

# Annual Financial Report

## London Borough of Camden

### 2019/20



5 Pancras Square



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# Foreword

# Narrative Report



**Jon Rowney**  
Executive Director Corporate Services  
and Responsible Financial Officer

I am pleased to present the Council's 2019/20 Annual Financial Report. This foreword provides a guide to the most significant matters reported in the Council's accounts. Camden's financial statements for 2019/20 have been prepared in accordance with the standard format for local authority accounts as recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) for the Statement of Accounts in 2019/20 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, which, in turn, is based on International Financial Reporting Standards.

To aid interpretation of the Council's accounts, the foreword provides;

- Introduction to Camden and the Camden Plan, which sets out the Council's key priorities
- Overview of the financial context the Council operates in and summary of the Council's Medium-Term Financial Strategy
- Commentary and review of the Council's key achievements during 2019/20
- Summary of financial performance for various elements of the council's financial structure – General Fund, Capital, Housing Revenue Account, Collection Fund and Pension Fund
- Trend in staffing numbers over recent years
- Explanation of the key financial statements

## Introduction to Camden

In Camden our politics, our people, and our resources are what make us different. Together with our citizens, we developed Camden 2025 – our shared vision for the future of the borough. This sets out a desire where

“We want to make Camden a better borough - a place where everyone has a chance to succeed and nobody gets left behind. Together, we will create a place that works for everyone and where everybody has a voice.”

For Camden 2025 to succeed, it must be a call to action that inspires a new way of working and encourages courageous leadership and a culture of challenging the status quo. It must build on the success of previous work to help us find solutions to some of our biggest challenges. For example, when our housing tenants rejected the government's suggestion to transfer our housing stock to an arm's-length management organisation, we listened and stood up for our tenants, continuing to manage it ourselves. This was evidence of Camden's community solidarity, activism and radicalism.

In Camden, child poverty is high at 35% and the gap in healthy life expectancy between the poorest and richest parts of the borough is wide – poorer citizens are

expected to die almost 20 years earlier than those who are better off. We also face challenges with access to jobs, the availability of affordable high quality homes, keeping citizens safe and the impact of the climate emergency.

But Camden has one of the most dynamic economies in the UK and is home to global businesses and academic and public institutions that can help us tackle these challenges. So a key action for us will be to bring the collective creativity of these organisations together to make sure all citizens can access and take advantage of the wealth and opportunity they bring to the borough.

We are a council with a strong track record of managing finances and consistently delivering our core services well. This has helped us achieve many positive outcomes like fewer families living in Temporary Accommodation, consistently sustaining a low rate of looked-after children and effectively managing risk in the community. But despite this, we face a significant financial challenge as a result of a decade of funding reductions from central government, combined with increasing

pressure on our services and Brexit and Covid-19 uncertainty.

This means achieving our vision is beyond our reach as a single organisation – we need to continue to work with partner organisations, citizens, members and our workforce, with the drive and pace needed to make positive change happen.

## Camden 2025 & Our Camden Plan

We know that it is vital to have a true understanding of Camden and this goes hand-in-hand with understanding the people who live, work and study in the borough. The mutual trust and relationships we have with our citizens and communities are Camden's most valuable resource.

Two years ago, we invited citizens from across the borough to tell us what they thought Camden should be like in 2025, to develop shared priorities that should be at the heart of our vision for the future of the borough.

Over 80 residents joined our Citizens' Assembly, and thousands shared their views online, at public events in libraries and via resident surveys. A central theme was how citizens, community organisations and partners can work together to tackle challenges in new ways.

Five themes stood out from these conversations that form our shared key ambitions for Camden in 2025:

- Homes and housing
- Strong growth and access to jobs
- Safe, strong and open communities
- Clean, vibrant and sustainable places
- Healthy, independent lives

Our Camden Plan is the Council's response to the Camden 2025 vision and explains how we as an organisation will deliver on our ambitions.

Both Camden 2025 and Our Camden Plan have been communicated to our citizens and workforce using a variety of channels, including our magazine that goes through every letterbox in the borough, social media, our website, emails and staff communication channels. We continue to keep our citizens and workforce updated on our progress and invite everyone to get involved in developing and delivering our plans.

More information is available on:  
[www.Camden.gov.uk/camden2025](http://www.Camden.gov.uk/camden2025)

### Financial context

Like the rest of local government and the wider public sector, the Council is currently facing an unprecedented crisis following the outbreak of the global coronavirus pandemic that has impacted the lives of so many people and resulted in the country going into lockdown in March 2020.

During what is a difficult time for our borough and our country, we have mobilised our staff and partners to continue to provide critical services for our community. Our approach has been strongly rooted in the ambitions and themes of Camden 2025 and social justice. The pandemic and subsequent lockdown has impacted on the nature of the services we deliver and how we deliver them. As would be expected in an emergency, we have responded at pace to protect those who have needed it. We have stepped in to ensure the most vulnerable have homes, food and social contact. Such a response has required, in some cases, a fundamental reimagining of how we deliver services and has, inevitably, created a series of financial pressures and funding challenges. Though at the time of preparing the 2019/20 accounts, the situation is ongoing and the full financial impact will not be known for some time to come.

At the same time, the global pandemic is having a fundamental and negative impact

on the economy and presents a series of significant challenges for the economic health of the country and its public finances in both the short and medium term. As such, the outlook for local government funding remains unclear.

Prior to the outbreak, the Council was already addressing the challenge of cumulative annual cuts to Government funding, which alongside other spending pressures such as rises in the cost of living and an ageing population, have left the council with substantial budget pressures.

In December 2018, Cabinet agreed a Medium Term Financial strategy (MTFS) that sought to provide the financial framework for the three years from 2019/20 to 2021/22. The programme, developed through an outcomes based budgeted approach, was developed to address a projected deficit of between £35-£40m over the three year period and included approximately 100 projects saving over £30m by 2021/22. This followed a period of 8 years where the Council had been obliged to make an unprecedented £169m of savings and to reduce its workforce by 23% (1,140 full time equivalents). Our MTFS remains a central element of our financial response to the future – though, we acknowledge that this will need to be considered in the light of the current crisis.

The Covid-19 crisis has had a significant financial impact and will have a long term effect on the level of resources available to the Council. That said, there remains considerable uncertainty and difficulty in defining the full impact of the crisis and our understanding will be refined and improved over time. As we move forward, we will need to consider how the Council remains financially resilient and sustainable in what are very uncertain times for our borough and our country.

## Key achievements from our capital investment

### Community Investment Programme

The CIP is our programme to invest money in schools, homes and community facilities. Strong progress was made in 2019/20 and further homes and major school projects are currently under construction. CIP was conceived to help address a critical capital funding gap and this has allowed to invest significant amounts in homes, schools and community facilities from the sale of outdated, not fit for purpose, underused and difficult to access Council property.

This money alongside receipts from sale of private housing is being used to improve the physical infrastructure of Camden's schools and children's centres, community facilities and housing stock. CIP is a large part of our overall capital regeneration programme, which overall stands at £1.1bn. Only 6% of this investment will be financed by government or GLA grant excluding the specific grant allocated to remove and replace the cladding on the Chalcots estate.

#### Homes

880 new homes have been built to the end of 2019/20, of which 361 are Council rented homes and a further 78 intermediate affordable homes. 441 private homes have been built, including 70 homes bought by Government and returned back to the Council for residents displaced by HS2, with every pound raised from the sale of these homes re-invested back into homes and community facilities in Camden.

We completed 18 homes in 2019/20 and have 105 homes currently under construction and planning permission and Cabinet approval for a further 1,250 homes. Overall, we're aiming to build 3,050 mixed

tenure homes (of which 1,100 are council homes, 300 intermediate affordable and 1,650 homes for sale).

The Council has used some of the homes built by CIP for private sale to trial a quality private rental offer through its wholly owned company, allowing us to widen out the types of homes available to CIP, and diversify risk whilst holding onto assets.

#### Schools

Through the Community Investment Programme (CIP) we have invested £144m to date into new and improved school facilities for children at a time when there is little national funding available. CIP has funded work in nearly all schools and children's centres including improvements to building conditions, sustainability improvements, alterations and modernisation. The Council has completed new school buildings for Netley School, completed in 2015, and Kingsgate Primary School in 2017/18 to create capacity for up to 420 new school places at a new site on Liddell Road (now known as Liddell Place) in the North-West of the borough.

CIP's largest school project is underway, building improved science and technology, sports and other accommodation for Parliament Hill. In 2019/20 a new teaching block and sports hall was completed including 22 specialist classrooms for science, food technology and languages.

The new building for Edith Neville primary school in Somers Town was also completed in 2019/20, providing a new modern learning environment to replace the existing building which was well past its intended life-span, in poor condition, with undersized classrooms and poorly laid out outdoor space. This work included improvements to outside space, a dedicated art and design studio, two halls, three additional outdoor learning spaces and increased capacity for the on-

site nursery. The new school has been designed to allow for possible future expansion to two form entry as required.

### Community Facilities

CIP has created new community facilities such as the Greenwood Centre in Kentish Town, home to Camden's first Centre for Independent Living, St Pancras Community Centre, a new tenant hall at Bourne Estate and refurbished old workhouse style accommodation at Mount Pleasant to create a new state of the art residential training facility for homeless people. In 2019/20 the refurbished Holmes Road Hostel opened providing high quality accommodation for 59 homeless people with onsite training and counselling facilities. The new Plot 10 community play facility in Somers Town is substantially complete and will open in 2020/21.

### Corporate Accommodation

2019/20 saw further progress with the accommodation strategy, the council's programme to rationalise its portfolio of corporate assets and create modern, fit for purpose, economical and green buildings. The main focus of the strategy is now on the refurbishment and remodelling of the Town Hall, which will deliver restored civic and democratic spaces, new and improved weddings suites and registrars areas together with improved technology, access and environmental efficiency. The renovation of the Town Hall will also create affordable incubation space for local start-up companies, alongside commercial office space for rent to provide Camden with a long-term stream of income to fully support its investment. The Camden centre will also be fully refurbished for events, and leased to provide on-going income as well as free and subsidised space to the community. Surveys and early works are complete, with the main construction works programme restarting in 2020 for completion in 2022 which will enable further rationalisation of assets.

The refurbishment of Holmes Road depot, which will enable the rationalisation of our depot estate, is also now on site.

The full impact of the Covid-19 outbreak is not yet known and we continue to monitor the situation from both a delivery and financial perspective.

## Summary of Financial Performance

### General Fund

The General Fund is the main revenue fund from which the Cost of Services is met. It is separate from the Housing Revenue Account, Pension Fund and Collection Fund.

The Council's actual spend compared with its updated budget for 2019/20 is set out below:

	Net Budget £m	Outturn £m	Variance to Budget £m
<i>Directorates</i>			
Corporate services	(6.1)	(7.2)	(1.1)
Public Health	22.5	22.5	0.0
Supporting Communities	56.6	60.3	3.7
Supporting People	219.3	218.3	(1.0)
<i>Cross-Cutting Budgets:</i>			
Government Grants	(60.3)	(60.7)	(0.4)
Pensions	15.3	15.1	(0.2)
Financing and Interest	0.2	(1.8)	(2.0)
Housing benefit	(1.3)	2.4	3.7
Other Items and Adjustments	(11.7)	(14.4)	(2.7)
<b>Total</b>	<b>234.5</b>	<b>234.5</b>	<b>(0.0)</b>

The Council had a net revenue budget of £234.5m in 2019/20 and delivered a final outturn underspend after agreed transfers to reserves of £0.026m. The underspend is around 0.01% of the net budget, indicating that the Council continues to be efficient in using its resources.

Gross expenditure was funded from a variety of sources, including

- Government grants – £452.1m. This includes grants for specific functions, such as Dedicated Support Grant, as well as non-specific grant income.
- Fees and charges - £113.1m
- Council tax - £112.8m
- Retained business rates - £108.9m

### Capital

The Council has a large capital programme with planned expenditure running through to 2027/28. The programme consists of a number of major initiatives to enhance or replace assets alongside large programmes to deal with backlog maintenance. The funding for the programme comes from a variety of sources, but remains heavily dependent on capital receipts from the sale of fixed assets. Actual capital spend in the year was £179.64m. The main areas of investment were as follows:

- Property Management spent £82.12m making improvements to the council's existing buildings, a large proportion of which relates to the Better Homes programme, fire safety works and making improvements to existing schools.
- Development spent £64.62m on the Community Investment Programme and Estate Regeneration projects, which are helping to provide improved housing and school facilities for residents of Camden.
- Place Management and Regeneration & Planning spent £30.16m helping to improve transportation links across the borough with numerous traffic flow improvement schemes, and major investments for sustainability improvements relating to our energy use, and our public parks and green spaces.

The total capital spend of £177.95m in 2019/20 was financed from a number of sources including:

- £77.8m from capital receipts
- £46.98m from capital grants
- £6.26m from General Fund prudential borrowing
- £5.41m from revenue contributions (General Fund)
- £30.62m from HRA reserves; and
- £9.51m from HRA prudential borrowing

### **Housing Revenue Account**

The Housing Revenue Accounts (HRA) is a ring fenced landlord account for the running of the Council's housing stock. The Council is the main provider of rented accommodation in Camden with 23,226 units at 31 March 2020. In 2019/20 average council rents (excluding service charges and voids) were £111.48 per week.

In 2019/20, the HRA had a net deficit of £7.8m, and updated reserves of £23.7m being carried forward as at 31 March 2020.

It was the last of 4 years of 1% rent reductions in 2019/20 - this sustained reduction in the main income for the HRA has obliged the Council to draw down on its reserves this year by £4.9m (above the budgeted drawdown of £1.1m) in order to maintain its stock to undertake necessary fire safety and other urgent repair works.

The main sources of funding in the Housing Revenue Account were;

- Dwelling Rents £129.4m,
- Commercial and Non-Dwelling Rents £16.7m and
- Charges for Services £23.5m

	Budget	Outturn	Variance to Budget
	£m	£m	£m
Subsidy	0	-1.3	-1.3
Dwelling Rent	-130.2	-129.4	0.8
Other Rents	-13.3	-12.9	0.4
Charges for Services	-42.4	-47.9	-5.5
Interest on Balances	-0.9	-0.8	0.1
<b>Total Income</b>	<b>-186.8</b>	<b>-192.3</b>	<b>-5.5</b>
Repairs & Improvement	53.1	65.3	12.2
Housing Management	55.4	54	-1.3
Housing Needs	4.6	3.8	-0.8
Housing Development	4.1	3.3	-0.8
Capital and Corporate Funding	70.7	71.8	1.1
<b>Total Expenditure</b>	<b>187.9</b>	<b>198.3</b>	<b>10.4</b>
<b>Housing Revenue Account Total</b>	<b>1.1</b>	<b>6.0</b>	<b>4.9</b>

## Collection Fund

The Collection Fund accounts for all transactions related to council tax and business rates and the redistribution of some of that money to the Greater London Authority (GLA) and central government.

Local taxation through council tax and business rates are two of the most important sources of General Fund funding besides grants from the government.

In 2019/20, we collected £143.48m from council tax, with a collection rate of over 95%. In 2019/20, Camden's element of band D council tax was £1,241.84.

The amount of business rates Camden collects is one of the highest in the country. The amount collected in relation to 2019/20 was £644.9m, with a collection rate of 99%. The total amount collectable, less certain reliefs and deductions, is distributed between the Government, Greater London Authority and the Council. In 2019/20, as in 2018/19, Camden participated in a London-wide pilot scheme to pool and retain any growth over and above the business rates baseline across the London.

The Collection Fund closing position was £4.76m surplus – made up of £4.82m business rate surplus (to be distributed between Government, GLA and Camden) and £0.06m council tax deficit.

## Pension Fund

The Pension Fund Account reports the contributions received, payments to pensioners and the value of net assets invested in the Local Government Pension Scheme on behalf of Council employees. All employees become contributors on appointment with Camden or a scheduled or admitted body. The Fund's income is derived from employees, contributions from employing authorities and income from investments.

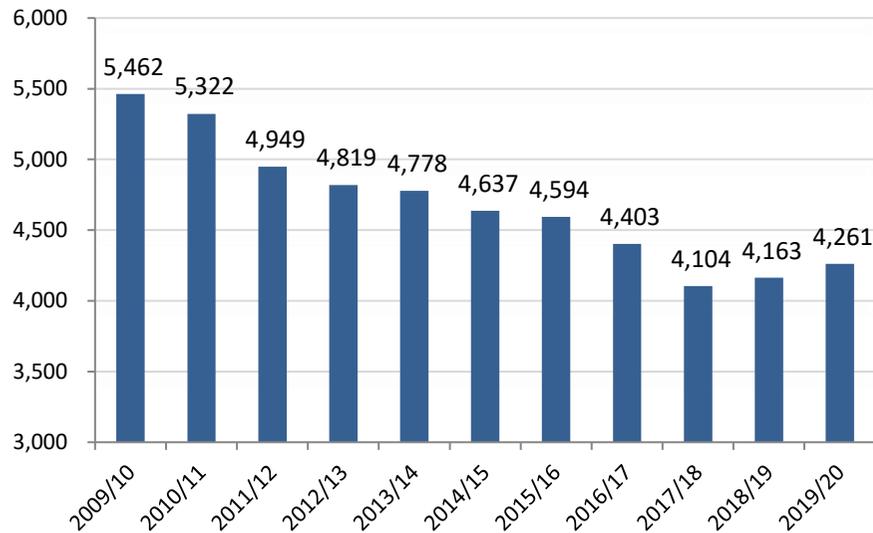
In 2019/20 total contributions paid in were £68.4m, of which

- employers contributed £55.1m and
- employees contributed £12.6m.

Total Benefits paid out were £64.6m, this comprised of

- £52.9m monthly pension payments,
- £10.3m of lump sum retirement grants and
- £1.4m in death grants

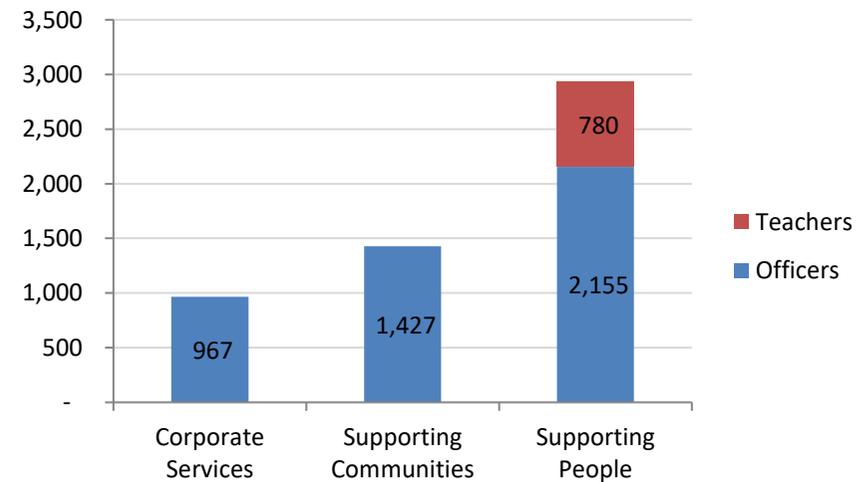
The value of Fund assets decreased by 6% in the 2019/20 financial year to £1.55bn, as set out in the accounts. The Fund is assessed to be 103% funded as at the date of the last actuarial valuation on 31 March 2019. Camden is one of the largest of the London Borough funds in terms of assets, and with over 22,583 members, 22 admitted bodies and 6 scheduled bodies.



The graph above shows how Camden staff numbers (excluding teachers and voluntary aided schools' teachers and staff) have changed over recent years. Total staffing has decreased by 1,201 (22%) between 2009/10 and 2019/20, but has increased by 98 (2%) since last year.

### Staffing trends over recent years

The graph below shows Camden's staff numbers in 2019/20 for each directorate, expressed in terms of the number of full-time equivalents in post in each category of employment at 31 March 2020. The figures include staff providing services to housing tenants and include community schools but exclude voluntary aided schools.



## Explanation of the key financial statements

The Statement of Accounts presents the Council's income and expenditure for the year, and its financial position at 31 March 2020. It shows the core statement as well as notes to the statements. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, which in turn is underpinned by International Financial Reporting Standards.

**Movement in Reserves Statement** - This Statement, as set out on page 29, shows the movement in the year on the different reserves held by Camden, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing Camden's services, more details of which are shown in the Comprehensive Income and Expenditure Summary (CIES). These are different from the statutory amounts required to be charged to the General Fund

Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The 'Net increase/decrease before transfers to Earmarked Reserves' line shows the

statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by Camden.

**Comprehensive Income and Expenditure Statement** - This statement, as set out on page 27, shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

**Balance Sheet** - The Balance Sheet, as set out on page 32, shows the value as at the Balance Sheet date of Camden's assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the

authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

**Cash Flow Statement** - The Cash Flow Statement as set out on page 33 shows the changes in cash and cash equivalents of Camden during the reporting period. The statement shows how Camden generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of Camden are funded by way of taxation and grant income or from the recipients of services provided by Camden. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to Camden's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

## Independent auditor's report to the Members of London Borough of Camden

### Report on the audit of the financial statements of London Borough of Camden

#### Opinion on the financial statements

We have audited the financial statements of London Borough of Camden ('the Council') for the year ended 31 March 2020, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and the 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 London Borough of Camden as at 31st March 2020 and of the Council's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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.

#### Emphasis of Matter – Effect of the Covid-19 pandemic on the valuation of land and buildings and investment assets and the Council's share of the Camden Pension Fund's property investments

We draw attention to note 4 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Council's and Camden Pension Fund's land and buildings and investment properties. As disclosed in this note to the financial statements, the Council's and Pension Fund's valuers included a 'material valuation uncertainty' declaration within their report as a result of the Covid-19 pandemic creating a shortage of relevant market evidence upon which to base their judgements. Our opinion is not modified in respect of this matter.

#### 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 Chief Financial Officer (Section 151 Officer)'s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Chief Financial Officer (Section 151 Officer) 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.

### **Other information**

The Chief Financial Officer (Section 151 Officer) is responsible for the other information. The other information comprises the Annual Governance Statement and 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.

### **Responsibilities of the Chief Financial Officer (Section 151 Officer) for the financial statements**

As explained more fully in the Statement of the Chief Financial Officer (Section 151 Officer)'s Responsibilities, the Chief Financial Officer (Section 151 Officer) is responsible for the preparation of the Statement of Accounts, which includes 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 2019/20, and for being satisfied that they give a true and fair view. The Chief Financial Officer (Section 151 Officer) is also responsible for such internal control as the Chief Financial Officer (Section 151 Officer) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (Section 151 Officer) is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and prepare the financial statements on a going concern basis unless the Council is informed of the intention for dissolution without transfer of services or function to another entity. The Chief Financial Officer (Section 151 Officer) is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

### **Auditor's responsibilities for the 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 on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Matters on which we are required to report by exception under the Code of Audit Practice**

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014

We have nothing to report in these respects.

### **Qualified Conclusion on London Borough of Camden's arrangements for securing economy, efficiency and effectiveness in the use of resources**

#### **Qualified Conclusion – except for**

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, with the exception of the matters described in the 'Basis for qualified conclusion' paragraphs below, we are satisfied that, in all significant respects, London Borough of Camden has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31st March 2020.

#### **Basis for conclusion**

We have undertaken our review in accordance with the Code of Audit Practice issued by the Comptroller and Auditor General, having regard to the guidance on the specified criterion issued in April 2020, as to whether 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 Comptroller and Auditor General 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 31st March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

In seeking to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, we considered the Council's arrangements for the closedown and preparation of the statement of accounts for the year ended 31st March 2020. The accounts presented for audit were of poor quality and contained a significant number of errors, some material and a number of internal control deficiencies were identified during the course of the audit. This creates a risk to the overall understanding of the Council's financial position.

These matters are evidence of weaknesses in proper arrangements for informed decision making, specifically in respect of reliable and timely financial reporting that supports the delivery of strategic priorities.

### **Responsibilities of the Council**

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 review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

We are required under section 20(1)(c) 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. 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.

### **Use of the audit report**

This report is made solely to the members of London Borough of Camden, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. 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 members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Certificate**

We certify that we have completed the audit of London Borough of Camden for the year ended 31st March 2020 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issues by the National Audit Office.

Karen Murray

For and on behalf of Mazars LLP

One St Peter's Square  
Manchester  
M2 3DE 01 March 2024

## Independent auditor's reports to the Members of London Borough of Camden

### Report on the financial statements of Camden Pension Fund

#### **Opinion on the financial statements of London Borough of Camden Pension Fund**

We have audited the financial statements of London Borough of Camden 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 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 transactions of London Borough of Camden Pension Fund during the year ended 31 March 2020, and the amount and disposition of the Pension Fund's assets and liabilities as at 31 March 2020; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council, as administering authority for the Pension Fund, in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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.

#### **Emphasis of Matter – Effect of the Covid-19 pandemic on the valuation of pooled real estate assets**

We draw attention to Notes 5 and 14.a of the financial statements, which describe the effects of the Covid-19 pandemic on the valuation of the Pension Fund's pooled real estate fund assets as at 31 March 2020. As disclosed at Notes 5 and 14a, these valuations have been reported by the valuers on the basis of 'material valuation uncertainty' in line with guidance from the Royal Institute of Chartered Surveyors. Our opinion is not modified in respect of this matter.

#### **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 Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Chief Financial Officer 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.

### **Other information**

The Chief Financial Officer is responsible for the other information. The other information comprises the Annual Governance Statement 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.

### **Responsibilities of the Chief Financial Officer for the financial statements**

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's 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 2019/20, and for being satisfied that they give a true and fair view. The Chief Financial Officer is also responsible for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution of the Pension Fund without transfer of services or function to another entity. The Chief Financial Officer is responsible for assessing each year whether or not it is appropriate for the Pension Fund to prepare the accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the Pension Fund's 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 on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Matters on which we are required to report by exception under the Code of Audit Practice**

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

### **Use of the audit report**

This report is made solely to the members of London Borough of Camden, as a body and as administering authority for the London Borough of Camden Pension Fund, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. 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 members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Suresh Patel

For and on behalf of Mazars LLP  
30 Old Bailey, London,  
EC4M 7AU  
1 March 2024

# Statement of responsibilities for the Statement of Account

## The Authority'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 (the Chief Financial Officer) has the responsibility for the administration of those affairs. In this council, that officer is the Executive Director Corporate Services and Responsible Financial Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

## The Chief Financial Officer's responsibilities

The Chief Financial Officer is responsible for the preparation of the Statement of Accounts (which includes 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 ('the Code') and of its pension fund statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In preparing this Statement of Accounts, the Chief Financial 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;
- assessed the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;

- used the going concern basis of accounting on the assumption that the functions of the Authority [and the Group] will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error,

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Authority at 31 March 2020 and of its income and expenditure for the year then ended.

Jon Rowney, CPFA  
Executive Director Corporate Services and  
Chief Financial Officer

# Chair's approval of Statement of Accounts

This is the Annual Financial Report, incorporating the Statement of Accounts with all audit activities completed. The Audit and Corporate Governance Committee of the London Borough of Camden at its meeting on 15 June 2023 authorised the Chair to approve the Statement of Accounts.

Cllr S Abdi-Wali (Chair) – Audit & Corporate Governance Committee

The  
Shaw  
Theatre

# 2 Core Financial Statements

# Comprehensive Income and Expenditure Statement

Restated\* 2018/19

2019/20

Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
364,089	(138,454)	225,635	Supporting People	364,315	(144,481)	219,834
117,802	(46,275)	71,527	Supporting Communities	127,243	(54,155)	73,088
244,741	(237,315)	7,426	Corporate Services	224,968	(215,635)	9,333
23,665	(27,865)	(4,200)	Public Health	23,013	(26,574)	(3,561)
965	(1,496)	(531)	Cross Cutting	218	(528)	(310)
313,777	(170,454)	143,323	Housing Revenue Account	134,202	(183,983)	(49,781)
160,935	(161,195)	(260)	Dedicated Schools Grant	160,669	(161,404)	(735)
<b>1,225,974</b>	<b>(783,054)</b>	<b>442,920</b>	<b>Cost Of Services</b>	<b>1,034,628</b>	<b>(786,760)</b>	<b>247,868</b>
		216,282	Other Operating Expenditure ( <i>Note 9</i> )			44,374
		33,014	Financing and Investment Income and Expenditure ( <i>Note 10</i> )			9,942
		(575,682)	Taxation and Non-Specific Grant Income ( <i>Note 11</i> )			(300,571)
		<b>116,534</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>1,613</b>
		(33,836)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(112,446)
		111,417	(Actuarial gains) / losses on pension assets / liabilities			(140,446)
		0	Other (gains) and losses			
		<b>77,581</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(252,892)</b>
		<b>194,115</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(251,279)</b>

\*refer to Note 6a for detail of Prior Period Adjustment

# Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves', (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The surplus or deficit on the provision of services line shows the true economic cost of providing the authority's services, more details of which are shown in the comprehensive income and expenditure statement.

These are different from the statutory amounts required to be charged to the general fund balance and the housing revenue account for council tax setting and dwellings rent setting purposes.

## Movement in Reserves Statement

2019/20	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2019 brought forward	<b>(114,030)</b>	<b>(31,565)</b>	<b>(108,934)</b>	<b>(18,881)</b>	<b>(11,665)</b>	<b>(285,075)</b>	<b>(2,874,651)</b>	<b>(3,159,726)</b>
Movements in Reserves during 2019/20								0
(Surplus)/Deficit on provision of services	29,852	(28,239)	0	0	0	1,613	0	1,613
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(252,892)	(252,892)
<b>Total Comprehensive Income and Expenditure</b>	<b>29,852</b>	<b>(28,239)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,613</b>	<b>(252,892)</b>	<b>(251,279)</b>
Adjustments between accounting basis & funding under regulations ( <i>Note 7</i> )	(39,071)	36,077	28,070	(17,708)	6,587	13,955	(13,955)	0
<b>(Increase)/Decrease in Year</b>	<b>(9,219)</b>	<b>7,838</b>	<b>28,070</b>	<b>(17,708)</b>	<b>6,587</b>	<b>15,568</b>	<b>(266,847)</b>	<b>(251,279)</b>
<b>Balance at 31 March 2020 carried forward</b>	<b>(123,249)</b>	<b>(23,727)</b>	<b>(80,864)</b>	<b>(36,589)</b>	<b>(5,078)</b>	<b>(269,507)</b>	<b>(3,141,498)</b>	<b>(3,411,005)</b>

## Movement in Reserves Statement – Restated\*

2018/19	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2018 brought forward	(116,493)	(31,112)	(41,106)	(18,767)	(11,789)	(219,267)	(3,134,574)	(3,353,841)
Movements in Reserves during 2018/19								
Surplus/Deficit on provision of services	45,436	71,098	0	0	0	116,534	0	116,534
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	77,581	77,581
<b>Total Comprehensive Income and Expenditure</b>	<b>45,436</b>	<b>71,098</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>116,534</b>	<b>77,581</b>	<b>194,115</b>
Adjustments between accounting basis & funding under regulations (Note 7)	(42,973)	(71,551)	(67,828)	(114)	124	(182,342)	182,342	0
(Increase)/Decrease in Year	2,463	(453)	(67,828)	(114)	124	(65,808)	259,923	194,115
<b>Balance at 31 March 2019 carried forward</b>	<b>(114,030)</b>	<b>(31,565)</b>	<b>(108,934)</b>	<b>(18,881)</b>	<b>(11,665)</b>	<b>(285,075)</b>	<b>(2,874,651)</b>	<b>(3,159,726)</b>

\*refer to Note 6a for detail of Prior Period Adjustment

# Balance Sheet

The Balance Sheet shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories.

The first category of reserves is usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts reserve that may only be used to fund capital expenditure or repay debt).

The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

## Balance Sheet

01-Apr-18 Restated*	31-Mar-19 Restated*		Note	31-Mar-20
£'000	£'000			£'000
4,166,101	4,052,753	Property, Plant & Equipment	12	4,254,008
841	841	Heritage Assets	13	841
132,867	121,621	Investment Property	14	131,900
4,572	3,618	Intangible Assets	15	2,671
3,881	4,116	Long Term Investments	16	4,116
6,526	7,215	Long Term Debtors	16	7,169
<b>4,314,788</b>	<b>4,190,164</b>	<b>Long Term Assets</b>		<b>4,400,705</b>
184,529	203,606	Short Term Investments	16	115,842
49,202	87,659	Assets held for sale (less than a year)	19	36,896
361	372	Inventories		407
108,661	120,051	Short Term Debtors	17	150,097
34,081	64,604	Cash and Cash Equivalents	18	75,894
<b>376,834</b>	<b>476,292</b>	<b>Current Assets</b>		<b>379,136</b>
(16,756)	(2,943)	Short Term Borrowing	16	(2,478)
(179,607)	(221,356)	Short Term Creditors	20	(239,355)
		Grants Receipts in Advance:		
(1,084)	0	- Revenue	36	0
(4,645)	(787)	- Capital	36	(578)
(18,299)	(38,436)	Short Term Provisions	21	(19,261)
<b>(220,391)</b>	<b>(263,522)</b>	<b>Current Liabilities</b>		<b>(261,672)</b>
(6,335)	(5,499)	Long Term Provisions	21	(6,499)
(334,327)	(334,330)	Long Term Borrowing	16	(334,118)
(62,890)	(61,456)	Other Long Term Liabilities	16	(48,624)
		Grants Receipts in Advance:		
(100,823)	(94,664)	- Capital	36	(72,305)
(613,015)	(747,259)	Net Pensions Liability	44	(645,618)
<b>(1,117,390)</b>	<b>(1,243,208)</b>	<b>Long Term Liabilities</b>		<b>(1,107,164)</b>
<b>3,353,841</b>	<b>3,159,726</b>	<b>Net Assets</b>		<b>3,411,005</b>
(219,266)	(285,075)	<b>Usable reserves</b>	22	(269,507)
(3,134,575)	(2,874,651)	<b>Unusable Reserves</b>	23	(3,141,498)
<b>(3,353,841)</b>	<b>(3,159,726)</b>	<b>Total Reserves</b>		<b>(3,411,005)</b>

\* refer to Note 6a for detail of Prior Period Adjustment

# Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

<b>31-Mar-19</b> <b>Restated*</b> <b>£'000</b>		<b>31-Mar-20</b> <b>£'000</b>
(116,534)	Net surplus or (deficit) on the provision of services	(1,613)
366,939	Adjustment to surplus or deficit on the provision of services for noncash movements (note 24)	180,206
(140,506)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities (note 24)	(119,947)
<b>109,899</b>	<b>Net Cash flows from operating activities</b>	<b>58,646</b>
(50,810)	Net Cash flows from Investing Activities (note 25)	(35,201)
(28,566)	Net Cash flows from Financing Activities (note 26)	(12,155)
<b>30,523</b>	<b>Net increase or decrease in cash and cash equivalents</b>	<b>11,290</b>
34,081	Cash and cash equivalents at the beginning of the reporting period	64,604
<b>64,604</b>	<b>Cash and cash equivalents at the end of the reporting period (note 18)</b>	<b>75,894</b>

\* refer to Note 6a for detail of Prior Period Adjustment



# Notes to the Accounts 3

# Note 1 Accounting Policies

## CONCEPTS AND PRINCIPLES

### 1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2019/20 financial year and its position at the financial year ending 31 March 2020. The Statement of Accounts has been prepared in accordance with the Accounts and Audit Regulations 2015. These regulations require the accounts to be prepared in accordance with 'proper accounting practice'. These practices are set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, based on International Financial Reporting Standards and statutory guidance.

The accounting convention adopted in the Statement of Accounts is principally historical costs, modified by the revaluation of certain categories of non-current assets and financial instruments.

### 1.2 Recognition of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Services are recorded as expenditure when they are consumed.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

### 1.3 Government grants and contributions

Government grants, both revenue and capital are immediately recognised where the Council has reasonable assurance it will comply with any conditions attached to

the grant and the grants or contributions will be received.

Where conditions have not been met at the Balance Sheet date the grants or contributions, are carried in the balance sheet as creditors. When the conditions are met the grant or contribution is credited to the relevant service line, or taxation and non-specific grant income and expenditure in the comprehensive income and expenditure statement.

### 1.4 Debtors and creditors

Both debtors and creditors are recognised and measured at fair value in the accounts. For estimated manual debtors, a de-minimus level of £10k for individual revenue items and £25k for capital items is set.

### 1.5 Charges to Revenue for Non-Current Assets

Services are debited with the following charges to record the cost of holding non-current assets during the year:

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

The Council is not required to use Council Tax to fund depreciation, revaluation and impairment losses or amortisation of non-current assets. However, it is required to make an annual contribution from revenue towards provision for the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis or as determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

## 1.6 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to

cover contingencies. Reserves are created by appropriating amounts out of the General Fund 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 or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

The category of unusable reserves includes those reserves which are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council. These reserves are explained in the relevant notes.

## 1.7 Council Tax and NNDR

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due

in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted

### *Accounting for Council Tax and NNDR*

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

The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a

likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

London Borough of Camden has entered into a Business Rate Pool (the Pool) with other London Boroughs. For 2019/20 the Pool retains 100% of business rates growth within London which is distributed to the member Boroughs.

### 1.8 Fair Value Measurement

Where applicable, the Council measures its assets and liabilities and provides disclosures in accordance with IFRS 13 Fair Value Measurement. 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 authority 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.

### 1.9 Events After the Balance Sheet Date

These are events that occur between the end of the reporting period and the date when the Financial Statements are authorised for issue. Two types of event can be identified:

- Those which provide evidence of conditions that existed at the end of the reporting period will be adjusted and included within the figures in the accounts; and
- Events that are indicative of conditions that arose after the reporting, the statement of accounts are not amended, but if the event is material a disclosure is made in the notes to the accounts.

### 1.10 Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits and cash equivalents which are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 1.11 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 in the current period and future years 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, or other events and conditions on the authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting the opening balances and comparative amounts for the previous period as if the new policy had always applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## NON-CURRENT ASSETS

### 1.12 Property, Plant & 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 (PPE).

All expenditure on the acquisition, creation or enhancement of PPE above the Council's de-minimus of £10k 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.

PPE are initially measured and subsequently valued on the basis required

by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institute of Chartered Surveyors (RICS). PPE are classified in the groupings required by the Code of Practice.

#### *Measurement after Recognition*

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

- Infrastructure, community assets and assets under construction – depreciated historical cost;
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH); and
- All other assets except surplus assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- Surplus assets – fair value, in accordance with IFRS13

Infrastructure assets include carriageways, footways, cycleways, structures such as bridges, street lighting, street furniture, traffic management systems, electric vehicle charging points and land which form as single integrated network of assets. They are measured at a modified form of historical cost basis. Opening balances for infrastructure assets are

measured on a depreciated historical cost basis. However, the accounting rules that applied before 1 April 1994 mean that the carrying amount only reliably includes expenditure of acquisition and enhancement incurred after this date. Expenditure incurred before this date is only included to the extent that it had not been financed before the end of the 1993/94 financial year.

Under commercial accounting practice, depreciated historical cost would represent the amount of capital expenditure on infrastructure assets that has yet to be financed. For the Council, this is managed instead through the consolidated arrangements for reducing the Capital Financing Requirement through Minimum Revenue Provision.

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Where non-property assets that have short useful lives or low values (or both) depreciated historical cost basis is used as a proxy for fair value.

Revaluations of PPE are planned on a five-year cycle with a proportion of the asset base being revalued each year. Material changes to asset valuations resulting from works or similar investment

outside of the agreed revaluation of assets cycle will be adjusted in the period as they occur.

#### *Impairment*

Impairment reviews on groups of assets are undertaken each year. Impairment is recognised where the asset's carrying value is greater than its net recoverable value in use or through sale, and the loss is specific to the asset, or a small group of assets. Losses not specific to the assets or a small group of assets, such as a general fall in the market prices will be treated as revaluation losses.

Impairment losses are recognised against historic cost and revalued net book value. Losses of revalued assets will be recognised against the revaluation reserve to the limit of the credit balance for that asset in the revaluation reserve, and thereafter in the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. Losses for non-revalued assets will be recognised in the surplus or deficit on provision of services in the Comprehensive Income and Expenditure Statement.

The impairment review includes an annual assessment of whether there is an indication that the recoverable value of

any impaired assets has increased, reversing part or all of the impairment.

### **1.13 Depreciation and Amortisation**

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

Amortisation is the measurement of the cost or revalued amount of the economic benefits of the intangible non-current assets that have been consumed during the financial year.

Consumption includes the wearing out, using up or other reduction in the useful economic life of a non-current asset, whether arising from use, passing of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

Depreciation is calculated on the following bases:

- Buildings – straight-line allocation over the useful life of the property as estimated by a qualified valuer
- HRA dwellings are depreciated based on advice of our external valuation firm, this is currently 50 years.
- Vehicles, plant and equipment – allocation over 10 years unless otherwise advised by a responsible qualified officer
- Information technology assets – allocation over 5 years unless otherwise advised by ICT
- Infrastructure – 15 – 50 years

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.

Componentisation will not be applied retrospectively and consideration will be triggered by either a revaluation or enhancement of any depreciable asset where it meets all of the following criteria:

- Gross book value over £1.5m
- Useful economic life over 15 years

- In the case of enhancement, where enhancing expenditure is over 25% of the gross book value

Infrastructure assets comprise a single network comprised of many components. The Council has determined that infrastructure components are replaced on average, at the end of their useful lives when they are fully depreciation. Therefore no amounts are deducted from the carrying value of infrastructure for replacement of parts of the network.

Where infrastructure components are derecognised otherwise, the carrying amounts will be reflected as per section 1.19.

The Council does not charge depreciation in the year of acquisition but does charge a full year's depreciation in the year of disposal (i.e. depreciation on opening balances).

Where assets are revalued the accumulated depreciation at the beginning of the year is written down to the revaluations reserve.

#### 1.14 Transactions

The Council has acquired some assets by means of a lease. The Council assesses whether or not the leases need to be

disclosed on the balance sheet in line with IAS17. Where the terms of the lease transfer substantially all of the risks and rewards incidental to ownership the leases are recorded on the balance sheet as finance leases, other leases not reported on the balance sheet are known as operating leases.

#### *The Council as Lessee*

#### Finance Leases

Finance leases are initially recognised on the Balance Sheet with assets and liabilities at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). Where a contract does not detail an interest rate for a specific asset, or provide sufficient information for its calculation, the interest rate implicit in the lease in the first instance will be estimated based on interest rates for other assets within the lease. If there is no interest rate detailed in the lease then a suitable interest rate is applied.

Property, Plant and Equipment recognised under finance leases are depreciated over the lease term if this is shorter than the asset's estimated useful life.

Finance lease repayments and interest payments are calculated using the

actuarial method, (allocating interest to the period it relates to) and assumes that a single payment is made at the end of the contract year. Where a contract starts part way through a single financial year payments will be apportioned to that financial year based on the number of days of the contract year within the reported financial year.

### Operating Leases

Rentals paid under operating leases are charged to revenue as an expense in the year in which they are paid and no provision is made for outstanding lease commitments.

### **1.15 Service Concession Arrangements**

Service concession arrangements (formerly classed as PFI and similar contracts) are contractual arrangements between the Council and an operator where responsibility for providing public services, using assets provided either by the operator or the Council, passes to the operator for a specified period of time. These arrangements are accounted for under IFRIC 12, the code of Practice and the additional provisions of IPSAS 32 Service Concession arrangements (grantor).

Where the PFI operator's right to third party income is recognised in reductions to the unitary payment, a proportion of the finance lease creditor is re-allocated to a deferred income balance based on the proportion of fixed payments from the Council and expected third party payments. The deferred income balance is amortised to the Comprehensive Income and Expenditure Statement on a straight-line basis over the life of the PFI scheme.

The Council's ongoing liabilities for these service concessions are recognised on the balance sheet. This has been done by recognising a finance lease creditor and writing it down accordingly.

The assets acquired with these service concessions will be depreciated over the useful estimated economic life of the assets.

Lifecycle costs will be capitalised in line with the directions of the Code of Practice on capitalising expenditure for these service concessions.

### **1.16 Investment Properties**

Investment properties are those that are used solely to earn rental income or for capital appreciation. The Code of Practice requires that investment properties are not

depreciated, but are held at fair value, in this case open market value.

### **1.17 Intangible Assets**

Expenditure on non-monetary assets that do not have physical is capitalised when it is expected that future economic benefits or service potential will to the Council.

#### *Depreciation*

The depreciable amount of an intangible asset is amortised over its useful life (3 years unless otherwise advised by a qualified professional), on a straight-line basis.

### **1.18 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 noncurrent asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. 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 from the General Fund Balance to the Capital Adjustment Account reverses out the amounts charged so that

there is no impact on the level of council tax.

### 1.19 Income from Sale of Plant, Property and Equipment

Capital receipts is the income from the disposal of property, plant and equipment. Any income which has not been reserved and not been used to finance capital expenditure in the period is shown in the balance sheet as capital receipts unapplied.

The treatment of HRA capital receipts is determined by the Local Government Act 2003 as amended from 1 April 2012 in order to make new provision for the pooling of housing receipts by:

- The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No.2) Regulations 2012 (SI2012/711); and
- The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No.3) Regulations 2012 (SI2012/1424).

These amendments allow local authorities to retain the receipts generated by Right to Buy sales for replacement housing provided they can sign up to an agreement with the Government that they will limit the use of the net Right to Buy receipts to 30%

of the cost of the replacement homes within a 3-year period from the point of receipt.

The written-off value of disposals is not a charge against council tax, as the cost of property, plant and equipment is fully provided for under separate arrangements for capital financing.

### 1.20 Heritage Assets

Heritage assets are defined as a tangible asset with historical, artistic, scientific, technological, and geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture, or an intangible asset with cultural, environmental or historical significance. The Council's Heritage Assets which comprise; Mayoral Regalia and Silverware and Art Collections are reported in the balance sheet.

Heritage assets are carried at valuation rather than fair value, reflecting the fact that exchanges of heritage assets are uncommon.

The Council's valuations are based on a current insurance valuation (based on market values) supplemented by auctioneer's valuation where obtained. Revaluations are carried out as and when the insurance is updated.

## EMPLOYEE BENEFITS

### 1.21 Benefits Payable during Employment

Benefits payable during employment include:

*Short-term employee benefits:* Those that are due to be settled within 12 months after the year-end in that the employee rendered the services, include:

- Wages, salaries and social security contributions.
- Short-term compensated absences
- Bonuses and similar payments
- Non-monetary benefits

Wages and salaries will be based on actuals, other benefits will be estimated at cost to the council. The council has undertaken this work based on an estimate.

Other long-term employee benefits Those that do not fall due wholly within 12 months after the end of the period in which the employee rendered the services, include:

- Long term compensated absences (long service or sabbatical leave)
- Long-service benefits
- Long-term disability benefits

- Bonuses payable
- Deferred compensation paid

All gains & losses and past service costs will be recognised in the Surplus or Deficit on the Provision of Services.

### 1.21 Termination Benefits

Disclosures in respect of employee exit packages following termination are made in the year of notification, not the year of payment.

### 1.22 Post-Employment Benefits

Employees of the council can access three separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The employer's pension cost charged to the accounts is fixed by the contribution rate set by the DfE on the basis of a notional fund. This is unchanged from last year.
- Ex ILEA – This is a funded scheme administered by the London Pensions Fund Authority (LPFA). The amount paid to LPFA is fixed by the contribution rate set by their actuaries in accordance with the Local Government Pension Scheme.

- Other Employees – Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme. The amounts paid to the fund are fixed by a rate set by the Council's actuary at the triennial valuation.

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the council. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified to the council. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the education service revenue account is charged with the employer's contributions payable to teachers' pensions in the year.

### 1.23 The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

The liabilities of the Camden pension scheme attributable to the council are included in the Balance Sheet on an actuarial basis using the projected unit

method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a range of financial assumptions as determined by the council's actuary.

The assets of the Camden pension fund and the London Pension Fund Authority (LPFA) attributable to the council are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value.

The change in the net pension liability is analysed into the following components:

*Service cost* comprising:

- Current service cost - the increase in liabilities as a result of years of service earned this year and is allocated in the Comprehensive Income and Expenditure Statement to the revenue

accounts of services for which the employees worked.

- Past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. This is debited to the Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
- Net interest on the net defined liability, i.e. net interest expense for the authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

*Remeasurement* comprising:

- These are changes in the net pensions liability that arise through changes in asset values, updates to actuarial assumptions or other experience not

reflected in assumptions at the last actuarial valuation. Any increase in the net liability is debited to the Pensions Reserve and any decrease is credited to the Pensions Reserve.

#### *Discretionary Benefits*

The council also 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) and are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

## **FINANCIAL INSTRUMENTS**

### **1.24 Financial Instruments**

#### *Financial Liabilities*

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. These are initially measured at fair value and are carried at their amortised cost, although it is a requirement of the Code of Practice to show the fair values in the Financial Instrument note. The fair value of loans are valued at carrying value because it is

not possible to derive a fair market value for the types of loans currently held by the Council. As annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For most of the Council's borrowings this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

#### *Financial Assets*

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL); and

- Fair value through other comprehensive income (FVOCI).

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

### 1.25 Provisions and Contingent Liabilities

#### *Provisions*

Provisions are charged to the relevant service account in the Comprehensive Income and Expenditure Statement in the year the council becomes aware of the obligation. When the obligation is settled, the costs are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year, where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made); the provision is reversed and credited back to the relevant service.

The provisions contained within the balance sheet are split between short

(Current Liabilities) and long-term provisions (non-current liabilities).

#### *Contingent Liabilities*

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

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

#### *Contingent Asset*

A contingent asset is where there is a possible transfer economic of benefit to the council from a past event, but the possible transfer will only be confirmed by the occurrence or non-occurrence of one or more events in the future. The council discloses these rights in the narrative notes to the accounts.

## GROUP ACCOUNTS

### 1.26 Interests in Companies and Other Entities

The Council has fully reviewed the various IFRS standards relating to group relationships and after consideration of all

the criteria the Council has determined that the consolidation of all related organisations would not have a material effect on the Council's financial position. Consequently, no group accounts have been prepared.

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority-maintained schools lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not in Group Accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

The Council has one wholly owned subsidiary, Camden Living, and owns just under 20% of another company Camden Learning.

Currently the values of the holdings in these companies is immaterial and the Council will not produce group accounts.

## Note 2 Accounting Standards issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2019/20 Code:

The standards relevant for additional disclosures, in respect of accounting changes that are introduced in the 20/21 Code are:

- IFRS 16 Leases will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1 April 2022. No assessment of the impact on the authority can be made yet.

## Note 3 Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 1, the Authority 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:

- There is a high degree of uncertainty of funding for the Council. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication of which assets might become impaired as a result of a need to close facilities due to a reduction in service provision.

- The PFI schemes that the council considers fall within the requirements of “service concessions” are those of the Swiss Cottage SEN School and Haverstock School development, all of which are fully disclosed later in the statement of accounts. The Net Book Value of the assets held, as at the 31

March 2020 are £20.303m for Haverstock and £31.505m for Swiss Cottage (£20.811m for Haverstock and £31.162m for Swiss Cottage as at 31 March 2019).

- The Council, in the main, does not include Voluntary Aided schools (land and buildings) within its asset register because the title deeds for these schools name either the respective Diocesan Board or the Trustees as the legal owners of the title. However, the council does own parts of the property assets of 4 voluntary aided schools which are included in the council’s asset register; and are valued as follows:

2018/19		2019/20
£m		£m
13.1	Land	1.8
2.4	Buildings	0.3
<b>15.5</b>	<b>Total</b>	<b>2.1</b>

## Note 4 Assumptions made about the future and other major sources of estimation uncertainty

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

The items in the Authority'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:

Item	Uncertainty	Affect if actual results differ from assumptions
<b>Arrears</b>	As at 31 March 2020 the Authority had Net Sundry Debtors of £150.1m (£120.051m as at 31 March 2019). The Council has a number of policies for the bad debt provision in order to reflect the risks associated with the type of debt, and are appropriately robust to ensure that debts are reflective of "recoverability".	Considering the current economic climate and the introduction of universal benefits in the near future, it is possible that the bad debt provision for council tenant rents is too low.
<b>NNDR</b>	The Authority must meet its relevant share of backdated business rate appeals. A provision has been made within the accounts, utilising Valuation Office data, previous experience, facts and intelligence gathered, as at the end of the reporting period, including the number of appeals lodged as at 31 <sup>st</sup> March 2020.	It is possible that the estimate provided may not be sufficient to meet claims arising e.g. through greater success rates than previously experienced.
<b>Creditors</b>	At 31 March 2020, the council had a accruals balance of £49m (£49.1m 31 March 2019). This balance is the aggregate of a number of various creditor balances, including employees and trade creditors.	If the estimations for accruals in March 2020 turn out to be higher than the actual payments made, then expenditure will have been overstated in 19/20 and will be understated in 20/21.

Item	Uncertainty	Affect if actual results differ from assumptions
<b>Provisions</b>	The Council has estimated its long-term insurance provisions based on the value of outstanding claims. As at 31st March 2020 the balance of insurance provisions held amounted to £6.499m, a decrease of £1m from 2018/19.	If the provision is not enough, then there will be additional pressures on the Council's in year budget.
<b>Pensions Liability</b>	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries has been engaged to provide the Authority with expert advice about the assumptions to be applied for both the:</p> <ul style="list-style-type: none"> <li>- London Borough of Camden Pension Fund, and</li> <li>- London Borough of Camden pension element of the London Pension Fund Authority.</li> </ul>	See note 44 for the details of the pensions liability.
<b>Land and Property Valuations</b>	<p>The valuation of land and buildings as at 31 March 2020 may have been effected by the effects of the Covid-19 pandemic. The valuers of both the Council's properties and the Camden pension fund property assets have included a 'material valuation uncertainty' declaration to these assets as a result of the Covid-19 pandemic creating a shortage of relevant market evidence upon which to base their judgements.</p> <p>Due to these factors it is considered that there is a material uncertainty attached to the valuation of these assets.</p>	See note 12 for detail of Property, Plant and Equipment valuations, and note 44 for the details of the pensions assets.

Item	Uncertainty	Affect if actual results differ from assumptions
<b>Property, Plant and Equipment</b>  <b>(Depreciation)</b>	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Although the council has a capital programme that is well managed, proactively monitored and reported to management, the current economic climate makes it uncertain that the council will be able to sustain its current spending on repairs and maintenance over the medium term, thus bringing into doubt the useful lives assigned to assets.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls.</p> <p>It should be recognised that:</p> <ul style="list-style-type: none"> <li>- The margin of error in a change in depreciation due to a change in useful lives is not considered to be material.</li> <li>- There are a range of other factors that might also result in a change in the estimate for depreciation such as new acquisitions, enhancements and improvements and revaluation of the assets.</li> </ul>
<b>Grant Claims yet to be Certified</b>	<p>Over any given year the council receives a number of grants from central government. Most of these grants awarded are not ring-fenced and as such not subject to audit certification. However, Housing Benefit (subsidy) is paid on account, in that an estimate is made at the start of the year of the amount of benefit that will be awarded during the financial year and then the council receives funding in relation to that estimate. At the end of the financial year, the actual amount due is then calculated and an amount is calculated that is owed to the council by government or vice versa.</p>	<p>During 2019/20, the total claim for subsidy was for £168.m (£181.25; 2018/19). The subsidy received for the year was £163.1m and an accrual was made for £4.9m being the amount due from central government to Camden.</p>

## Note 5a Expenditure and Funding Analysis

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

2018/19 – Restated*			2019/20		
Net Expenditure Chargeable to the General Fund and HRA	Adjustments Between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund and HRA	Adjustments Between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000	£'000	£'000	£'000
197,080	28,555	225,635	218,338	1,496	219,834
72,798	(1,271)	71,527	60,221	12,867	73,088
(6,703)	14,129	7,426	80,424	(71,091)	9,333
22,593	(26,793)	(4,200)	22,525	(26,086)	(3,561)
(56,142)	55,611	(531)	(68,608)	68,298	(310)
(2,860)	146,183	143,323	(80,495)	30,714	(49,781)
0	(260)	(260)	0	(735)	(735)
<b>226,766</b>	<b>216,154</b>	<b>442,920</b>	<b>232,405</b>	<b>15,463</b>	<b>247,868</b>
(224,756)	(101,630)	(326,386)	(233,786)	(12,469)	(246,255)
<b>2,010</b>	<b>114,524</b>	<b>116,534</b>	<b>(1,381)</b>	<b>2,994</b>	<b>1,613</b>
<b>(147,605)</b>			<b>(145,595)</b>		
2,010			(1,381)		
<b>(145,595)</b>			<b>(146,976)</b>		

Please see Note 28 for further details

## Note 5b Expenditure and Income analysed by Nature

The Authority income and expenditure is analysed as follows:

2018/19 – Restated*		2019/20
£000	Nature of Expenditure or Income	£000
65,969	Depreciation, amortisation and impairment	71,770
365,971	Employee benefit expenses	397,499
(63,226)	Gain or (loss) on disposal on non-current assets	22,914
33,165	Interest payments and other financing charges	34,152
626,230	Other service expenses	626,529
4,739	Payments to Housing Capital Receipts Pool	15,251
271,028	Precepts and levies	188,385
191,545	Revaluation	(35,482)
<b>1,495,421</b>	<b>Expenditure Total</b>	<b>1,321,018</b>
(299,814)	Fees charges and other service income	(330,398)
(578,699)	Government grants and contributions	(569,766)
(497,822)	Income from council tax and non-domestic rates	(414,131)
(2,552)	Interest and investment income	(5,110)
<b>(1,378,887)</b>	<b>Income Total</b>	<b>(1,319,405)</b>
<b>116,534</b>		<b>1,613</b>

\* Refer to Note 6a for detail of Prior Period Adjustment

## Note 6 Events after the Balance Sheet Date

The Annual Financial Report, incorporating the Statement of Accounts, was authorised for issue by the Executive Director Corporate Services on 1 June 2020.

There are no post balance sheet events to report.

## Note 6a Prior Period Adjustment 2018/19

Camden Council has identified for errors relating to its 2018/19 published accounts detailed below and adjusted for these in the 2019/20 statement of accounts.

### 1. Incorrect categorisation of HRA Commercial properties as Investment properties

The London Borough of Camden has several commercial properties within its HRA portfolio, which generate income that is returned to the HRA. These assets have, because of their commercial nature, been previously judged to be investment properties and accounted for and valued as such. After reviewing the accounting treatment of these Assets as per the CIPFA Code of Practice Section 4.4.2.4 and Section 74 of the Local Government and Housing Act 1989 Camden Council agreed to reclassify commercial properties in the Housing Revenue Account currently held as investment properties to property, plant and equipment (PPE), officers have mapped the adjustments needed to the 2019/20 accounts to reflect this change as well as the prior period adjustments needed for 2018/19.

### 2. Incorrect categorisation of interest income 2018/19

The second error relates to the interest income being incorrectly posted to the Cross Cutting directorate to the tune of £1.1m. This caused Cross Cutting income being overstated by £1.1m and Financing and Investment income understated by the same amount in 2018/19. A correction has been made to adjust both Cross Cutting income and Financing and investment income for this error in the 2019/20 accounts as a prior period adjustment.

### **3. Incorrect categorisation of central support recharges as income in 2018/19**

Central Support recharges £82.4m had been incorrectly shown as income in the 2018/19 statement of accounts. The Council is required to offset internal recharges so that they are not double counted in income and expenditure. An adjustment had been made to in the 2019/20 statements, to adjust the income in the prior year 2018/19. This change has no impact on the overall accounts as it is a debit on income and a credit to expenditure in the same directorate.

### **4. Internal recharges income not adjusted against expenditure in 2018/19**

£30.6m internal recharges had not been adjusted for against the relevant expenditure in the 2018/19 statement of accounts. This meant that the expenditure was overstated by £30.6m. An adjustment has been made in the 2019/20 accounts as a prior period adjustment to correct this. This adjustment has not had an impact on the overall expenditure lines but rather corrected the expenditure categories.

## Note 6a Prior Period Adjustment 2018/19

### Effect on the comprehensive income and expenditure account 2018/19

	2018/19 Published	2018/19 As Restated	Correction
	£'000	£'000	£'000
<b>Cost of Services</b>	439,753	442,920	3,167
<b>Other operating expenditure</b>	216,287	216,282	(5)
<b>Financing and Investment Income and Expenditure (Note 10)</b>	34,380	33,014	(1,366)
<b>(Surplus) or Deficit on Provision of Services</b>	114,739	116,534	1,796
<b>Other comprehensive income and expenditure</b>	77,581	77,581	0
<b>Total Comprehensive Income and Expenditure</b>	<b>192,320</b>	<b>194,115</b>	<b>1,796</b>

## Note 6a Prior Period Adjustment 2018/19 -continued

Effect on the balance sheet as at 1 April 2018 and 31 March 2019

	1 April 2018 Original	1 April 2018 Restated	31 march 2019 Original	31 march 2019 Restated	Correction
	£'000	£'000	£'000	£'000	£'000
<b>Property, Plant and Equipment</b>	4,037,289	4,166,101*	3,921,576	4,052,753	131,177
<b>Investment Property</b>	261,679	132,867*	254,594	121,621	(132,973)
<b>Net Assets</b>	<b>3,353,841</b>	<b>3,353,841</b>	<b>3,161,522</b>	<b>3,159,726</b>	<b>(1,796)</b>
Usable Reserves	(219,266)	(219,266)	(285,074)	(285,075)	(1)
Unusable Reserves	(3,134,575)	(3,134,575)	(2,876,448)	(2,874,651)	1,797
<b>Net Worth / Total Reserves</b>	<b>(3,353,841)</b>	<b>(3,353,841)</b>	<b>(3,161,522)</b>	<b>(3,159,726)</b>	<b>1,796</b>

\* 01 April 2018 balances have been amended to enable calculation of in year depreciation in compliance with the code of practice on opening balances.

## Note 6a Prior Period Adjustment 2018/19 -continued

### Effect on the Movement in Reserves Statement (MIRS) 2018/19

	2018/19 Published	2018/19 As Restated	Correction
	£'000	£'000	£'000
Balance as at the end of the previous reporting period – 31 March 2018	(3,353,841)	(3,353,841)	0
Surplus or deficit on the provision of services	114,738	116,534	(1,796)
Other comprehensive income and expenditure	77,581	77,581	0
Increase/(decrease) in the year	192,319	194,115	(1,796)
Balance at the end of reporting period	(3,161,522)	(3,159,726)	(1,796)

## Note 6a Prior Period Adjustment 2018/19 -continued

### Effect on the Cash flow Statement 2018/19

	2018/19 Published	2018/19 As Restated	Correction
	£'000	£'000	£'000
Net surplus or (deficit) on the provision of services	(114,738)	(116,534)	1,796
Adjustment to surplus or deficit on the provision of services for noncash movements (note 24)	365,137	366,939	(1,802)
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities (note 24)	(140,500)	(140,506)	6
Cash and cash equivalents at the end of the reporting period (note 18)	64,604	64,604	0

# Note 7 Movement in Reserves Statement – adjustments between accounting basis and funding basis under regulation

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

## General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. However, it should be noted that as the Council is a housing authority, the balance is not available to be applied to funding HRA services.

## Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

### Major Repairs Reserve

A capital reserve intended for the elemental replacement of building structures and components in the Housing stock. The reserve is funded from the HRA via a depreciation charge. Any balance on the reserve may be carried forward to future years. Interest earned on the MRR balance is credited directly to the HRA.

The Authority is required to maintain the Major Repairs Reserve. A balance equivalent to the depreciation charged to the HRA is transferred from the Capital Adjustment Account to the Major Repairs Reserve as required by the Accounts and Audit Regulations 2015.

### Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

### Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2019/20	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments to the Revenue Resources</b>						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements						
Pension cost (transferred to (or from) the Pensions Reserve)	(32,540)	(6,265)	0	0	0	38,805
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	51	0	0	0	0	(51)
Council tax and NDR (transfers to or from the Collection Fund)	5,831	0	0	0	0	(5,831)
Holiday pay (transferred to the Accumulated Absences reserve)	(537)	(277)	0	0	0	814
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(31,650)	(58,518)	0	0	6,587	83,581
<b>Total Adjustments to Revenue Resources</b>	<b>(58,845)</b>	<b>(65,060)</b>	<b>0</b>	<b>0</b>	<b>6,587</b>	<b>117,318</b>
<b>Adjustments between Revenue and Capital Resources</b>						<b>0</b>
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	23,666	41,447	(65,113)	0	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(15,389)	0	15,389	0	0	0
Posting of HRA resource from revenue to the Major Repairs Reserve	0	48,323	0	(48,323)	0	0
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	6,091	11,367	0	0	0	(17,458)

2019/20	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	5,406	0	0	0	0	(5,406)
<b>Total Adjustments to Revenue and Capital Resources</b>	<b>19,774</b>	<b>101,137</b>	<b>(49,724)</b>	<b>(48,323)</b>	<b>0</b>	<b>(22,864)</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	77,794	0	0	(77,794)
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	30,615	0	(30,615)
Application of capital grants to finance capital expenditure	0	0	0	0	0	0
Cash payments in relation to deferred capital receipts	0	0	0	0	0	0
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>0</b>	<b>77,794</b>	<b>30,615</b>	<b>0</b>	<b>(108,409)</b>
<b>Total Adjustments</b>	<b>(39,071)</b>	<b>36,077</b>	<b>28,070</b>	<b>(17,708)</b>	<b>6,587</b>	<b>(13,955)</b>

2018/19 – Restated*	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments to the Revenue Resources</b>						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements						
Pension cost (transferred to (or from) the Pensions Reserve)	(19,768)	(3,059)	0	0	0	22,827
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	66	0	0	0	0	(66)
Council tax and NDR (transfers to or from the Collection Fund)	8,621	0	0	0	0	(8,621)
Holiday pay (transferred to the Accumulated Absences reserve)	1,503	176	0	0	0	(1,679)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(46,368)	(196,489)	0	0	124	242,733
<b>Total Adjustments to Revenue Resources</b>	<b>(55,946)</b>	<b>(199,372)</b>	<b>0</b>	<b>0</b>	<b>124</b>	<b>255,194</b>
<b>Adjustments between Revenue and Capital Resources</b>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	235	91,450	(91,685)	0	0	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	0	0	0	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(4,739)	0	4,739	0	0	0
Posting of HRA resource from revenue to the Major Repairs Reserve	0	36,322	0	(36,322)	0	0
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	0

2018/19 – Restated*	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	4,954	49	0	0	0	(5,003)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	12,523	0	0	0	0	(12,523)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>12,973</b>	<b>127,821</b>	<b>(86,946)</b>	<b>(36,322)</b>	<b>0</b>	<b>(17,526)</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	19,118	0	0	(19,118)
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	36,208	0	(36,208)
Application of capital grants to finance capital expenditure	0	0	0	0	0	0
Cash payments in relation to deferred capital receipts	0	0	0	0	0	0
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>0</b>	<b>19,118</b>	<b>36,208</b>	<b>0</b>	<b>(55,326)</b>
<b>Total Adjustments</b>	<b>(42,973)</b>	<b>(71,551)</b>	<b>(67,828)</b>	<b>(114)</b>	<b>124</b>	<b>182,342</b>

\* refer to Note 6a for detail of Prior Period Adjustment

## Note 8 Movement in Reserves Statement – Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2019/20.

	Balance at 31 March 2019 £'000	Balance at 31 March 2020 £'000
General Fund Reserves		
Earmarked Reserves	100,038	109,257
General Fund Balance	13,992	13,992
<b>Total General Fund Reserves</b>	<b>114,030</b>	<b>123,249</b>

	Balance at 31 March 2018 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2019 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2020 £'000	Purpose of Reserves
<b>Reserves to support on-going revenue activity</b>								
Dedicated Schools Grant	4,319	(1,739)	1,999	4,579	(1,084)	1,819	5,314	A
Support for Schools in Difficulty	0			0	0	0	0	B
Homes for Older People Reserve	0			0	0	0	0	C
Schools Budgets (delegated)	16,459	(496)		15,963	(2,446)	0	13,517	D
Multi Year Budget Reserve	17,230	(8,057)	15,280	24,453	(6,219)	22,777	41,011	E
Education Commission	948			948	(239)	0	709	F
Grant for various initiatives	2,570			2,570	(155)	15	2,430	G
	<b>41,526</b>	<b>(10,292)</b>	<b>17,279</b>	<b>48,513</b>	<b>(10,143)</b>	<b>24,611</b>	<b>62,981</b>	

	Balance at 31 March 2018 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2019 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2020 £'000	Purpose of Reserves
<b>Reserves to support the council's service remodelling programme</b>								
Workforce Remodelling/ Cost of Change	6,243	(3,080)	7,585	10,748	(7,463)	2,008	5,293	H
Camden Plan	4,151	(1,183)		2,968	(1,377)	125	1,716	I
	<b>10,394</b>	<b>(4,263)</b>	<b>7,585</b>	<b>13,716</b>	<b>(8,840)</b>	<b>2,133</b>	<b>7,009</b>	
<b>Reserves to support on-going capital activity and asset management</b>								
Future Capital Schemes	20,714	(12,535)	11,566	19,745	(6,635)	10,000	23,110	J
Commercial and other property	776	0	0	776			776	K
Haverstock School PFI Reserve	1,629	(130)		1,499	(130)		1,369	L
Schools PFI Equalisation Reserve	1,851		167	2,018		500	2,518	M
Building Schools for the Future	464			464			464	N
Accommodation Strategy	3,278	(150)	417	3,545	(233)	935	4,247	O
	<b>28,712</b>	<b>(12,815)</b>	<b>12,150</b>	<b>28,047</b>	<b>(6,998)</b>	<b>11,435</b>	<b>32,484</b>	

	Balance at 31 March 2018 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2019 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2020 £'000	Purpose of Reserves
<b>Reserves to mitigate future service risk</b>								
Self-Insurance Reserve	5,477	(977)		4,500	(1,000)	0	3,500	P
Contingency Reserve	1,512	(1,512)		0	0	0	0	Q
Business Rates Safety Net Reserve	15,253	(10,012)		5,241	(5,294)	3,323	3,270	R
	<b>22,242</b>	<b>(12,501)</b>	<b>0</b>	<b>9,741</b>	<b>(6,294)</b>	<b>3,323</b>	<b>6,770</b>	
<b>Reserves to support charitable activity</b>								
Mayors Charity Reserve	0	0	22	22	(22)	13	13	S
	<b>0</b>	<b>0</b>	<b>22</b>	<b>22</b>	<b>(22)</b>	<b>13</b>	<b>13</b>	
<b>Total Reserves</b>	<b>102,873</b>	<b>(39,871)</b>	<b>37,036</b>	<b>100,039</b>	<b>(32,297)</b>	<b>41,515</b>	<b>109,257</b>	
Total transfers out		<b>(39,871)</b>			<b>(32,297)</b>			
Total transfers in			<b>37,036</b>			<b>41,515</b>		
Net Movement in Earmarked Reserves			<b>(2,835)</b>			<b>9,218</b>		

## Purpose of Reserve

A	Dedicated Schools Grant	To hold unspent dedicated schools grant which is reserved for the schools budget and which may be carried forward over to future years
B	Support for Schools in Difficulty	To provide funding to schools should they find themselves in financial difficulty
C	Homes for Older People Reserve	To fund the Homes for Older People programme
D	Schools Budgets (delegated)	Reserve budgets held by the council on behalf of its schools
E	Multi Year Budget Reserve	To fund allocations in future years as part of multi-year budgeting
F	Education Commission	To provide funding to help implement proposals to guide education in the borough
G	Grant for various initiatives	To hold various unspent grant monies that does not have conditions on its use
H	Workforce Remodelling and Cost of Change	To fund costs that may arise from workforce remodelling and efficiency projects in order to address the budget deficit which has arisen as a result of the reduction in government funding
I	Camden Plan	To provide funding to implement projects that support the plan's key priorities
J	Future Capital Schemes	To provide funding to support the councils' costs associated with various capital schemes
K	Commercial and other property	To provide funding to meet the cost associated with dilapidations and other payments in respect of commercial and other property
L	Haverstock School PFI Reserve	To hold the balance of funding in respect of the Haverstock School PFI project
M	Schools PFI Equalisation Reserve	To equalise costs over the life of the PFI contract so the General Fund does not have to bear the deficit in later years

N	Building Schools for the Future	To provide funding for the preparatory work on the Building Schools for the Future Programme
O	Accommodation Strategy	To provide funding to facilitate the office accommodation strategy
P	Self-Insurance Reserve	In addition to the provision for reported claims, the council has a reserve to cover against the cost of claims that have been incurred but not yet reported to the council. This includes claims that are either partially or fully self-insured by the council as well as claims that are uninsured for both the council and the HRA. The reserve also includes provision made for the possible claw back of claims paid on policies taken out before 1 April 1993 by the council with Municipal Mutual Insurance (MMI). MMI went into run off in September 1992 and is subject to a scheme of arrangement whereby any claims paid since January 1994 may be subject to partial or total claw back in the event of insolvency
Q	Contingency Reserve	To fund expenditure arising from unforeseen events
R	Business Rates Safety Net	To provide funding to cover reduction in retained business rates
S	Mayors Charity Reserve	To hold donations to the Mayor's Charity

## Note 9 Other operating expenditure

2018/19 Restated* £'000		2019/20 £'000
274,769	Levies	6,209
4,739	Payments to the Government Housing Capital Receipts Pool	15,251
(63,226)	(Gains)/losses on the disposal of non-current assets	22,914
<b>216,282</b>	<b>Total</b>	<b>44,374</b>

\* Refer to Note 6a for detail of Prior Period Adjustment

## Note 10 Financing and Investment Income and Expenditure

2018/19 Restated* £'000		2019/20 £'000
22,397	Interest payable and similar charges	22,955
16,616	Net interest on the defined benefit liability	18,168
(1,986)	Interest receivable and similar income	(6,565)
(4,013)	Income and expenditure in relation to investment properties and changes in their fair value	(24,616)
<b>33,014</b>	<b>Total</b>	<b>9,942</b>

## Note 11 Taxation and Non-Specific Grant Income

2018/19 Restated* £'000		2019/20 £'000
(106,425)	Council Tax Income (Precept & Prior Year Collection Fund (surplus)/deficit)	(110,684)
(406,049)	Contributions from NNDR Pool	(126,945)
(19,617)	Non-ring-fenced government grants	(22,555)
(43,591)	Capital grants and contributions	(40,387)
<b>(575,682)</b>	<b>Total</b>	<b>(300,571)</b>

\* Refer to Note 6a for detail of Prior Period Adjustment

## Note 12 Property, Plant and Equipment

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

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

The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

**Movement on balances in  
2019/20**

2019/20	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Community assets	Surplus assets	Assets under construction	Total Property, Plant and Equipment excluding Infrastructure assets	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>								
At 1 April 2019	<b>2,451,303</b>	<b>1,202,070</b>	<b>42,976</b>	<b>27,149</b>	<b>0</b>	<b>125,703</b>	<b>3,849,201</b>	<b>104,582</b>
Additions	76,003	11,495	2,168	1,641	0	48,491	139,798	7,397
Revaluation increases/(decreases) recognised in the revaluation reserve	48,320	64,125	0	0	0	0	112,445	0
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	36,993	(12,268)	0	0	0	0	24,725	(6,136)
Assets reclassified (to)/from Assets under Construction	12,552	48,131	0	0	0	(60,683)	0	(60,684)
Assets reclassified (to)/from Held for Sale	0	3,192	0	0	8,411	(7,596)	4,007	
Assets reclassified (to)/from Investment Property	0	(5,408)	0	0	0	5,386	(22)	
De-recognition – disposals	(32,163)	(6,387)	0	0	0	0	(38,550)	0
Accumulated Dep. Written off on revaluation to gross book value	(33,101)	(15,106)	0	0	0	0	(48,207)	(1,261)
Other movements in Cost or Valuation	5,545	(18,745)	0	0	13,200	0	0	0
<b>At 31 March 2020</b>	<b>2,565,452</b>	<b>1,271,099</b>	<b>45,144</b>	<b>28,790</b>	<b>21,611</b>	<b>111,301</b>	<b>4,043,397</b>	<b>43,898</b>

2019/20	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Community assets	Surplus assets	Assets under construction	Total Property, Plant and Equipment excluding Infrastructure assets	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Accumulated Depreciation and Impairment</b>								
At 1 April 2019	<b>(1,682)</b>	<b>(30,124)</b>	<b>(26,847)</b>	<b>(1,592)</b>	<b>0</b>	<b>0</b>	<b>(60,245)</b>	<b>(1,164)</b>
Depreciation charge	(33,754)	(18,356)	(3,474)	(410)	(3)	0	(55,997)	(1,164)
Accumulated Dep. Written off on revaluation to gross book value	33,101	15,106	0	0	0	0	48,207	0
Depreciation written out to the revaluation reserve	0	0	0	0	0	0	0	0
De-recognition – disposal	442	608	0	0	0	0	1,050	0
Other movements in depreciation and impairment	(1)	1	0	0	0	0	0	0
<b>At 31 March 2020</b>	<b>(1,894)</b>	<b>(32,765)</b>	<b>(30,321)</b>	<b>(2,002)</b>	<b>(3)</b>	<b>0</b>	<b>(66,985)</b>	<b>(2,328)</b>
<b>Net Book Value</b>								
<b>At 31 March 2020</b>	<b>2,563,558</b>	<b>1,238,334</b>	<b>14,823</b>	<b>26,788</b>	<b>21,608</b>	<b>111,301</b>	<b>3,976,412</b>	<b>41,570</b>
<b>At 1 April 2019</b>	<b>2,449,621</b>	<b>1,171,946</b>	<b>16,129</b>	<b>25,557</b>	<b>0</b>	<b>125,703</b>	<b>3,788,956</b>	<b>103,418</b>

## Comparative Movement on balances in 2018/19

2018/19 Restated*	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Community assets	Surplus assets	Assets under construction	Total Property, Plant and Equipment excluding Infrastructure assets	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2018	<b>2,540,348</b>	<b>1,067,169</b>	<b>41,258</b>	<b>25,842</b>	<b>696</b>	<b>182,522</b>	<b>3,857,835</b>	<b>94,625</b>
Additions	57,086	16,089	1,718	1,307	0	58,710	134,910	4,136
Reclassification (movement between PPE asset groups)	62,091	19,689	0	0	(696)	(81,089)	(5)	0
Reclassification (movement between other asset groups)	0	115,577	0	0	0	(34,440)	81,137	0
Accumulated Dep. Written off on revaluation to gross book value	(34,145)	(32,088)	0	0	0	0	(66,233)	(6,713)
Revaluation increases/(decreases) recognised in the revaluation reserve	(27,942)	51,162	0	0	0	0	23,220	16,508
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(136,882)	(32,865)	0	0	0	0	(169,747)	(3,974)
De-recognition – disposals	(9,253)	(2,663)	0	0	0	0	(11,916)	0
De-recognition – other	0	0	0	0	0	0	0	0
At 31 March 2019	<b>2,451,303</b>	<b>1,202,070</b>	<b>42,976</b>	<b>27,149</b>	<b>0</b>	<b>125,703</b>	<b>3,849,201</b>	<b>104,582</b>

\* Refer to Note 6a for detail of Prior Period Adjustment

2018/19 Restated*	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Community assets	Surplus assets	Assets under construction	Total Property, Plant and Equipment	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Accumulated Depreciation and Impairment</b>								
At 1 April 2018	<b>(1,140)</b>	<b>(44,546)</b>	<b>(23,281)</b>	<b>(1,229)</b>	<b>0</b>	<b>0</b>	<b>(70,196)</b>	<b>(5,261)</b>
Depreciation charge	(34,872)	(17,944)	(3,566)	(363)	0	0	(56,745)	(2,616)
Accumulated Dep. Written off on revaluation to gross book value	34,145	32,088	0	0	0	0	66,233	6,713
Depreciation written out to the revaluation reserve	0	0	0	0	0	0	0	0
De-recognition – disposal	185	278	0	0	0	0	463	0
Eliminated on reclassification to assets held for sale	0	0	0	0	0	0	0	0
Other movements in depreciation and impairment	0	0	0	0	0	0	0	0
<b>At 31 March 2019</b>	<b>(1,682)</b>	<b>(30,124)</b>	<b>(26,847)</b>	<b>(1,592)</b>	<b>0</b>	<b>0</b>	<b>(60,245)</b>	<b>(1,164)</b>
<b>Net Book Value</b>								
At 1 April 2018	2,539,208	1,022,623	17,978	24,612	696	182,522	3,787,639	89,364
At 31 March 2019	<b>2,449,621</b>	<b>1,171,946</b>	<b>16,129</b>	<b>25,557</b>	<b>0</b>	<b>125,703</b>	<b>3,788,956</b>	<b>103,418</b>

\* Refer to Note 6a for detail of Prior Period Adjustment

# Infrastructure Assets

	2018/19	2019/20
Modified Historical Cost	£'000	£'000
<b>Net Book Value at 1 April</b>	<b>249,650</b>	<b>263,797</b>
Additions	21,909	28,157
Derecognition	0	0
Depreciation	(7,761)	(14,358)
Impairment	0	0
Other Movements in Cost	0	0
<b>Net Book Value at 31 March</b>	<b>263,797</b>	<b>277,596</b>

The Council does not have any infrastructure assets held under Private Finance Initiative (PFI) or other service concession arrangements.

# Total Property, Plant and Equipment

Net Book Value	31-Mar-19 Restated*	31-Mar-20
Infrastructure assets	263,797	277,596
Other PPE assets	3,788,956	3,976,412
<b>Total PPE assets</b>	<b>4,052,753</b>	<b>4,254,008</b>

\* Refer to Note 6a for detail of Prior Period Adjustment  
**Depreciation**

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Council Dwellings: 50 years
- Other Land and Buildings: 10 - 60 years
- Infrastructure: 15 - 50 years
- Vehicles, Plant and Equipment: 3 - 15 years

### Effect of Changes in Estimates and Prior Period Adjustment

The Council has determined that the useful life of infrastructure should be amended to represent the pattern of consumption more effectively. Previously, infrastructure was depreciated on a straight-line basis over 40 years. The Council has amended this policy so that a weighted average useful life is used based on apportioning infrastructure balances between categories such as carriageways, footways and structures and applying useful lives to each category ranging from 15 to 50 years. The effect of this change is to increase the depreciation charge in 2019/20 by £6.0m.

2019/20 and future years. The major commitments amounting to £1m or more are as follows:

Scheme	£'000
Various major repairs (individual contracts over £1m)	32,927
Town Hall refurbishment / remodelling	30,759
West End Project	24,857
Maitland Park Estate redevelopment	5,985
Agar Grove Estate redevelopment Phase 1B	5,790
Charlie Ratchford Centre rebuild	4,749
Holmes Road Depot refurbishment / remodelling	2,245
Maitland Park Infills	1,368
Edith Neville School/Central Somers Town	1,135
<b>Total</b>	<b>109,815</b>

### Capital Commitments

At 31 March 2020, the Council has entered a number of contracts for the construction or enhancement of Property, Plant and Equipment in

## Revaluations

The Authority carries out a rolling programme of valuations that ensures that all Property, Plant and Equipment required to be measured at fair value is re-valued at least every five years. In 2019/20 valuations were undertaken by a RICS qualified valuer employed by Lambert Smith Hampton Ltd.

The significant assumptions applied in estimating the fair values are:

- **Operational Properties**

All of the buildings classed as Operational Properties are assumed to be in operational use and non-specialised. Therefore, the valuations have been prepared on the basis of existing use value (EUV) in accordance with the RICS appraisal and valuation standards.

- **Non-Operational Properties**

These buildings are assumed to be in non-operational use and therefore, the valuations are being prepared on the basis of Fair market value (FMV) in accordance with the RICS Appraisal and Valuation standards.

- In general terms, properties are assumed to be currently in their existing use and valuations have been arrived at by consideration of comparable property transactions.

- The valuations are based on the market conditions prevailing at the valuation date and relevant adjustments to values have been

made following an Impairment Review. No further adjustments have been made for any fall in value, which may have taken place since this date or for the prospects of future growth.

The valuation of the Council's land and buildings as at 31 March 2020 may have been affected by the effects of the Covid-19 pandemic. The outbreak of Covid-19 may have had a significant on property markets and as at the valuation date less weight should be attached to market evidence to inform opinions of value.

The Council's external property valuer included a 'material uncertainty' declaration within their report as a result of the Covid-19 pandemic creating a shortage of relevant market evidence upon which to base their judgement.

- No formal title investigations have been carried out as part of these valuations and it has been assumed that there are no onerous conditions or restrictions, which might adversely affect the valuations. No structural surveys have been undertaken or provided and assumption has been made as to the general condition of the properties. No investigation of contaminated land use or presence of deleterious materials and construction techniques has been undertaken.

The following work was undertaken in the period to 31 March 2020:

	Council Dwellings £'000	Other Land and building £'000	Vehicles, Plant, Furniture and Equipment £'000	Community £'000	Surplus Assets £'000	Assets Under Construction £'000	Total PPE Excluding Infrastructure assets £'000
Carried at historical cost	0	0	45,144	28,790	8,411	111,301	193,646
Valued at current value as at 31 March							
2020	2,540,361	550,256	0	0	13,200	0	3,103,817
2019	0	380,291	0	0	0	0	380,291
2018	0	225,073	0	0	0	0	225,073
2017	25,091	36,673	0	0	0	0	61,764
2016	0	78,806	0	0	0	0	78,806
<b>Total Cost / Value</b>	<b>2,565,452</b>	<b>1,271,099</b>	<b>45,144</b>	<b>28,790</b>	<b>21,611</b>	<b>111,301</b>	<b>4,043,397</b>

Infrastructure assets are all held at depreciated historic cost and but are not included above in line with the Update to the Code of Practice regarding disclosures on Gross Book Value.

## Note 13 Heritage Assets

	Buildings £'000	Mayoral Regalia & Silverware £'000	Art Collection £'000	Public Sculptures £'000	Total Assets £'000
<b>Cost or Valuation:</b>					
<b>At 1 April 2019</b>	<b>16</b>	<b>382</b>	<b>423</b>	<b>20</b>	<b>841</b>
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Revaluations	0	0	0	0	0
Depreciation	0	0	0	0	0
<b>At 31 March 2020</b>	<b>16</b>	<b>382</b>	<b>423</b>	<b>20</b>	<b>841</b>
<b>Cost or Valuation:</b>					
<b>At 1 April 2018</b>	<b>16</b>	<b>382</b>	<b>423</b>	<b>20</b>	<b>841</b>
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Revaluations	0	0	0	0	0
Depreciation	0	0	0	0	0
<b>At 31 March 2019</b>	<b>16</b>	<b>382</b>	<b>423</b>	<b>20</b>	<b>841</b>

### Buildings

The only building that the Council has that is a Heritage Asset is the Tollgate House, Hampstead, see the link below:

[www.britishlistedbuildings.co.uk/en-199078-toll-gate-house-hampstead](http://www.britishlistedbuildings.co.uk/en-199078-toll-gate-house-hampstead)

Tollgate House is a Grade 2 listed building and marks the spot where the road entered the Bishop of London's estate; it has previously won a Civic Trust Award.

### Mayoral Regalia & Silverware

The Council has a substantial collection of Mayoral regalia & silverware. This collection has been accumulated from regalia held by Councils that, following the 1960's pan-London local government reorganisation, came together to form the London Borough of Camden and other regalia and silverware that the Council has itself accumulated since the 1960's.

The regalia & silverware was reviewed and valued in 2011 for insurance purposes, the total valuation was £0.382m. It is kept in the Mayor's vault and is used occasionally in the performance of official ceremonies.

### Art Collection

The Council has an extensive Art Collection but only parts of it are on display at any given time. The collection totals around 1,000 pieces and includes various paintings, drawings, prints sculptures and other art objects. The link below gives more information about some of the collection:

<https://www.camden.gov.uk/swiss-cottage-gallery?inheritRedirect=true>

The collection has come together over many years; mainly from either the amalgamation of the collections held by pre-London Borough of Camden councils or from donations. The collection includes

a small number of substantial items. The works were catalogued and valued by Sotherby's in 1986. A further valuation was undertaken by Sotherby's in October 2010 of 18 pieces considered more valuable, that gave a total valuation of £334,690. In March 2012 Bonham's carried out valuation of the collection which came to £423,499 – the minimum value achievable at auction. This valuation has been applied to the financial accounts. For illustrative purposes, shown below are those items where their estimated value is over £10,000.

Asset Type	Title of Asset	Artist	Description of Asset	Value (Max Price) £
Painting	Yellow Movement	Sir Terry Frost	Oil on board; 1952	100,000
Painting	Head of a Greek Sailor	John Caxton	Oil on board; 1946	80,000
Painting	Composition - Black and White Ochre	Adrian Heath	Oil on canvas; 1951	50,000
Painting	Manhole I	Prunella Clough	Oil on board	50,000
Painting	Washbowl	John Bratby	Oil on board; 1965	25,000
Painting	Still Life with Cucumber	Robert MacBryde	Oil on canvas; 1969	25,000
Painting	Abstract	Sandra Blow	Oil on board; 1965	18,000
Painting	Composition	Sandra Blow	Oil	15,000

### Additions and Disposals of Heritage Assets

There have not been any additions to the Heritage Assets portfolio during 2019/20. There have not been any recorded disposals of Heritage Assets during 2019/20.

## Note 14 Investment Property

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

2018/19 £'000		2019/20 £'000
(17,088)	Rental Income from Investment Property	(16,842)
1,959	Direct Operating expenses arising from investment property	3,663
<b>(15,129)</b>	<b>Net (surplus)/deficit</b>	<b>(13,179)</b>

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

2018/19 Restated* £'000		2019/20 £'000
261,679	<b>Balance at start of year</b>	121,622
0	Additions	94
(205)	Disposals	(595)
(11,040)	Net gains/(losses) from fair value adjustments	10,757
(128,812)	Transfer to/(from) Property Plant and Equipment	22
<b>121,622</b>	<b>Balance at end of year</b>	<b>131,900</b>

\* refer to Note 6a for detail of Prior Period Adjustment

### Fair Value Hierarchy

Where revalued, all the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes by our independent valuation provider (see Note 1 Accounting Policies 1.8 for an explanation of the fair value levels). Investment assets have been categorised as Level 2 in the fair value hierarchy as the measurement techniques use significant observable inputs not from active markets to determine the fair value measurements.

## Note 15 Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware items of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to the major software suites used by the authority are:

	<b>Internally Generated Assets</b>	<b>Other Assets</b>
3 years	The Camden websites and the virtual reality projects have been fully depreciated	Info Social Care and Software & Licences

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £1.415m for 2019/20 (£1.576m for 2018/19) was charged to revenue (the IT administration cost centre) and then absorbed as an overhead across all the service headings in the net expenditure of services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

2018/19				2019/20		
Internally Generated Assets £'000	Other Assets £'000	Total £'000		Internally Generated Assets £'000	Other Assets £'000	Total £'000
<b>Balance at start of year:</b>						
398	12,899	13,297	- Gross carrying amounts	0	13,521	13,521
(398)	(8,327)	(8,725)	- Accumulated amortisation	0	(9,903)	(9,903)
<b>0</b>	<b>4,572</b>	<b>4,572</b>	<b>Net carrying amount at start of year</b>	<b>0</b>	<b>3,618</b>	<b>3,618</b>
Additions:						
0	622	622	- Purchases	0	468	468
0	(1,576)	(1,576)	Amortisation for the period	0	(1,415)	(1,415)
<b>0</b>	<b>3,618</b>	<b>3,618</b>	<b>Net carrying amount at end of year</b>	<b>0</b>	<b>2,671</b>	<b>2,671</b>
Comprising:						
398	13,521	13,919	- Gross carrying amounts	0	13,989	13,989
(398)	(9,903)	(10,301)	- Accumulated amortisation	0	(11,318)	(11,318)
<b>0</b>	<b>3,618</b>	<b>3,618</b>		<b>0</b>	<b>2,671</b>	<b>2,671</b>

There are no items of capitalised software that are individually material to the financial statements.

Fully depreciated assets that have been disposed of will have a nil effect on the Net Book Value (NBV) movement in the year. This explains the Gross carrying amounts and Accumulated Depreciation movement decreasing even though there have been purchases during the year.

## Note 16 Financial Instruments

	Non-current		Current	
	31 March 2019 £'000	31 March 2020 £'000	31 March 2019 £'000	31 March 2020 £'000
<b>Investments</b>				
Loans and receivables	4,116	4,116	193,464	115,842
Available for sale financial assets	0	0	10,099	0
Financial assets at Fair value through Profit and Loss	0	0	0	0
<b>Total Investments</b>	<b>4,116</b>	<b>4,116</b>	<b>203,563</b>	<b>115,842</b>
<b>Debtors</b>				
Loans and receivables	7,215	7,169	0	
Financial assets carried at contract amounts	0	0	63,325	80,430
<b>Total Debtors</b>	<b>7,215</b>	<b>7,169</b>	<b>63,325</b>	<b>80,430</b>
<b>Borrowing</b>				
Financial liabilities at amortised cost	(334,330)	(334,118)	(2,856)	(2,391)
Financial liabilities at fair value through profit and loss	0	0	0	0
Other borrowing	0	0	(87)	(87)
<b>Total Borrowing</b>	<b>(334,330)</b>	<b>(334,118)</b>	<b>(2,943)</b>	<b>(2,478)</b>
<b>Other Long-Term Liabilities</b>				
PFI and finance lease liabilities	(61,366)	(48,531)	0	0
Other Long-Term liabilities	(90)	(93)	0	0
<b>Total Other Long-term Liabilities</b>	<b>(61,456)</b>	<b>(48,624)</b>	<b>0</b>	<b>0</b>
<b>Creditors</b>				
Financial liabilities at amortised cost	0	0	0	0
Financial liabilities carried at contract amount	0	0	(172,421)	(138,954)
<b>Total Creditors</b>	<b>0</b>	<b>0</b>	<b>(172,421)</b>	<b>(138,954)</b>

## Financial Assets

	Non-Current				Current				Total	
	Investments		Debtors		Investments		Debtors			
	31-Mar-19 £000	31-Mar-20 £000	31-Mar-19 £000	31-Mar-20 £000	31-Mar-19 £000	31-Mar-20 £000	31-Mar-19 £000	31-Mar-20 £000		
Fair value through profit or loss	0		0		0	0	0	0	0	
Amortised Cost	4,116	4,116	7,215	7,169	203,563	115,842	63,325	80,430	278,219	207,557
Fair value through other comprehensive income - designated equity instruments	0	0	0	0	0	0	0	0	0	0
Fair value through other comprehensive income - other	0	0	0	0	0	0	0	0	0	0
<b>Total financial assets</b>	<b>4,116</b>	<b>4,116</b>	<b>7,215</b>	<b>7,169</b>	<b>203,563</b>	<b>115,842</b>	<b>63,325</b>	<b>80,430</b>	<b>278,219</b>	<b>207,557</b>
Non-financial assets	0		0	0	0	0	0	69,667	0	69,667
<b>Total</b>	<b>4,116</b>	<b>4,116</b>	<b>7,215</b>	<b>7,169</b>	<b>203,563</b>	<b>115,842</b>	<b>63,325</b>	<b>150,097</b>	<b>278,219</b>	<b>277,224</b>

## Financial Liabilities

	Non-Current				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31-Mar-19 £'000	31-Mar-20 £'000	31-Mar-19 £'000	31-Mar-20 £'000	31-Mar-19 £'000	31-Mar-20 £'000	31-Mar-19 £'000	31-Mar-20 £'000
Fair value through profit or loss	0	0	0	0	0	0	0	0
Amortised Cost	334,330	334,118	61,366	48,531	2,856	2,391	398,552	385,040
<b>Total financial liabilities</b>	<b>334,330</b>	<b>334,118</b>	<b>61,366</b>	<b>48,531</b>	<b>2,856</b>	<b>2,391</b>	<b>398,552</b>	<b>385,040</b>
Non-financial liabilities	0	0	90	93	87	87	177	180
<b>Total</b>	<b>334,330</b>	<b>334,118</b>	<b>61,456</b>	<b>48,624</b>	<b>2,943</b>	<b>2,478</b>	<b>398,729</b>	<b>385,220</b>

### Soft loans made by the authority

The Council has carried out an assessment of its soft loans (car loans, cycle loans and season ticket loans) and based on estimates using a range of different effective interest rates to assess the impact, the estimated loss from these soft loans is not material.

## Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

2019/20	Financial Liabilities measured at amortised cost	Financial Assets measured at fair value through CIES	Other Financial Assets measured at fair value through CIES	Assets and Liabilities at Fair value through CIES	Total
	£000	£000	£000	£000	£000
Interest expense	(22,955)	0	0	0	(22,955)
Interest income	0	6,565	0	0	6,565
Gains on derecognition	0	0	0	0	0
<b>Net gain/(loss) for the year</b>	<b>(22,955)</b>	<b>6,565</b>	<b>0</b>	<b>0</b>	<b>(16,390)</b>

Comparative figures for 2018/19

Interest expense	(16,429)	0	0	0	(16,429)
Interest income	0	1,834	265	0	2,099
Gains on derecognition	0	0	0	0	0
<b>Net gain/(loss) for the year</b>	<b>(16,429)</b>	<b>1,834</b>	<b>265</b>	<b>0</b>	<b>(14,330)</b>

## Fair Value of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost.

## Finance Assets Measured at Fair Value

Some of the authority's financial assets are measured in the balance sheet at fair value on a recurring basis.

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	31 March 2019	31 March 2020
			£'000	£'000
Available for sale: Other Financial Assets measured at fair value through CIES	Level 1	Unadjusted quoted prices in active markets for identical instruments	10,100	0
<b>Total</b>			<b>10,100</b>	<b>0</b>

## Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value Disclosures are required)

Except for the financial assets carried at fair value, all other financial liabilities and financial assets are represented by loans and receivables and long term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (Level 2), using the following assumptions:

- For PWLB loans payable, new borrowing rates from the PWLB have been applied to provide the fair value.
- For non-PWLB loans payable, prevailing market rates have been applied to provide the fair value;
- Since the carrying value included in the balance sheet includes accrued interest, this is also included in the fair value calculations.
- No early repayment or impairment is recognised.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

31 March 2019			31 March 2020	
Carrying amount	Fair value		Carrying amount	Fair value
£'000	£'000		£'000	£'000
207,238	282,789	PWLB – maturity	207,338	270,006
0	0	PWLB – annuity	0	0
125,054	190,368	LOBOs	124,489	180,677
<b>332,293</b>	<b>473,157</b>	<b>Financial liabilities</b>	<b>331,827</b>	<b>450,683</b>
<b>0</b>	<b>0</b>	<b>Long-term creditors</b>	<b>0</b>	<b>0</b>

The fair value is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date.

The fair value of PWLB loans measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date, which has been assumed to be the PWLB Certainty Rate. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

The authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. However, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge based on premature repayment rates in addition to charging a premium for the additional interest that will not now be paid.

31 March 2019			31 March 2020	
Carrying amount	Fair value		Carrying amount	Fair value
£'000	£'000		£'000	£'000
62,600	62,600	Cash	121,675	121,675
193,498	193,498	Deposits with banks and building societies	109,945	109,945
<b>256,098</b>	<b>256,098</b>	<b>Financial assets</b>	<b>231,620</b>	<b>231,620</b>
<b>7,215</b>	<b>7,215</b>	<b>Long-term debtors</b>	<b>7,169</b>	<b>7,169</b>

The fair value of the assets is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future gain/loss (based on economic conditions at 31 March 2020) arising from a commitment to pay interest to lenders above current market rates. Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

## Note 17 Short-Term Debtors

31 March 2019 £'000		31 March 2020 £'000
	<b>Government and Public Bodies</b>	
24,882	Central Government Bodies	321
1,912	Other Local Authorities	0
17,694	NHS Bodies	10,475
<b>44,488</b>	<b>Government and Public Bodies (net)</b>	<b>10,796</b>
	<b>Other entities and individuals</b>	
6,916	- Rent Arrears	7,111
5,322	- Council Taxpayers*	15,058
7,665	- NNDR Debtors	18,807
95,221	Gross Other entities and individual	110,059
(42,835)	Less Impairment Allowance	(56,024)
<b>72,289</b>	<b>Other entities and individuals (net)</b>	<b>95,011</b>
<b>116,777</b>	<b>Total Debtors</b>	<b>105,807</b>
3,274	Payments in Advance	44,290
<b>120,051</b>	<b>Total Short-Term Debtors</b>	<b>150,097</b>

\* Included within debtors is local taxation arrears of £15.058m that is past the due date but not impaired.

## Note 18 Cash and Cash Equivalents

31 March 2019		31 March 2020
£'000		£'000
52	Cash held by the authority	34
1,952	Bank current accounts	55,278
62,600	Money Market Funds	20,582
<b>64,604</b>	<b>Total cash and cash equivalents</b>	<b>75,894</b>

The Money Market Fund figure has been adjusted to remove monies held on behalf of the NLWA totalling £99.452m.

## Note 19 Assets held for sale

31 March 2019		31 March 2020
£'000		£'000
49,202	Balance outstanding at start of year	87,658
	Assets newly classified as held for sale:	
13,236	- property, plant and equipment	9,948
42,021	Additions	3,173
(16,772)	Assets sold	(49,928)
(28)	Revaluation Losses	0
0	Declassification from Held for Sale to PPE	(13,955)
<b>87,659</b>	<b>Balance outstanding at year end</b>	<b>36,896</b>

## Note 20 Creditors

31 March 2019 Restated* £'000		31 March 2020 £'000
11,161	Central government bodies	37,255
25,335	Other local authorities	54,110
8,818	NHS bodies	9,036
3,621	Public Corporations	0
172,421	Other entities and individuals	138,954
<b>221,356</b>	<b>Total creditors</b>	<b>239,355<sup>^</sup></b>

\* Refer to Note 6a for detail of Prior Period Adjustment

<sup>^</sup> Included in Note 4 Assumptions made about the future and other major sources of estimation uncertainty is an accruals balance of £49m as at 31 March 2020 (£49.1m 31 March 2019) that can be found in the detailed creditor workings. Available on request.

# Note 21 Provisions

	Short Term Provision			Long Term Provision	Total
	Termination Benefits	Carbon Reduction Commitment	Business Rates Appeals	Self - Insurance	
Explanation:	(1)	(2)	(3)	(4)	
	£'000	£'000	£'000	£'000	£'000
Opening Balance 2019			<b>38,205</b>		
Reapportionment due to change in pooling			<b>(9,551)</b>		
Revised Balance at 1 April 2019	<b>78</b>	<b>153</b>	<b>28,654</b>	<b>5,499</b>	<b>34,384</b>
In year adjustment (reduction)	0	0	16,313	5,699	22,012
Additional provisions made in 2019/20	78	153	44,967	11,198	56,396
Amounts used in 2018/19	0	0	(25,784)	(4,699)	(30,483)
Unused amounts reversed in 2019/20	0	(153)	0	0	(153)
<b>Balance at 31 March 2020</b>	<b>78</b>	<b>0</b>	<b>19,183</b>	<b>6,499</b>	<b>25,760</b>
			<b>Short Term</b>	<b>Long Term</b>	<b>Total</b>
			<b>19,261</b>	<b>6,499</b>	<b>25,760</b>

## 1. Termination Benefits

Provision has been made to meet the estimated costs of staff rationalisation associated with change management within the council over the forthcoming year.

## 2. Carbon Reduction Commitment

The carbon reduction commitment is a mandatory carbon trading scheme and aims to incentivise carbon emissions reductions in large public and private sector organisations by focusing on their energy efficiency. The scheme came to an end in 2019/20. The carbon trading allowance that the Council held were surrendered, and the

provision that was held for making new purchases was released.

## 3. Business Rate Appeals

Provision has been made to meet the estimated costs repayable to ratepayers as a result of reductions in rateable values following successful appeals against valuation.

For 2019/20 the pooling arrangements changed and consequently Camden's share of the provision changed from 64% of the total provision to 48% of the total provision.

#### 4. Self-Insurance

##### General

Since 1993, the Council has been self-insuring various property, public liabilities and motor losses, with the current level of self-insurance at £0.5m for property & liability claims, £1m for tree root related subsidence claims and £0.1m for motor claims. Annual aggregate limits (maximum claim values funded by the council) are £1.65m, £5.0m, and £0.375m respectively.

Contributions in the form of internal premia charged to services, schools and the HRA are made to the provision. These cover the

cost of external premia to insurers and an estimate of the annual amount for internally insuring. The balance of the provision, shown as at the 31 March 2020, represents an estimate of the Council's insurance fund exposure to risks on reported claims.

##### Tree Root

Since January 2010 the council has added tree root liability cover to its main liability insurance programme with an excess of £1.0m; prior to this the Council self-insured. Claims within the excess continue to be funded via the Council's insurance provision.

## Note 22 Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement, page 29.

## Note 23 Unusable Reserves

31 March 2019 Restated* £'000		31 March 2020 £'000
412,738	Revaluation reserve	496,809
3,222,077	Capital adjustment account	3,298,141
(4,740)	Financial instruments adjustment account	(4,686)
(747,259)	Pensions reserve	(645,618)
(3,436)	Collection fund adjustment account	2,395
(4,729)	Accumulates absences reserve	(5,543)
<b>2,874,651</b>	<b>Total Unusable Reserves</b>	<b>3,141,498</b>

\* Refer to Note 6a for detail of Prior Period Adjustment

### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

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

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated

gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

31 March 2019 Restated* £'000		31 March 2020 £'000
<b>352,538</b>	<b>Balance at 1st April</b>	<b>412,738</b>
60,986	Upward revaluation of assets recognised in the Revaluation Reserve	120,377
(27,150)	Downward revaluation of assets and impairment losses charged to the Revaluation Reserve	(7,933)
<b>33,836</b>	<b>Surplus or deficit on revaluation of on-current assets posted to the Revaluation Reserve</b>	<b>112,444</b>
27,652	Difference between fair value depreciation and historical cost depreciation	(5,801)
(1,288)	Accumulated gains on assets sold or scrapped	(22,572)
26,364	Amount written off to the capital adjustment account	(28,373)
<b>412,738</b>	<b>Closing Balance</b>	<b>496,809</b>

## Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance 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 are yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2018/19 Restated*		2019/20
£'000		£'000
<b>3,418,323</b>	<b>Balance at 1 April</b>	<b>3,222,077</b>
	<b>Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement:</b>	
(64,393)	- charges for depreciation and impairment of non-current assets	(70,355)
(180,430)	- revaluation gains on property, plant and equipment	24,725
(1,576)	- amortisation of intangible assets	(1,415)
(505)	- revenue expenditure funded from capital under statute	(6,262)
(28,429)	- amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the comprehensive income and expenditure statement	(88,016)
(26,364)	- adjusting amounts written out of the revaluation reserve	28,373
<b>(301,697)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(112,950)</b>
	<b>Capital financing applied in the year:</b>	
19,118	- use of capital receipts reserve to finance new capital expenditure	77,794
36,207	- use of the major repairs reserve to finance new capital expenditure	30,616
43,714	- capital grants and contributions credited to the comprehensive income and expenditure statements that have been applied to capital financing	46,983
5,005	- statutory provision for the financing of capital investment charged against the general fund and HRA balances	17,458
12,523	- capital expenditure charged against the general fund and HRA balances	5,406
<b>116,567</b>		<b>178,257</b>
(11,116)	Movements in the market value of investment properties debited or credited to the comprehensive income and expenditure statement	10,757
<b>3,222,077</b>	<b>Balance at 31 March</b>	<b>3,298,141</b>

Note 7 provide detail of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

#### The Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

#### Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income and non-domestic rates income in the Comprehensive Income and Expenditure Statement compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

		2019/20
2018/19		£'000
<b>(4,803)</b>	<b>Balance at 1 April</b>	<b>(4,740)</b>
0	Adjustment to opening Balance	2
63	Amount by which finance costs charged to the comprehensive income and expenditure statement are different from finance costs chargeable in the year in accordance with statutory requirements	53
<b>(4,740)</b>	<b>Balance at 31 March</b>	<b>(4,685)</b>

		2019/20
2018/19		£'000
<b>(12,058)</b>	<b>Balance at 1 April</b>	<b>(3,436)</b>
8,622	Amount by which council tax and non-domestic rates income credited to the comprehensive income and expenditure statement is different from council tax income calculated for the year in accordance with statutory requirements	5,831
<b>(3,436)</b>	<b>Balance at 31 March</b>	<b>2,395</b>

## Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are 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.

However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension's funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority 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.

2018/19 £'000		2019/20 £'000
<b>(613,016)</b>	<b>Balance at 1 April</b>	<b>(747,260)</b>
	Adjustment to opening balance	1
(111,418)	Remeasurement of the defined benefit liability	140,446
(70,256)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement	(90,130)
47,430	Employer's pensions contributions and direct payments to pensioners payable in the year	51,325
<b>(747,260)</b>	<b>Balance at 31 March</b>	<b>(645,618)</b>

## Accumulated Absences Reserve

The Accumulated Absences Reserve absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2018/19 £'000		2019/20 £'000
<b>(6,408)</b>	<b>Balance at 1 April</b>	<b>(4,729)</b>
6,408	Settlement or cancellation of accrual made at the end of the preceding year	4,729
(4,729)	Amounts accrued at the end of the current year	(5,543)
1,679	Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	814
<b>(4,729)</b>	<b>Balance at 31 March</b>	<b>(5,543)</b>

## Note 24 Cash Flows from Operating Activities

The cash flows for operating activities include the following items:

31-Mar-19 Restated* £'000		31-Mar-20 £'000
1,986	Interest received	6,565
(22,397)	Interest paid	(22,955)
0	Dividends received	0

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

31-Mar-19 £'000		31-Mar-20 £'000
64,393	Depreciation	70,355
191,546	Impairment and downward valuations	(35,482)
1,576	Amortisation	1,415
2,384	Increase/(decrease) in impairment for bad debts	13,189
49,304	Increase/(decrease) in creditors	17,999
(14,465)	(Increase)/decrease in debtors	(30,046)
(10)	(Increase)/decrease in inventories	(35)
19,301	Increase/(decrease) in provisions	18,175
22,827	Movement in pension liability	38,805
28,429	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	88,016
1,654	Other non-cash items charged to the net surplus or deficit on the provision of services	(2,185)
<b>366,939</b>		<b>180,206</b>

\* refer to Note 6a for detail of the Prior Period Adjustment

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

31-Mar-19 Restated* £'000		31-Mar-20 £'000
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(22,568)
(91,663)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(65,113)
(48,843)	Any other items for which the cash effects are investing or financing cash flows	(32,266)
<b>(140,506)</b>		<b>(119,947)</b>

## Note 25 Cash Flows from Investing Activities

31-Mar-19 Restated* £'000		31-Mar-20 £'000
(165,840)	Purchase of property, plant and equipment, investment property and intangible assets	(171,688)
(19,311)	Purchase of short-term and long-term investments	87,764
91,657	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	65,113
0	Proceeds from short-term and long-term investments	0
42,684	Other receipts from investing activities	(16,390)
<b>(50,810)</b>	<b>Net cash flows from investing activities</b>	<b>(35,201)</b>

\* refer to Note 6a for detail of the Prior Period Adjustment

## Note 26 Cash Flows from Financing Activities

31-Mar-19 Restated* £'000		31-Mar-20 £'000
0	Cash receipts of short-term and long-term borrowings	0
(49)	Other receipts from financing activities	0
(171)	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	0
(13,810)	Repayments of short-term and long-term borrowing	677
(14,535)	Other payments for financing activities	(12,832)
<b>(28,566)</b>	<b>Net cash flows from financing activities</b>	<b>(12,155)</b>

\* refer to Note 6a for detail of the Prior Period Adjustment

## Note 27 Reconciliation of Financial Liabilities from Financing Activities

	01-Apr-19 £'000	Financing Cash Flows £'000	Other non-cash changes £'000	31-Mar-20 £'000
Long-term borrowings	334,330	(212)	0	334,118
Short term borrowings	2,943	(465)	0	2,478
Long Term, Lease & PFI liabilities	61,510	(1,571)	(11,315)	48,624
<b>Total Liabilities from financing activities</b>	<b>398,783</b>	<b>(2,248)</b>	<b>(11,315)</b>	<b>385,220</b>

# Note 28 Expenditure and Funding Analysis Reconciliation (EFA)

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the CIPFA Service Reporting Code of Practice for Local Authorities 2018/19. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across services.

- expenditure on some support services is budgeted for centrally and not charged to services

The income and expenditure of the Council's principal services recorded in the budget reports for the year is as follows:

These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, impairment losses and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year

2019/20

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Statutory Differences (Note 3)	Total of Other Statutory Differences	Other Non-Statutory changes	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
Supporting People	22,231	8,079	0	30,310	(28,814)	1,496
Supporting Communities	28,886	2,151	317	31,354	(18,487)	12,867
Corporate Services	(83,005)	7,098	217	(75,690)	4,599	(71,091)
Public Health	0	0	0	0	(26,086)	(26,086)
Cross Cutting	0	0	0	0	68,298	68,298
Housing Revenue Account	149,793	2,563	277	152,633	(121,919)	30,714
Dedicated Schools Grant	0	0	0	0	(735)	(735)
<b>Net Cost of Services</b>	<b>117,905</b>	<b>19,891</b>	<b>811</b>	<b>138,607</b>	<b>(123,144)</b>	<b>15,463</b>
Other income and expenditure from the Expenditure and Funding Analysis	(91,567)	18,914	(5,824)	(78,477)	66,008	(12,469)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>26,338</b>	<b>38,805</b>	<b>(5,013)</b>	<b>60,130</b>	<b>(57,136)</b>	<b>2,994</b>

2018/19 Restated\*

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Statutory Differences (Note 3)	Total of Other Statutory Differences	Other Non-Statutory changes	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
Supporting People	38,334	9,702	(912)	47,124	(18,569)	28,555
Supporting Communities	14,124	3,626	(287)	17,463	(18,734)	(1,271)
Corporate Services	3,118	5,589	(301)	8,406	5,723	14,129
Public Health	0	0	0	0	(26,793)	(26,793)
Cross Cutting	(18,326)	(11,991)	(3)	(30,320)	85,931	55,611
Housing Revenue Account	187,106	860	(176)	187,790	(41,607)	146,183
Dedicated Schools Grant	0		0	0	(260)	(260)
<b>Net Cost of Services</b>	<b>224,356</b>	<b>7,786</b>	<b>(1,679)</b>	<b>230,463</b>	<b>(14,309)</b>	<b>216,154</b>
Other income and expenditure from the Expenditure and Funding Analysis	(123,934)	16,616	(8,621)	(115,939)	14,309	(101,630)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>100,422</b>	<b>24,402</b>	<b>(10,300)</b>	<b>114,524</b>	<b>0</b>	<b>114,524</b>

\* refer to Note 6a for detail of the Prior Period Adjustment

**Adjustments for Capital Purposes**

1) 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.

- **Financing and investment income and expenditure** – the statutory charges for capital financing ie 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

2) Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

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

### Other Differences

3) Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premia 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 NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

## Note 29 Not Used

## Note 30 Agency Services

Camden provides various services for the North London Waste Authority (NLWA) under SLA agreements. The services provided include Finance, Human Resources and Information Technology and the council received in 2018/19 a net payment from the NLWA of £2.243m (£2.082m in 2018/29).

# Note 31 Pooled Budgets

Better Care Fund (BCF) is the result of a s75 agreement between the Council and Camden Clinical Commissioning Group (CCCG) to enable further integrated working between the Authority and the NHS. Under the 19/20 s75 pooled budget agreement, the Council contributed £0.923m capital and £12.497m revenue funds. The CCCG agreed to make revenue contribution of a maximum of £19.283m. The CCCG planned contribution of £19.283m included £1m risk share payment, which was withheld by CCCG.

The pooled budget agreement stipulates arrangement for the management of surpluses and deficits in the pool.

\*In the event that the parties to the s75 agreement decide to dissolve the pool, then the first call on this reserve would be to fund existing costs, with any remaining resources being returned to CCCG.

	2018/19 £'000	2019/20 £'000
<b>Contributions to the pool:</b>		
-The Authority	(9,957)	(13,420)
-Camden Clinical Commissioning Group	(17,721)	(18,283)
	<b>(27,678)</b>	<b>(31,703)</b>
<b>Expenditure to be met from the pool:</b>		
-The Authority	17,616	21,503
-Camden Clinical Commissioning Group	8,946	9,726
	<b>26,562</b>	<b>31,229</b>
<b>Net (Surplus)/Deficit arising on the pooled budget in year</b>	<b>(1,116)</b>	<b>(474)</b>
Authority Share of the (surplus) / deficit arising on the pooled budget	0	
CCCG Share of the (surplus) / deficit arising on the pooled budget	(1,116) *	(474)

The Council has an agreement with Camden and Islington Mental Health Foundation Trust (CIFT) where the Council has delegated a budget to CIFT for the provision and management of some mental health services. CIFT is jointly funded by the Authority, Camden CCG, Islington CCG and Islington Council. This is not a formal pooled budget agreement.

In 2019/20, the Authority transferred £0.40m (2018/19: £0.663m) to CIFT.

## Note 32 Members' Allowances

2018/19		2019/20
£'000		£'000
832	Allowances	984
0	Expenses	1
<b>832</b>	<b>Total</b>	<b>985</b>

## Note 33 Officers' Remuneration

The number of staff receiving remuneration in the year in excess of £50,000 is shown below. These figures include staff in community schools.

Remuneration excludes employer's pension contributions as these are paid directly to the pension fund but includes benefits in kind, so far as they are chargeable to UK income tax. Also included are compensation payments for termination and other payments receivable on the termination of employment, even where

these are not taxable. The numbers include staff that have left or joined part way through the year, however this excludes senior officers whose salaries are detailed elsewhere in the note.

2019/20 Pay band £	Non-schools		Community Schools		VA Schools		Total
	Employed at 31.03.20	Left before 31.03.20	Employed at 31.03.20	Left before 31.03.20	Employed at 31.03.20	Left before 31.03.20	
£ 50,000 - £ 54,999	187	4	98	3	48	2	342
£ 55,000 - £ 59,999	62	4	67	0	33	1	167
£ 60,000 - £ 64,999	59	1	45	0	12	0	117
£ 65,000 - £ 69,999	25	3	22	0	10	1	61
£ 70,000 - £ 74,999	29	0	14	1	8	2	54
£ 75,000 - £ 79,999	10	3	9	2	9	0	33
£ 80,000 - £ 84,999	22	2	6	1	2	0	33
£ 85,000 - £ 89,999	2	0	4	1	3	0	10
£ 90,000 - £ 94,999	4	0	2	0	4	0	10
£ 95,000 - £ 99,999	1	0	4	0	0	0	5
£100,000 - £104,999	1	0	1	0	0	0	2
£105,000 - £109,999	2	0	2	0	3	0	7
£110,000 - £114,999	2	0	2	0	0	0	4
£115,000 - £119,999	2	0	4	0	0	0	6
£120,000 - £124,999	3	0	0	0	0	0	3
£125,000 - £129,999	2	0	0	0	0	0	2
£130,000 - £134,999	1	0	0	0	0	0	1
£135,000 - £139,999	0	0	1	0	0	0	1
£140,000 - £144,999	1	0	0	0	0	0	1
<b>Total</b>	<b>415</b>	<b>17</b>	<b>281</b>	<b>8</b>	<b>132</b>	<b>6</b>	<b>859</b>

Restated 2018/19 Pay band £	Non-schools		Community Schools		VA Schools		Total
	Employed at 31.03.19	Left before 31.03.19	Employed at 31.03.19	Left before 31.03.19	Employed at 31.03.19	Left before 31.03.19	
£ 50,000 - £ 54,999	150	6	83	1	62	1	303
£ 55,000 - £ 59,999	77	4	83	2	38	1	205
£ 60,000 - £ 64,999	28	1	42	0	15	1	87
£ 65,000 - £ 69,999	27	2	21	3	17	0	70
£ 70,000 - £ 74,999	17	2	13	0	6	0	38
£ 75,000 - £ 79,999	13	1	13	0	8	0	35
£ 80,000 - £ 84,999	14	1	6	1	6	0	28
£ 85,000 - £ 89,999	2	0	2	0	2	0	6
£ 90,000 - £ 94,999	2	2	4	0	1	0	9
£ 95,000 - £ 99,999	0	0	4	0	1	0	5
£100,000 - £104,999	1	1	2	0	2	0	6
£105,000 - £109,999	3	0	2	0	1	0	6
£110,000 - £114,999	2	0	0	0	0	0	2
£115,000 - £119,999	0	0	2	0	0	0	2
£120,000 - £124,999	3	0	0	0	0	0	3
£125,000 - £129,999	1	0	0	0	0	0	1
£130,000 - £134,999	1	0	1	0	0	0	2
£135,000 - £139,999	0	0	0	0	0	0	0
£140,000 - £144,999	2	0	0	0	1	0	3
<b>Total</b>	<b>344</b>	<b>20</b>	<b>278</b>	<b>7</b>	<b>160</b>	<b>3</b>	<b>812</b>

2019/20 Senior Officers whose salary is £150,000 or more per year

No	Name	Job Title	Actual Pay	Variable Pay*	Fees, Allowances & other pay	Loss of Office Payment	Total Pay**
1	Rowlands J	Chief Executive	£175,000	£7,650			£182,650
2	Pratt M	Executive Director Supporting People	£158,602	£7,804			£166,406
3	Rowney J	Executive Director Corporate Services and Section 151 Officer	£147,339	£6,885	£596		£154,820

No	Name	Job Title	Employer's Pension contribution – Payable to pension scheme
1	Rowlands J	Chief Executive	£35,824
2	Pratt M	Executive Director Supporting People	£32,053
3	Rowney J	Executive Director Corporate Services and Section 151 Officer	£30,444

2019/20

Senior Officers whose salary is between £50,000 and £150,000 per year

No	Job Title	Actual Pay	Variable Pay*	Fees, Allowances & Other pay	Loss of Office Payment	Total Pay**
4	Borough Solicitor	£133,281	£6,533			£139,814
5	Executive Director Supporting Communities (Joined Camden 19/08/19)	£83,468				£83,468
6	Director of Integrated Commissioning	£115,133	£5,644			£120,777
7	Acting Director of Adult Social Care (from 05/09/16 to 03/11/19) & Executive Director of Supporting Communities (from 04/03/19 to 04/11/19) (Left Camden on 03/11/19) Unpaid leave 28/10/19 to 01/11/19)	£69,180	£7,108	£7,700		£83,988
8	Director of Regeneration and Planning [from 25/08/16 to present] Acting Executive Director Supporting Communities [04/03/19 to 04/09/19]	£114,394	£5,306	£7,700		£127,400
9	Director of People and Inclusion	£100,049	£5,814			£105,863

No	Job Title	Employer's Pension contribution – Payable to pension scheme
4	Borough Solicitor	£27,523
5	Executive Director Supporting Communities (Joined Camden 19/08/19)	£15,608
6	Director of Integrated Commissioning	£22,585
7	Acting Director of Adult Social Care (from 05/09/16 to 03/11/19) & Executive Director of Supporting Communities (from 04/03/19 to 04/11/19) (Left Camden on 03/11/19) Unpaid leave 28/10/19 to 01/11/19)	£15,706
8	Director of Regeneration and Planning [from 25/08/16 to present) Acting Executive Director Supporting Communities (04/03/19 to 04/09/19)	£23,824
9	Director of People and Inclusion	£19,796

\* One off non-consolidated payment based on performance.

\*\* All amounts payable which are subject to UK income tax, including expenses and estimated value of any other benefits not paid in cash, and all Termination payments. The first £30,000 of the Termination payment will be paid without deduction of income tax and national insurance as provided for under section 401 to 405 of the Income Tax (Earnings and Pension) Act 2003. The balance over £30,000 will be subject to tax. This excludes employer's pension contributions that are paid directly to the pension scheme.

The Director of Public Health is employed by the London Borough of Islington and shared 50:50 with Camden. Annualised salary of £115,134.

The Chief Executive, Executive Director Corporate Services and Borough Solicitor receive an allowance for the provision of advice to North London Waste Authority. This is not included as these are declared in the accounts of the NLWA.

In 2019/20 there were two unscheduled Statutory Elections and one Local Council By-election for which the Chief Executive received payments for work as the Returning/Counting officer. These are not shown in the figures above. The European

Parliamentary Election in May 2019 and the UK Parliamentary Elections held in December 2019 led to a number of senior officers receiving payments for work on behalf of the Returning/Counting Officer. As payments for work on behalf of the Returning Officer for these elections are not made by the Council itself, these payments are not part of the Council's remuneration payments to senior officers. Payments for work on the Local Council Ward By-election was paid by the Council on behalf of the Returning/Counting Officer but as this was combined with the December UK Parliamentary Election the payment was reduced.

2018/19

Senior Officers whose salary is £150,000 or more per year

No	Name	Job Title	Actual Pay	Variable Pay*	Fees, Allowances & other pay	Loss of Office Payment	Total Pay**
1	Cooke M	Chief Executive	£182,580	£17,915			£200,495
2	Pratt M	Executive Director Supporting People	£156,673	£15,678			£172,351
3	Rowlands J	Executive Director Supporting Communities	£140,250	£15,000			£155,250
		Chief Executive [part year]	£14,406	£0			£14,406

No	Name	Job Title	Employer's Pension contribution – Payable to pension scheme
1	Cooke M	Chief Executive	£38,111
2	Pratt M	Executive Director Supporting People	£31,368
3	Rowlands J	Executive Director Supporting Communities	£28,256
		Chief Executive [part year]	£2,622

2018/19

Senior Officers whose salary is between £50,000 and £150,000 per year

No	Job Title	Actual Pay	Variable Pay*	Fees, Allowances & Other pay	Loss of Office Payment	Total Pay**
4	Executive Director Corporate Services and Section 151 Officer	£137,700	£10,125			£147,825
5	Borough Solicitor	£130,454	£9,608			£140,062
6	Director of Adult Social Care	£118,473	£12,970			£131,443
7	Director of Regeneration and Planning [part year]	£97,268	£7,803			£105,071
	Acting Executive Director Supporting Communities [part year]	£8,843	£1,355			£10,197
8	Director of Human Resources and Organisation Development	£96,900	£9,500			£106,400
9	Director of Education (Achievement and Aspiration)	£53,597	£5,912			£59,509

No	Job Title	Employer's Pension contribution – Payable to pension scheme £
4	Executive Director Corporate Services and Section 151 Officer	£27,287
5	Borough Solicitor	£26,845
6	Director of Adult Social Care [part year]	£21,879
	Acting Executive Director Supporting Communities [part year]	£2,043
7	Director of Regeneration and Planning [part year]	£19,123
	Acting Executive Director Supporting Communities [part year]	£1,856
8	Director of Human Resources and Organisation Development	£19,365
9	Director of Education (Achievement and Aspiration)	£10,113

The Director of Public Health is employed by the London Borough of Islington and shared 48:52 with Camden. Annualised salary of £114,717 excluding pension contributions, £16,557 of employer pension contributions.

The Chief Executive, Executive Director Corporate Services and Borough Solicitor receive an allowance for the provision of advice to North London Waste Authority. This is not included as these are declared in the accounts of the NLWA.

## Note 34 External Audit costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

2018/19 £'000		2019/20 £'000
126	Fees payable to the external auditor with regard to external audit services carried out by the appointed auditor for the year	126
17	Fees payable to the external auditor for the certification of grant claims and returns for the year	20
0	Fees Payable to KPMG for the objection to 2015/16 annual accounts	12
<b>143</b>	<b>Total</b>	<b>158</b>

The fees payable to Mazars are estimated fees that have been included in the note.

## Note 35 Dedicated Schools Grant

The council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). 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 an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable are as follows:

2018/19				2019/20		
Central Expenditure £'000	ISB £'000	Total £'000		Central Expenditure £'000	ISB £'000	Total £'000
		(161,195)	Final DSG for the financial year			(172,734)
			Academy figures recouped			11,207
		(4,318)	Brought forward from the previous year			(4,578)
		4,318	Carry forward to next financial year agreed in advance			4,578
(26,154)	(135,041)	(161,195)	Agreed budgeted distribution in the year	(27,256)	(134,271)	(161,527)
36	(36)	0	In year adjustment	21	(21)	0
(26,119)	(135,076)	(161,195)	Final budget distribution for year	(27,235)	(134,292)	(161,527)
27,120		27,120	Actual central expenditure	27,572		27,572
	134,846	134,846	Actual ISB deployed to schools		133,221	133,221
	(550)	(550)	Local authority contribution for this year			
	(480)	(480)	(Carry forward)/Drawdown of DSG this year	337	(5650)	(5,313)
		<b>(4,578)</b>	<b>Total DSG carry forward</b>			<b>(5,313)</b>

## Note 36 Grant Income

The authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statements in 2019/20

2018/19 £'000		2019/20 £'000
	Credited to taxation and non-specific grant income	
9,800	Business Rate Grant	10,819
5,557	New Homes Bonus	5,166
1,466	Housing and Council Tax Benefits Administration Grant	1,845
1,212	Housing General Fund Grant	1,332
1,082	Other Grants	1,237
810	Independent living fund	786
508	Council tax benefit admin grant	845
246	Education Services Grant	525
181	Local Reform Grant	0
0	Section 31. Government Returns and Reimbursements	0
<b>20,863</b>	<b>Total Revenue Grants</b>	<b>22,555</b>

2018/19 £'000		2019/20 £'000
	<b>Capital Grants &amp; Contributions Applied</b>	
17,020	S106 Recognised in I&E	21,761
9,785	Homes and Community Agencies	3,150
5,618	Community Infrastructure Levy	0
5,326	Transport for London	8,761
3,089	Standards Fund Capital	4,143
1,310	Other small grants & Contributions	2,172
802	Heat Network Grant	0
641	Disabled Facilities Grant	400
<b>43,591</b>	<b>Total</b>	<b>40,387</b>
	<b>Capital - Grants &amp; Contributions Unapplied</b>	
0	Contractors & third parties Contributions (Unapplied)	0
0	Community Infrastructure Levy	0
<b>0</b>	<b>Total</b>	<b>0</b>
<b>43,591</b>	<b>Total Capital Grants</b>	<b>40,387</b>
<b>64,453</b>	<b>Total</b>	<b>62,942</b>

2018/19 £'000		2019/20 £'000
	Credited to Services	
180,890	Housing Benefit Subsidy	172,573
161,000	Dedicated Schools Grant	155,482
26,792	Public Health Grant	26,085
11,885	Young People's Learning Agency (previously Learning & Skills Council)	11,457
9,877	Pupil Premium Grant	9,544
0	Covid-19 Grant	9,058
8,783	Other grants	7,972
8,461	PFI Grants	8,461
6,824	Housing PFI grant	5,502
5,339	Improved Better Care Fund	11,210
4,471	Adult Social Care Support Grant	1,709
2,188	Asylum Seekers	2,815
1,468	Additional DfE Grants (not DSG)	26,725
1,319	Troubled Families Grant	845
1,286	Winter Pressures	1,386
674	Rough Sleeping	811
366	Transport for London	349
<b>431,623</b>	<b>Total</b>	<b>451,984</b>

The authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the awarding body. The balances at the year-end are as follows:

2018/19 £'000		2019/20 £'000	2018/19 £'000		2019/20 £'000
	Capital Grant Receipts in Advance			Revenue Grant Receipts in Advance	
	<b>Included in Short Term Liabilities</b>			<b>Included in Short Term Liabilities</b>	
707	Standards Fund	0	0	Other grants	0
3,573	HS2 Mitigation Measures	0	<b>0</b>	<b>Total</b>	<b>0</b>
(4,069)	Homes & Communities Agency	0			
0	VA Schools contributions	0			
610	DoH Housing & Technology Grant	0			
(214)	Other grants and contributions	578			
180	Heritage Lottery Fund	0			
<b>787</b>		<b>578</b>			
	<b>Included in Long Term Liabilities</b>				
94,598	Section 106	72,305			
66	Fire-ins	0			
<b>94,664</b>	<b>Total</b>	<b>72,305</b>			

## Note 37 Related Parties

The Council is required to disclose material transactions with related parties – those bodies or individuals that could control or influence or be controlled or influenced by the Council. Disclosing 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 impacted on another party's ability to transact freely with the Council.

### Central Government

Central government has effective control over the Council's general operations. It is responsible for providing the statutory framework which the Council operates in, provides the majority 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. housing benefits. Details of transactions with government departments are set out in a note to the Cash Flow Statement.

### Members

Members of the Council have direct control over the council's financial and operating policies.

Members are required by law and the Members' Code of Conduct to disclose the interests of themselves and their spouses or partners in other organisations. The following table sets out those organisations not referred to elsewhere in this note, where a Member is judged to have significant influence or control over those other organisations and the Council has total transactions with them in 2019/20 over £50,000.

2019/20 Organisation	Payments Made £000s	Payments Received £000s
Abacus Belsize Primary School	25	907
Camden Arts Centre	86	0
Camden Community Law Centre	199	121
Camden Town Unlimited	756	0
Collingham Gardens Nursery	170	0
Covent Garden Dragon Hall Trust	211	0
Euston Town Limited	418	0
Friends of Coram's Fields	320	0
Great Ormond Street Hospital NHS Foundation Trust	166	0
Healthwatch Camden	200	0
Highgate Newtown Community Centre	339	0
King's Cross Brunswick Neighbourhood Association	53	31
London School of Mosaic	2	50
Maiden Lane Community Centre	370	0
New Horizon Youth Centre	375	0
Royal Bank of Scotland PLC	30	41
Sidings Community Centre	407	24
Third Age Project	39	18
UCL Academy	323	1,318
West Euston Partnership	96	1
Working Men's College	246	39
<b>Total</b>	<b>4,830</b>	<b>2,549</b>

Payments made to other organisations include both non-discretionary amounts such as education funding or Covid-19 business grants and discretionary amounts such as Section 106 development funding, community infrastructure levy funding and other grants. Payments received from other bodies include rent from organisations who are tenants in Council properties or fees and charges for other services.

The register of Members' interests setting out all organisations which councillors have declared an interest in can be viewed via councillors' individual pages via [www.camden.gov.uk/democracy](http://www.camden.gov.uk/democracy) or in person at Camden Town Hall during normal working hours.

The total amount of allowances paid to Members in 2019/20 is shown in Note 32.

### London Councils

The Council is a member of London Councils, an umbrella body for all London boroughs and the City of London, which allows for collaborative working between the boroughs and co-ordination of some pan-London schemes. The Council has paid fees for general annual membership and some

other subscription services totalling £456,671 in 2019/20. Payments totalling £898,936 have been made for services run by London Councils, notably the Taxicard scheme.

The Deputy Chair of London Councils is a Camden councillor but there is considered to be no impact on the council's membership of and normal course of transactions with London Councils.

### Greater London Authority

The Council works closely with the Greater London Authority and the Mayor of London and there are transactions between the two organisations. The Council collects the GLA precept part of Council Tax and receives payments and grants from the GLA such as for public realm works or construction works.

One Camden councillor is a member of the Greater London Assembly as well but there is considered to no impact from this on the normal course of transactions with the Greater London Authority.

### Officers

With regard to the 2019/20 related party disclosures received from officers, they have

not declared any interests outside the responsibilities in respect of the North London Waste Authority (NLWA) London Pension Fund Authority (LPFA), and Camden Living disclosed later in this note.

### Local Health Trusts

The Council received £35,056m from Local Health Trusts and Clinical Commissioning Groups during the year for the provision of combined health and community care services.

### North London Waste Authority (NLWA)

The NLWA has seven participating boroughs and each borough appoints two members to the NLWA.

Camden Council acts as the lead borough for the NLWA with Camden's Chief Executive (Jenny Rowlands) serving as the NLWA's Clerk, the Executive Director Corporate Services (Jon Rowney) serves as the NLWA's Financial Advisor, and the Borough Solicitor (Andrew Maughan) serves as the NLWA's Legal Advisor.

In 2019/20 the council paid £5.555m (£7.849m 2018/19) to the NLWA and received

£2.243m (£1.890m; 2018/19). The council held £109.293m on behalf of NLWA at 31 March 2020 (£11.296m; 31 March 2019) this has been excluded from the Council's balance sheet.

Further disclosures in respect of NLWA are shown in note 30 on agency services.

### **Pension Fund**

The Fund is administered by the London Borough of Camden. At 31 March 2020, the Fund owed the Council £10.21m.

### **Camden Living**

Camden Living is a wholly owned Council company and Camden's Executive Director Corporate Services (Jon Rowney) is a company director. Other Council officers have been appointed to the board of Camden Living, but they are not chief officers of the Council within the meaning of this note.

Camden Living purchased property at £7.890m from the Council. This was funded via a loan of £4.734m and share premium of £3.156m. The Council holds 3 ordinary shares at a value of £1 each.

The accrued interest on the loan to Camden Living is £27,000.

## Note 38 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

2018/19 Restated* £'000		2019/20 £'000
583,209	Opening capital financing requirement	628,052
	Capital investment:	
	From Capital Expenditure:	
156,814	Property, plant and equipment	167,953
11,308	Assets Held for Sale	3,173
0	Investment properties	94
622	Intangible assets	468
505	Revenue expenditure funded from capital under statute	6,262
0	Finance Leases	0
<b>169,249</b>		<b>177,950</b>
	Sources of finance	
37,732	Capital receipts	77,794
82,904	Government grants and other contributions	46,983
0	Major Repairs Reserve	30,616
	Sums set aside from revenue:	
12,523	- direct revenue contributions	5,406
(33,614)	Pre-application of capital receipts	(5,270)
18,347	- MRP	10,626
6,456	- MRP in relation to PFI	6,832
58	- MRP in relation to Finance Leases	0
<b>124,406</b>		<b>172,987</b>
628,052	Closing Capital Financing Requirement	633,015
<b>44,843</b>	<b>Change in CFR</b>	<b>4,963</b>

\* refer to Note 6a for detail on Prior Period Adjustment

2018/19 Restated* £'000		2019/20 £'000
	Explanation of movements in year	
36,090	Increase in underlying need to borrowing (unsupported by government financial assistance)	17,151
33,614	Pre-application of capital receipts	5,270
(18,347)	- MRP	(10,626)
(6,456)	- MRP – PFI	(6,832)
(58)	- MRP - Finance Leases	0
<b>44,843</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>4,963</b>

# Note 39 Leases

Authority as Lessee

## Finance Leases

The council has a number of vehicles, photocopiers and IT related equipment under finance leases; these assets are carried as property, plant and equipment in the balance sheet at the following net amounts:

31 March 2019 £'000		31 March 2020 £'000
334	Vehicles, plant, furniture and equipment	390
<b>334</b>		<b>390</b>

The council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the assets acquired by the council and finance costs that will be payable by the council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

31 March 2019 £'000		31 March 2020 £'000
	Finance lease liabilities (net present value of minimum lease payments):	
49	- current	92
45	- non-current	(6)
	Finance costs payable in future years	
<b>93</b>	<b>Minimum lease payments</b>	<b>86</b>

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000
Not later than one year	0	0	49	92
Later than one year and not later than five years	0	0	44	(6)
Later than five years	0	0		
	<b>0</b>	<b>0</b>	<b>93</b>	<b>86</b>

Payments incurred in respect of finance leases are shown below:

31 March 2019 £'000		31 March 2020 £'000
2	Financing Costs	1
99	Finance Lease Liabilities	47
<b>101</b>		<b>48</b>

## Operating Leases

The future minimum lease payments due under non-cancellable leases in future years are:

31 March 2019 £'000		31 March 2020 £'000
23	Not later than one year	20
14	Later than one year and not later than five years	19
3	Later than five years	0
<b>40</b>	<b>Minimum lease payments</b>	<b>39</b>

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

31 March 2019 £'000		31 March 2020 £'000
29	Minimum lease payments	35
0	Contingent rents	0
<b>29</b>		<b>35</b>

In addition to the leases disclosed above, Camden has a contract with Veolia Environmental Services for waste management. The Contract was reviewed in 2011 and it was concluded that the substance of the transaction between Veolia and Camden for the use of Veolia's vehicles in effect represents an operating lease where Camden is the lessee.

Based on estimates of the fair values of the assets were they to be acquired in a commercial environment, it is estimated that Camden would have paid £1.415m for the use of these assets in 2019/20 (£1.429m in 2018/19).

#### Authority as Lessor

#### Operating Leases

The Authority leases out property and equipment under operating leases for the following purposes:

- For the provision of community services, such as sports facilities.
- For economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are:

31 March 2019 £'000		31 March 2020 £'000
10,304	Not later than one year	10,510
28,183	Later than one year and not later than five years	28,890
39,017	Later than five years	37,101
<b>77,504</b>		<b>76,501</b>

The comparatives has been restated to show the correct amounts reflecting present value of the future liability for the above.

## Note 40 Private Finance Initiatives and similar contracts

PFI contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment (PPE) needed to provide the services passes 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 PPE will pass to the council at the end of the contracts for no additional charge, the council carries the PPE used under the contracts on the Balance Sheet.

The PPE is recognised on the Balance Sheet are revalued and depreciated in the same way as PPE owned by the council.

### Haverstock School PFI

In 2003/04 Camden entered into a 27-year contract to rebuild the Haverstock School and then provide services to the school. The unitary charge is subject to indexation and performance deductions for service and availability failures.

The land where the dwelling blocks are situated belongs to the Council and the Operator has been granted a licence to use the land for undertaking the works and services.

The original recognition of the PPE was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the PPE. For the Haverstock School PFI, the liability was written down by an initial capital contribution of £4.0m.

Details of the payments due to be made under PFI arrangements (separated into repayments of liability, interest and service charges):

	Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total £'000
Payable in 2020/21	1,326	429	801	2,556
Payable between two to five years	5,086	2,640	2,763	10,489
Payable between six to ten years	6,097	5,827	1,836	13,760
Payable between eleven to fifteen years	513	620	52	1,185
Payable between sixteen to twenty years*	0	0	0	0
<b>Total</b>	<b>13,022</b>	<b>9,516</b>	<b>5,452</b>	<b>27,990</b>

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

2018/19 £'000		2019/20 £'000
10,401	Balance outstanding at 1 April	9,892
(509)	Payments during the year	(376)
<b>9,892</b>	<b>Balance outstanding at 31 March</b>	<b>9,516</b>

#### Chalcot Housing PFI

In 2006/07 Camden entered into a 15-year concession to refurbish and maintain dwelling accommodation on the Chalcot Housing Estate. The scheme was suspended in 2018-19 pending the resolution of disputes. In the 2018-19 SOA, the scheme has been treated as a Contingent Asset.

	Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total £'000
Payable in 2020/21	0	0	0	0
Payable between two to five years	0	0	0	0
Payable between six to ten years	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Council 'stepped in' (having served the appropriate notice on the contractor) to the PFI contractual for the Chalcot Estate in July 2017 following concerns that the contractor was failing to meet its contractual obligations regarding maintaining the building in a state that was fit for habitable use. The Council took direct control of carrying out essential fire safety work to ensure they were completed as soon as possible and to the highest standard. In taking these steps the Council was acting pursuant to and fully in compliance with the PFI contract. Following further review in July 2018 the Council stepped in again, having served the appropriate notice, to take over direct running of the estate to ensure all repair and maintenance work was carried out and the highest levels of resident safety were maintained. Again this was pursuant to provisions within the contract.

The Council formally ended the PFI contract on 7 June 2019.

No contract payments have been included in the cost of services in the Housing Revenue Account in 2019/20.

The Council has issued legal claim letters against the PFI contractor and a number of sub-contractors and is seeking to recover the cost (which far exceeds sums otherwise due but properly withheld) of stepping into the PFI contract and all associated costs. The PFI contractor has entered liquidation but there is a small risk that the liquidators may seek payment from the Council as compensation for ending the PFI contract early. The Council would expect to defend any such claims.

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

2018/19 £'000		2019/20 £'000
16,213	Balance outstanding at 1 April	16,213
0	Removal of liabilities following PFI termination	(16,213)
<b>16,213</b>	<b>Balance outstanding at 31 March</b>	<b>0</b>

### Swiss Cottage SEN School and UCL Academy PFI

In 2011/12 the council entered into a 25 year contract to build two new schools at Adelaide Road, Swiss Cottage SEN School and UCL Academy, and provide facilities management services excluding catering services. The council is required to pay an annual unitary charge to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The unitary charge is subject to indexation and performance deductions for service and availability failures. The council receives an annual PFI credit towards the unitary charge. The schools each make annual contributions to meet the costs of the unitary charge not covered by the PFI credits and for the council to manage the PFI services and provide ICT facilities to the schools.

Details of the payments due to be made under PFI arrangements (separated into repayments of liability, interest and service charges):

	Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total £'000
Payable in 2020/21	2,571	1,029	3,862	7,462
Payable between two to five years	10,702	5,486	14,340	30,528
Payable between six to ten years	15,546	9,692	14,594	39,832
Payable between eleven to fifteen years	18,513	14,297	9,108	41,918
Payable between sixteen to twenty years	10,728	9,985	1,791	22,504
Payable between twenty- one to twenty five years	0	0	0	0
<b>Total</b>	<b>58,060</b>	<b>40,489</b>	<b>43,695</b>	<b>142,244</b>

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

2018/19		2019/20
£'000		£'000
42,588	Balance outstanding at 1 April	41,539
(1,049)	Payments during the year	(1,050)
<b>41,539</b>	<b>Balance outstanding at 31 March</b>	<b>40,489</b>

## Note 41 Impairment Losses

During 2019/20 the authority has had no impairment losses. (2018/19, £nil).

Revaluation losses on operational properties and changes in the fair value of investment properties have been disclosed elsewhere in the Statement (the Movement in Reserves Statement, note 12: Fixed Assets and Note 14: Investment Properties).

## Note 42 Termination Benefits

The Council continues to engage in salary savings activity in the financial year 2019/20, in undertaking its Medium-Term Financial Strategy, and transformation work continues. The following tables provide a summary of the exit packages associated with the required redundancies to achieve the Council's transformational goals.

For the year 2019/20, the Council has charged to the Comprehensive Income and Expenditure Account a total of £2.53m for

the termination of contracts that have occurred during 2019/20. This is for the termination of 105 employee contracts spread across the full range of Council services.

The table below provides an analysis of the exit packages approved during 2019/20. This analysis discloses both the number of exit packages and the total cost of redundancies by the total cost band for each redundancy. With reference to the columns labelled:

- 'compulsory redundancies': this summarises the costs associated with the total number of compulsory redundancies in 2019/20.

- 'voluntary redundancies': wherever possible, redundancies have been minimised through the use of a variety of measures including the use of voluntary redundancy.

	Headcount by band						Cost by band (to nearest thousand pounds)					
	Compulsory redundancies			Other departures agreed			Compulsory redundancies			Other departures agreed		
	2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	2017/18 £'000	2018/19 £'000	2019/20 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
£'000 - £20,000	32	16	27	35	14	36	264	153	299	369	111	350
£20,001 - £40,000	5	9	14	12	11	10	137	230	384	358	278	290
£40,001 - £60,000	2	1	6	1	5	7	101	60	287	58	246	353
£60,001 - £80,000	0	0	1	1	3	3	0	0	71	73	201	217
£80,001 - £100,000	1	1	1	2	0	0	91	95	97	185	0	0
£100,001 - £150,000	1	0	0	1	1	2	118	0	0	103	114	227
£150,001 - £200,000	1	0	0	2	0	0	185	0	0	347	0	0
£200,001 - £250,000	0	0	0	0	0	0	0	0	0	0	0	0
£250,001 - £300,000	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>42</b>	<b>27</b>	<b>49</b>	<b>54</b>	<b>34</b>	<b>58</b>	<b>896</b>	<b>538</b>	<b>1,138</b>	<b>1,493</b>	<b>950</b>	<b>1437</b>

# Note 43 Pensions Schemes Accounted for as Defined Contribution Schemes

## Teachers

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

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded, and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of 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 £10.878m to Teachers' Pensions in respect of teachers'

retirement benefits (£9.903m, 2018/19), representing 20.8% of pensionable pay (16.5%, 2018/19). As a proportion of the total contributions into the Teachers' Pension Scheme during the year ending 31 March 2019, the Authority's own contributions equate to approximately 67.5%. There were no contributions remaining payable at the year-end.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 44.

## Ex ILEA

In 2019/20 the Council paid £0.129m to the London Pensions Fund Authority (£0.118m in 2018/19) in respect of former ILEA employees' pension costs, which represents 20.87% of ex-ILEA employees' pensionable pay (17.05% in 2018/19). In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related

increases. In 2019/20 these amounted to £0.058m, (£0.061m in 2018/19) representing 9.39% of pensionable pay (8.85% in 2018/19).

The Fund's actuary determines the employer's contribution rate based on triennial actuarial valuations. The last review was undertaken at 31 March 2019, setting the contribution rates from 2020/21 to 2022/23.

Under Pension Fund regulations applying from 2007/08, contribution rates are required to meet 100% of the overall liabilities of the Fund over an agreed period, and the contributions needed by the Council to meet this requirement will continue to be funded at the level recommended by the Council's actuary.

The capital cost of discretionary increases in pension payments (e.g. discretionary added years) agreed by the authority in 2019/20 was nil (nil in 2018/19).

# Note 44 Defined Benefit Pension Schemes

## Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The council's employees belong to three principal pension schemes, all of which are defined benefit schemes. The three schemes are:

- London Borough of Camden Pension Fund,
- London Pensions Fund Authority
- Teachers' Superannuation Scheme

## Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

2018/19			2019/20			
Camden	LPFA	Total		Camden	LPFA	Total
£'000	£'000	£'000	<b>Comprehensive Income &amp; Expenditure Statement</b>	£'000	£'000	£'000
Cost of Services:						
53,171	293	53,464	- current service cost	67,153	247	67,400
113	0	113	- past service costs/(gains)	4,344	0	4,344
0	0	0	- settlement and curtailments	0	0	0
		0	Financing and Investment Income and Expenditure			0
16,591	25	16,616	- net interest cost	18,202	(34)	18,168
<b>69,875</b>	<b>318</b>	<b>70,193</b>	<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>89,699</b>	<b>213</b>	<b>89,912</b>
Other Post-employment Benefit Charged to The Comprehensive Income and Expenditure Statement						
<i>Re-measurement of the net defined benefit liability comprising:</i>						
(46,567)	(3,138)	(49,705)	- Return on plan assets (excluding the amount included in the net interest charge)	146,889	1,318	148,207
0	(1,611)	(1,611)	- re-measurement of the defined benefit liability arising on changes in demographic assumptions	(48,731)	1,269	(47,462)
160,084	2,068	162,152	- re-measurement of the defined benefit liability arising on changes in financial assumptions	(185,844)	(3,365)	(189,209)
581	0	581	- Other	(53,585)	(131)	(53,716)
<b>183,973</b>	<b>(2,363)</b>	<b>181,610</b>	<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(51,572)</b>	<b>(696)</b>	<b>(52,268)</b>

Camden £'000	2018/19		<b>Movement in Reserves Statement</b>	2019/20		
	LPFA £'000	Total £'000		Camden £'000	LPFA £'000	Total £'000
(69,875)	(318)	(70,193)	-Reversal of net charges made to the (Surplus) or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(89,699)	(431)	(90,130)
47,219	210	47,429	Actual amount charged against the General Fund Balance for Pensions in the year -Employers' contributions payable to scheme	51,138	187	51,325

#### Pensions Assets and Liabilities recognised in the Balance Sheet

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

Camden £'000	2018/19		<b>Pensions Assets and Liabilities recognised in the Balance Sheet</b>	2019/20		
	LPFA £'000	Total £'000		Camden £'000	LPFA £'000	Total £'000
(2,164,224)	(48,177)	(2,212,401)	Present Value of the defined benefit obligation	(1,948,079)	(45,156)	(1,993,235)
1,452,542	50,440	1,502,982	Fair value of plan assets	1,339,107	46,206	1,385,313
(36,978)	(863)	(37,841)	Present Value of the unfunded liabilities	(36,978)	(719)	(37,697)
<b>(748,660)</b>	<b>1,400</b>	<b>(747,260)</b>	<b>Net liability arising from defined benefit obligation</b>	<b>(645,950)</b>	<b>331</b>	<b>(645,619)</b>

31 Mar 19				31 Mar 20		
Camden	LPFA	Total	<b>Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets</b>	Camden	LPFA	Total
£'000	£'000	£'000	Year Ended:	£'000	£'000	£'000
1,367,332	48,211	1,415,543	Opening Fair Value of Employer Assets	1,452,542	50,440	1,502,982
36,916	1,117	38,033	Interest Income	34,916	1,068	35,984
		0	Re-measurement gain/(loss):			0
46,567	3,138	49,705	- the return on plan assets, excluding the amount	(146,889)	(3,052)	(149,941)
47,219	210	47,429	Contributions from employer	48,490	187	48,677
10,020	53	10,073	Contributions from employees into the scheme	10,975	46	11,021
(55,512)	(2,289)	(57,801)	Benefits Paid	(60,927)	(2,483)	(63,410)
<b>1,452,542</b>	<b>50,440</b>	<b>1,502,982</b>	<b>Closing Fair Value of Employer Assets</b>	<b>1,339,107</b>	<b>46,206</b>	<b>1,385,313</b>

31 Mar 19				31 Mar 20		
Camden	LPFA	Total	<b>Reconciliation of defined benefit obligation</b>	Camden	LPFA	Total
£'000	£'000	£'000	Year Ended:	£'000	£'000	£'000
1,979,238	49,321	2,028,559	Opening Defined Benefit Obligation	2,201,202	49,040	2,250,242
53,171	293	53,464	Current Service Cost	67,153	247	67,400
53,507	1,205	54,712	Interest cost	53,118	1,100	54,218
10,020	53	10,073	Contributions from scheme participants	10,975	46	11,021
		0	Re-measurement (gains) and losses:			0
0	(1,611)	(1,611)	- re-measurement of the defined benefit liability arising on changes in demographic assumptions	(48,731)	1,269	(47,462)
160,084	2,068	162,152	- re-measurement of the defined benefit liability arising on changes in financial assumptions	(185,844)	(3,365)	(189,209)
581	0	581	- Other	(53,585)	(131)	(53,716)
113	0	113	Past service cost	4,344	152	4,496
(55,512)	(2,289)	(57,801)	Estimated Benefits Paid	(63,575)	(2,483)	(66,058)
<b>2,201,202</b>	<b>49,040</b>	<b>2,250,242</b>	<b>Closing Defined Benefit Obligation</b>	<b>1,985,057</b>	<b>45,875</b>	<b>2,030,932</b>

## Local Government Pension Scheme assets comprised

Asset Category	Period Ended 31 March 2019				Period Ended 31 March 2020			
	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of Total Assets	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of Total Assets
<b>Real Estate:</b>								
UK Property	72,730	0	72,730	5%	67,050	0	67,050	5%
Overseas Property	0	59,803	59,803	4%	0	55,133	55,133	4%
<b>Investment Fund and Unit Trusts:</b>								
Equities	916,708	24,742	941,449	65%	844,995	22,933	867,928	65%
Bonds	153,095	0	153,095	11%	141,139	0	141,139	11%
Hedge Funds	49,578	0	49,578	3%	45,707	0	45,707	3%
Other	155,620		155,620	11%	143,467	0	143,467	11%
<b>Cash and Cash Equivalents:</b>								
All	20,267	0	20,267	1%	18,685	0	18,685	1%
<b>Total Assets</b>	<b>1,367,998</b>	<b>84,545</b>	<b>1,452,542</b>	<b>100%</b>	<b>1,261,043</b>	<b>78,066</b>	<b>1,339,109</b>	<b>100%</b>

## LPFA assets comprised

	Period Ended 31 March 2019		Period Ended 31 March 2020	
	£'000	%	£'000	%
Equities	27,442	54%	24,938	54%
LDI/Cashflow Matching	0	n/a	0	n/a
Target Return Portfolio	13,451	27%	11,905	26%
Infrastructure	3,039	6%	3,367	7%
Commodities	0	n/a	0	n/a
Property	4,743	9%	4,586	10%
Cash	1,765	4%	1,410	3%
<b>Total</b>	<b>50,440</b>	<b>100%</b>	<b>46,206</b>	<b>100%</b>

## Basis for Estimating Assets and Liabilities

Liabilities for the Council and LPFA schemes have been assessed by Hymans Robertson LLP and Barnett Waddingham respectively. Both have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The estimates are based on data relating to the latest full valuations as at 31 March 2019 and rolled forward.

The significant assumptions used by the actuary have been:

2018/19		Mortality	2019/20	
Camden Years	LPFA Years		Camden Years	LPFA Years
Average future life expectancies at age 65 for current pensioners				
22.0	20.6	Males	21.8	21.0
24.1	24.0	Females	23.9	24.2
Average future				
23.9	22.9	Males	23.2	23.0
26.1	26.2	Females	25.9	26.1

31 Mar 19		Financial Assumptions	31 Mar 20	
Camden % p.a.	LPFA % p.a.		Camden % p.a.	LPFA % p.a.
2.5%	2.5%	Pension Increase	1.9%	1.95%
3.1%	4.0%	Salary Increase	2.3%	2.95%
2.4%	2.3%	Discount Rate	2.3%	2.30%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below are based on the membership profile at the most recent actuarial valuation (31 March 2019).

## Sensitivity analysis

### Local Government Pension Scheme

Change in assumptions at 31 March 2018	Approximate % Increase to Employer Liability	Approximate monetary amount £'000
0.5% decrease in Real Discount Rate	9%	179,693
0.5% increase in the Salary Increase	1%	12,322
0.5% increase in the Pension Increase Rate	8%	166,066

### LPFA

	£'000	2019/20 £'000	£'000
Adjustment to discount rate	+0.1%	0.00%	-0.1%
Present Value of total Obligation	45,302	45,875	46,457
Projected Service Cost	218	222	226
Adjustment to long term salary increase	+0.1%	0.00%	-0.1%
Present Value of Total Obligation	45,900	45,875	45,850
Projected Service Cost	222	222	222
Adjustment to pension increases and deferred revaluation	+0.1%	0.00%	-0.1%
Present Value of Total Obligation	46,433	45,875	45,324
Projected Service Cost	226	222	219
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present Value of Total Obligation	47,408	45,875	44,392
Projected Service Cost	229	222	215

## Scheme's Funding Policy

The expected contributions to the scheme for 2019/20 are £49.644m for the council's scheme and £0.222m for the LPFA scheme.

## Weighted Average Duration

The discount rate should reflect the term of the benefit obligation. For this a weighted average duration of the benefit obligation has been calculated. This is defined as the weighted average time until payment of all expected future discounted cash flows, determined based on membership and the financial and demographic assumptions at a particular time. The shorter the duration the more 'mature' the employer. The weighted average duration of the defined benefit obligation for the council scheme members is 19 years (17.6 years 2018/19) and 13 years for LPFA scheme members (13 years 2018/19).

## Effect on future cash flows in the authority

One of the objectives of the scheme is to keep employers' contribution rates at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to limit the impact of increases or reductions in the required employer contribution rate. This stabilisation policy allows short term investment market volatility to be managed so as not to cause volatility in employer contribution rates, on the basis that a long term view can be taken on net cash inflow, investment returns and strength of employer covenant.

On the basis of extensive modelling carried out for the 2016 valuation exercise, the stabilised Council contributions for the following three years are as follows:

- "future service" contributions expressed as a percentage of active Fund members' pensionable payroll, being 18.2% in 2018/19, rising to 18.7% of payroll in 2019/20
- "past service" deficit repair payments expressed in monetary terms, being £18.58m in 18/19 and £18.93m in 2019/20
- The combined future and past service contributions broadly equate to annual increases of 1% of 2013 payroll projected into future years in line with assumed pay growth. The annual steps are broadly split equally between future and past service elements.

The last triennial valuation was carried out from 31 March 2019, with results and contribution rates agreed and implemented in 2020-21.

The next triennial valuations will be carried out from 31 March 2022.

As set out above, the Council's share of the pension assets within the London Pension Fund Authority (LPFA) as at 31 March 2020 was £46.206m.

Within the Camden pension assets are £78.066m of unquoted (level 3) investments. The valuation of unquoted (level 3) investments as at 31 March 2020 may have been effected by the effects of the Covid-19 pandemic. The outbreak of Covid-19 may have had a significant impact on markets and less weight should be attached to market evidence to inform opinions of value. As a result the Council's external valuer included a material valuation uncertainty paragraph within their valuation report for the year.

## Note 45 Contingent Liabilities

The council's Contingent Liabilities cover various on-going litigations and guarantees, the detail of which is shown below. The total expected value of these liabilities is £1.3m (£1.1m in 2018/19).

2018/19 'Estimated value of contingent liability £000	Details of contingent liabilities	2019/20 'Estimated value of contingent liability £000
	<b>Litigations</b>	
	Civil/Housing/Employment related litigations	
	The council is currently in dispute on a number of issues, which are summarised below:	
0	- various employment related litigations	101
145	- procurement/contracting disputes	163
200	- planning related	300
0	- car park related services	24
343	- leaseholder related services	200
470	- disrepair of property	495
<b>1,158</b>	<b>Total for Litigations</b>	<b>1,283</b>
<b>1,158</b>	<b>Total</b>	<b>1,283</b>

All the above litigations are prudent estimates of the potential cost to the council. It is not possible, due to considerations of legal privilege to either provide further information or to give an assessment of the likelihood of success of any of the litigations.

The Council notes a potential liability regarding various rulings that "sleep in" allowances be paid to care staff at minimum national wage each hour rather than a standard shift rate. The original Employment Tribunal (ET) ruling has been overturned however leave has been granted for an appeal to the Supreme Court. Given the outstanding legal process there remains a potential cost liability to the Council which, cannot be calculated due to the current lack of certainty around the outcome from the Supreme Court and variation in how providers pay their care staff.

# Note 46 Nature and extent of risks arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

- Credit risk: the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk: the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing risk: the possibility that the Council might need to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- 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.

The Council's management of treasury risks actively works to minimise the Council's exposure to the effects of the unpredictability of financial markets and to protect the financial resources available to fund services.

Risk management is carried out by a central treasury team under policies approved by the Council in the annual treasury management strategy report (last agreed by Council on 02/03/2020). The Council provides written principles for overall risk management, as well as written policies (covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash).

## Credit Risk

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

Customers for goods and services are assessed taking into account their financial position, past experience and other factors.

It is the policy of the Council to place deposits only with a limited number of high quality banks whose credit rating is independently assessed as sufficiently secure by the credit rating agencies and the Council's treasury consultants to restrict lending to a prudent maximum amount for each institution.

This Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, the Council does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- analysis of financial institutions' balance sheet and ability to withstand stress

The Council also has a policy of limiting deposits with institutions to a maximum of £40m for the very highest rated institutions such as local authorities. The Council continues to view the Royal Bank of Scotland as part-nationalised given the Government's continuing ownership. The bank has been classified as sovereign risk therefore the limit of this bank is £60m. This was agreed by Council on 12/11/12.

The Council credit criteria for selecting approved counterparties are published in the Treasury Management Strategy report, which is approved annually by the Council.

The Council's maximum exposure to credit risk in relation to its investments in banks cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of the Council not being able to recover its funds applies to all of the Council's deposits, but there was no evidence at the 31 March 2020 that this was likely to crystallise. The Council expects full repayment on the due date of deposits placed with its counterparties.

No counterparty limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

#### Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management

system, as required by the CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowing from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

All sums invested are due to be repaid in less than one year.

#### Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to the maturing of longer term financial liabilities.

The Council has safeguards in place to ensure that a significant proportion of its

borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates.

The maturity structure of financial liabilities is as follows (at nominal value):

31 March 2019 £000		31 March 2020 £000
205,440	Public Works Loans Board	205,436
124,000	Market Debt	124,000
0	Temporary Borrowing	0
<b>329,440</b>	<b>Total</b>	<b>329,436</b>
0	Less than one year	
	Between:	
0	one and two years	
15,472	two and five years	36,155
33,097	five and ten years	12,410
280,871	More than 10 years	280,871
<b>329,440</b>		<b>329,436</b>

All trade and other payables are due to be paid in less than one year.

In the 'more than 10 years' category there are six LOBOs (market loans) amounting to

£124m which have regular half yearly call dates and therefore may be called in the next 12 months.

### Market Risk

#### Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowing and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowing at variable rates - the interest expense charged to the Surplus or Deficit on the Provision of Services will rise;
- borrowing at fixed rates - the fair value of the liabilities borrowings will fall;
- investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services will rise;
- investments at fixed rates - the fair value of the assets will fall.

Borrowing is not carried at fair value, so nominal gains and losses on fixed rate borrowing 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 borrowing and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy, 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, the drawing of longer term fixed rates borrowing would be postponed.

According to this assessment strategy, at 31 March 2020, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest payable on variable rate borrowing	1,240
Increase in interest receivable on variable rate investments	0
Increase in government grant receivable for financing costs	0
Impact on Surplus or Deficit on the Provision of Services	1,240
Share of overall impact debited to the HRA	1,090
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	0
Decrease in fair value of fixed rate borrowing liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(64,221)

#### Foreign Exchange Risk

The Council has no General Fund financial assets or liabilities denominated in foreign currencies and thus has no exposure to losses arising from movements in exchange rates.

## Note 47 Trust Funds and other accounts

The Authority administers a number of trust accounts. The balances on these funds are not included in the Balance Sheet.

2018/19 restated	Balance at 31 Mar 2018 £	Receipts £	Payments £	Balance at 31 Mar 2019 £
Education	(9,500)	(62)	0	(9,562)
Social Services	(38,837)	(288)	0	(39,125)
Other Funds	(169,050)	(1,199)	0	(170,249)
Water Low Park	(521,386)	(607,703)	580,151	(548,938)
Lauderdale House Charity	(713,836)	(17,977)	26,164	(705,649)
Emmanuel Vincent Harris Trust	(3,946,396)	(29,203)	0	(3,975,599)
Neighbourhood Forum Funds	(1,745)	0	0	(1,745)
<b>Total</b>	<b>(5,400,750)</b>	<b>(656,432)</b>	<b>606,315</b>	<b>(5,450,867)</b>

Assets and liabilities on the funds as at 31 March were:

31 Mar 2018 £		31 Mar 2018 £
1,235,222	Fixed Assets	1,254,587
4,165,528	Investments	4,196,280
<b>5,400,750</b>	<b>Represented by Trust Funds</b>	<b>5,450,867</b>

2019/20	Balance at 31 Mar 2019 £	Receipts £	Payments £	Balance at 31 Mar 2020 £
Education	(9,562)	(86)	0	(9,648)
Social Services	(39,125)	(352)	0	(39,477)
Other Funds	(170,249)	(1,537)	0	(171,786)
Water Low Park	(548,938)	(605,852)	630,263	(524,527)
Lauderdale House Charity	(705,649)	(122,085)	24,937	(802,797)
Emmanuel Vincent Harris Trust	(3,975,599)	(35,809)	0	(4,011,408)
Neighbourhood Forum Funds	(1,745)	(84)	0	(1,829)
<b>Total</b>	<b>(5,450,867)</b>	<b>(765,805)</b>	<b>655,200</b>	<b>(5,561,472)</b>

Assets and liabilities on the funds as at 31 March were:

31 Mar 2019 £		31 Mar 2020 £
1,254,587	Fixed Assets	1,327,324
4,196,280	Investments	4,234,148
<b>5,450,867</b>	<b>Represented by Trust Funds</b>	<b>5,561,472</b>

In addition, the authority administers funds on behalf of Adult Social Care service clients including funds administered by officers as Court appointee or receiver.

# Note 48 Council's Association with External Bodies

The Council has significant interests in a number of entities, including Subsidiaries, Associates, and Investments. Significant interests have been identified as:

## Subsidiaries

### Camden Living

Incorporated in November 2016, Camden Living is a limited company which is a wholly owned subsidiary of Camden Council and started trading in February 2018. Camden Living has been set up to provide housing, for tenants at a sub market (or intermediate) rent, which is lower than private rents, but greater than social housing rent.

As at 31/03/20 Camden Living has purchased property at £8.477m (NBV £8,313m year ended 31/03/20) from the Council. This was funded via a loan of £5.086m and Share Capital of £3.391m. The Council holds 104 ordinary shares at a value of £1 each.

Current Board members connected to the Council and classified as related parties are Jon Rowney.

This entity is ultimately controlled by the Authority but is deemed to be immaterial for consolidation purposes.

## Associates

### Camden Learning

Incorporated in June 2016, Camden Learning is a private company limited by guarantee without share capital. London Borough of Camden has a 19.5% share of Camden Learning, the remainder is owned by Camden Schools.

Camden Learning has been set up to provide certain school support services, including working with schools to improve teaching and learning and support local schools with their development and help to ensure they have the best people and practices in place.

## Investments

### Camden Schools Projects Ltd

Incorporated in June 2010, Camden Schools Project Ltd (previously named Camden LEP Ltd) is a Private Ltd Company. The Authority holds 10% of the company's Ordinary shares and is therefore unable to exert significant influence over the company's decision making processes.

The objectives of this company are to develop and deliver the Building Schools for the Future (BSF) Sample Schools Programme, comprising both PFI and non-PFI investment. Develop and deliver facilities management services. Develop and deliver the BSF ICT investment programme in parallel with the above schools programme.

The Council has treated this company as an investment and it is held on the balance sheet.



4

# Supplementary Accounts

# HRA Comprehensive Income and Expenditure Statement

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

## HRA Comprehensive Income and Expenditure Statement

2018/19 Restated\*

£'000		Notes	2019/20 £'000
	<b>Expenditure</b>		
67,763	Repairs and maintenance		68,225
	Supervision and management		
29,586	– General		30,093
29,988	– Special services		30,435
0	PFI Costs		(11,316)
6,043	Rents, rates and other charges		6,334
(6,429)	Increased/(decreased) provision for bad debts		5,313
37,653	Depreciation	6	36,604
148,802	Revaluation (gain)/loss charged to income & expenditure	6	(31,950)
102	Debt Management Expenses		98
269	REFCUS		366
<b>313,777</b>	<b>Total expenditure</b>		<b>134,202</b>
	<b>Income</b>		
(130,281)	Dwelling rents	1,2,3,4	(129,429)
(2,216)	Non-dwelling rents		(2,378)
(23,673)	Charges for services and facilities		(23,517)
(13,026)	Leaseholder charges – revenue		(14,318)
5,567	Leaseholder charges – capital		(13,070)
(6,824)	HRA Subsidy/PFI Credit		(1,271)
<b>(170,453)</b>	<b>Total Income</b>		<b>(183,983)</b>
143,324	Net Cost of HRA Services per whole Authority Comprehensive Income and Expenditure Statement		(49,781)
601	HRA services share of Corporate and Democratic Core		740
<b>143,925</b>	<b>Net (Income)/Expenditure for HRA Services per whole Authority Comprehensive Income and Expenditure Statement</b>		<b>(49,041)</b>

HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement

2018/19 Restated*		Notes	2019/20
£'000			£'000
0	Revaluation changes on investment properties		0
(64,955)	(Gain) or loss on sale of HRA non-current assets		26,243
15,721	Interest payable and similar charges	5	14,823
(9,116)	Investment Income		(9,200)
(16,718)	Capital Grants and Contributions Receivable		(14,020)
2,251	Pensions interest cost and expected return on pensions assets	8	2,956
<b>71,098</b>	<b>(Surplus) or deficit for the year on HRA services</b>		<b>(28,239)</b>

Statement of Movement on the HRA Balance

2018/19 Restated*		Notes	2019/20
£'000			£'000
(31,112)	Balance on HRA at the end of the previous year		(31,565)
71,098	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		(28,239)
(71,551)	Adjustments between accounting basis and funding basis under statute	8	30,107
<b>(453)</b>	<b>Net (increase) or decrease before transfers (to) or from reserves</b>		<b>1,868</b>
	Transfer (to) or from Reserves		5,970
(453)	(Increase) or decrease in year on the HRA		7,838
<b>(31,565)</b>	<b>Balance on the HRA at the end of the current year</b>		<b>(23,727)</b>

\* refer to Note 6a for detail on Prior Period Adjustment

## Note 1 Gross Rent Income

Gross rent income is the total rent income due for the year after allowance is made for vacant properties. During the year 4.48% of properties used for permanent accommodation were vacant (4.49%, 2018/19). The average rent for all stock excluding service charges and voids) was £111.48 per week in 2019/20, a decrease of 0.99%, over the 2018/19 level of £112.59 per week.

## Note 2 Housing Stock

The value of Council Dwellings as at 31st March 2020 was £2.574bn (£2.450bn at 31 March 2019). The basis of the valuation for these dwellings is 'Existing Use Value for Social Housing' based on the vacant possession value of the properties, adjusted to reflect the occupation by a secure tenant.

The Social Housing discount factor is 25% in 2019/20 (25% in 2018/19), which means that the vacant possession value of the dwellings within the HRA as at 31st March 2020 is £10.296bn (£9.80bn at 31 March 2019). The difference between the vacant possession and the Balance Sheet value shows the economic cost to the Government of providing social housing at less than open market rents. The increase in vacant possession between 2018/19 and 2019 is because all HRA dwellings were revalued in 2019/20.

The Council was responsible at 31 March 2020 for managing self-contained and shared dwellings. The stock was as follows

2018/19	2019/20
No. Property	No.
9,557 Bedsitter / 1 Bed accommodation	9,496
7,480 2 Bed accommodation	7,411
4,900 3 Bed accommodation	4,856
1,425 4 Bed+ accommodation	1,397
0 Multi-occupied dwellings	0
84 Shared units *	66
<b>23,446 Total</b>	<b>23,226</b>

\*Dwelling equivalent

The Total Value of HRA non-current assets at 31 March 2020 was £2.812bn (£2,683bn at 31 March 2019)

## HRA Property Plant and Equipment 2019/20

	Council Dwellings	Other Land and Building	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000
<b>At 1 April 2019</b>	<b>2,451,303</b>	<b>180,040</b>	<b>58,442</b>	<b>2,689,785</b>
Additions	76,003	1,059	17,298	94,360
Acc Dep & Imp WO to GCA	(33,101)	(3,879)	0	(36,980)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	40,325	16,507	0	56,832
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	44,988	(5,050)	0	39,938
Derecognition - Disposals	(32,163)	(2,138)	0	(34,301)
Assets reclassified (to)/from Assets Under Construction	12,552	0	(12,552)	0
Assets reclassified (to)/from Held for Sale	0	6,439	(7,595)	(1,156)
Assets reclassified (to)/from Investment Property	0	0	0	0
Other movements in Cost or Valuation	5,545	(5,545)	0	0
<b>At 31 March 2020</b>	<b>2,565,452</b>	<b>187,433</b>	<b>55,593</b>	<b>2,808,478</b>
	£'000	£'000	£'000	£'000
<b>Accumulated Depreciation &amp; Impairment</b>				
<b>At 1 April 2019</b>	<b>(1,683)</b>	<b>(5,522)</b>	<b>0</b>	<b>(7,205)</b>
Depreciation Charge for 2019/20	(33,754)	(2,850)	0	(36,604)
Acc. Depreciation WO to GCA	33,101	3,879	0	36,980
Derecognition - Disposals	442	63	0	505
Other movements in Depreciation and Impairment	(1)	1	0	0
<b>At 31 March 2020</b>	<b>(1,895)</b>	<b>(4,429)</b>	<b>0</b>	<b>(6,324)</b>
Net Book Value				
<b>At 31 March 2020</b>	<b>2,563,557</b>	<b>183,004</b>	<b>55,593</b>	<b>2,802,154</b>
<b>At 1 April 2019</b>	<b>2,449,620</b>	<b>174,518</b>	<b>58,442</b>	<b>2,682,580</b>

## HRA Property Plant and Equipment 2018/19

	Council Dwellings	Other Land and Building	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000
At 1 April 2018	<b>2,540,348</b>	<b>47,336</b>	<b>696</b>	<b>140,379</b>	<b>2,728,759</b>
Additions	57,086	5,014	0	14,854	76,954
Reclassification (movement between PPE asset groups)	62,091	966	(696)	(62,351)	10
Reclassification (movement between other asset groups)	10,654	128,812	0	(34,440)	105,026
Accumulated Dep. Written off on revaluation to gross book value	(34,145)	(44)	0	0	(34,189)
Revaluation increases/(decreases) recognised in the revaluation reserve	(27,942)	140	0	0	(27,802)
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(147,536)	(1,266)	0	0	(148,802)
De-recognition – disposals	(9,253)	(918)	0	0	(10,171)
De-recognition – other	0	0	0	0	0
At 31 March 2019	<b>2,451,303</b>	<b>180,040</b>	<b>0</b>	<b>58,442</b>	<b>2,689,785</b>
	£'000	£'000	£'000	£'000	£'000
<b>Accumulated Depreciation &amp; Impairment</b>					
At 1 April 2018	<b>(1,140)</b>	<b>(3,061)</b>	<b>0</b>	<b>0</b>	<b>(4,201)</b>
Depreciation Charge for 2018/19	(34,873)	(2,780)	0	0	(37,653)
Acc. Depreciation WO to GCA	34,145	44	0	0	34,189
Depreciation written out to the revaluation reserve	0	275		0	275
Derecognition - Disposals	185	0	0	0	185
Other movements in Depreciation and Impairment	0	0	0	0	0
At 31 March 2019	<b>(1,683)</b>	<b>(5,522)</b>	<b>0</b>	<b>0</b>	<b>(7,205)</b>
Net Book Value					0
<b>At 31 March 2019</b>	<b>2,449,620</b>	<b>174,518</b>	<b>0</b>	<b>58,442</b>	<b>2,682,580</b>
<b>At 1 April 2018</b>	<b>2,539,208</b>	<b>44,275</b>	<b>696</b>	<b>140,379</b>	<b>2,724,558</b>

## Note 3 Rent Arrears

The arrears at 31 March 2020 were £9.624m (£8.264m, 31 March 2019). Amounts written off during the year totalled £1.446m (£0.264m, 31 March 2019) and the provision for bad debts at the year-end totalled £7.981m (£6.724m; 31 March 2019).

## Note 4 Rent Rebates

Assistance with rents is available under the Housing Benefits scheme for those on low incomes. About 52% of the Council's tenants were receiving some help with the costs of rent charges (excluding Universal Credit) at 31 March 2020.

2018/19 Restated £'000	2019/ £'000
130,227 Gross rent income	129,429
23,673 Gross tenant service charge income	23,517
<b>153,900</b> Total	<b>152,946</b>
90,801 Rent Rebates	79,532
Rebates as % of rent income	52%

Housing Benefit is administered by corporate services under regulations laid down by the Department for Work and Pensions (DWP). The cost of rent rebates granted to council tenants is covered by government subsidy.

## Note 5 Interest Charges

### Interest charges

met by the Housing Revenue Account are charged by the General Fund in accordance with the Item 8 Credit and Item 8 Debit (General) determination made by the Secretary of State under part II of schedule 4 to the Local Government and Housing Act 1989.

## Note 6 Depreciation

The Item 8 Determination states that the HRA should be charged with depreciation. Depreciation is made up as follows:

2018/19 Restated £'000		2019/20 £'000
34,873	Operational Assets-dwellings	33,754
2,780	Operational Assets-other	2,850
<b>37,653</b>		<b>36,604</b>

The revaluation of HRA stock is as follows:

2018/19 £'000		2019/20 £'000
148,802	Revaluation (gains)/loss charged to income and expenditure	(31,950)
<b>148,802</b>	<b>Total</b>	<b>(31,950)</b>

## Note 7 HRA Contributions to the Pension Reserve

Under IAS 19, the pension amount charged to each council service is the amount of pension benefit earned in the year, as determined by the actuary. This replaces the cash contributions made by services to the Pension Fund. This principle has been applied to the HRA.

In addition, the HRA has been charged with its share of the pension interest cost and the return on pension assets, and these, together with the change in service costs have been matched by an appropriation to or from the Pension Reserve such that the net outturn on the HRA is not altered by these accounting adjustments.

## Note 8 Statement of Movement on the HRA Balance

2018/19 Restated	Notes	2019/20
Net Expenditure		Net Expenditure
£'000		£'000
	Items included in the HRA Comprehensive Income and Expenditure Statement but excluded from the movement on the HRA Balance for the year	
64,965	Gain/loss on sales of HRA fixed assets	(26,243)
(269)	Revenue Expenditure Funded from Capital Under Statute	(366)
(148,802)	Revaluation changes on non-current assets recognised in I&E	31,950
176	Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements (employee accrual)	(277)
3,501	Net charges made for retirement benefits in accordance with IAS19	2,603
<b>(80,429)</b>	<b>Total</b>	<b>7,667</b>
	Amounts not included in the HRA Comprehensive Income and Expenditure Statement but required to be included by statute when determining the Movement on the HRA Balance for the year	
(1,280)	Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	11,366
0	Revenue Contribution to Capital Outlay – Leaseholder contributions	11,892
(6,560)	Employers contributions payable to the pension funds and retirement benefits payable direct to pensioners	(8,868)
	Transfer from Reserves	(5,970)
16,718	Application of capital Grants to finance capital expenditure	14,020
<b>8,878</b>	<b>Total</b>	<b>22,440</b>
<b>(71,551)</b>	<b>Net additional amount required by statute and non-statutory proper practices to be credited or debited to the HRA Balance for the year</b>	<b>30,107</b>

## Note 9 HRA Capital Programme

Total capital expenditure on Land, Houses and other property within the HRA was £94,360m (£85.190m in 2018/19). The expenditure was funded from the following resources:

2018/19 Restated £'000		2019/20 £'000
28,996	Borrowing	9,506
3,909	Capital Receipts	46,033
0	Revenue Contributions	0
36,208	Major Repairs Reserve	30,615
8,285	Grants	8,015
7,792	Other Contributions	191
<b>85,190</b>		<b>94,360</b>

2018/19 Restated £'000		2019/20 £'000
91,450	Capital Receipts received within the year were	41,447
(86,711)	Useable	(26,058)
<b>4,739</b>	<b>Paid to MHCLG</b>	<b>15,389</b>

# Collection Fund Revenue Account

# Collection Fund Revenue Account

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

2018/19	Income and Expenditure Account	Notes	2019/20 Council Tax £'000	NNDR £'000	BRS £'000	Total £'000
£'000			£'000	£'000	£'000	£'000
<b>Income</b>						
(133,648)	Income from Council Tax	1,2,3,4	(143,481)			<b>(143,481)</b>
(622,950)	Income collectable from business ratepayers (NNDR)	6		(644,878)		<b>(644,878)</b>
0	Transitional protection payments from CLG			0		<b>0</b>
(21,494)	Income collectable in respect of Business Rate Supplements	7			(21,423)	<b>(21,423)</b>
<b>Contribution from preceptors towards previous year's Collection Fund deficit</b>						
<b>Council Tax / NNDR</b>						
(0)	Greater London Authority			(4,478)		<b>(4,478)</b>
(0)	London Borough of Camden			(5,294)		<b>(5,294)</b>
(0)	Communities and Local Government			(2,461)		<b>(2,461)</b>
<b>(778,092)</b>	<b>Total Income</b>		<b>(143,481)</b>	<b>(657,110)</b>	<b>(21,423)</b>	<b>(822,014)</b>

2018/19		Notes	2019/20 Council Tax	NNDR	BRS	Total
£'000	Income and Expenditure Account		£'000	£'000	£'000	£'000
<b>Expenditure</b>						
<b>Precepts and Council demand</b>						
26,186	Greater London Authority (GLA)		29,105			<b>29,105</b>
106,309	London Borough of Camden		112,412			<b>112,412</b>
<b>Share of Non Domestic Rates</b>						
231,120	Greater London Authority			177,120		<b>177,120</b>
410,880	London Borough of Camden			314,880		<b>314,880</b>
	Communities and Local Government			164,000		<b>164,000</b>
(16,973)	Transitional protection payments to CLG			(5,228)		<b>(5,228)</b>
1,263	Cost of collection allowance (NNDR)			1,308		<b>1,308</b>
<b>Business Rate Supplements (BRS)</b>						
21,529	Payment to GLA's BRS Revenue Account	7			21,388	<b>21,388</b>
(35)	Administrative costs	7			35	<b>35</b>
<b>Council Tax Impairment of debts</b>						
(231)	Allowance for impairment		2,245			<b>2,245</b>
1,220	Council Tax write offs		1,883			<b>1,883</b>
<b>Non Domestic Rates Impairment of debts &amp; Appeals</b>						
(560)	Allowance for impairment			8,569		<b>8,569</b>
2,333	NNDR write-offs					
0	Provision for appeals			(19,731)		<b>(19,731)</b>
<b>Contribution to preceptors from previous year's Collection Fund surplus</b>						
<b>Council Tax/Non Domestic Rates</b>						
(11,554)	Greater London Authority		99			<b>99</b>
(11,776)	London Borough of Camden		401			<b>401</b>

2018/19		Notes	2019/20 Council Tax £'000	NNDR £'000	BRS £'000	Total £'000
	Income and Expenditure Account					
£'000			£'000	£'000	£'000	£'000
(12,244)	Communities and Local Government		0			0
<b>747,467</b>	<b>Total Expenditure</b>		<b>146,145</b>	<b>640,918</b>	<b>21,423</b>	<b>808,486</b>
(30,625)	Deficit/(Surplus) for the year		2,664	(16,192)	0	(13,528)
40,593	Deficit/(surplus) at 1 April		(2,603)	11,371		8,768
<b>9,968</b>	<b>Deficit/(Surplus) at 31 March</b>		<b>61</b>	<b>(4,821)</b>	<b>0</b>	<b>(4,760)</b>

## Note 1 General

The Collection Fund was established on 1 April 1990 under the provisions of the Local Government Finance Act 1988. It accounts for all transactions on council tax, business rates and residual community charge. Although it is kept separate from the Comprehensive Income and Expenditure Statement, Camden's share of the Collection Fund balance forms part of the Balance Sheet.

## Note 2 Council Tax

The Council Tax is a property-based tax with a system of personal discounts, based upon the nature and degree of occupation of the property concerned. For the purpose of assessing the tax, all domestic properties were valued by the Valuation Office Agency and placed in one of eight bands (A to H), depending upon the estimated market value at 1 April 1991.

## Note 3 Council Demand

The Council's demand on the Collection Fund for council tax represents the balance of spending for the year to be met from council tax, together with any deficit or surplus met in that year in respect of community charge. Regulations prescribe that any surplus or deficit in respect of council tax items in the Collection Fund is to be split between the Council and major preceptors. These adjustments are determined at the time of tax setting and included in the precepts and Council demand.

## Note 4 Council Tax Bands

Market Value in April 1991	Band	Chargeable Dwellings	Fraction 2019/20	Tax base for tax setting (£)
less than £40,000	A	2,171.52	06-Sep	1,447.68
£40,000 - £52,000	B	6,031.34	07-Sep	4,691.04
£52,000 - £68,000	C	12,474.62	08-Sep	11,088.55
£68,000 - £88,000	D	17,405.67	09-Sep	17,405.67
£88,000 - £120,000	E	14,052.51	11-Sep	17,175.29
£120,000 - £160,000	F	9,620.93	13-Sep	13,896.89
£160,000 - £320,000	G	10,782.22	15-Sep	17,970.37
£320,000 or more	H	4,325.69	18-Sep	8,651.37
<b>Totals</b>				<b>92,326.88</b>
Allowance for Non-Collection				(1,846.54)
Adjustment for Armed Forces Dwellings				19.66
<b>Totals</b>				<b>90,500.00</b>

By law, the tax for each band is set as a fraction of the band D charge. The Band D Council for Camden for 2019/20 together with the comparator for the previous year is:

2018/19 £	Preceptor	2019/20 £
1,194.20	Camden	1,241.84
294.23	Greater London Authority	320.51
<b>1,488.43</b>	<b>Total</b>	<b>1,562.35</b>

## Note 5 Council Tax – Uncollectable amounts

The provision to cover bad debts stood at £12,438m on 31 March 2020 (£10.193m as at 31 March 2019). This represents 76.37% of the outstanding arrears (70.19%; 31 March 2019).

## Note 6 Collection of National Non-Domestic Rates

Under the arrangements for National Non-Domestic Rates (NNDR) the Council collects business rates for its area, which are based on local rateable values and a multiplier set by the Government.

The non-domestic rating multiplier set by the Government for 2019/20 was 50.4p and 49.1p for small business (49.3p and 48p respectively for 2018/29). Local businesses pay NNDR calculated by multiplying their rateable value by these rates and subject to certain reliefs and deductions and the total amount collectable is distributed between the Government, Greater London Authority and the London Borough of Camden.

At 31 March 2020, the non-domestic rateable value of the borough was £1,595.209m (£1,611.374m, 31 March 2019). On 1 April 2010 a national revaluation of all commercial properties was undertaken by the Valuation Office, which

resulted in the significant increase in the rateable value of the borough. Transitional arrangements have limited changes to bills and are being phased out over five years.

Income due from business ratepayers:

2018/19 £'000	2018/19 £'000	2019/20 £'000	2019/20 £'000
		<b>Income from business ratepayers</b>	
	749,104		752,239
	11,783		11,110
(16,973)		(5,228)	
(85,861)		(88,484)	
(31,945)		(14,401)	
(3,158)	(137,937)	(10,357)	(118,470)
	<b>622,950</b>	<b>Income due from business ratepayers</b>	<b>644,879</b>

## Note 7 Business Rate Supplement

Since 2010/11, Camden has been collecting an additional levy from non-domestic business rate payers, under the statutory arrangements of the Business Rates Supplement Act 2009, on behalf of the Greater London Authority to fund the Crossrail project. The levy set for 2019/20 was 2p on non-domestic properties with a rateable value of over £70,000 in London.



5

# Pension Fund Accounts

# Pension Fund Account

# Pension Fund Explanatory Foreword

## Introduction

The Council is the administering authority for the Camden Pension Fund. The Fund is governed by the Public Service Pensions Act 2013. The fund is administered in accordance with the following secondary legislation:

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

The Accounts have been prepared in accordance with the 2019/20 Code of Practice on Local Authority Accounting in the United Kingdom, issued by CIPFA, which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

All employees become members on appointment with London Borough of Camden, or a scheduled or admitted body. The Fund's income is derived from contributions from employees and employers and income from investments.

The Fund operates as a defined benefit scheme and provides retirement pensions and lump sum allowances, widows' and children's pensions and death gratuities.

The LGPS 2014 reforms came into effect from 1<sup>st</sup> April 2014. These regulations change the scheme from one based on final pay to one based on career average pay.

The following description of the Fund is a summary only. For further detail, reference should be made to the 2019/20 London Borough of Camden Pension Fund [Annual Report](#) (available for download from the [September 2020 Pension Committee papers](#)) and the underlying statutory powers underpinning the scheme.

## Fund Management

The day-to-day management of the Fund investments is carried out by the external fund managers. As at 31 March 2020 there were 12 managers (31 March 2019: 10 external fund managers) investing on behalf of the Fund:

- Baillie Gifford & Co (London LGPS CIV Ltd)
- Baring Asset Management Ltd
- CB Richard Ellis Global Investment Partners Ltd
- HarbourVest Partners LLP
- Harris Associates LP
- Insight Investment Funds Management Ltd
- Legal & General Investment Management Ltd
- Partners Group Management II S.A.R.L.
- Ruffer LLP (London LGPS CIV Ltd)
- Standard Life Investments Ltd
- Stepstone (London LGPS CIV Ltd)
- CQS (UK) LLP (London LGPS CIV Ltd)

The Pension Committee at the meeting held on 27 February 2019 terminated the investment mandate of Insight Investment Funds Management Ltd and appointed CQS Investment Management Ltd (London CIV Ltd) as the fixed income fund managers. The Committee also agreed that transitioning of assets between Insight Investment and CQS Investment should be phased quarterly – the first phase occurred on 31 May 2019. The process of transitioning assets between the two managers was placed on hold following the LCIV putting CQS on watch, but now these concerns have been lifted, the transition will most likely continue in 2020-21.

The London LGPS CIV Ltd is a regulated fund manager that represents the pooled investments of 32 Local Authority Pension Funds. The London CIV has an Authorised Contractual Scheme fund structure. The umbrella fund (the CIV) has a range of sub-funds comprising different asset classes which are available for investment by participating local authorities, including both the Baillie Gifford & Co Global Alpha Growth Fund, the Ruffer LLP RF Absolute Return Fund, the CQS Investment Management Ltd Multi-Asset Credit Fund and the StepStone Group Infrastructure and Real Assets Fund.

Each manager operates within mandated investment management agreements and targets determined by the Council's Pension Committee. Overall investment strategy is the responsibility of the Pension Committee, which consists of eight councillors.

In 2019/20 the Pension Committee received advice from the Executive Director Corporate Services, the Borough Solicitor and other officers, as well as the fund managers and the following professional consultants:

- Hymans Robertson LLP (Actuarial & Benefit Services)
- KPMG (Investment Consultancy) – now known as Isio after a management buyout
- Karen Shackleton (Independent Investment Advisor)
- PIRC (Corporate Governance Services)

Committee meetings are held quarterly. The details of the meetings, including agendas, minutes and regular reports on the Fund's performance, can be found through the Pension Committee website: <http://democracy.camden.gov.uk/ieListMeetings.aspx?Committeeld=652>

The market value of the assets (including cash & income receivable) held by the Fund Managers, the Custodian and the Council as at 31 March 2020 is as follows:

2018/19		Fund Manager/Custodian	2019/20	
£'000	%		£'000	%
279,791	16.9%	Baillie Gifford & Co (London CIV)	276,223	17.8%
125,254	7.6%	Barings	108,665	7.0%
302	0.0%	BlueCrest	225	0.0%
92,382	5.6%	CBRE	92,481	5.9%
0	0%	CQS (London CIV)	41,367	2.7%
37,485	2.3%	HarbourVest	43,603	2.8%
233,178	14.1%	Harris Associates	195,125	12.6%
125,054	7.5%	Insight	90,268	5.8%
569,332	34.4%	Legal & General	501,564	32.3%
83,011	5.0%	Partners Group	94,514	6.1%
56,879	3.4%	Ruffer (London CIV)	58,709	3.8%
47,406	2.9%	Standard Life	46,366	3.0%
0	0%	Stepstone (London CIV)	1,092	0.1%
150	0.0%	Council	150	0.0%
3,749	0.2%	JPM Custodian Cash Account	3,996	0.3%
<b>1,653,973</b>	<b>100%</b>		<b>1,554,348</b>	<b>100%</b>

## Funding Arrangements

The Fund is subject to actuarial valuation every three years. The actuary is required to specify the employers' contribution rates to the Fund necessary to ensure that present and future commitments can be met. The last completed actuarial valuation of the Fund was carried out as at 31 March 2019. Contribution rates took effect from 1 April 2020. The fund will be revalued as at the 31 March 2022 with the result available in the autumn and new contribution rates for employers taking effect from 1 April 2023. The full valuation report can be read [here](#).

The market value of the Fund's assets at the 2019 valuation date was £1.657bn. The actuarial value of the Fund's accrued liabilities, allowing for future pay increases, was £1.613bn; therefore there was a surplus of £43.2m and the Fund was 103% funded.

The employers' contribution rates were calculated using the projected unit actuarial method and the main actuarial assumptions were as follows:

CPI inflation	<b>2.3%</b> per annum
Pay increases	<b>2.7%</b> per annum
Gilt-based discount rate	<b>1.5%</b> per annum
Funding basis discount rate	<b>4.5%</b> per annum

Assets were valued at the last Triennial Valuation in 2016 using a discount rate 1.6% above the yield available on long-dated fixed interest gilts. In the 2019 Triennial Valuation, the discount rate is derived from a 70% likelihood that the Fund's investments will return at least 4.5% over the next 20 years based on a stochastic asset projection.

At the prior actuarial valuation on 31 March 2016 the assets were valued as sufficient to meet 76% of the liabilities and as at 31 March 2019 the actuary estimates that assuming reasonable future investment returns the Fund is 103%. The average employee rate is 7% of pensionable pay (6.8% last time) and the total expected contributions over the next Triennial cycle will be greater than the 2016-2019 cycle. The Fund agreed a contribution strategy with a cap of 1% on increases (and decreases) to its Employer Contribution, following agreement with the Fund's actuary, meaning that in 2019/20 the contribution rate from the Administering Authority was 32.3% (31.3% in 2018/19).

## Fund Portfolio and Diversification

The Regulations require that the Members of the Pension Committee and Fund Managers should pay regard to the need to diversify investments and also to the suitability of particular investments. The Fund's Investment Strategy Statement and Funding Strategy Statement can be found within the Annual Report on the Pension Fund [website](#):

## Admitted and Scheduled Bodies

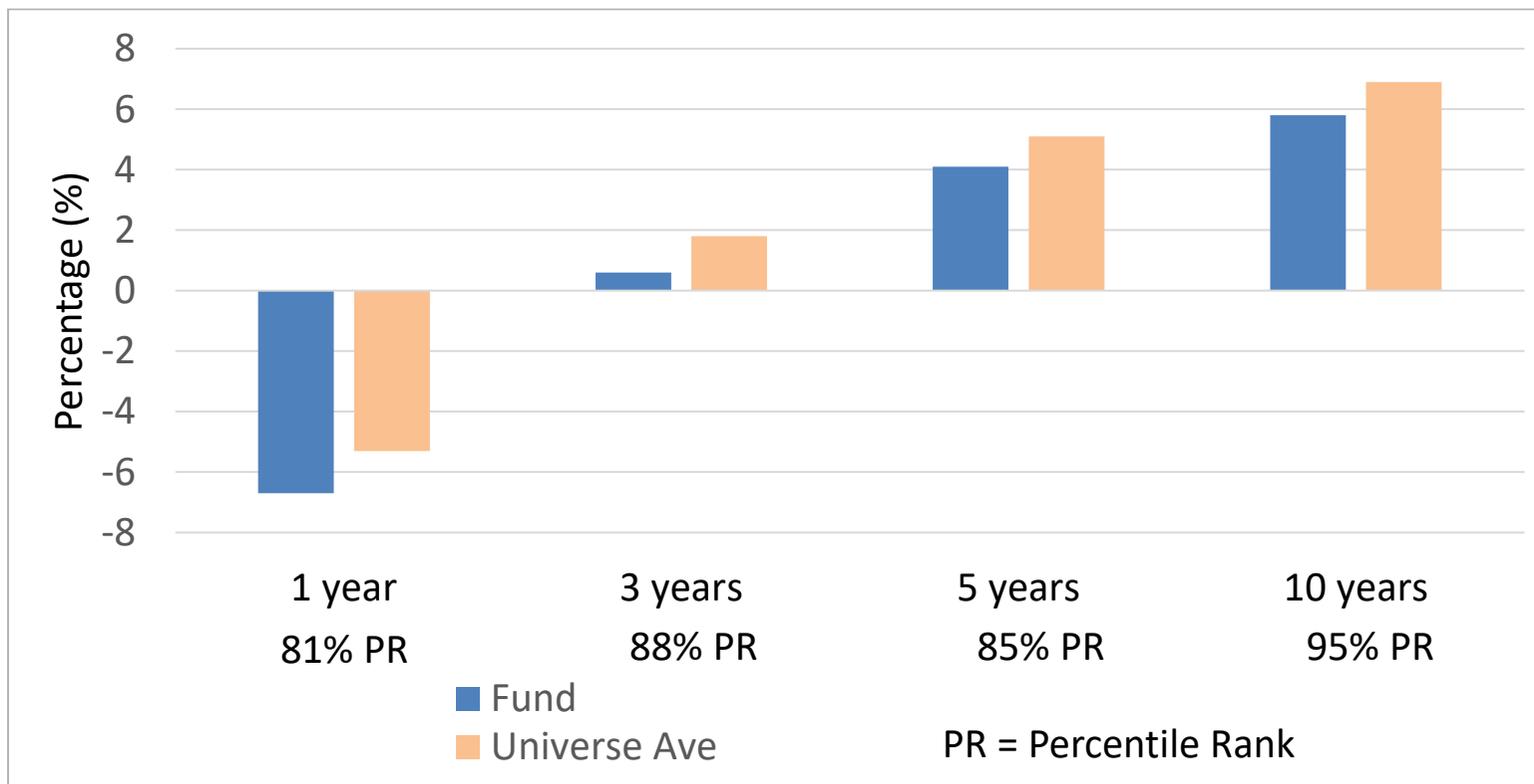
The admitted bodies and scheduled bodies which made contributions to the Fund in 2019/20 were as follows:

<b>Admitted Bodies</b>	
Abbey Road Housing Co-op	National Association for Local Councils
Agar Grove Housing Co-op	NSL Ltd
Age UK Camden	Outward Housing
Camden Citizens Advice Bureau	LGIU
Caterlink Ltd	Veolia
Chalk Farm Housing Group	Voluntary Action Camden
Coram Family	Westminster Society
Creative Support Ltd	
Greenwich Leisure Ltd	<b>Scheduled Bodies</b>
Home Connections	Abacus Belsize School
Improvement & Development Agency	Children's Hospital School
Land Data CIC	King's Cross Academy
Mears Care Ltd	St Luke's School
MiHomecare Ltd	UCL Academy
MITIE PFI	WAC Arts School

## Returns

The overall value of the Fund has risen by 5.8% per annum during the last ten years. The diagram below provides a comparison between the performance of Camden's Fund and that of the average of other funds participating in benchmarking exercises for each year over this period. It shows the time-weighted return on investments for each calendar year. The comparative information is provided by the Pensions & Investment Research Consultants Limited (PIRC).

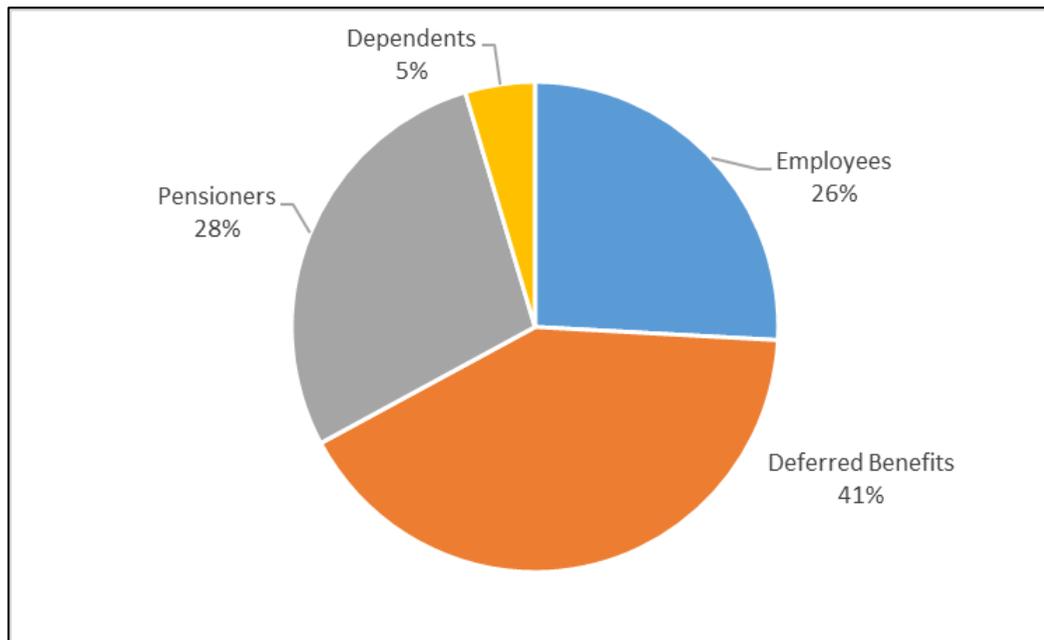
The graph below shows that the Fund has trailed performance worse than of others in its Universe but the graph does not quantify over reliance on particular asset classes or undue reliance on risky asset classes degree of risk undertaken has been negated from this analysis. Over the last year, the Pension Fund is within the 81st percentile: 100% means the worst performing and 0% the best.



## Membership

Total membership of the Fund at 31 March 2020 was 22,583 (21,853 in 2019).

	31-Mar-19	31-Mar-20
Employees	5,371	5,839
Deferred benefits	9,276	9,325
Pensioners	6,163	6,374
Dependents	1,043	1,046
<b>TOTAL</b>	<b>21,853</b>	<b>22,583</b>



## Benefits

Pension Benefits under the LGPS are based on pensionable pay and length of service up until 31 March 2020, summarised below :

	<b>Pension</b>	<b>Lump Sum</b>
<b>Service Pre 1 April 2008</b>	Each year worked is worth 1/80 x final salary.	Automatic lump sum of 3 x salary. In addition part of the annual pension can be exchanged for a one-off tax free cash payment (known as a commutation). A lump sum of £12 is paid for each £1 of pension given up.
<b>Service Post 31 March 2008 – 31st March 2014</b>	Each year worked is worth 1/60 x final salary	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment (known as a commutation). A lump sum of £12 is paid for each £1 of pension given up.
<b>Service Post 31 March 2014</b>	Each year worked is worth 1/49 x pensionable earnings of that year (career average). Benefits are held in a pension account and revalued each year in-line with inflation.	Members of the LGPS before April 2008 have built up benefits which will include an automatic lump sum. In the new scheme eligible members are still entitled to the aforementioned benefit but can also exchange some pension to get a tax-free cash lump sum (known as a commutation). Every £1 of pension sacrificed is equivalent to £12 of tax-free lump sum (subject to HM Revenue & Customs limits).

There are a range of other benefits provided under the scheme including early retirement, disability pension and death benefits. For more details, please refer to <https://www.lgpsmember.org/>

# Pension Fund Account

In compiling the 2019/20 Statement of Accounts the London Borough of Camden use investment data from its custodian, JP Morgan.

2018/19 £'000		Notes	2019/20 £'000
	<b>Contributions receivable:</b>		
(51,035)	From employers		(55,095)
(11,288)	From members		(12,574)
(325)	Pension strain		(707)
<b>(62,648)</b>		3	<b>(68,376)</b>
	<b>Transfers in from other pension funds:</b>		
<b>(9,039)</b>	Transfers in (individual)		<b>(9,452)</b>
	<b>Benefits payable:</b>		
49,869	Retirement pensions		52,936
10,045	Commutation of pensions and lump sum retirement benefits		10,307
977	Lump sum death benefits		1,367
<b>60,891</b>		3	<b>64,610</b>
	<b>Payments to and on account of leavers:</b>		
7,132	Transfers out (individual)		10,175
212	Refund of contributions		230
<b>7,344</b>			<b>10,405</b>
<b>(3,452)</b>	<b>Net additions from dealing with members</b>		<b>(2,814)</b>
	<b>Other payments:</b>		
1,247	Administration costs	7	1,011
112	Other expenditure	7	205
7,870	Management fees	9	13,269
<b>9,229</b>	<b>Management fees and administration fees</b>		<b>14,485</b>
<b>5,777</b>	<b>Net withdrawals including fund manager expenses</b>		<b>11,672</b>
	<b>Returns on investments</b>		
(22,761)	Investment income	8	(22,950)
381	Tax deducted from investment income		600
(59,724)	Profit and losses on disposal of investments and change in market value of investments	10	121,535
<b>(82,104)</b>	<b>Net returns on investments</b>		<b>99,185</b>
	Net (increase)/decrease in the net assets available for benefits during the year		110,857
(76,326)			
(1,580,215)	Net assets at 1 April 2019		(1,656,541)
<b>(1,656,541)</b>	<b>Net assets at 31 March 2020</b>		<b>(1,545,683)</b>

# Pension Fund Net Assets Statement

Both the 2019 and 2020 investment valuations above are drawn from the custodian reporting system.

31 Mar 19 (restated) £'000		Notes	31 Mar 20 £'000
	<b>Investments assets at market value</b>		
	<b>Pooled investment vehicles:</b>		
125,054	Fixed income	12,13	131,635
41,533	Index linked securities	12,13	42,530
253,385	UK equities	12,13	201,668
554,205	Overseas equities	12,13	533,589
0	Infrastructure	12,13	1,092
37,485	Private Equity	12,13	43,603
172,570	Property	12,13	183,970
229,539	Diversified Growth Funds	12,13	213,740
<b>1,413,771</b>			<b>1,351,827</b>
	<b>Directly owned investment assets:</b>		
27,367	UK equities	12,13	18,887
201,870	Overseas equities	12,13	168,928
8,603	Cash deposits	12,13	11,808
540	Derivative contracts: forward foreign exchange	12,13,16	645
2,256	Investment income receivable	12,13	2,499
5,098	Amounts receivable from sales	12,13	773
<b>1,659,709</b>	<b>Total investment assets</b>		<b>1,555,368</b>
	<b>Investments liabilities at market value</b>		
(4,992)	Amounts payable for purchases	12,13	(376)
(540)	Derivative contracts: forward foreign exchange	12,13,16	(645)
<b>(5,532)</b>	<b>Total investment liabilities</b>		<b>(1,021)</b>
<b>1,653,973</b>	<b>Total net investments</b>		<b>1,554,348</b>
	<b>Other net assets</b>		
5,082	Current assets	15	3,705
(2,514)	Current liabilities	15	(12,370)
<b>1,656,541</b>	<b>Net assets of the scheme available to fund benefits at the reporting period end</b>		<b>1,545,683</b>

The net asset statement includes all assets and liabilities of the Fund as at 31 March 2020, but excludes long-term liabilities to pay pensions and benefits in future years. Balances as at 31 March 2019 have been restated due to asset classifications being recategorized, with no change to the Total Net Investments.

# Note 1 Accounting Policies

i) 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 actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is disclosed in Note 2 of these accounts.

ii) Investments are shown in the Net Assets Statement at market value. Market valuations are as provided by the Custodian and are based on bid values as at the Net Assets Statement date. Values of 3rd party assets for which the JPM Pricing team cannot source values are priced using the latest accounting reports provided by the investment manager, and if this valuation point differs to year end the Net Asset Value is adjusted for any further drawdown at cost. Prices in foreign currencies are translated at the closing rates of exchange as at 31<sup>st</sup> March 2020.

iii) Assets and liabilities in overseas currencies are translated into Sterling at the exchange rates prevailing at the balance sheet date. Transactions during the year are translated at rates applying at the transaction dates.

iv) Income due from equities is accounted for on the date stocks are quoted ex-dividend.

v) Income from fixed interest and index-linked securities, cash and short-term deposits is accounted for on an accruals basis.

vi) Income from other investments is accounted for on an accruals basis.

vii) 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 profit and losses realised on sales of investments and unrealised changes in market value.

viii) When foreign exchange contracts are in place in respect of assets and liabilities in foreign currencies, the contract rate is used. Other assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at year end. Income from overseas investments is translated into sterling at an average rate for the period.

ix) Surpluses and deficits arising on conversion are dealt with as part of the

change in market values of the investments.

x) Normal contributions, from members' employers, are accounted for in the payroll month to which they relate, at rates as specified in the rates and adjustments certificate. Member contributions are set by statute. Additional contributions from employers are accounted for in accordance with the agreement under which they are paid, or in the absence of such agreement, when received.

xi) Under the rules of the scheme, members may receive a lump sum retirement grant in addition to their annual pension. Lump sum retirement grants are accounted for from the date of retirement. Where a member can choose to take a greater retirement grant in return for a reduced pension these lump sums are accounted for on an accruals basis from the date the option is exercised.

xii) 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. Individual transfers in/out are accounted for when received/paid, which is

normally when the member liability is accepted or discharged.

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

xiv) 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. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is

accounted for as a Fund expense as it arises.

xv) 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.

xvi) Cash comprises 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.

xvii) The actuarial present value of promised retirement benefits is assessed

on a triennial basis by the scheme actuary in accordance with the LGPS Regulations r. The Actuary also provides the Fund with an annual valuation in accordance with IAS 19 and actuarial standards. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a supporting note to the accounts (Note 2).

xviii) The Fund provides two additional voluntary contribution (AVC) schemes for its members. Assets are invested separately from those of the Pension Fund. The Fund has appointed Prudential and Phoenix Life 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 disclosed as a note only (Note 17).

## Note 2 Actuarial Valuation

In addition to the triennial valuation to assess the contribution rates for the forthcoming years, the Fund's actuary also undertakes a valuation of the pension fund liabilities every year, on an accountancy (IAS 19) basis, to provide the actuarial present value of promised retirement benefits. They estimate the defined benefit obligation to be £2,230m as at 31 March 2020.

Present value of promised retirement benefits		
Year ended	31 March 2020	31 March 2019
Active members (£m)	729	967
Deferred members (£m)	603	679
Pensioners (£m)	898	803
<b>Total (£m)</b>	<b>2,230</b>	<b>2,449</b>

For 2019/20 Hymans Robertson carried out this analysis, and their reported findings can be found in the link below:

[Pension Fund IAS26 Valuation Report 31 March 2020](#)

## Note 3 Analysis of Contributions and Benefits

2018/19 £'000	BY AUTHORITY	2019/20 £'000
	<b>Contributions receivable</b>	
(55,574)	Administering authority	(60,446)
(625)	Scheduled bodies	(677)
(6,449)	Admitted bodies	(7,253)
<b>(62,648)</b>		<b>(68,376)</b>
	<b>Benefits payable</b>	
52,609	Administering authority	55,923
238	Scheduled bodies	236
8,044	Admitted bodies	8,451
<b>60,891</b>	<b>Total</b>	<b>64,610</b>

2018/19 £'000	BY TYPE	2019/20 £'000
	<b>Contributions receivable</b>	
(11,289)	Employee's normal contributions	(12,574)
	Employers' contributions:	
(30,551)	Normal contributions	(33,949)
(20,808)	Deficit recovery contributions	(21,775)
0	Augmentation contributions	(79)
<b>(62,648)</b>	<b>Total</b>	<b>(68,376)</b>

\*Contributions include pension strain received - this is a payment to the Pension Fund from employers to make up for the funding shortfall following early retirement or ill health retirement.

## Note 4 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, judgements may have to be made about transactions or those involving uncertainty about future events.

There were no such critical judgements made during 2019/20.

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

Many assumptions underpin the Statement of Accounts. The actuarial present value of promised retirement benefits have many assumptions behind them such as life expectancy, demographics, inflation, discount rate and salary increases, all of which are subject to uncertainty. The main assumptions are detailed on page 182 under “Funding Arrangements”.

### COVID-19

Illiquid assets, such as private equity and properties, have added uncertainty to their valuations as a result of COVID-19 and the subsequent lockdown of regions. The lack of property transactions and the volatility that occurred across most markets at the reporting date meant hard-to-value assets became even harder to value. Our UK real estate fund managers CBRE have advised that valuations have been reported on the basis of “material valuation uncertainty” as per VPS 3 and VPGA 10 of the RICS Red Book. Consequently, these real estate values should be treated with more caution as there is less certainty over their values.

## Note 6 Related Party Transactions

The Camden Pension Fund is administered by Camden Council, and consequently there is a strong relationship between the Council and the Pension Fund.

In 2019/20 £177k was paid to the Council for accountancy services (£110k in 2018/19), and £386k was paid to the Pension Shared Service located at Wandsworth Council for pensions administration (£424k in 2018/19).

### Key Management Personnel

The Head of Treasury and Financial Services held a key position in the management of the pension fund as at 31 March 2020.

There were no other transactions with related parties other than those which are disclosed elsewhere within the accounts.

## Note 7 Administrative Costs and Other Expenditure

Regulations permit the Council to charge administration costs to the scheme. A proportion of relevant Council officers' salaries, including on-costs, have been charged to the Fund on the basis of estimated time spent on scheme administration and investment related business.

### Administration Costs

2018/19 £'000		2019/20 £'000
424	Pensions administration charge	386
214	Systems Management	329
110	Officers' salaries	177
71	London Collective Investment Vehicle*	118
34	Other	(11)
395	Pensions Administration Recovered Expenses	0
0	Legal Services	11
<b>1,247</b>	<b>Total</b>	<b>1,011</b>

### Other Costs

2018/19 £'000		2019/20 £'000
22	Actuarial advice	107
50	Investment consultancy	35
16	Audit	16
20	Corporate governance	42
5	Performance measurement	5
<b>112</b>	<b>Total</b>	<b>205</b>

\*In 2019/20 the Fund paid an annual service charge totalling £25k (2018/19: £25k) to the London CIV. An additional development funding charge totalling £65k was paid in 2019/20 (2018/19: £46k). The development funding charge is in order to cover the cash flow imbalance between annual revenues and costs during the early stages of the London CIV's development.

## Note 8 Pension Fund Investment Income

A detailed breakdown of funding investment income from all managers is shown below:

<b>2018/19</b>		<b>2019/20</b>
<b>£'000</b>		<b>£'000</b>
(5,715)	Dividends from equities	(6,462)
0	Income from bonds	0
(17,059)	Income from pooled investment vehicles	(16,159)
13	Income from cash deposits	(329)
0	Income from other investments	0
<b>(22,761)</b>	<b>Total income before taxes</b>	<b>(22,950)</b>

## Note 9 Investment Management Expenses

The fees levied by the Fund Managers and the Fund Custodian were as follows:

2018/19 £'000		2019/20 £'000
1,289	London CIV*	1,745
636	Barings*	644
548	Brevan Howard*	0
263	CB Richard Ellis	722
506	HarbourVest*	3,844
1,240	Harris	1,217
586	Insight	524
38	JP Morgan (Custodian)	40
42	Legal & General	64
2,257	Partners Group*	3,922
465	Standard Life*	548
<b>7,870</b>	<b>Total</b>	<b>13,269</b>

Investment management expenses are further analysed over the following expenditure categories:

2018/19 £'000		2019/20 £'000
6,790	Management fees	8,693
899	Performance related fees	3,996
42	Custody fees	40
139	Transaction costs	541
<b>7,870</b>	<b>Total income before taxes</b>	<b>13,269</b>

\*includes management fees deducted from fund assets at source but have been “grossed-up” in the accounts to aid transparency.

## Note 10 Change in Market Value of Investments

	Realised Gain/(Loss) £'000	Unrealised Gain/(Loss) £'000	Movement 2019/20 £'000
<u>Pooled investment vehicles:</u>			
- Fixed interest securities	(1,300)	(10,699)	(11,999)
- Index linked securities	0	996	996
- UK equities	1,154	(46,870)	(45,716)
- Overseas equities	236	(24,685)	(24,449)
- Private equity	322	10,988	11,310
- Pooled property investments	458	(5,137)	(4,679)
- Diversified growth funds	108	(14,334)	(14,226)
	978	(89,741)	(88,763)
<u>Directly owned investment assets:</u>			
- UK equities	585	(9,441)	(8,856)
- Overseas equities	5,387	(40,771)	(35,384)
<b>Total</b>	<b>6,950</b>	<b>(139,953)</b>	<b>(133,003)</b>
Cash deposits	264	(57)	207
Currency	3	0	3
Derivative contracts: forward foreign exchange	(30)	(0)	(30)
Amounts payable for purchases	52	3	55
<b>Total</b>	<b>7,239</b>	<b>(140,007)</b>	<b>(132,768)</b>
Gross-up of Investment Manager Fees netted off fund value			11,233
<b>2019/20 Movement on Investments</b>			<b>(121,535)</b>

\*Please see Note 18 for comparative information

## Note 11 – Purchases and Sales

2018/19 £'000		2019/20 £'000
	<b>Purchases</b>	
	<u>Pooled Investment Vehicles:</u>	
0	- Fixed Interest securities	48,580
2,471	- Global equities	64,466
0	- Private equity	0
8,743	- Property	7,564
46,556	- Diversified Growth Fund	128
0	- Fund of Hedge Funds	302
0	- Infrastructure	1,092
<b>57,770</b>		<b>122,132</b>
	<u>Directly Owned Assets:</u>	
11,465	- UK equities	6,749
79,116	- Overseas equities	76,133
490	- Derivative contracts: forward foreign exchange	473
<b>148,840</b>	<b>Total Purchases</b>	<b>205,487</b>
	<b>Sales</b>	
	<u>Pooled Investment Vehicles:</u>	
0	- Fixed interest securities	(30,000)
(11,500)	- UK equities	(6,000)
(2,471)	- Global equities	(60,635)
13,885	- Property	8,514
3,671	- Private equity	(5,192)
(44,086)	- Fund of Hedge Funds	(302)
0	- Diversified Growth Fund	(1,700)
<b>(40,500)</b>		<b>(95,314)</b>
	<u>Directly Owned Assets:</u>	
(9,873)	- UK equities	(6,373)
(70,975)	- Overseas equities	(73,690)
	- Currency	(23)
(507)	Derivative contracts: forward foreign exchange	(423)
<b>(121,856)</b>	<b>Total Sales</b>	<b>(175,824)</b>

## Note 12 Analysis of Investments at Market Value

31-Mar-19 £'000		31-Mar-20 £'000
	<b>Equities (UK)</b>	
41,536	Quoted	18,737
150	Unquoted	150
	<b>Equities (Overseas)</b>	
189,738	Quoted	168,928
0	Unquoted	0
<b>231,423</b>		<b>187,816</b>
	<b>Pooled Investment Vehicles (UK)</b>	
125,054	Fixed income	131,635
41,533	Index linked Securities	42,530
253,385	Equities	201,668
104,285	Diversified Growth Funds	105,075
92,382	Property	89,457
0	Infrastructure	1,092
<b>616,639</b>		<b>571,457</b>
	<b>Overseas</b>	
554,215	Equities	533,589
125,254	Diversified Growth Funds	108,665
83,011	Property	94,514
37,485	Private equity	43,603
<b>799,965</b>		<b>780,370</b>
	<b>Other Assets</b>	
540	Forward currency contracts	645
3,282	Cash deposits	11,808
2,256	Investment income due	2,499
5,098	Amounts receivable from sales	773
<b>11,176</b>		<b>15,726</b>
<b>1,659,204</b>	<b>Total investment assets</b>	<b>1,555,368</b>
	<b>Other Liabilities</b>	
(540)	Forward currency contracts	(645)
(4,691)	Amounts payable for purchases	(376)
<b>(5,231)</b>	<b>Total liabilities</b>	<b>(1,021)</b>
<b>1,653,973</b>	<b>Net investment assets</b>	<b>1,554,348</b>

## Note 13 Valuations by Fund Managers

31-Mar-19 £'000		31-Mar-20 £'000	31-Mar-19 £'000		31-Mar-20 £'000
	<b>Baring Asset Management Ltd</b>			<b>Legal &amp; General Assurance Ltd</b>	
125,254	- Pooled investment vehicle - Diversified Growth Fund	108,665	41,533	- Pooled investment vehicle (Index linked securities)	42,530
<b>125,254</b>		<b>108,665</b>	253,385	- Pooled investment vehicle (UK equities)	201,668
	<b>BlueCrest</b>		274,414	- Pooled investment vehicle (Global equities)	257,366
302	- Amounts receivable from sales	225	<b>569,332</b>		<b>501,564</b>
<b>302</b>		<b>225</b>		<b>London CIV Ltd (Baillie Gifford)</b>	
	<b>CB Richard Ellis Collective Investors Ltd</b>		279,791	- Pooled investment vehicle (Global equities)	276,223
67,689	- Property - Managed Funds	75,942	<b>279,791</b>		<b>276,223</b>
21,872	- Property - Unit Trusts	13,515		<b>London CIV Ltd (Ruffer)</b>	
2,756	- Cash	2,967	56,879	- Pooled investment vehicle - Diversified Growth Fund	58,709
66	- Income Receivable	57	<b>56,879</b>		<b>58,709</b>
<b>92,382</b>		<b>92,481</b>		<b>London CIV Ltd (CQS)</b>	
	<b>HarbourVest</b>		0	- Pooled investment vehicle (Fixed interest securities)	41,367
37,485	- Pooled investment vehicle - Private equity	43,603	<b>0</b>		<b>41,367</b>
<b>37,485</b>		<b>43,603</b>		<b>London CIV Ltd (Stepstone)</b>	
	<b>Harris Associates L.P.</b>		0	- Pooled investment vehicle (Infrastructure)	1,092
27,217	- UK equities	18,737	<b>0</b>		<b>1,092</b>
201,869	- Overseas equities	168,929		<b>Partners Group (UK) Ltd</b>	
540	- Derivative contracts: forward foreign exchange assets	645	83,011	- Pooled investment vehicle - Global property	94,514
1,164	- Income Receivable	1,344	<b>83,011</b>		<b>94,514</b>
3,124	- Cash	5,943		<b>Standard Life</b>	
4,796	- Amounts receivable from sales	548	47,406	- Pooled investment vehicle - Diversified Growth Fund	46,366
(540)	- Derivative contracts: forward foreign exchange liabilities	(645)	<b>47,406</b>		<b>46,366</b>
(4,992)	- Amounts payable for purchases	(376)		<b>JPM Custodian Cash Account</b>	
<b>233,178</b>		<b>195,125</b>		2,723	- Cash
	<b>Insight Investment</b>			1,026	- Income Receivable
125,054	- Pooled investment vehicle (Fixed interest)	90,268		<b>3,749</b>	
<b>125,054</b>		<b>90,268</b>			<b>3,996</b>
				<b>Council</b>	
				150	- UK equities
				<b>150</b>	
			<b>1,653,973</b>	<b>TOTAL MARKET VALUE</b>	<b>1,554,348</b>

The UK equities owned directly by the Fund are holdings in the London LGPS Collective Investment Vehicle Ltd which represents 32 Local authority pension Funds in London. They are measured at par value, as seed capital in a private company as of 21 October 2015.

# Note 14a Fair Value – Basis of Valuation

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

## Level 1

Financial instruments 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 unit trusts. Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

## Level 2

Financial instruments 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 and where these techniques use inputs that are based significantly on observable market data.

## Level 3

Financial instruments 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. Such instruments would include unquoted equity investments and hedge fund of funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

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

Financial assets classed at Level 3 include the Fund's regulatory capital seed investment in the London Collective Investment vehicle. As outlined in Note 5, our UK real estate fund managers have advised that valuations have been reported on the basis of material valuation uncertainty arising from the Covid-19 pandemic. This impacts the £89.5m of pooled investment assets disclosed in the table below.

Values at 31 March 2020	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
<b>Assets:</b>				
Cash & Currencies	10,983			10,983
Cash Equivalents		825		825
Equities	187,666		150	187,816
Pooled Funds		1,262,370	89,457	1,351,827
Receivables	3,917			3,917
<b>Total Financial Assets</b>	<b>202,566</b>	<b>1,263,195</b>	<b>89,607</b>	<b>1,555,369</b>
<b>Liabilities:</b>				
Payables	(1,021)			(1,021)
<b>Total Financial Liabilities</b>	<b>(1,021)</b>	<b>0</b>	<b>0</b>	<b>(1,021)</b>
<b>Grand Total</b>	<b>201,546</b>	<b>1,263,195</b>	<b>89,607</b>	<b>1,554,348</b>

Values at 31 March 2019 (restated*)	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
<b>Assets:</b>				
Cash & Currencies	8,603	0	0	8,603
Cash Equivalents	0	0	0	0
Equities	229,087	0	150	229,237
Pooled Funds	0	1,413,771	0	1,413,771
Receivables	7,894	0	0	7,894
<b>Total Financial Assets</b>	<b>245,584</b>	<b>1,413,771</b>	<b>150</b>	<b>1,659,505</b>
<b>Liabilities:</b>				
Payables	(5,532)	0	0	(5,532)
<b>Total Financial Liabilities</b>	<b>(5,532)</b>	<b>0</b>	<b>0</b>	<b>(5,532)</b>
<b>Grand Total</b>	<b>240,052</b>	<b>1,413,771</b>	<b>150</b>	<b>1,653,973</b>

\* Allocations between asset classes have been restated, with no change to Total Investments

## Note 14b Transfers between the Levels

There were no transfers between the levels during the year.

## Note 14c Classification of Financial Instruments

	31-Mar-19 (Restated*)			31-Mar-20		
	Fair value through profit & loss £'000	Assets at amortised cost £'000	Liabilities at amortised cost £'000	Fair value through profit & loss £'000	Assets at amortised cost £'000	Liabilities at amortised cost £'000
<b>Financial Assets</b>						
Equities	1,036,826			923,072		
Fixed income	166,587			174,165		
Diversified Growth Funds	229,539			213,740		
Property	172,570			183,970		
Private equity	37,485			43,603		
Infrastructure				1,092		
Forward currency contracts	540			645		
Cash deposits		8,603			11,808	
Investment income due		2,256			2,499	
Amounts receivable from sales		5,098			773	
	<b>1,643,547</b>	<b>15,957</b>	<b>0</b>	<b>1,540,288</b>	<b>15,080</b>	<b>0</b>
<b>Financial Liabilities</b>						
Forward currency contracts	(540)			(645)		
Amounts payable for purchases			(4,992)			(376)
<b>Total</b>	<b>1,643,007</b>	<b>15,957</b>	<b>(4,992)</b>	<b>1,539,643</b>	<b>15,080</b>	<b>(376)</b>

\* Allocations between asset classes have been restated, with no change to Total Investments

## Note 15 Analysis of Current Assets and Liabilities

31-Mar-19		31-Mar-20
£'000		£'000
<b>Assets</b>		
3,497	Pension Fund bank account	2,705
0	Pension Capital Costs receivable	10
144	Admitted Authorities payments receivable	746
0	Investment income receivable	244
1,442	Cash owed to the Pension Fund	0
<b>5,082</b>		<b>3,705</b>
<b>Liabilities</b>		
(2,261)	Creditors	(1,481)
(253)	Unpaid Benefits	(181)
0	Cash owed to Camden Council	(10,708)
<b>(2,514)</b>		<b>(12,370)</b>

## Note 16 Derivative Contracts: Forward Foreign Exchange

Outstanding forward currency contracts are as follows

Settlement	Currency bought	Local Value £'000	Currency sold	Local Value £'000	Asset Value £'000	Liability Value £'000
Up to one month	EUR	69	USD	(309)	61	(249)
Up to one month	USD	491	JPY	(25,782)	395	(193)
Up to one month	GBP	189	KRW	(306,742)	189	(203)
Open forward currency contracts at 31 March 2020					645	(645)
<b>2018/19 Comparator</b>						
Open forward currency contracts at 31 March 2019					540	(540)

## Note 17 Additional Voluntary Contributions

Additional voluntary contributions are not included in the Pension Fund Accounts in accordance with regulation 4(2)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 1999. The providers of Additional Voluntary Contributions are Phoenix Life Ltd and Prudential Assurance Company Ltd (from 1 April 2009). Phoenix operates two funds, the deposit fund and the managed fund and employees can contribute to either fund. Prudential offer nineteen funds, with the risk appetite ranging from minimal to higher risk. The employee has the option to choose a combination of these funds. Also the employee has the choice to invest in the default fund (with profits) or a lifestyle option, which commences with higher risk investments and is gradually switched to lower risk investments as the employee moves closer to retirement. The value and transaction summary of the AVC funds are below. It should be noted that the Phoenix Life accounts are produced on a calendar year basis so end December 2019.

	Prudential £'000		Prudential £'000	Prudential (re-stated) £'000
<b>Value at 1 April 2019</b>	<b>1,872</b>	<b>Value at 1 April 2018</b>	<b>1,804</b>	<b>1789</b>
Contributions & Transfers Received	345	Contributions & Transfers Received	319	319
Investment Return	(54)	Investment Return	76	76
Paid Out	(218)	Paid Out	(312)	(312)
<b>Value at 31 March 2020</b>	<b>1,945</b>	<b>Value at 31 March 2019</b>	<b>1,888</b>	<b>1,872</b>

	Phoenix Life Ltd £'000		Phoenix Life Ltd £'000
<b>Value at 31 December 2018</b>	<b>803</b>	<b>Value at 31 December 2017</b>	<b>837</b>
Contributions & Transfers Received	15	Contributions & Transfers Received	15
Investment Return	65	Investment Return	(38)
Paid Out	(15)	Paid Out	(11)
<b>Value at 31 December 2019</b>	<b>868</b>	<b>Value at 31 December 2018</b>	<b>803</b>

# Note 18 Reconciliation of Investments by Asset Class

2019/20

	31-Mar-19	Purchases	Sales	Realised Gain	Unrealised Gain	Change in Market Value	31-Mar-20
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Pooled Investment Vehicles:</b>							
- Fixed interest securities	125,054	48,580	(30,000)	(1,300)	(10,699)	(11,999)	131,635
- Index Linked securities	41,533	0	0	0	996	996	42,530
- UK equities	253,385	0	(6,000)	1,154	(46,870)	(45,716)	201,668
- Global equities	554,205	64,467	(60,635)	236	(24,685)	(24,449)	533,589
- Private equity	37,484	0	(5,192)	322	10,988	11,310	43,603
- Property	172,570	7,564	8,514	458	(5,137)	(4,679)	183,970
- Fund of Hedge Funds	0	302	(302)	0	0	0	0
- Diversified Growth Fund	229,539	128	(1,700)	108	(14,334)	(14,226)	213,740
- Infrastructure	0	1,092	0	0	0	0	1,092
	<b>1,413,771</b>	<b>122,133</b>	<b>(95,314)</b>	<b>978</b>	<b>(89,741)</b>	<b>(88,763)</b>	<b>1,351,826</b>
<b>Directly Owned Assets:</b>							
UK Equities	27,367	6,749	(6,373)	585	(9,441)	(8,856)	18,887
Overseas Equities	201,870	76,133	(73,690)	5,387	(40,771)	(35,384)	168,930
	<b>229,237</b>	<b>82,882</b>	<b>(80,063)</b>	<b>5,972</b>	<b>(50,212)</b>	<b>(44,240)</b>	<b>187,817</b>
<b>Derivatives - Forward Currency Contracts</b>							
	0	473	(446)	(27)	(0)	(27)	0
<b>Total Investments</b>	<b>1,643,008</b>	<b>205,488</b>	<b>(175,823)</b>	<b>6,923</b>	<b>(139,953)</b>	<b>(133,030)</b>	<b>1,539,643</b>
Cash	12,099						14,514
Net Debtors/Creditors	1,433						(8,474)
<b>Fund Total</b>	<b>1,656,541</b>						<b>1,545,683</b>

# Note 18 Reconciliation of Investments by Asset Class (cont'd)

2018/19 (restated\*)

	31-Mar-18	Purchases	Sales	Realised Gain	Unrealised Gain	Change in Market Value	31-Mar-19
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Pooled Investment Vehicles:							
- Fixed interest securities	132,265	0	0	0	(7,211)	(7,211)	125,054
- Index Linked securities	39,284	0	0	0	2,249	2,249	41,533
- UK equities	249,060	0	(11,500)	1,786	14,039	15,824	253,385
- Global equities	504,976	2,471	(2,471)	447	48,783	49,230	554,205
- Private equity	29,223	(1)	3,671	(170)	4,761	4,592	37,484
- Property	153,531	8,743	13,885	(1,006)	(2,583)	(3,588)	172,570
- Fund of Hedge Funds	42,060	0	(44,086)	6,182	(4,156)	2,026	0
- Diversified Growth Fund	184,864	46,556	0	0	(1,881)	(1,881)	229,539
	<b>1,335,263</b>	<b>57,769</b>	<b>(40,501)</b>	<b>7,239</b>	<b>54,001</b>	<b>61,242</b>	<b>1,413,771</b>
Directly Owned Assets:							
UK Equities	27,976	11,465	(9,873)	567	(2,768)	(2,201)	27,367
Overseas Equities	199,089	79,116	(70,975)	10,043	(15,403)	(5,360)	201,870
	<b>227,065</b>	<b>90,581</b>	<b>(80,848)</b>	<b>10,610</b>	<b>(18,171)</b>	<b>(7,561)</b>	<b>229,237</b>
<b>Total Investments</b>	<b>1,562,328</b>	<b>148,350</b>	<b>(121,349)</b>	<b>17,849</b>	<b>35,830</b>	<b>53,681</b>	<b>1,643,008</b>
Cash and Net Debtors	17,887						13,533
<b>Fund Total</b>	<b>1,580,215</b>						<b>1,656,541</b>

\*\* The Pooled Investment Vehicles by asset class in the 2018-19 accounts held all LCIV pooled assets under Global Equities (£336.7m at 31-Mar-19). This has been correctly split into Global Equities (£279.8m) and Diversified Growth (£56.9m).

## Note 19 Nature & Extent of risks arising from Financial Instruments

### Market risk

Market risk is the risk of a loss to the Fund due to fluctuations in the prices of the financial instruments it holds. The level of risk is managed through an acknowledgement of the risks associated with the different asset classes it holds, and by diversification between asset classes to control the level of risk whilst optimising return.

The table below shows the change in the net assets available to pay benefits if the market price increases or decreases by 10%. The analysis excludes cash and working capital, which are not subject to market risk.

	Value	Value on 10% price increase	Value on 10% price decrease
	£'000	£'000	£'000
As at 31 March 2019	1,643,008	1,807,309	1,478,707
As at 31 March 2020	1,539,642	1,693,606	1,385,678

## Note 19 Nature & Extent of risks arising from Financial Instruments

### Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than Sterling.

To calculate currency risk the currency exchange rate volatility (% change relative to Sterling) of individual currencies is used, as provided by ratesfx.com. For pooled assets the effects of a 10% increase or decrease in the value of sterling is used as a proxy.

The following table summarises the Fund's currency exposure based on its holdings of overseas domiciled equities and property as at 31 March 2020.

Currency	Value £'000	% Change	Value on Increase £'000	Value on Decrease £'000
Euro	41,775	8.3	45,234	38,316
Japanese Yen	4,222	10.1	4,647	3,797
South African Rand	5,087	14.9	5,843	4,331
South Korean Won	6,329	8.5	6,869	5,790
Swiss Franc	25,619	8.7	27,845	23,393
US Dollar	85,896	9.4	93,970	77,821
Global Basket	533,589	10.0	586,948	480,230
<b>Total Overseas Equity</b>	<b>702,517</b>		<b>771,356</b>	<b>633,678</b>
Overseas private equity (US\$)	43,603	9.4	47,702	39,505
Overseas Property (€)	18,754	8.3	20,311	17,197
Overseas Property (US\$)	75,760	9.4	82,881	68,638
<b>Total Currency</b>	<b>840,634</b>		<b>922,250</b>	<b>759,018</b>

## Note 19 Nature & Extent of risks arising from Financial Instruments

### **Credit Risk**

Credit risk represents the risk that the counterparty to 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.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk, however the selection of high quality counterparties and financial institutions, and legal due diligence carried out on all managers, and the custodian, minimises the credit risk that may occur through the failure to settle a transaction.

The Fund's on-call sterling and dollar deposits at JP Morgan are swept into the JPMorgan Money Market Funds. These vehicles have AAmmf rating from Fitch and S&P.

### **Liquidity Risk**

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council takes steps to ensure that the Fund has adequate cash resources to meet its commitments through daily monitoring of cash flow in the Pension Fund bank account, annual reviews of the maturity of the Fund (projections of cash inflows and outflows), and monthly monitoring of the cash flows generated from dealing with members and transactions at the Council rather than within the Pension Fund bank account or at the custodian.

## Note 19 Nature & Extent of risks arising from Financial Instruments

### Single Investment Risk

The following single investments represent more than 5% of the net assets of the Fund, although each of the investments below is a pooled investment vehicle with a large number of underlying assets. None of the underlying assets represent more than 5% of the Fund.

Investment	Value at 31 March 2020 £'000	% of Total Fund	Value at 31 March 2019 £'000	%of Total Fund
Baillie Gifford Global Alpha Fund	276,223	17.8%	279,791	16.9%
Legal & General Global Equity Index Fund	257,366	16.6%	274,414	16.5%
Legal & General UK Equity Index Fund	201,668	13.0%	253,385	15.3%
Barings Dynamic Asset Allocation	108,665	7.0%	125,254	7.8%
Partners Group UK	94,514	6.1%	83,011	5.0%
CB Richard Ellis Collective Investors Ltd	92,481	6.0%	92,382	5.6%
Insight Investment Bonds Plus 400	90,268	5.8%	125,054	7.6%

## Note 19 Nature & Extent of risks arising from Financial Instruments

### Interest Rate Risk

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 following analysis shows the Fund's exposure to interest rate risk by positing the effect in the year on the net assets available to pay benefits of a 1% change in interest rates.

31 March 2020	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 deposits	11,808	0	11,808	11,808
	Fixed income	131,635	4,685	136,320	126,949
	Index linked securities	42,530	10,226	52,756	32,304
	<b>Total</b>	<b>185,973</b>	<b>14,911</b>	<b>200,884</b>	<b>171,062</b>
31 March 2019	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 deposits	23,120	0	23,120	23,120
	Fixed income	125,054	6,128	131,182	118,926
	Index linked securities	41,533	10,220	51,753	31,314
	<b>Total</b>	<b>189,706</b>	<b>16,347</b>	<b>206,054</b>	<b>173,360</b>

## Note 20 Contingent Liabilities and Contractual Capital

### Property

The Fund has undrawn contractual capital in relation to three unquoted limited partnership funds in global property; one Euro denominated Luxembourg 'SICAR' and two US Dollar denominated Guernsey Limited Partnerships. These are drawn down in tranches over time as and when the manager needs the cash to invest in underlying investments. The Euro fund had £2.249m of undrawn contractual capital outstanding as at 31 March 2020 (£2.182m as at 31 March 2019), the US Dollar funds had a total of £56.201m of undrawn contractual capital outstanding as at 31 March 2020 (£70.037m as at March 2019). These are not required to be included in the Pension Fund accounts.

### Private equity

The Fund has a further commitment in relation to its private equity mandate via the HarbourVest 2016 Global AIF Limited Partnership. This commitment is drawn down in tranches over time as and when the manager requests cash to fund underlying investments. The fund is denominated in US Dollars and had £25,816m of commitments outstanding as at 31 March 2020 (£30.466m as at 31 March 2019). This is not required to be included in the Pension Fund accounts.

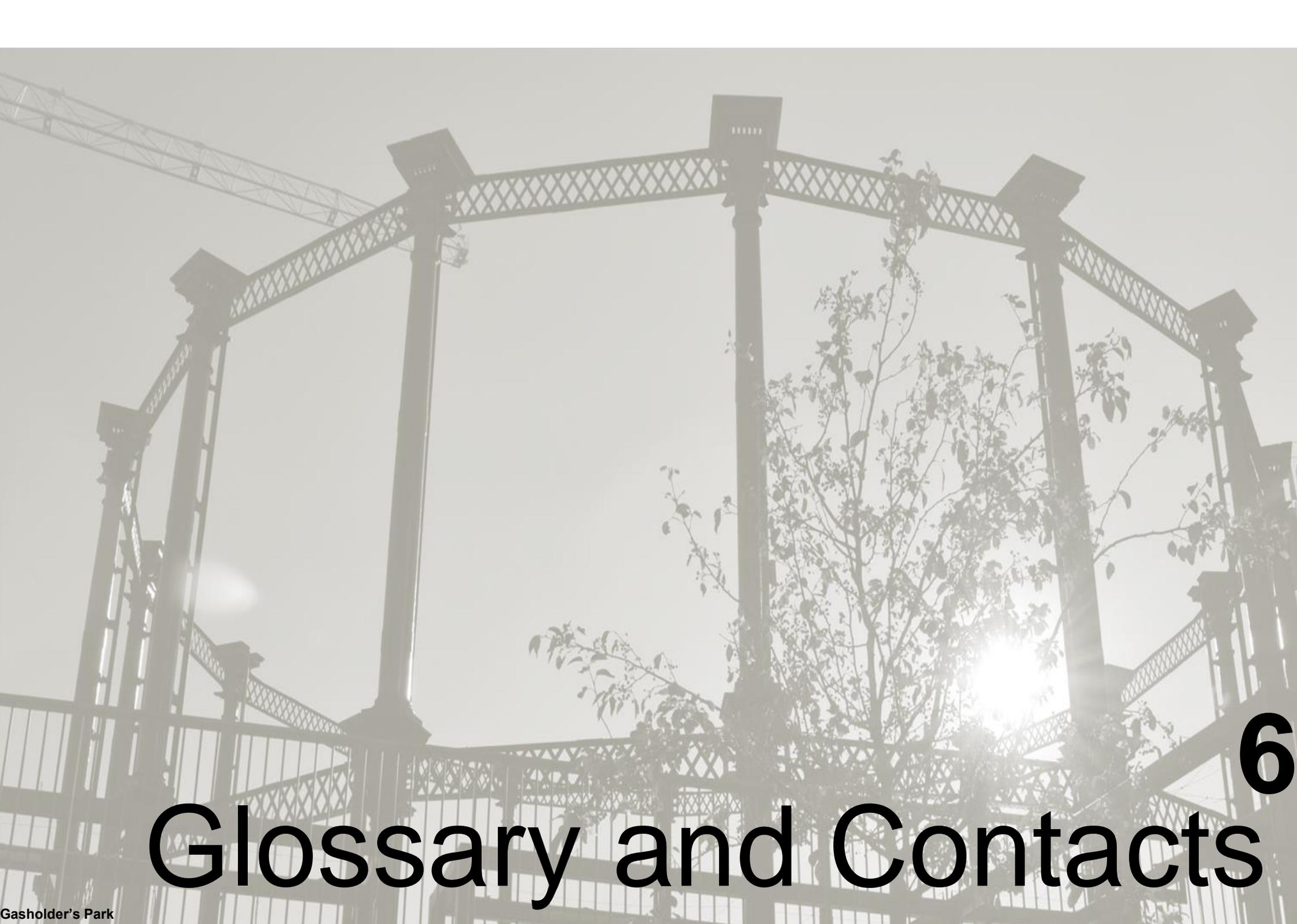
### Infrastructure

The Fund made a £106m commitment to the London Collective Investment Vehicle's Infrastructure Fund in year. At 31 March 2020, this had £104.9m of commitments outstanding.

## Note 21 Events after the reporting period

The global pandemic caused by COVID-19 has triggered a sell-off in all asset classes post March and volatility continued with markets reacting to news, especially in the United States, but across other major financial regions, causing partial recoveries.

The Improvement and Development Agency, the second largest employer in the Pension Fund after the Council, have been intending to move to another LGPS fund in the 2020-21 year. This requires a bulk transfer of membership and a substitution of funds. As at the last triennial valuation at 31 March 2019, their assets were valued at £158m and so the transfer out of assets was assumed to be in the region of this amount (plus asset growth since then). The asset transfer has subsequently been completed in April 2022 at a value of £201m, with the associated liabilities also transferred over.



# Glossary and Contacts 6

# Glossary of terms

## Accrual

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

## Actuarial Gains and Losses Re-measurement of Net Defined Benefit Liability

The Actuary assess financial and non-financial information provided by the Council to project levels of future pension fund requirements. Changes in actuarial deficits or surpluses can arise leading to a loss or gain because:

- Events have not coincided with the actuarial assumptions made for the last valuation;
- The actuarial assumptions have changed.

## Agency Services

These are services that are performed by or for another Authority or public body, where the principal (the Authority responsible for the service) reimburses the agent (the Authority carrying out the work) for the costs of the work.

## Appointed Auditors

The Public Sector Audit Appointments appoints external auditors to every Local Authority, from one of the major firms of registered auditors. KPMG is the Council's appointed Auditor.

## Associate Companies

This is an entity other than a subsidiary or joint venture in which the reporting Authority has a participating interest and over who's operating and financial policies the reporting Authority is able to exercise significant influence.

## Authorised Limit

This represents the legislative limit on the Council's external debt to finance capital expenditure under the Local Government Act 2003.

## Balances

The balances of the Authority represent the accumulated surplus of income over expenditure on any of the Funds.

## Capital Adjustment Account

The Account accumulates (on the debit side) the write-down of the historical cost of Property, Plant and Equipment as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (revenue expenditure funded by capital under statute). The balance on the account thus represents timing differences between the amount of the historical cost of fixed assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

## Capital Charges

Charges made to service department revenue accounts, comprising depreciation (where appropriate) based on the value of the asset employed.

## Capital Expenditure

This is expenditure on the acquisition of property, plant and equipment, or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.

## Capital Financing Charges

This is the annual charge to the revenue account in respect of interest and principal repayments and payments of borrowed money, together with leasing rentals.

#### Capital Receipts

Income received from the sale of land or other capital assets, a proportion of which may be used to finance new capital expenditure, subject to the provisions contained within the Local Government Act 2003.

#### Carrying Amount

The Balance Sheet value recorded of either an asset or a liability.

#### Community Assets

This is a category of Property, Plant and Equipment that the Council intends to hold in perpetuity which have no determinable finite useful life and, in addition, may have restrictions on their disposal. Examples include parks and historical buildings not used for operational purposes.

#### Contingency

This is money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.

#### Contingent Liabilities or Assets

These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Council's accounts.

#### Creditors

Amounts owed by the Council for work done, goods received, or services rendered, for which payment has not been made at the date of the balance sheet.

#### Current Service Cost

This is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

#### Debtors

These are sums of money due to the Council that have not been received at the date of the Balance Sheet.

#### Dedicated Schools Grant

A specific grant for the funding of schools and which is ring-fenced to the Schools Budget.

#### Deferred Capital Income

This consists mainly of income due from former tenants who have purchased their homes and taken out mortgages with the Council.

#### Defined Benefit Scheme

This is 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 Defined Contribution Scheme is a pension or other retirement benefit scheme into which an employer pays regular contributions 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 employee benefits relating to employee service in the current and prior periods.

#### Depreciation

This is the measure of the wearing out, consumption, or other reduction in the useful economic life of Property, Plant and Equipment.

#### De-recognition

Financial assets and liabilities will need to be removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

#### Earmarked Reserves

Amounts set aside for a specific purpose to meet future commitments or potential liabilities, for which it is not appropriate to establish provisions.

#### External Audit

The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Authority has made proper arrangements to secure value for money in its use of resources.

#### Fair Value

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.

#### Finance Lease

A finance lease is a lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

#### Financial Instruments

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. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

#### Financial Regulations

These are the written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

#### General Fund

This is the main revenue fund of the Authority and includes the net cost of all services financed by local taxpayers and Government grants.

#### Heritage Asset

A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

### Housing Benefit

This is an allowance to persons on low income (or none) to meet, in whole or part, their rent. Benefit is allowed or paid by Local Authorities but Central Government refunds part of the cost of the benefits and of the running costs of the services to Local Authorities. Benefits paid to the Authority's own tenants are known as rent rebate and that paid to private tenants as rent allowance.

### Housing Revenue Account (HRA)

Local Authorities are required to maintain a separate account - the Housing Revenue Account - which sets out the expenditure and income arising from the provision of Council housing. Other services are charged to the General Fund.

### Impairment

A reduction in the value of a fixed asset below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a fixed asset's market value and evidence of obsolescence or physical damage to the asset.

### Infrastructure Assets

A category of Property, Plant and Equipment which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

### Intangible Assets

These are assets that do not have physical substance but are identifiable and controlled by the Council. Examples include software, licenses and patents.

### Liabilities

These are amounts due to individuals or organisations which will have to be paid at some time in the future.

### Materiality

An item would be considered material to the financial statements if, through its omission or non-disclosure, the financial statements would no longer show a true and fair view.

### Minimum Revenue Provision (MRP)

MRP is the minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.

### Operating Lease

This is a type of lease, usually of computer equipment, office equipment, furniture, etc. where the balance of risks and rewards of holding the asset remains with the lessor. The asset remains the property of the lessor and the lease costs are revenue expenditure to the Authority.

### Provisions

Amounts set aside to meet liabilities or losses which it is anticipated will be incurred but where the amount and/or the timing of such costs are uncertain.

### Private Finance Initiative (PFI)

A Central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance. The PFI is supported by a number of incentives to encourage Authorities' participation.

### Related Parties

Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, all senior officers from Director and

above and the Pension Fund. For individuals identified as related parties, the following are also presumed to be related parties:

- Members of the close family, or the same household; and
- Partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

#### Revaluation Reserve

The Reserve records the accumulated gains on the fixed assets held by the Authority arising from increases in value as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

#### Revenue Expenditure from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the CIES.

#### Revenue Expenditure

Spending on day-to-day items, including salaries and wages, premises costs and supplies and services.

#### Transfer Payments

Benefits paid over to tenants and homeowners towards rent and council tax which is then reimbursed by central government.

# Abbreviations

AVC

Additional Voluntary Contributions

BSF

Building Schools for the Future

BVCA

British Venture Capital Association

CCG

Clinical Commissioning Group

CFR

Capital Financing Requirement

CGRA

Capital Grants Received in Advance

CIPFA

Chartered Institute of Public Finance and Accountancy

CPFA

Chartered Public Finance Accountant

CPI

Consumer Price Index

DMO

Debt Management Office

DRC

Depreciated replacement cost

DSG

Dedicated Schools Grant

DWP

Department of Work and Pensions (Central Government)

EUV

Existing Use Value

FMV

Fair Market Value

FTE

Full Time Equivalent

GLA

Greater London Authority

HMRC

Her Majesty's Revenue & Customs

HRA

Housing Revenue Account

IAS

International Accounting Standards

ICT

Information Communication Technology

IFRIC

International Financial Reporting Interpretations Committee

IFRS  
International Financial Reporting Standards

ILEA  
Inner London Education Authority

IPSAS  
International Public Sector Accounting Standards

ISB  
Independent School Bursary Scheme

LEP  
Local Education Partnership

LGPS  
Local Government Pension Scheme

LOBO  
Lender's Option Borrower's Option financial instrument

LPFA  
London Pensions Fund Authority

LRB  
The former London Residuary Body (residual functions of the Greater London Council and ILEA)

MHCLG  
Ministry of Housing Communities and Local Government

MMI  
Municipal Mutual Insurance

MRP  
Minimum Revenue Provision

NBV  
Net Book Value

NNDR  
National Non-Domestic Rates (Business Rates)

NPV  
Net Present Value

NLWA  
North London Waste Authority

PFI  
Private Finance Initiative

PPE  
Property, Plant and Equipment

PWLB  
Public Works Loan Board

REFCUS  
Revenue Expenditure Funded from Capital Under Statute

RICS  
Royal Institution of Chartered Surveyors

SEN  
Special Education Needs

SLA  
Service Level Agreement

UCL  
University College London

*NOTE: values throughout these accounts are presented rounded to whole numbers. Totals in supporting tables and notes may not appear to cast, cross-cast, or exactly match to the core statements or other tables due to rounding differences.*

# Contact Information

This document gives details of London Borough of Camden's Annual Accounts and is available on the Council's website at [camden.gov.uk](http://camden.gov.uk).

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