

Summary of the Statement of Accounts

An Introduction to the Statement of Accounts

The Statement of Accounts for the London Borough of Barnet provides a picture of the Council's financial position at 31 March 2013 and a summary of its income and expenditure in the year to 31 March 2013. It is, in parts, a complex document which sets out to ensure that the accounts of all Government funded bodies provide comparable and consistent information and comply with International Financial Reporting Standards.

The Accounts were approved by the Audit Committee on 24th July 2013 and the Independent Auditor's Report to Members of Barnet Council confirmed that the accounts provide a true and fair view of the council's financial position.

The accounts are published in full on the Council's website at:

http://www.barnet.gov.uk/info/10067/statement_of_accounts/62/statement_of_accounts

Review of the Year

2012/13 was a challenging year for both the council and its residents. For residents the economic recession continued to depress household incomes while inflationary pressures on fuel, utilities and food prices reduced household spending power. For the council, these pressures were increased by the Government's need to reduce public expenditure resulting in the council having to make substantial savings across the services it delivers. At the same time, the council has faced significant demographic pressures in its services, particularly in Adult Social Care as people live longer and Children's services due to rising population and migration into the borough. The council's response has been to protect front line service delivery, minimise further impact on household budgets by freezing Council Tax while making substantial savings by improving and transforming its back office support services.

Despite these pressures, Barnet remains a great place to live and work with a vibrant economy reflected in the third highest business base and start-up rate in London and over 7,000 new homes built in recent years. During the year the council **invested almost £16.5million** in its housing stock ensuring its homes met the Decent Homes standard and building new houses for residents to live

The London Borough of Barnet manages a **net budget of £280.856 million** to deliver key services to the community it serves. The actual expenditure of the council is subject to regular financial and operational monitoring which is summarised in the financial outturn reported to Council.

The 2013 outturn resulted in a small under spend of £50,000 as set out below:

Directorate	2012/13 Budget	2012/13 Actual	2012/13 (Under)/ Overspend
	£000's	£000's	£000's
Adult Social Care	96,987	96,797	(190)
Children's Services (including schools funded by DSG*)	57,619	56,781	(838)
Environment, Planning and Regeneration	24,734	24,754	20
Chief Executive	17,044	17,034	(10)
Commercial Services	14,736	14,907	171
Deputy Chief Executive	6,195	6,187	(8)
Corporate Governance	5,848	6,013	165
Services Net Expenditure for the year	223,163	222,473	(690)
Central Expenses (including reserves/ funding)	57,693	58,333	640
Council's budget and Outturn for the year	280,856	280,806	(50)

*DSG – Direct Schools Grant; this is received from the Government and distributed to the council's schools

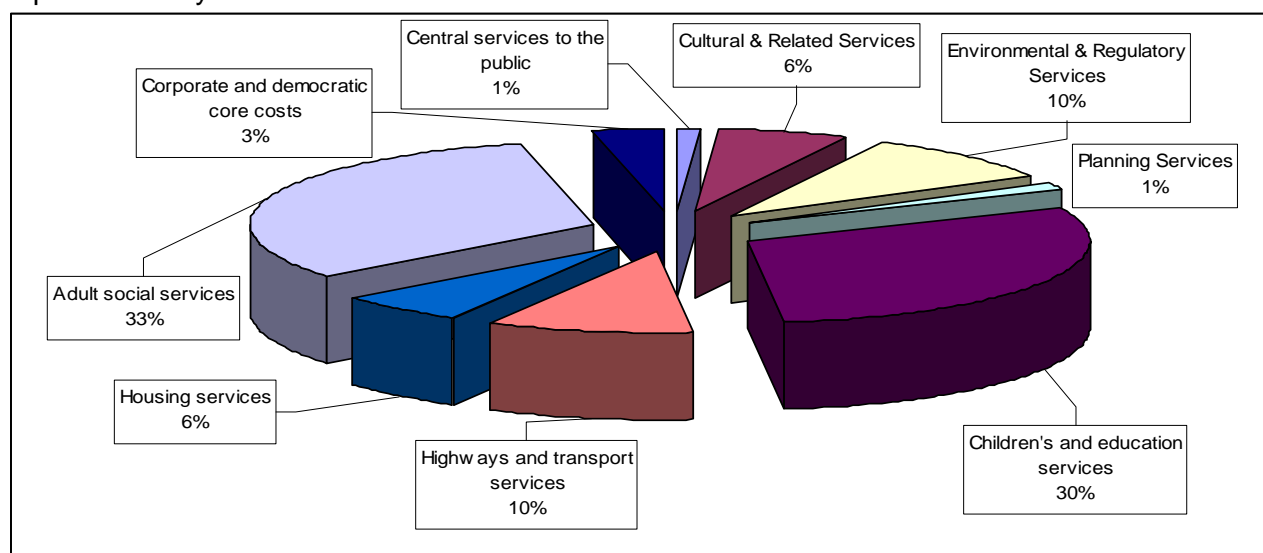
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The Council's outturn illustrates the control exercised during these difficult economic conditions but is adjusted in the financial statements by a number of factors mainly due to accounting adjustments required by statute or reporting standards::

	2011/12 £000's	2012/13 £000's
Council's outturn for the year	283,689	280,806
Settlement of HRA self-financing	102,580	-
Revaluations and Pension costs charged to services	12,659	(15,155)
(Surplus)/Deficit on Continuing Operations	398,928	265,651
Loss on transfer of Schools to Academies	102,163	13,655
Other operating expenditure	4,037	7,115
Net Interest received or paid on investments and loans	5,086	10,017
Council Tax, Business Rates and Grant Income	(323,375)	(320,994)
(Surplus)/Deficit on the Provision of Services	186,839	(24,556)
I(Surplus)/Deficit on revaluation of non-current assets (Gains) or Losses on the pension fund	17,563 114,852	20,504 28,252
Comprehensive Income and Expenditure Deficit	319,254	24,200

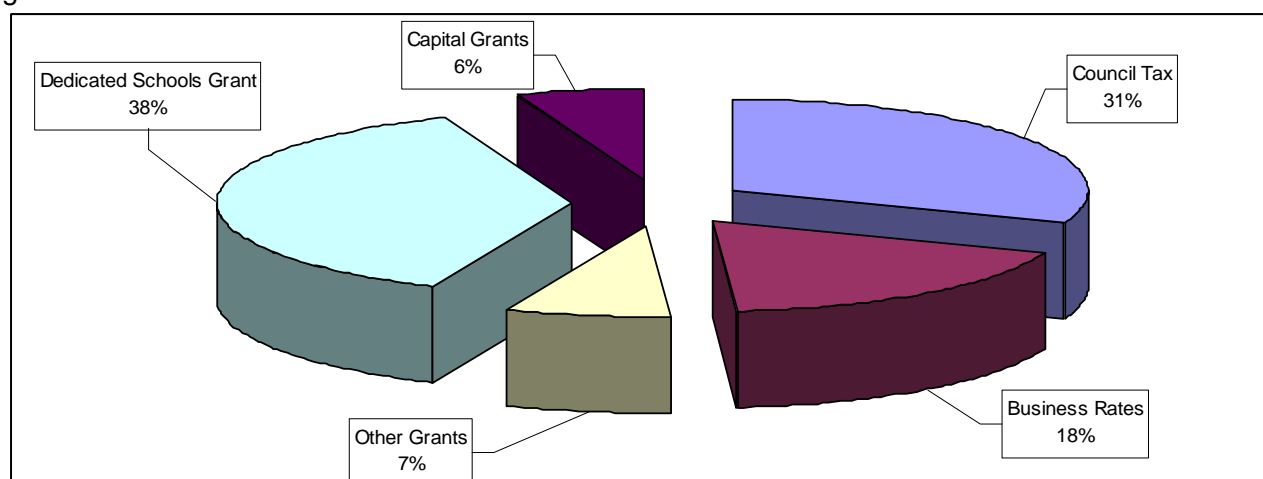
Where the money was spent

The **Comprehensive Income and Expenditure Statement** shows the gross expenditure for the Council and the income allocated to each service area. The graph below shows the net expenditure by service area for the total cost of services for the council in 2012/13:



Where the money came from

The Council receives income from Council Tax, business Rates, Government grants and Capital grants and Direct Schools Grant:

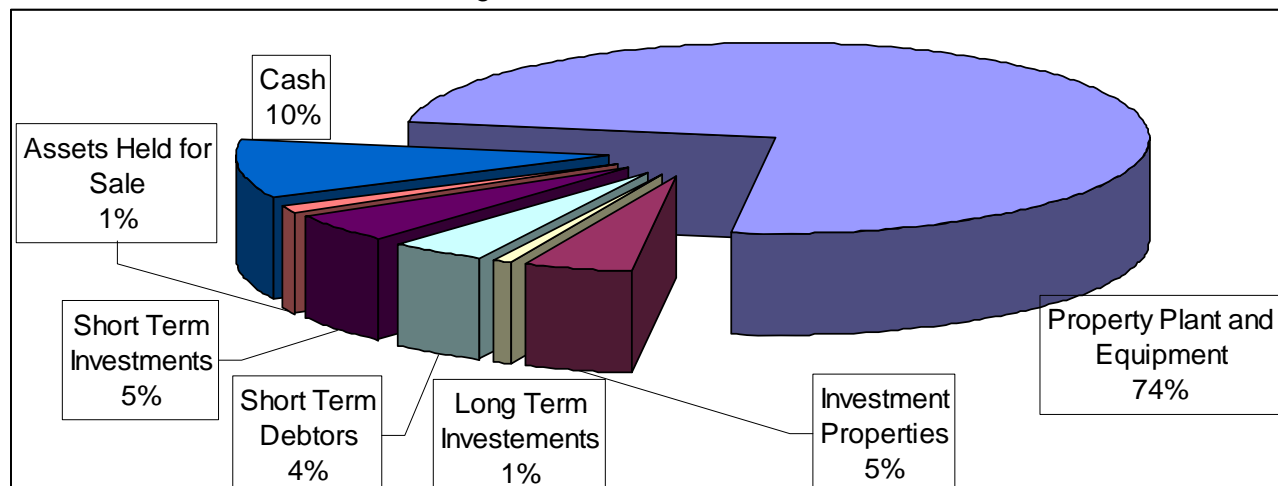


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The **Balance Sheet** sets out the assets (what the council owns or is owed) and liabilities (what the council owes) on 31st March 2013.

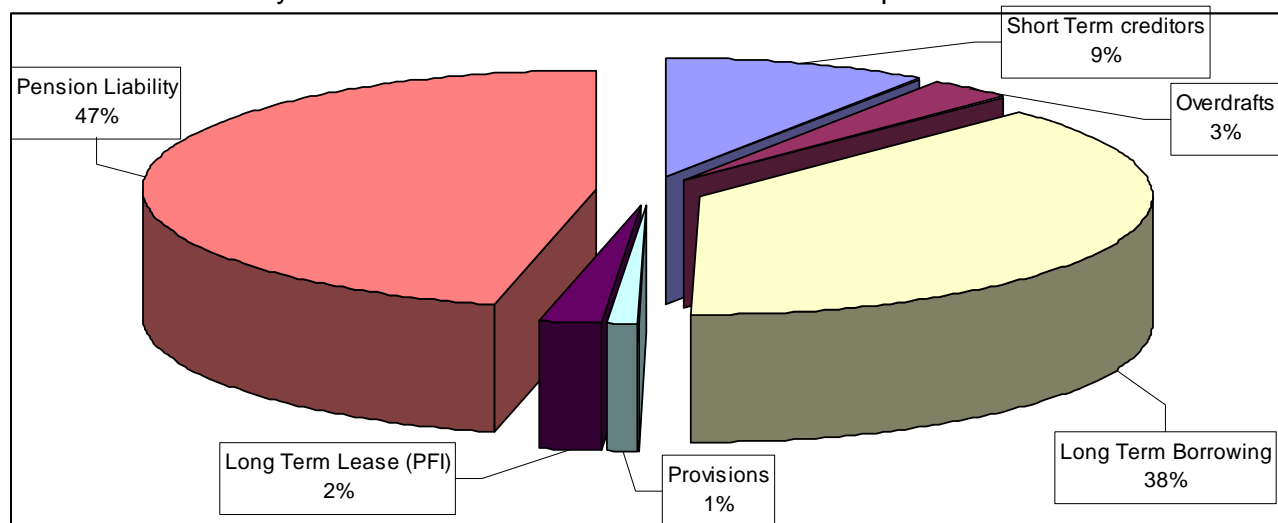
What the Council owns

The chart summarises the assets held by the council which include its property, plant and equipment together with debtors (money owed to the council) and cash adding up to £1,412 million and demonstrates the financial strength of the council:



What the Council owes

The amounts owed by the council are summarised below and add up to £816 million



The two major items are the Council's Pension Liability to pay pensions in the future (reflecting technical accounting requirements) and Long Term Borrowing. External borrowing totalled £306million, which is used to finance investment in major developments but also includes the impact of the Government's changes to Housing Finance in 2012 resulting in additional borrowing of £102 million.

The Council's Reserves

The difference between what the Council owns and owes is £596 million and these are the Council's reserves of which £209million the Council holds as useable reserves; the remaining reserves of £387 million are not available for the Council as they mainly arise from accounting adjustments to meet Local Authority reporting rules.

The Council's usable reserves total £209million of which £103m are allocated for specific (capital and the housing revenue account) spending plans (for example building for new school places infrastructure and decent homes), £76m is earmarked for agreed projects (including litigation and corporate risk £16million, infrastructure £15million, transformation £14 million and service

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development £7million), leaving £30million to deal with unforeseen and unexpected expenditure, in line with prudent accounting practices.

Looking forward for the Council

In the review of the year it was noted how the council continues to focus its resources on delivering services required by local residents. For the forthcoming year, the council needs to go further to ensure that residents continue to receive the quality of service that they expect and that the borough continues to prosper. The council will need to **make savings of £54.4 million** over the next three years, the majority of which is being delivered through efficiency and “back office” savings. In particular, significant savings to be achieved through the planned New Support and Customer Service Organisation (**NSCSO**) and Development and Regulatory Services (**DRS**) contracts.

At the same time as prioritising resources and cutting back on waste and inefficiency, the council needs to invest now in order to meet the challenges of the future. Children’s Services have been **investing £1 million a year in Early Intervention** activity to support vulnerable children and families since 2011/12. The council has also **set aside £4.7 million** to meet the cost of expected increases in services due to increasing population pressures within the borough.

The council’s regeneration programme will see **£6 billion** of private sector investment over the next twenty five years to ensure that the borough remains an attractive place to live and do business. Residents from across the borough continue to share in the benefits of growth with increasing housing development leading to an increase in the council’s tax base and subsequently lower Council Tax bills for residents. That is why the council is freezing Council Tax in 2013/14 and 2014/15 and will limit the Council Tax increase in 2015/16 to 2%.

The council’s priorities to support the future development of the borough are as follows:

- to create the right environment to promote responsible growth, development and success across the borough
- to support families and individuals that need it – promoting independence, learning and well being
- to improve the satisfaction of residents and businesses with the London Borough of Barnet as a place to live, work and study.

2012/13 was a challenging year and the future is more so but also remains full of opportunities as the government’s commitment to localism will provide the council with more freedom to manage its income (New Homes Bonus and Business Rates) and influence growth and development within the borough.

Conclusion

As indicated earlier, the published accounts of the Council form a complex, technical document and I therefore hope that these summary accounts provide a clearer view of the Council’s financial position for the year ended 31 March 2013.

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

The coming year will no doubt present substantial challenges to both the council and its residents but the changes being made to the way the council operates will ensure residents need is placed at the forefront of the council’s decision making to ensure Barnet remains a great place to live, work and study.

Chris Naylor
Chief Operating Officer

Extract from the Statement of Accounts for the year ended 31 March 2013

Comprehensive Income and Expenditure Statement (CIES)

This summarises the income generated and expenditure made by the council in providing services during 2012/13. The account 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.

*The 2011/12 comparatives for Planning and Taxation and non-specific grant Income have been restated to reflect the correct treatment of Section 106 monies.

	Note	Gross expenditure £'000	2011/12 Gross income £'000	Net expenditure £'000	Gross expenditure £'000	2012/13 Gross income £'000	Net expenditure £'000
Central services to the public		9,478	(3,472)	6,006	7,531	(4,194)	3,337
Cultural & Related Services		24,548	(1,993)	22,555	21,004	(2,045)	18,959
Environmental & Regulatory Services		32,399	(6,488)	25,911	37,081	(7,063)	30,018
Planning Services*		13,719	(8,983)	4,736	9,942	(14,550)	(4,608)
Children's and education services		343,069	(259,674)	83,395	320,010	(226,872)	93,138
Highways and transport services		47,239	(17,647)	29,592	46,235	(15,309)	30,926
Housing services		358,802	(344,316)	14,486	359,299	(378,068)	(18,769)
Local Authority Housing - settlement payment to Government for HRA self-financing		102,580	-	102,580	-	-	-
Adult social services		120,889	(20,156)	100,733	122,123	(21,516)	100,607
Corporate and democratic core costs		9,955	(1,064)	8,891	12,158	(1,447)	10,711
Non distributed costs		10,377	(15,732)	(5,355)	4,383	(3,051)	1,332
Deficit on Continuing Operations		1,073,055	(679,525)	393,530	939,766	(674,115)	265,651
Other Operating Expenditure	9	106,200	-	106,200	20,770	-	20,770
Financing and Investment Income & Expenditure	10	48,168	(37,684)	10,484	43,533	(33,516)	10,017
Taxation and Non-Specific Grant Income *	11	-	(323,375)	(323,375)	-	(320,994)	(320,994)
(Surplus)/Deficit on Provision of Services				186,839			(24,556)
Deficit on revaluation of non-current assets				17,563			20,504
Actuarial losses on pension assets / liabilities	48			114,852			28,252
Other Comprehensive Income and Expenditure				132,415			48,756
Deficit on Total Comprehensive Income and Expenditure				319,254			24,200

Extract from the Statement of Accounts for the year ended 31 March 2013

Balance Sheet

The Balance Sheet provides a summary of what the council owns and owes together with the council's reserves, as set out in the Movement of Reserves Statement, as at 31 March 2013. Only useable reserves are available to support the delivery of the council's services to residents. Details of the Usable Reserves can be seen in the Movement in Reserves Statement.

	Note	£'000	2011/12 £'000	£'000	2012/13 £'000
Property, Plant and Equipment	12	1,077,351		1,043,685	
Heritage Assets	13	1,057		1,057	
Investment Properties	14	65,090		66,280	
Intangible Assets	15	3,353		2,655	
Long Term Debtors		1,471		1,309	
Long Term Investments	16	11,437		11,559	
Total Long Term Assets			1,159,759		1,126,545
Inventories	17	546		594	
Short Term Investments	16	-		70,045	
Short Term Debtors	19	51,920		57,543	
Assets held for Sale	20	27,074		15,332	
Cash and Cash Equivalents	21	181,227		140,248	
Total Current Assets			260,767		283,762
Short Term Creditors	22	(100,270)		(77,112)	
Overdrafts and Cash Equivalents	21	(23,877)		(24,942)	
Provisions	23	(1,733)		(5,210)	
Total Current Liabilities			(125,880)		(107,264)
Long Term Borrowing	16	(305,944)		(305,947)	
Provisions	23	(8,568)		(5,970)	
Other Long Term Liabilities		(360,073)		(395,265)	
Total Long Term Liabilities			(674,585)		(707,182)
Net Assets of the Council			620,061		595,861
Usable Reserves	24	154,714		208,769	
Unusable Reserves	25	465,347		387,092	
Total Reserves of the Council			620,061		595,861