019/20
£'000		£'000
15,003	**HRA Balance as at 31 March 2019**	**12,321**
29,298	(Surplus)/Deficit for the Year on HRA Services	(63,059)
	Adjustments Between Accounting and Funding Basis under Statute:	
(1)	Financial Instrument Adjustment	(2)
(23,435)	Transfer to Major Repairs Reserve	(22,948)
(2,968)	Gain/(loss) on sale of HRA non-current assets	(6,029)
51,270	Transfer to Capital Adjustment Account	(35,639)
1,752	Transfer to/from Capital Receipts Reserve	1,753
0	Transfer to Capital Grants Unapplied Reserve	(4,990)
26,619	**Total Adjustments**	**(67,855)**
(2,679)	**Net increase / (decrease) in year**	(4,796)
12,324	**HRA Balance as at 31 March 2020**	**7,525**

Note 1 Analysis of Housing Stock

Note 1 Analysis of Housing Stock		
At 31st March 2020, the council was responsible for managing a housing stock of 9,689 dwellings, comprising the following types:		
31-Mar-19	**Asset Type**	**31-Mar-20**
3,550	Houses	3,541
6,230	Flats	6,148
9,780	**Total Stock**	**9,689**

Supplementary Statements and Notes: Housing Revenue Account (HRA)

Note 2 Arrears and Bad Debt Provision

Note 2 Arrears and impairment allowance		
31-Mar-19 £'000	Category	31-Mar-20 £'000
4,596	Council House Tenants	5,118
7,548	Leaseholders	9,864
391	Commercial Tenants	781
12,535	**Total Arrears**	**15,763**
(2,705)	**Impairment Allowance**	**(2,988)**

Note 3 Balance Sheet Value of HRA Operational Assets

Note 3 Balance Sheet Value of HRA Operational Assets		
31-Mar-19 £'000	Asset Type	31-Mar-20 £'000
735,428	Council Dwellings	782,490
22,283	Other Land and Buildings	20,069
283	Heritage Assets	181
35,547	Investment properties	55,323
8,750	Surplus Assets not held for sale	8,296
802,291	**Total Value**	**866,359**
01-Apr-19 £'000		**01-Apr-20 £'000**
2,839,000	**Vacant Possession value of HRA Assets**	**3,062,794**

*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.

Supplementary Statements and Notes: Housing Revenue Account (HRA)

Note 4 Impairment Charges and Revaluation Losses

Note 4 Impairment Changes and Revaluation Losses		
2018/19 £'000	Asset Type	2019/20 £'000
24,281	Council Dwellings	(46,782)
58	Other Land and Buildings and Investment Properties	(7,398)
24,339	**Total**	**(54,180)**

Note 5 Depreciation

Note 5 Depreciation		
2018/19 £'000	Asset Type	2019/20 £'000
23,434	Council Dwellings	22,948
717	Other Land and Buildings	701
24,151	**Total**	**23,649**

Note 6 Capital Expenditure and Financing

Note 6 Capital Expenditure and Financing		
2018/19 £'000	Breakdown	2019/20 £'000
33,047	**Capital Expenditure**	**44,000**
	Sources of Funding	
(26,276)	Major Repairs Reserve (MRR)	(20,931)
(4,997)	Capital Receipts	(5,789)
(1,774)	Other Contributions	(17,280)
(33,047)	**Total**	**(44,000)**

Supplementary Statements and Notes: Housing Revenue Account (HRA)

Note 7 Capital Receipts from Disposals

Note 7 Capital Receipts from Disposals		
2018/19	Asset Type	2019/20
£'000		£'000
7,612	Council Dwellings	7,904
246	Other Land and Buildings	331
7,858	**Total**	**8,235**

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).

2018/19			Collection Fund Statement	2019/20		
NDR	Council Tax	Total		NDR	Council Tax	Total
£'000			Income	£'000		
0	211,873	**211,873**	Council Tax	0	228,725	**228,725**
109,375	0	**109,375**	Business Rates Receivable	109,673	0	**109,673**
2,346	0	**2,346**	Business Rates Supplement	2,730	0	**2,730**
			Contributions to prior year's deficit			
1,745	0	**1,745**	Central Government	1,008	0	**1,008**
1,543	0	**1,543**	London Borough of Barnet	4,570	0	**4,570**
1,856	0	**1,856**	Greater London Authority	3,185	0	**3,185**
116,865	**211,873**	**328,738**	**Sub-Total**	**121,167**	**228,725**	**349,892**
			Expenditure			
			Disbursement of prior year's deficit			
0	7,732	**7,732**	London Borough of Barnet	0	0	**0**
0	1,875	**1,875**	Greater London Authority	0	0	**0**
0	**9,607**	**9,607**	**Sub-Total**	**0**	**0**	**0**
			Precepts and demands			
0	0	**0**	Central Government	26,740	0	**26,740**
74,410	168,789	**243,199**	London Borough of Barnet	51,342	178,296	**229,639**
41,855	41,756	**83,611**	Greater London Authority	28,879	46,652	**75,532**
2,340	0	**2,340**	Crossrail (GLA)	2,724	0	**2,724**
118,605	**210,545**	**329,150**	**Sub-Total**	**109,686**	**224,950**	**334,635**
			Charges to Collection Fund			
418	0	**418**	Cost of collection allowance	409	0	**409**
6	0	**6**	BRS collection allowance	6	0	**6**
3,060	(249)	**2,812**	Increase/(decrease) in allowance for bad or doubtful debts	996	6,695	**7,691**
(3,116)	0	**(3,116)**	Movement in provision for appeals	(2,305)	0	**(2,305)**
(1,221)	0	**(1,221)**	Transitional Protection Payments (received)/payable	856	0	**856**
(852)	**(249)**	**(1,100)**	**Sub-Total**	**(38)**	**6,695**	**6,658**
887	**8,030**	**8,919**	**(Surplus)/Deficit for the year**	**(11,519)**	**2,919**	**(8,598)**

Supplementary Statements and Notes: Collection Fund

Surplus on the Collection Fund

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

31 March 2019			(Surplus)/Deficit on the Collection Fund	31 March 2020		
NDR	Council Tax	Total		NDR	Council Tax	Total
4,777	(2,832)	**1,945**	London Borough of Barnet	(627)	(526)	**(1,153)**
3,302	(741)	**2,561**	Greater London Authority	(353)	(127)	**(480)**
1,008	0	**1,008**	Central Government	(1,453)	0	**(1,453)**
9,087	**(3,573)**	**5,514**	**Total**	**(2,433)**	**(653)**	**(3,086)**

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 £1,545.41 for 2019/20. The tax base in Barnet has increased from 141,918 to 145,560.

		2018/19	2019/20
Band	*Ratio*	Band D Equivalent	Band D Equivalent
A	*6/9*	1,482	1,476
B	*7/9*	4,510	4,657
C	*8/9*	18,291	18,685
D	*9/9*	29,133	31,159
E	*11/9*	31,798	32,268
F	*13/9*	24,747	24,976
G	*15/9*	24,265	24,520
H	*18/9*	7,678	7,811
MOD Contribution		14	8
Tax Base		**141,918**	**145,560**

Supplementary Statements and Notes: Collection Fund

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.

2018/19	Business Rates	2019/20
£301,277,682	Non-Domestic rateable value at 31 March	£298,767,836
49.3p	Business rate multiplier - standard rate	50.4p
48.0p	Business rate multiplier - small businesses	49.1p

Note 4 Collection Fund Surplus/Deficit

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

Note 5 Business Rates Supplement

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

The aggregate rateable value of properties liable for the BRS at 31st March 2020 was £173.5m (the equivalent figure at 31st March 2019 being £171.8m). The multiplier has remained at 2.0p / £ since the BRS was introduced.

Pension Fund 2019/20

Auditor's Statement – Pension Fund

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON BOROUGH OF BARNET PENSION FUND

Opinion on pension fund financial statements

We have audited the pension fund financial statements of London Borough of Barnet Pension Fund ("the pension fund") for the year ended 31 March 2020 which comprise the fund account, the net assets statement and notes to the pension fund financial statements, including a summary of significant accounting policies. The framework that has been applied in the preparation of the pension fund financial statements is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2020 and the amount and disposition of the fund's assets and liabilities as at 31 March 2020, other than the liabilities to pay pensions and other benefits after the end of the scheme year; and
- have been properly prepared in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion on the financial statements

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), the Code of Audit Practice issued by the National Audit Office in April 2015 ("Code of Audit Practice") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the pension fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Supplementary Statements and Notes: Pension Fund

Other information

The Director of Finance is responsible for the other information. The other information comprises the Narrative report together with all other information included in the Statement of Accounts, other than the pension fund financial statements and our auditor's report thereon. Our opinion on the pension fund financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the pension fund financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the pension fund financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the pension fund financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Director of Finance and London Borough of Barnet ("the Council") as administering authority of the pension fund

As explained more fully in the Statement of the Director of Finance's Responsibilities, the Director of Finance is responsible for the preparation of the Statement of Accounts, which comprises the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that the financial statements give a true and fair view.

In preparing the pension fund financial statements, the Director of Finance is responsible for assessing the pension fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council intends to wind up the scheme or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

In respect of our audit of the pension fund financial statements our objectives are to obtain reasonable assurance about whether the pension fund financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Supplementary Statements and Notes: Pension Fund

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of London Borough of Barnet Pension Fund, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in the Responsibilities of the Audited Body and Responsibility of the Auditor within Chapter 2 of the Code of Audit Practice published by the National Audit Office in April 2015. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Leigh Lloyd Thomas
For and on behalf of BDO LLP, Appointed Auditor
London, UK
28 January 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Supplementary Statements and Notes: Pension Fund

Main Statements: Fund Account

	Notes	2019/20 £000	2018/19 £000
Dealings with members, employers and others directly involved in the fund			
Contributions	6	(63,418)	(59,528)
Transfers in from other pension funds	7	(1,839)	(2,422)
		(65,257)	**(61,950)**
Benefits	8	57,420	55,154
Payments to and on account of leavers	9	7,638	4,592
		65,058	**59,746**
Net (additions) from dealings with members		**(199)**	**(2,204)**
Management expenses	10	9,536	8,073
Net withdrawals including fund management expenses		**9,337**	**5,869**
Returns on investments			
Investment income	11	(8,598)	(4,989)
Change in market value during the year	13	71,964	(56,448)
Net return on investments		**63,366**	**(61,437)**
Net decrease / (increase) in the net assets available for benefits during the year		**72,703**	**(55,568)**
Opening net assets of the scheme		1,152,136	1,096,568
Closing net assets of the scheme		**1,079,433**	**1,152,136**

Supplementary Statements and Notes: Pension Fund

Main Statements: Net Assets Statement

	Notes	31 March 2020 £000	31 March 2019 £000
Investment assets		1,070,804	1,142,022
Long term investments		150	150
Total net investments	13	**1,070,954**	**1,142,172**
Current assets	17	11,713	11,649
Current liabilities	18	(3,233)	(1,685)
Net assets of the fund available to fund benefits at the end of the reporting period		**1,079,433**	**1,152,136**

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 in Note 21.

Notes to the Pension Fund Statement of Accounts

Note 1 Description of the Fund

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

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

The following description of the Fund is a summary only. For more detail, reference should be made to the London Borough of Barnet Pension Fund Annual Report 2019/20 and the underlying statutory powers underpinning the scheme.

Supplementary Statements and Notes: Pension Fund

General

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

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

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

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

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

Membership

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

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

Supplementary Statements and Notes: Pension Fund

The numbers of members have been extracted from the underlying membership records in the live system as at 31 March 2020, 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 8,630 to 7,828 at 31 March 2020. During the same period, the number of pensioners increased from 8,082 to 8,318 and the number of deferred pensioners increased from 10,803 to 11,695.

	31 March 2020	31 March 2019
Number of employers with active members	56	61
Number of employees in scheme		
London Borough of Barnet	4,880	5,166
Other employers	2,948	3,464
Total	7,828	8,630
Number of pensioners		
London Borough of Barnet	6,166	5,896
Other employers	2,152	2,186
Total	8,318	8,082
Deferred pensioners		
London Borough of Barnet	8,145	7,189
Other employers	3,550	3,614
Total	11,695	10,803
Total number of members in pension scheme	**27,841**	**27,515**

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

Supplementary Statements and Notes: Pension Fund

Funding

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

Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ended 31 March 2020. Employers also pay contributions and their rates are set based on triennial actuarial funding valuations. Further details of the last actuarial valuation are given in Note 16.

Benefits

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

Note 2 Basis of Preparation

The statement of accounts summarises the Fund's transactions for the 2019/20 financial year and its position at year-end as at 31 March 2020. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

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

Note 3 Summary of Significant Accounting Policies

Fund account – revenue recognition

Contribution income

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

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

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-changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

Supplementary Statements and Notes: Pension Fund

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 administrating authority of the Fund, VAT input tax is recoverable on all Fund activities.

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

Management expenses

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

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

Supplementary Statements and Notes: Pension Fund

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.

Supplementary Statements and Notes: Pension Fund

Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards.

Additional voluntary contributions

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

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

Post Balance Sheet Events

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

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

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

Supplementary Statements and Notes: Pension Fund

Contingent Liabilities

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

Note 4 Critical Judgements in Applying Accounting Policies

The net pension Fund liability is recalculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines.

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

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

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

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

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

Actuarial present value of promised retirement benefits

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

Note 6 Contributions Receivable

By category

	31 March 2020	31 March 2019
	£000	£000
Employees’ contributions:	**(11,543)**	**(11,169)**
Employers’ contributions:		
Normal contributions	(30,948)	(30,731)
Deficit recovery contributions	(16,785)	(15,098)

Augmentation contributions	(4,142)	(2,530)
Total employers' contributions	**(51,875)**	**(48,359)**
Total contributions receivable	**(63,418)**	**(59,528)**

By authority

	31 March 2020	31 March 2019
	£000	£000
London Borough of Barnet	(34,779)	(30,199)
Scheduled bodies	(23,778)	(22,720)
Admitted bodies	(4,860)	(6,609)
Total contributions receivable	**(63,418)**	**(59,528)**

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

a. Barnet Homes - £2.481 million (2018/19 £2.620 million)

b. Your Choice - £0.883 million (2018/19: £0.634 million)

Supplementary Statements and Notes: Pension Fund

Note 7 Transfers in from other Pension Funds

	31 March 2020	31 March 2019
	£000	£000
Individual transfers	(1,839)	(2,422)
Total transfers in from other Pension Funds	**(1,839)**	**(2,422)**

Note 8 Benefits Payable

By category

	31 March 2020	31 March 2019
	£000	£000
Pensions	47,873	45,507
Commutation and lump sum retirement benefits	8,638	8,662
Lump sum death benefits	909	986
Total benefits payable	**57,420**	**55,154**

Supplementary Statements and Notes: Pension Fund

By authority

	31 March 2020 £000	31 March 2019 £000
London Borough of Barnet	38,513	37,184
Scheduled bodies	15,021	13,715
Admitted bodies	3,886	4,255
Total benefits payable	**57,420**	**55,154**

Note 9 Payments to and on Account of leavers

	31 March 2020 £000	31 March 2019 £000
Refunds to members leaving service	169	149
Individual transfers	7,470	4,443
Total payments to and on account of leavers	**7,638**	**4,592**

Supplementary Statements and Notes: Pension Fund

Note 10 Management Expenses

	31 March 2020	31 March 2019
	£000	£000
Administrative costs	913	627
Investment management expenses	7,761	6,426
Oversight and governance costs	862	1,020
Total management expenses	**9,536**	**8,073**

Administration costs represent charges from the third-party pension administrator. Oversight and governance costs include staff cost recharges from LB Barnet, actuarial fees, investment advisory fees and audit fees.

Investment Management Expenses

	2019/20	2018/19
	£000	£000
Management fees	4,559	3,675
Performance related fees	1,376	1,173
Custody fees	15	15
Transaction costs	1,811	1,563
Total investment management expenses	**7,761**	**6,426**

Supplementary Statements and Notes: Pension Fund

Note 11 Investment Income

	2019/20	2018/19
	£000	£000
Pooled investments – unit trusts and other managed funds	(8,568)	(4,942)
Interest on cash deposits	(30)	(47)
Total investment income	**(8,598)**	**(4,989)**

Note 12 Audit Costs

	31 March 2020	31 March 2019
	£000	£000
Payable in respect of external audit	36	36
Total external audit costs	**36**	**36**

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

Supplementary Statements and Notes: Pension Fund

Note 13 Investments

2019/20	Market value 1 April 2019	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2020
	£000	£000	£000	£000	£000
Investment assets:					
Pooled investments	1,127,712	224,912	(212,833)	(72,685)	1,067,105
Money market funds	14,300	58,352	(68,970)		3,682
Long term investments	150				150
	1,142,162	**283,264**	**(281,803)**	**(72,685)**	**1,070,938**
Other investment balances:					
Cash deposits	10				16
Net investment assets	**1,142,172**				**1,070,954**

2018/19	Market value 1 April 2018	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2019
	£000	£000	£000	£000	£000
Investment assets:					
Pooled investments	1,074,130	36,169	(39,035)	56,448	1,127,712
Money market funds	3,500	25,800	(15,000)	0	14,300
Long term investments	150	0	0	0	150
	1,077,780	**61,969**	**(54,035)**	**56,448**	**1,142,162**
Other investment balances:					
Cash deposits	5				10
Net investment assets	**1,077,785**				**1,142,172**

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).

Supplementary Statements and Notes: Pension Fund

As more fully discussed in the annual report, investment markets suffered significant declines in the quarter to 31 March 2020 as measures taken globally by Governments to tackle the spread of Covid-19 resulted in a significant reduction in economic activity in the UK and world-wide. The LB Barnet Pension fund returned -13.3% in Q1, 2020, with a 12-month return of -5.4%. Markets react badly to uncertainty and recovered much of the losses during Q2, 2020 with the fund returning a positive 10.5% giving a valuation at 30 June 2020 of £1,214 million.

Note 13a Analysis of Investments

	31 March 2020	31 March 2019
	£000	£000
Pooled funds – additional analysis		
UK		
Unit trusts	394,627	452,150
UK managed funds	644,923	675,562
Money market funds	3,682	14,300
Non-UK		
Overseas Managed Fund	27,556	0
	1,070,787	**1,142,012**
Long term investments	150	150
Cash deposits	16	10
Total investment assets	**1,070,954**	**1,142,172**

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

Supplementary Statements and Notes: Pension Fund

Note 13b Investments Analysed by Fund Manager

	Market value	31 March 2020	Market value	31 March 2019
	£000	%	£000	%
Legal and General	394,627	36.7	452,151	39.6
Schroder Investment Management	242,659	22.7	263,900	23.1
LCIV	79,209	7.4	120,528	10.6
Alcentra	55,082	5.1	65,799	5.8
Partners Group	69,835	6.5	57,609	5.0
Barings	32,324	3.0	38,284	3.4
Insight Investments	40,664	3.8	42,498	3.7
M&G Investments	28,753	2.7	30,795	2.7
IFM Investors	67,629	6.3	56,308	4.9
Aberdeen Long Lease Property	28,933	2.7	0	0.0
CBRE	25,390	2.4	0	0.0
Adams Street	2,165	0.2	0	0.0
Aberdeen Standard Life	3,682	0.3	14,300	1.3
	1,070,954	**100.0**	1,142,172	100.0

The investments of the Pension Fund are wholly invested within pooled vehicles with year-end valuations provided by the fund operator. Some of the underlying investments in these pools are highly illiquid and valuations are not verifiable to identical transactions at the year-end and are therefore estimated by the fund operator based on established models and guidelines. In particular, holdings in property, infrastructure and private equity with a year-end valuation of £124.117 million (31.3.19: £56.308 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.

Following the market disruption because of COVID-19, the Independent Valuers for the Aberdeen Long Lease Property Pension Fund ("Fund") determined that it was not possible to provide accurate and reliable valuations for certain assets, including the properties held in the Fund. Aberdeen were, therefore, unable to produce a price for the Fund which confidently reflected the assets' true market value at 31 March 2020. Aberdeen took the decision to defer redemptions and subscriptions from the fund on 18 March 2020. The deferral was lifted on 3 August 2020. The values used in the accounts as at 31 March 2020 (£28.933 million) reflect the most recent valuation pre the date of deferral. The Fund valuation (30 September 2020) following the lifting of deferral was 1.1% higher than 31 March 2020 at £29.243 million.

Pooling

The Fund became a shareholder in the London LGPS CIV Ltd (the organisation set up to run pooled LGPS investments in London) in 2015 and holds £150,000 of regulatory capital in the form of unlisted UK equity shares. The Fund's investments with Legal and General, LCIV NW Real Return and (50.1% of investments) are either invested with the LCIV or monitored by them. The table below provides further analysis of the investments as at 31 March 2019 by both asset class and geographical exposure. Additional details of each fund are provided in the investment policy report.

Supplementary Statements and Notes: Pension Fund

INVESTMENTS ANALYSED BY ASSET CLASS

Asset Class		31 March 2020			31 March 2019		
		£'000	£'000	%	£'000	£'000	%
Equities							
	UK	29,181		3%	48,441		4%
	Overseas	437,888		41%	538,189		47%
	Global	22,356		2%	931		0%
			489,425	46%		587,561	51%
Bonds							
	UK	150,408		14%	58,025		5%
	Overseas	194,063		18%	152,940		13%
	Global	37,942		4%	241,564		21%
			382,413	36%		452,529	40%
Property							
	UK	35,302		3%		0	0%
	Overseas	24,553		2%		0	0%
			59,855	5%			
Infrastructure			71,139	7%		56,308	5%
Other assets			35,075	3%		62,076	5%
FX Forward derivative			6,829	1%		-38,292	-3%
Cash			26,218	2%		21,991	2%
Total Investment Assets			**1,070,954**	**100%**		**1,142,172**	**100%**

Supplementary Statements and Notes: Pension Fund

Where no geographic split is available, global in the table above represents both UK and overseas. With the exception of Money Market Funds (£3.6 million) none of the investment funds are listed. However, the underlying investments e.g. those managed by Legal and General, may be listed.

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

	31 March 2020		31 March 2019	
	£000	as % of investment assets	£000	as % of investment assets
Legal and General RAFI 3000 Tracker Fund	176,988	16.5	219,525	19.2
Legal and General Global Equity Tracker Fund	188,934	17.7	198,716	17.4
Schroder Life Diversified Growth Fund	115,239	10.8	141,644	12.4
LCIV NW Real Return Fund	45,288	4.2	120,378	10.5
Schroder All Maturities Corporate Bond Fund	127,405	11.9	122,247	10.7
IFM Global Infrastructure	67,629	6.3	56,308	4.9

Note 13c Fair Value – Basis of Valuation

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

- Unit trust investments are stated at the latest closing bid prices quoted by their respective managers as at 31 March 2020.
- UK managed funds are stated at net asset value as calculated by their respective managers as at 31 March 2020
- 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.

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 2020.
- UK managed funds are stated at net asset value as calculated by their respective managers as at 31 March 20120
- Money market funds are valued at net asset value (which to date has always equalled cost) as calculated by the fund manager.

Note 13d Fair Value - Hierarchy

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

Level 1

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

Level 2

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

Level 3

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

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

Supplementary Statements and Notes: Pension Fund

31 March 2020	Quoted Market Price Level 1	Using Observable Inputs Level 2	With Significant Unobservable Inputs Level 3	Amortised Cost
	£000	£000	£000	£000
Financial Assets				
Fair value through profit and loss		943,139	124,117	
Amortised cost				3,698
Total financial assets	**0**	**943,139**	**124,117**	**3,698**
Grand Total:				**1,070,954**

31 March 2019	Quoted Market Price Level 1	Using Observable Inputs Level 2	With Significant Unobservable Inputs Level 3	Amortised Cost
	£000	£000	£000	£000
Financial Assets				
Fair value through profit and loss		1,071,554	56,308	
Amortised cost				14,310
Total financial assets	**0**	**1,071,554**	**56,308**	**14,310**
Grand Total:				**1,142,172**

All investments are classified as Level 2 with the exception of most property, infrastructure and private equity, which are classified as Level 3. These disclosures take into consideration the classifications used in the underlying funds' own financial statements. Aberdeen Long Lease Property Fund had suspended dealing as at 31 March 2020 due to pricing uncertainty. Level 3 investments as at 31 March 2020 comprise:

IFM Infrastructure	£67.629 million
CBRE Global Property	£25.390 million
Aberdeen Long Lease Property	£28.933 million
Adams Street Private Equity	£2.165 million

Note 13e Restatement of investment fair value hierarchy

Investment in IFM Global Infrastructure, an infrastructure fund, was incorrectly classified as a level 2 investment in the prior year instead of level 3. The fund is a close ended fund and the investment will be repaid through distributions from the fund manager upon realisation of the investments held in the fund. The investment in the fund is valued using a valuation technique (significant unobservable inputs) and/or for which no current net asset value (NAV) is reported . 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. A fuller discussion of valuation considerations is given immediately below. The reclassification of the investment from level 2 to level 3 has no impact on the Fund Account and the Net Asset Statement. The valuation as at 31 March 2019 that has been restated is £56.308 million.

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

IFM Investors (Global Infrastructure) – valuation 31 March 2020 £67.629 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 (Global Real Estate) – valuation 31 March 2020 £25.390 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.

Supplementary Statements and Notes: Pension Fund

Aberdeen Long Lease Property Fund – valuation 31 March 2020 £28.933 million

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

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

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

Adams Street (Private Equity) – valuation 31 March 2020 £2.165 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.

Note 13g Reconciliation of Level 3 investments

Supplementary Statements and Notes: Pension Fund

2019/20	Market value 1 April 2019 £000	Purchases during the £000	Sales during the year £000	Change in market value £000	Market value 31 March 2020 £000
Infrastrucure	56,308	7,240		4,081	67,629
Pooled UK Long Lease	0	27,169	(10)	1,774	28,933
Pooled Property (global)	0	25,476	(73)	(13)	25,390
Private equity	0	1,590		575	2,165
	56,308	**61,475**	**(83)**	**6,417**	**124,117**

Note 13h Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, the fund has determined that the valuation is likely to be accurate to within the following ranges, and as set out below the consequent potential impact on the closing value of investments held at 31 March 2020. These ranges consider all potential factors including market prices, currency and valuation techniques. This is not a 'worse' case scenario but rather a measure of typical annual movements.

Assets type	Assessed valuation range (+ / -) £000	Value as at 31 March 2020 £000	Value on increase £000	Value on decrease £000
Infrastructure	10%	67,629	74,392	60,866
Pooled UK Long Lease Property	3%	28,933	29,801	28,065
Pooled Property (global)	5%	25,390	26,660	24,121
Private equity	15%	2,165	2,490	1,841
Total		**124,117**	**133,343**	**114,893**

Note 14 Classification of Financial Instruments

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

	31 March 2020			31 March 2019		
	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	1,067,106			1,127,712		
Cash and cash equivalents		8,995			19,100	
Other investment balances		150			150	
Receivables		6,416			6,859	
Total financial assets	**1,067,106**	**15,561**	**0**	**1,127,712**	**26,109**	**0**
Financial liabilities						
Creditors			(3,234)			(1,685)
Total financial liabilities	**0**	**0**	**(3,234)**	**0**	**0**	**(1,685)**
Total	**1,067,106**	**15,561**	**(3,234)**	**1,127,712**	**26,109**	**(1,685)**
Grand Total			**1,079,433**			**1,152,136**

The net return on investments is wholly attributable to assets held at fair value through the profit and loss with the exception of interest earned on cash balances of £29,000 (2018/19: £47,000) classified as loans and receivables.

Supplementary Statements and Notes: Pension Fund

Note 15 Nature and Extent of Risks Arising from Financial Instruments

Note 15a Risk and risk management

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

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

The principal powers to invest are contained in the Local Government Pension Scheme (Management and Investment of Funds) regulations 2016, which require an administering authority to invest any pension fund money that is not needed immediately to make payments from the Pension Fund in accordance with its Investment Strategy Statement.

The administering authority's overall risk management procedures focus on the unpredictability of the financial markets and implementing restrictions to minimise these risks.

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

Note 15b Market risk

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

Supplementary Statements and Notes: Pension Fund

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

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

Accounting standards require that potential changes in the valuation of investments in the next 12 months are provided, described as sensitivity analysis. This analysis is to be derived from an historical analysis of the factors that drive changes in valuation. As can be seen from recent events e.g. global financial crisis, Covid-19 etc market movements are anything but predictable. The event that causes the next market 'correction' will not have been captured in a 'one standard deviation' event that accounting standards suggest should be used for sensitivity analysis. Therefore, for the majority of the Fund's investments the Council has used an analysis of historical data as described below to determine the movements in market prices that are 'reasonably possible' for the 2020/21 reporting period

Asset type	Potential market movements (+/-)
Pooled investments	7%

The 7% assumed volatility for pooled assets as at 31st March 2020 is based on the largest negative movement in the value of the fund's assets recorded in the last 10 years. This compares with an average annual change in value (positive or negative) during that period of 6.5%. It should be noted that large changes in value in one direction are often followed by a reversal. For example, in the 2018-19 accounts the largest ten-year movement was reported as 18% loss in 2008/9, which was followed by a 26% gain in 2009/10. Similarly, the fund suffered a 13.3% decline in Q1, 2020 due to Covid-19 followed by a 10.5% gain in Q2, 2020. The assumed volatility for cash balances is 1%. Putting all of this into context, as at 31 December 2020 the estimated fund value was £1.3 billion, a gain of appropriately 20% in the nine months following the year end.

Had the market price of the fund's investments increased/decreased in line with the above, the change in the net assets would have been as follows (the prior year comparator is shown below).

Assets type	Value as at 31 March 2020	Potential movement on 7% value change	Value on increase	Value on decrease
	£000	£000	£000	£000
Pooled Investments	1,067,106	74,697	1,141,804	992,409
Total	**1,067,106**	**74,697**	**1,141,804**	**992,409**

Assets type	Value as at 31 March 2019	Potential movement on 18% value change	Value on increase	Value on decrease
	£000	£000	£000	£000
Pooled Investments	1,127,712	202,989	1,330,701	924,724
Total	**1,127,712**	**202,989**	**1,330,701**	**924,724**

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 direct exposure to interest rate movements as at 31 March 2020 and 31 March 2019 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Assets exposed to interest rate risk	Value as at 31 March 2020	Potential movement on 1% change in interest rates	Value on increase	Value on decrease
	£000	£000	£000	£000
Cash and cash equivalents	8,995	90	9,085	8,905
Total	**8,995**	**90**	**9,085**	**8,905**

Assets exposed to interest rate risk	Value as at 31 March 2019	Potential movement on 1% change in interest rates	Value on increase	Value on decrease
	£000	£000	£000	£000
Cash and cash equivalents	19,101	191	19,292	18,910
Total	**19,101**	**191**	**19,292**	**18,910**

In addition to cash balances, the fund holds bonds and credit instruments with a value of £382.4 million as at 31 March 2020 (2018/19: £452.5 million). Changes in interest rates impact on both the value and future income of these bonds. An increase in interest rates will not affect the value of short-term and variable rate instruments but increase the income, whereas for longer duration bonds, the income is not impacted by a change in interest rates, but the bond value will decline if interest rates increase. The possible impact of changes in interest rates is captured within the 7% volatility for pooled funds above. However, in isolation, if we are to assume that bonds are variable / short-dated, a 1% increase in interest rates will add £3.8 million (2018/19: £4.5 million) in annual income. A decrease in interest rates will lead to a similar scale reduction in annual income.

The Pension Fund holds financial assets and liabilities in overseas financial markets and therefore could be exposed to the risk of loss from exchange rate movements of foreign currencies against sterling. This risk is deemed acceptable as the investments are widely diversified by currency and the scheme's short-term expenditure liquidity requirements are broadly covered by contributions and income. Many of the overseas investments are hedged into sterling by the investment managers. After hedging, the net exposure to non-sterling currencies is £318.6 million (2018/19: £362.3 million). The most significant non-sterling exposure is to the US dollar (£150.3 million as at 31.3.20). A 10% change in the relative value of sterling would change the value of investments by £31.9 million (2018/19: £36.2 million). This risk is a sub-set of the market risk calculation above.

Note 15c Credit risk

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

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

As at 31 March 2020 working capital was held in the Pension Fund bank account with NatWest Bank and in a money market fund with Aberdeen Standard Life, in accordance with the credit rating criteria within the council's Treasury Management Strategy. Pension administration working capital was held in a bank account operated by Capita Employee Benefits (CEB) on behalf of the Pension Fund.

Summary	Rating	Source	Balances as at 31 March 2020	Balances as at 31 March 2019
			£000	£000
Standard Life MMF cash	AAAm	Moody's	3,682	14,300
Royal Bank of Scotland	A1	Moody's	5,297	4,790
Cash held by Fund Managers			16	10
Total			**8,995**	**19,100**

Note 15d Liquidity risk

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

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

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

Note 16 Actuarial Valuation

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

The funding level at 31 March 2019 was 86%. This corresponded to a shortfall on the funding target of £190 million. The aggregate primary contribution rate for 2019/20 was a primary rate of 17.9% of pensionable pay plus a secondary contribution of £16.047 million. Under the new schedule of contributions effective from 1 April 2020 the aggregate primary rate is 20.6% and the secondary contribution for 2020/21 is £11.142 million. This is the average required employer contribution to restore the funding position to 100% over the next 17 years.

The assumptions used for the triennial valuation were:

Supplementary Statements and Notes: Pension Fund

Financial assumptions

	31 March 2019	31 March 2016
	%	%
Discount rate	4.4	4.2
CPI	2.3	2.1
Pension increases rate	2.3	2.1
Salary increases rate	3.0	2.4

Demographic assumptions

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

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

Supplementary Statements and Notes: Pension Fund

Note 17 Current Assets

	31 March 2020	31 March 2019
	£000	£000
Contributions due – employees	846	799
Contributions due – employers	5,582	5,805
Sundry debtors	(12)	255
Cash balances	5,297	4,790
Total current assets	**11,713**	**11,649**

Note 18 Current Liabilities

	31 March 2020	31 March 2019
	£000	£000
Sundry creditors	(2,479)	(1,253)
Benefits payable	(755)	(432)
Total current liabilities	**(3,234)**	**(1,685)**

Supplementary Statements and Notes: Pension Fund

Note 19 Additional Voluntary Contributions

	Market value 31 March 2020 £000	Market value 31 March 2019 £000
Aviva	**506**	506
Prudential	**2,769**	2,889
Total AVC	**3,275**	**3,395**

AVC contributions of £0.391m (2018/19: £0.518m) were paid directly to Prudential and £0.005m (2018/19: £0.007m) were paid to Aviva during the year.

Note 20 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 £1.099m (2018/19: £1.319m) 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 £34.780 million to the Fund in 2019/20 (2018/19: £30.199 million). These amounts include employee contributions of £5.776 million (2019/20) and £5.432 million (2018/19) and also contributions from companies wholly owned by the Council. As at 31 March 2020 the Council (including subsidiaries) owed the Pension Fund £3.005 million in pension contributions (£3.580 million as at 31 March 2019).

Governance

One member of the Pension Fund Committee as at 31 March 2020 is in receipt of a pension from the Barnet Pension Fund. There are no active members of the Fund that are members of the Pension Fund Committee. Each member of the Pension Fund Committee is required to declare their interests at each meeting.

Note 20a Key Management Personnel

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

Supplementary Statements and Notes: Pension Fund

	31 March 2020	31 March 2019
	£000	£000
Short-term benefits	**44**	**48**
Post-employment benefits	**12**	**13**
Total remuneration	**57**	**61**

Note 21 Pension Fund Accounts Reporting Requirement

The statement below is prepared by the Scheme Actuary.

Supplementary Statements and Notes: Pension Fund

Pension Fund Accounts Reporting Requirement

Introduction

CIPFA's Code of Practice on Local Authority Accounting 2019/20 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, the London Borough of Barnet Council, 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 2020	31 March 2019
Active members (£m)	637	874
Deferred members (£m)	482	496
Pensioners (£m)	724	676
Total (£m)	**1,843**	**2,046**

The promised retirement benefits at 31 March 2020 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2019. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

Note that the above figures at 31 March 2020 include an allowance for the "McCloud ruling", i.e. an estimate of the potential increase in past service benefits arising from this case affecting public service pension schemes.

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 2020 and 31 March 2019. I estimate that the impact of the change in financial assumptions to 31 March 2020 is to decrease the actuarial present value by £158m. I estimate that the impact of the change in demographic and longevity assumptions is to decrease the actuarial present value by £51m.

Financial assumptions

Year ended (% p.a.)	31 March 2020	31 March 2019
Pension Increase Rate	1.9%	2.5%
Salary Increase Rate	2.6%	2.8%
Discount Rate	2.3%	2.4%

Longevity assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2018 model, an allowance for smoothing of recent mortality experience and a long term rate of 1.25% p.a.. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.7 years	24.0 years
Future pensioners (assumed to be aged 45 at the latest formal valuation)	22.9 years	25.7 years

Please note that the longevity assumptions have changed since the previous IAS26 disclosure for the Fund.

Commutation assumptions

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

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 liabilities are set out below:

Sensitivity to the assumptions for the year ended 31 March 2020	Approximate % increase to liabilities	Approximate monetary amount (£m)
0.5% p.a. increase in the Pension Increase Rate	8%	154
0.5% p.a. increase in the Salary Increase Rate	1%	17
0.5% p.a. decrease in the Real Discount Rate	9%	172

The principal demographic assumption is the longevity assumption. For sensitivity purposes, I estimate that a one year increase in life expectancy would approximately increase the liabilities by around 3-5%.

Professional notes

This paper accompanies my covering report titled 'Actuarial Valuation as at 31 March 2020 for accounting purposes'. The covering report 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:-

G E Sefton

Gemma Sefton FFA

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For and on behalf of Hymans Robertson LLP

Supplementary Statements and Notes: Pension Fund

Note 21: Contractual Commitments

The Fund has the following outstanding investment commitments as at 31 March 2020:

Alcentra European Direct Lending Fund II - £9.2 million

Partners 2019 Multi Asset Credit - £7.5 million

Adams Street 2019 Global Private equity - $65.6 million

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

Note 23 Contingent Liabilities

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

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

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

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

Note 24 Events after the Reporting Period

As discussed on page 12, the declines in investment values seen in Q1, 2020 due to concerns relating to the spread of Covid-19 were substantially recovered after the year end. Investments values as at 31 August 2020 of £1,248 million compare with £1,071 million as at 31 March 2020.

In discussion with the Scheme Actuary, the London Borough of Barnet paid £20.477 million to the Pension Fund on 22 April 2020 to meet its obligations for deficit contributions in the three-year period to 31 March 2023.

Management have reviewed and can confirm that there are no other 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 or goods and services, for rental to others, or for administrative purposes.

Glossary

- Community assets - assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples include parks.
- Council dwellings - these are residential properties owned by the council providing homes for social rent.
- Operational land and buildings – these are owned by the council to provide services to the community. Examples include leisure centres, libraries and museums.
- Vehicles - these assets are used by the council for the direct delivery of services, for example waste disposal vehicles.
- Equipment, held by the local authority in the delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objective of the authority.
- Infrastructure assets - fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of such fixed assets are highways and footpaths that cannot be transferred to another owner.
- Surplus assets - no longer used by the council and held pending sale or regeneration.

- Investment property is property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both.
- Intangible assets - these are usually stand-alone intellectual property rights such as software licences that, although they have no physical substance, provide a benefit for more than the year.

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

Glossary

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

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

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

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

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

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

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).

Glossary

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)

Glossary

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

Glossary

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.

Glossary

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)