Annual Financial Report
London Borough of Camden
2018/19

5 Pancras Square

Camden Lock

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1 Foreword

Regent’s Canal

Narrative Report

Jon Rowney
Executive Director Corporate Services and Responsible Financial Officer

I am pleased to present the Council's 2018/19 Annual Financial Report. This foreword provides a guide to the most significant matters reported in the Council's accounts. Camden's financial statements for 2018/19 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 2018/19 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, 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 2018/19
- 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

Camden is a borough of immense contrast and diversity. The borough's eight square miles stretch from the commercial and business centres of Tottenham Court Road, New Oxford Street, Covent Garden, Fitzrovia and Holborn in the south, to the residential districts of Hampstead and Highgate in the north.

Camden is home to the second highest number of businesses in London and the third highest in the UK (behind only Westminster and Birmingham). Camden has a daytime population of close to half a million. We benefit from strong commercial centres, the University College London, leading hospitals including Great Ormond Street and University College Hospital, top tourist attractions, including Camden Lock, the British Library and the British Museum and three major rail termini (Euston, St. Pancras and Kings Cross).

People want to live and work in Camden. Jobs and businesses thrive in our high quality and healthy environment. The increasing level of artistic and cultural facilities has improved the quality of life for residents, businesses and visitors. It forms a significant part of the attraction that encourages new private and public sector investment into the Borough.

Camden 2025 & Our Camden Plan

Camden 2025

Camden 2025 is the community vision developed in partnership with our residents, community organisations, businesses and other partners, that sets out the key ambitions for the borough up to 2025.

We came together with communities to discuss Camden's strengths, challenges, and ideas for how we could work together to tackle some of the borough's most long-standing issues and develop a new vision for the borough.

We have a set of bold ambitions for the future and a shared understanding of how we need to work together in a radically different way.

Camden 2025 ambitions:

- In 2025, everyone in Camden should have a place they call home.
- In 2025, growth in Camden should be strong and inclusive – everyone should be able to access the work that is right for them.
- In 2025, Camden should be safe, strong and open, and everyone should be able to contribute to their community.
- In 2025, Camden should be a clean, vibrant and sustainable place.
- In 2025, everyone in Camden should be able to live a healthy, independent life.

Our Camden Plan

The council also has a new plan, called Our Camden Plan, for how we as an organisation will play our part to achieve the ambitions set out in Camden 2025.

The previous Camden Plan (2012 – 2017) was bold and ambitious, and we have achieved a lot, at a time of unprecedented reductions in our budget.

Our Camden Plan reflects what the council is going to do in the next four years (2018-2022), as part of our contribution to making Camden a better borough.

More information is available on: www.Camden.gov.uk/camden2025

Financial context

The Council continues to face the challenge of significant annual cuts to Government funding, which alongside other spending pressures such as continual increases in the cost of living and an ageing population, have left the council with substantial budget pressures.

Since 2010, our like-for-like funding has reduced by 54%. As a result, over the last eight years the Council has been forced to make an unprecedented £169m of savings, which has forced us to reduce our workforce by 23% (1,140 full time equivalents). Such a reduction in budget means we have already had to think radically to achieve the ambitions set out in previous corporate strategies, and to continue our focus on the ambitious priorities set out in Camden 2025 and Our Camden Plan.

As a result of further rising cost pressures and significant growth in the demand for our services, coupled with ongoing austerity measures, the Council is projecting a new budget deficit of between £35m and £40m by 2021/22, with £23m of this falling in 2019/20.

Faced with many difficult choices, in December 2018, Cabinet considered and approved a Medium Term Financial Strategy (MTFS) that set out the financial framework designed to ensure the Council can continue to operate on a sustainable and sound financial footing, including a 3 year savings programme aimed at focusing its limited resources to best achieve its key outcomes.

Proposals within the strategy have been drawn from an evidence-based approach from what has worked in Camden previously, and are centred around the key pillars of prevention, system outcomes, and value for money. Through continued innovation, integrating and joining up services and working closely with residents and partners, the Council has sought to mitigate the worst impacts on frontline services and support to our communities.

The strategy is phased over three years so that Camden can fundamentally change the way that it provides some services in a measured and informed way. As part of this, it is investing in key services that are known to be important for our residents, businesses and partners.

Key achievements from our capital investment

Community Investment Programme

The Community Investment Programme (CIP) is our ambitious 15-year plan to invest over £1 billion in schools, homes and community facilities in Camden. It's our answer to government spending cuts – an innovative way to continue to invest in our community despite massive reductions in central government funding. In 2018/19 the Council spent £44.4m on its CIP programme on new homes and school projects.

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 13% of this investment will be financed by government or GLA grant, a figure which reduces further to 6% if the specific grant received to remove and replace the cladding on the Chalcots estate is excluded.

Homes

862 new homes have been built to the end of 2018/19, of which 351 are Council rented homes and a further 78 intermediate affordable homes. 433 private homes have been built, with every pound raised from the sale of these homes re-invested back into homes and community facilities in Camden.

We completed 198 homes in 2018/19 and have 120 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 is about to use 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 CIP, and diversify risk whilst holding onto assets. Separately to CIP the Council is developing high quality new homes for tenants and leaseholders impacted by HS2. In 2018/19 we completed 95 homes across six sites on the Regent's Park Estate allowing residents in blocks earmarked for demolition to move directly into high quality new homes, ensuring that all council tenants and resident leaseholders who wanted to stay in the area could. The programme's second phase will build 21 additional homes, 11 for council rent funded by 10 built for private sale.

Schools

Through the Community Investment Programme (CIP) we have invested £128.5m 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, and new learning spaces for William Ellis School, alongside a new purpose built sixth form centre for LaSWAP completed last summer. October saw the new

William Ellis extension - providing new music and drama studios – handed over to the school.

The new building for Edith Neville primary school in Somers Town is progressing well and is due to welcome pupils in September. We are building a new modern learning environment replacing the existing building which is well past its intended life-span, in poor condition, with undersized classrooms and poorly laid out outdoor space. 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 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. The new Greenwood Centre in Kentish Town, completed in 2018/19, houses Camden's first Centre for Independent Living (CIL). It is also home to Mental Health Day Services, Learning Disabilities Day Services, and have a café, commercial space and rentable spaces for the community to access. These combined services will aim to promote wellbeing, independent living and a better quality of life.

Corporate Accommodation

2018/19 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 project will deliver restored civic and democratic spaces, new and improved weddings suites and registrars services 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 support its investment.

Surveys and early works are currently underway, with the main construction works expected to start in February 2020 with a duration of about two years. The refurbishment of Holmes Road depot, which will enable the rationalisation of our depot estate, is also now on site.

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 or Collection Fund.

The Council's actual spend compared with its updated budget for 2018/19 is set out below:

	Net Budget £m	Outturn £m	Variance to Budget £m
Directorates			
Corporate services	(9.1)	(7.9)	1.2
Public Health	23.2	22.6	(0.6)
Supporting Communities	69.1	72.8	3.7
Supporting People	198.5	197.1	(1.4)
Cross-Cutting Budgets:			
Government Grants	(57.3)	(57.5)	(0.1)
Pensions	16.0	15.7	(0.3)
Financing and Interest	4.2	2.1	(2.0)
Other Items and Adjustments	(18.0)	(18.8)	(0.8)
Total	**226.4**	**226.1**	**(0.3)**

The Council had a net revenue budget of £226.4m in 2018/19 and delivered a final outturn underspend after agreed transfers to reserves of £(0.3)m. The underspend is around 0.14% 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 – £445.7m. This includes grants for specific functions, such as Dedicated Support Grant, as well as non-specific grant income.
- Fees and charges - £104.4m
- Council tax - £106.3m
- Retained business rates - £131.9m

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 £168.05m. The main areas of investment were as follows:

- Development spent £81.84m on the Community Investment Programme and Estate Regeneration projects, which are helping to provide improved housing and school facilities for residents of Camden. Key spend areas included over £16m on the redevelopment of Parliament Hill school, over £11m on the redevelopment of Edith Neville school/central Somerstown, over £16m in completing the first phase of the Abbey Road scheme, and nearly £11m on our Agar Road regeneration project.

- Property Management spent £55.16m making improvements to the councils existing buildings, a large proportion of which relates to the Better Homes programme, fire safety works and making improvements to existing schools.

- Place Management and Regeneration & Planning spent £23.22m 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.

The total capital spend of £168.05m in 2018/19 was financed from a number of sources including:

- £37.73m from capital receipts
- £21.68m from capital grants
- £24.61m from Section 106, Community Infrastructure Levy and other contributions
- £12.52m from revenue contributions (General Fund)
- £5.90m from General Fund prudential borrowing
- £36.61 from HRA reserves; and
- £29.0m from HRA prudential borrowing

Housing Revenue Account

The Housing Revenue Accounts (HRA) is a ring fenced landlords' account for the running of the Council's housing stock. The Council is the main provider of rented accommodation in Camden with 23,446 units at 31 March 2019. In 2018/19 average council rents (excluding service charges) were £112.59 per week.

In 2018/19 the HRA had a net surplus of £2.3m, which when taken to its existing reserves of £31.1m resulted in £33.4m being carried forward as at 31 March 2019.

The slight underspend in the HRA is the result of underspends across corporate budgets and lower than budgeted contributions to the capital programme. These were partly offset by overspends in repairs and by focused and increased investment in our safety works.

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

- Dwelling Rents £130.3m,
- Commercial and Non Dwelling Rents £11.3m and
- Charges for Services £36.7m

	Budget	Outturn	Variance to Budget
	£m	**£m**	**£m**
Subsidy	(6.8)	(6.8)	0.0
Dwelling Rent	(130.7)	(130.3)	0.3
Other Rents	(12.4)	(12.5)	(0.2)
Charges for Services	(43.1)	(37.5)	5.6
Interest on Balances	(0.6)	(0.5)	0.1
Total Income	**(193.6)**	**(187.6)**	**6.0**
Repairs & Improvement	49.7	65.4	15.7
Housing Management	52.0	53.8	1.8
Housing Needs	5.4	4.4	(1.0)
Housing Development	2.5	3.0	0.5
Capital and Corporate Funding	84.1	58.8	(25.3)
Total Expenditure	**193.6**	**185.3**	**(8.3)**
Housing Revenue Account Total	**0.0**	**(2.3)**	**(2.3)**

Collection Fund

The Collection Fund accounts for all transactions on 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 2018/19, we collected £129.5m from council tax, with a collection rate of over 96%. In 2018/19, Camden's element of band D council tax was £1,194.20.

The amount of business rates Camden collects is one of the highest in the country, we collected £662.5m in 2018/19 and had a collection rate of over 99%. The total amount collectable, less certain reliefs and deductions, is distributed between the Government, Greater London Authority and the London Borough of Camden. 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 capital.

Due to losses on valuation appeals and unexpected refurbishments and demolitions of large buildings, the amount of business rates collected was £5.1m less than expected.

The Collection Fund closing position was £8.8m deficit – made up of £11.4m business rate deficit and £2.6m council tax surplus.

Pension Fund

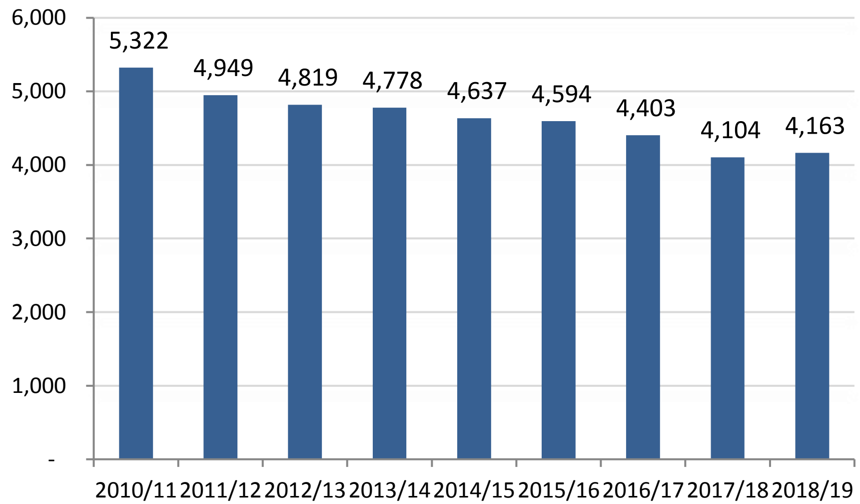
The Pension Fund Account reports the contributions received, payments to pensioners and the value of net assets invested in the Local Government Pension Scheme on behalf of Council employees. All employees become contributors on appointment with Camden or a scheduled or admitted body. The Fund's income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

In 2018/19 total contributions paid in were £62.3m, of which
- employers contributed £51m and
- employees contributed £11.3m.

Total Benefits paid out were £60.6m, this comprised of

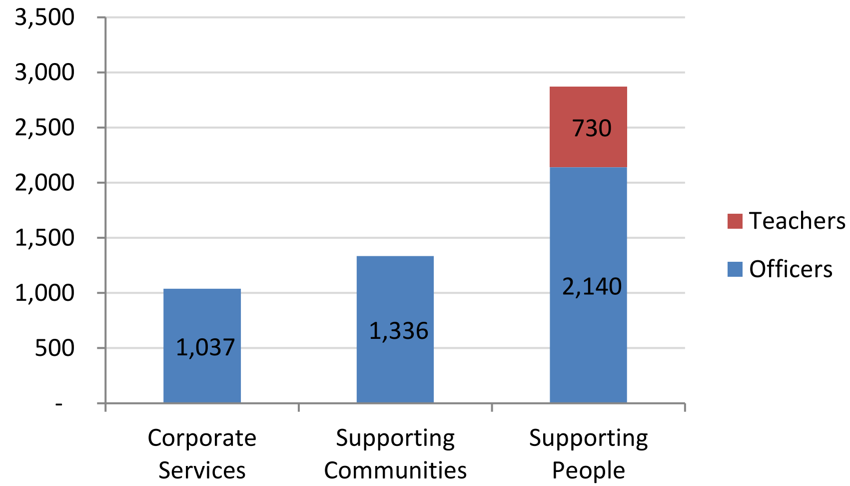
- £49.9m monthly pension payments,
- £9.6m of lump sum retirement grants and
- £1.1m in death grants

The value of Fund assets increased by 4.6% in the 2018/19 financial year to £1.65bn, as set out in the accounts. The Fund is assessed to be 76.2% funded as at the date of the last actuarial valuation on 31 March 2016. Camden is one of the largest of the London Borough funds in terms of assets, and with over 20,000 members, 24 admitted bodies and 6 scheduled bodies.



Staffing trends over recent years

The graph on the right shows Camden's staff numbers in 2018/19 for each directorate, expressed in terms of the number of full-time equivalents in post in each category of employment at 31 March 2019. The figures include staff providing services to housing tenants and include community schools but exclude voluntary aided schools.



The graph on the left shows how Camden staff numbers (excluding teachers and voluntary aided schools' teachers and staff) have changed over recent years. Total staffing has decreased by 1,159 (22%) between 2010/11 and 2018/19, but has increased by 59 (1%) since last year.

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 2019. 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 2018/19, 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 35 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 financial statements

Opinion on the financial statements of London Borough of Camden

We have audited the financial statements of London Borough of Camden ('the Council') for the year ended 31 March 2019, which comprise the Comprehensive Income and Expenditure Statements, Balance Sheet, Movement in Reserves Statement, Cash Flow Statement, Housing Revenue Account, Collection Fund 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 2018/19.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2019 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 2018/19.

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 as applicable to public interest entities, 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.

Conclusion 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 Council's 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 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 is responsible for the other information. The other information comprises the information included in the statement of accounts, other than the financial statements and our auditor's report thereon. Our opinions 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 Council'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 2018/19, 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 2018/19 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 is responsible for assessing each year whether or not it is appropriate for the Council 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 Council’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 opinions. 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. 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.

Conclusion on London Borough of Camden’s arrangements for securing economy, efficiency and effectiveness in the use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, 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 31 March 2019.

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 November 2017, 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 31 March 2019.

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.

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

Delay in certification of completion of the audit due to work on the WGA Return not being completed by 31 July 2019

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Council’s Whole of Government Accounts consolidation pack. We are satisfied that these matters do not have a material effect on the financial statements or on our conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Delay in certification of completion of the audit due to Pension Fund Annual Report not being prepared by 31 July 2019

We are required to give an opinion on the consistency of the financial statements of the pension fund included in the Pension Fund Annual Report of the London Borough of Camden with the pension fund accounts included in the financial statements of London Borough of Camden. The Local Government Pension Scheme (Administration) Regulations 2008 require authorities to publish the Pension Fund Annual Report by 1 December following the end of the relevant financial year. As the Council has not yet prepared the Pension Fund Annual Report we have not issued our report on the financial statements included in the Pension Fund Annual Report. Until we have done so, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Delay in certification of completion of the audit due to matters raised by a local authority elector

Additionally, we cannot formally conclude the audit and issue an audit certificate until the Council's previous auditor has completed their consideration of matters brought to their attention by a local authority elector relating to 2015/16 and 2016/17. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Karen Murray

Karen Murray
For and on behalf of Mazars LLP

Tower Bridge House
St Katharine's Way

London
E1W 1DD

28 October 2019

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

Report on the financial statements

Opinion on the financial statements of Camden Pension Fund

We have audited the financial statements of Camden Pension Fund ('the Pension Fund') for the year ended 31 March 2019, 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 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial transactions of Camden Pension Fund during the year ended 31 March 2019, and the amount and disposition of the Pension Fund's assets and liabilities as at 31 March 2019; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

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 as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the 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 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 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 2018/19, 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 2018/19 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 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. 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 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.

Lucy Nutley

Lucy Nutley

For and on behalf of Mazars LLP

Tower Bridge House
St Katharine's Way

London
E1W 1DD

28 October 2019

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 2018/19.

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 2019 and of its income and expenditure for the year then ended.

Jon Rowney

Jon Rowney, CPFA
Executive Director Corporate Services and Chief Financial Officer
28 October 2019

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 25 July 2019 authorised the Chair to approve the Statement of Accounts.

Cllr A Quadir

Chair, Audit and Corporate Governance Committee

2 Core Financial Statements

The Shaw Theatre and British Library

Comprehensive Income and Expenditure Statement

Restated 2017/18				2018/19		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
320,208	(123,449)	196,759	Supporting People	367,172	(141,537)	225,635
106,984	(46,474)	60,510	Supporting Communities	134,710	(63,183)	71,527
230,577	(228,719)	1,858	Corporate Services	305,909	(298,483)	7,426
23,503	(28,388)	(4,885)	Public Health	23,665	(27,865)	(4,200)
3,006	(1,994)	1,012	Cross Cutting	1,064	(2,696)	(1,632)
233,035	(184,262)	48,773	Housing Revenue Account	311,711	(170,454)	141,257
164,567	(160,997)	3,570	Dedicated Schools Grant	160,935	(161,195)	(260)
1,081,880	**(774,283)**	**307,597**	**Cost Of Services**	**1,305,167**	**(865,413)**	**439,753**

Restated 2017/18				2018/19		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
		(38,428)	Other Operating Expenditure (*Note 9*)			216,287
		18,023	Financing and Investment Income and Expenditure (*Note 10*)			34,380
		(267,987)	Taxation and Non-Specific Grant Income (*Note 11*)			(575,682)
		19,205	**(Surplus) or Deficit on Provision of Services**			**114,739**
		(74,963)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(33,836)
		(51,107)	(Actuarial gains) / losses on pension assets / liabilities			111,417
		0	Other (gains) and losses			0
		(126,070)	**Other Comprehensive Income and Expenditure**			**77,581**
		(106,865)	**Total Comprehensive Income and Expenditure**			**192,319**

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

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	69,302	0	0	0	114,738	0	114,738
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	77,581	77,581
Total Comprehensive Income and Expenditure	**45,436**	**69,302**	**0**	**0**	**0**	**114,739**	**77,581**	**192,319**
Adjustments between accounting basis & funding under regulations (*Note 7*)	(42,973)	(71,556)	(67,828)	1,688	124	(180,545)	180,545	0
(Increase)/Decrease in Year	**2,463**	**(2,254)**	**(67,828)**	**1,688**	**124**	**(65,807)**	**258,127**	**192,319**
Balance at 31 March 2019 carried forward	**(114,030)**	**(33,366)**	**(108,934)**	**(17,079)**	**(11,665)**	**(285,074)**	**(2,876,448)**	**(3,161,522)**

Movement in Reserves Statement

Restated 17/18	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 2017 brought forward	**(105,443)**	**(38,387)**	**(35,608)**	**(5,677)**	**(11,868)**	**(196,983)**	**(3,049,993)**	**(3,246,976)**
Movements in Reserves during 2017/18								
Surplus/Deficit on provision of services	12,729	6,476	0	0	0	19,205	0	19,205
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(126,070)	(126,070)
Total Comprehensive Income and Expenditure	**12,729**	**6,476**	**0**	**0**	**0**	**19,205**	**(126,070)**	**(106,865)**
Adjustments between accounting basis & funding under regulations (*Note 7*)	(23,779)	799	(5,498)	(13,090)	79	(41,489)	41,489	0
(Increase)/Decrease in Year	**(11,050)**	**7,275**	**(5,498)**	**(13,090)**	**79**	**(22,287)**	**(84,581)**	**(106,865)**
Balance at 31 March 2018 carried forward	**(116,493)**	**(31,112)**	**(41,106)**	**(18,767)**	**(11,789)**	**(219,267)**	**(3,134,574)**	**(3,353,841)**

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'.

Restated Balance Sheet

31 March 2018 £'000		Note	31 March 2019 £'000
4,037,289	Property, Plant & Equipment	12	3,921,576
841	Heritage Assets	13	841
261,679	Investment Property	14	254,594
4,572	Intangible Assets	15	3,618
3,881	Long Term Investments	16	4,116
6,526	Long Term Debtors	16	7,215
4,314,788	**Long Term Assets**		**4,191,960**
184,529	Short Term Investments	16	203,606
49,202	Assets held for sale (less than a year)	19	87,659
361	Inventories		372
108,661	Short Term Debtors	17	120,051
34,081	Cash and Cash Equivalents	18	64,604
376,834	**Current Assets**		**476,292**
(16,756)	Short Term Borrowing	16	(2,943)
(179,607)	Short Term Creditors	20	(221,356)
	Grants Receipts in Advance:		
(1,084)	- Revenue	36	0
(4,645)	- Capital	36	(787)
(18,299)	Short Term Provisions	21	(38,436)
(220,391)	**Current Liabilities**		**(263,522)**

Restated Balance Sheet

31 March 2018 £'000		Note	31 March 2019 £'000
(6,335)	Long Term Provisions	21	(5,499)
(334,327)	Long Term Borrowing	16	(334,330)
(62,890)	Other Long Term Liabilities	16	(61,456)
	Grants Receipts in Advance:		
0	- Revenue		0
(100,823)	- Capital	36	(94,664)
(613,015)	Net Pensions Liability	44	(747,259)
(1,117,390)	**Long Term Liabilities**		**(1,243,208)**
3,353,841	**Net Assets**		**3,161,522**
219,266	**Usable reserves**	22	285,074
3,134,575	**Unusable Reserves**	23	2,876,448
3,353,841	**Total Reserves**		**3,161,522**

Jon Rowney

28 October 2019

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.

31 March 2018 £'000	31 March 2017 £'000		31 March 2019 £'000
(37,040)	57,378	Net surplus or (deficit) on the provision of services	(114,738)
235,526	105,037	Adjustment to surplus or deficit on the provision of services for noncash movements (note 24)	365,137
(152,278)	(102,854)	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)
46,208	**59,561**	**Net Cash flows from operating activities**	**109,899**
(123,005)	(4,333)	Net Cash flows from Investing Activities (note 25)	(50,810)
(1,301)	(12,318)	Net Cash flows from Financing Activities (note 26)	(28,566)
(78,098)	**42,910**	**Net increase or decrease in cash and cash equivalents**	**30,523**
112,179	69,269	Cash and cash equivalents at the beginning of the reporting period	34,081
34,081	**112,179**	**Cash and cash equivalents at the end of the reporting period** (note 18)	**64,604**

Note to Core Statements Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and 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.

Restated 2017/18				2018/19		
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
189,093	7,666	196,759	Supporting People	197,080	28,555	225,635
46,537	13,973	60,510	Supporting Communities	72,798	(1,271)	71,527
(6,820)	8,678	1,858	Corporate Services	(7,905)	14,730	6,825
22,614	(27,499)	(4,885)	Public Health	22,593	(26,793)	(4,200)
(15,767)	16,779	1,012	Cross Cutting	(58,442)	56,811	(1,631)
7,277	41,496	48,773	Housing Revenue Account	(2,259)	144,117	141,858
0	3,570	3,570	Dedicated Schools Grant	0	(260)	(260)
242,934	**64,663**	**307,597**	**Net Cost of Services**	223,865	215,889	439,754
(246,705)	(41,687)	(288,393)	Other Income and Expenditure	(223,655)	(101,360)	(325,015)
(3,771)	**22,976**	**19,205**	**(Surplus) or Deficit**	210	114,529	114,739
(143,830)			**Opening General Fund and HRA**	(147,606)		
(3,771)			Less/Plus (Surplus) or Deficit on	210		
(147,602)			**Closing General Fund and HRA Balance at 31 March**	**(147,396)**		

1. Please see Note 27 for further details

3 Notes to the Accounts

St Pancras Renaissance Hotel

Note 1 Accounting Policies

CONCEPTS AND PRINCIPLES

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2018/19 financial year and its position at the financial year ending 31 March 2019. 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 2018/19, 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.
The accounts have been designed to present a 'true and fair' view of the financial position of the council and comparative figures for previous financial years have been provided.
Changes in Accounting Policies may arise due to the changes instigated by the council or changes prescribed in the Code. For any other changes, the changes to the current period and each prior period presented and the amount of the adjustment will be disclosed.

If under any circumstances, retrospective application is not possible, the circumstances that led to the existence of that condition and description of how and from when the change in accounting policy has been applied will be disclosed.

1.2 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, Government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Capital Grants/Contributions

Where conditions initially remain outstanding at the Balance Sheet date, the grant or contribution will be recognised as part of the Capital Grant: Receipts in Advance (CGRA). Once the condition has been met, the grant or contribution will be transferred from the CGRA and recognised as income in the Comprehensive Income and Expenditure Statement.
Where no conditions remain outstanding and the capital grant or contribution (or part thereof) has been recognised in the

Comprehensive Income and Expenditure Statement and the expenditure has been incurred at the Balance Sheet date, the grant or contribution shall be transferred from the General Fund (or HRA) to the Capital Adjustment Account reflecting the application of capital resources to finance expenditure (this transfer will be reported in the Movement in Reserves Statement).

Where no conditions remain and the capital grant or contribution (or part thereof) has been recognised in the Comprehensive Income and Expenditure Statement but the expenditure to be financed from the grant or contribution has not been incurred at the Balance Sheet Date, the grant or contribution shall be transferred to the Capital Grants Unapplied Account within the Usable Reserves section of the Balance Sheet, thus reflecting the status as a capital resource available to finance expenditure. This transfer shall be reported in the Movement in Reserves Statement.

1.3 Debtors

Debtors 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.

1.4 Creditors

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

1.5 Adjustment between Accounting basis and funding basis

Expense	Accounting Basis in CIES	Funding in MIRs	Adjustment Account
Property plant and equipment	Depreciation & Revaluation/Impairment Losses	Revenue provisions to cover historical cost determined in accordance with 2003 Regulations.	Capital Adjustment Account
Intangible Assets	Amortisation and Impairment		Capital Adjustment Account
Investment properties	Movement in Fair Value		Capital Adjustment Account
REFCUS	Expenditure incurred in year		Capital Adjustment Account
Capital Grants and Contributions	Grants that become unconditional in year or were received in year without conditions	Credited to Movement in Reserves Statement (MiRs)	Capital Grants unapplied reserve(unapplied at 31 March) Capital Adjustment Account
Non-current asset disposals	Gain or loss based on sale proceeds less carrying amount of the asset	No charge or credit in MiRs	Capital Adjustment Account (carrying amount) Capital receipts reserve
Financial Instruments	Premia payable & discounts receivable on early repayment of borrowing in 18/19 Losses on soft loans and interest receivable on amortised cost basis	Deferred debits/credits of premia/discounts from earlier years Interest due to be received on soft loans	Financial instruments Adjustment Account
Pension costs	Movement in pension assets and liabilities	Employers pension contributions payable and direct payment made by council to pensioners	Pension reserve
Council Tax & Business Rates	Accrued income from 2018/19 bills.		Collection Fund Adjustment Account.

1.6 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the services on the basis of the total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

• Corporate and Democratic Core – costs relating to the council's status as a multi-functional, democratic organisation.

• Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

1.7 Charges to Revenue for non-current assets

Services, support services and trading accounts 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.

1.8 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.

1.9 Council Tax Income

Council Tax income included in the Comprehensive Income and Expenditure Statement for the year will be the accrued income for that year. Each major preceptor's share of the accrued Council Tax income is available from the information required to be produced in order to prepare the Collection Fund Statement. Since the collection of Council Tax is in substance an agency arrangement, the cash collected by the billing authority from Council Tax debtors belongs proportionately to the billing authority and the major preceptors. There will therefore be a debtor/ creditor position between the billing authority and each major preceptor to be recognised since the net cash paid to each major preceptor in the year will not be its share of cash collected from Council taxpayers. If the net cash paid to a major preceptor in the year is more than its proportionate share of net cash collected from council tax debtors/creditors in the year, the billing authority will recognise a debit adjustment for the amount overpaid to the major preceptor in the year and the major preceptor will recognise a credit adjustment for the same amount to the debtor/creditor position between them brought forward from the previous year.

The Cash Flow Statement includes within operating activities only the Council's own share of council tax net cash collected from council tax debtors in the year; and the amount included for precepts paid excludes amounts paid to the Greater London Authority (GLA). The difference between the GLA's share of the net cash collected from council tax debtors and net cash paid to the GLA as precept and settlement of the previous year's surplus or deficit on the Collection Fund is included within financing activities in the Cash Flow Statement. The Cash Flow Statement of a major preceptor will include within operating activities the net council tax cash received from the Collection Fund in the year (i.e. the precept for the year plus its share of Collection Fund surplus for the previous year, or less the amount paid to the Collection Fund in respect of its share of the previous year's Collection Fund deficit). The difference between the net cash received from the Collection Fund and the major preceptor's share of cash collected from council tax debtors by the billing authority in the year will be included within financing activities in the Cash Flow Statement.

1.10 Business Rates/Business Rates Retention Scheme

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 (ie 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 NDR

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 2018/19 the Pool retains 100% of business rates growth within London which is distributed to the member Boroughs.

1.11 Value Added Tax

The Comprehensive Income and Expenditure Account excludes amounts relating to VAT and will be included as an expense only if it is not recoverable from HM Revenue and Customs. VAT receivable is excluded from income within the Council's Comprehensive Income and Expenditure Account.

1.12 Fair Value Measurement

Where applicable, the Council measures its assets and liabilities and provide 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.

1.13 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. The Council will report these in the following way if it is determined that the event has had a material effect on the Council's financial position.

- Events 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 will be reported in the narrative notes to the accounts.

1.14 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.

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

The code requires prior period adjustments to be made when material omissions or misstatements are identified (by amending opening balances and comparative amounts for prior period).Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights and misrepresentations of facts and fraud.

The following disclosures should be made:

- The nature of prior period error
- For each period presented, to the extent practicable, the amount of the correction for each financial statements line item affected; and
- The amount of the correction at the beginning of the earlier prior period presented.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change. They do not give rise to a prior period adjustment.

NON CURRENT ASSETS

1.16 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.

Initial Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. Assets are initially measured at cost, comprising:

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

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

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 (existing use value as social housing – EUV-SH); and
- All other assets except surplus asset – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- Surplus asset – fair value, in accordance with IFRS13

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.

Revaluation Gains and Losses

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. In addition, each class of PPE will be fully revalued within a reasonable period in order to avoid selective revaluations. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service).

When decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- When there is not a balance within the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Impairment

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

•where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);

• where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

• where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for the depreciation that would have been charged if the loss had not been recognised.

1.17 Depreciation

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).

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 – straight-line allocation over 40 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

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).

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

1.18 Minimum Revenue Provision

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.

1.19 Lease and Lease Type Transactions

Leases are classified as finance leases where the terms of the lease transfer substantially all of the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premia paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to use Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead the annual contribution as set out in 1.18 is used.

Operating Leases

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

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet. Lease rentals receivable are apportioned between:

•A charge for the acquisition of the interest in the property - applied to write down the lease debtor (together with any premia received), and

• Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement.

When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

<u>Operating Leases</u>

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

1.20 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. Where the Council is deemed to control or regulate the services that are provided under a service concession arrangement and either:

•Ownership of the property, plant and equipment pass to the Council at the end of the contracts for no additional charge, or

•The service concession is for the whole life of the assets used, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. Non-current assets related to these contracts and recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

Where the Council either:

•Does not control or regulate the services, or

•The assets do not revert back to the council at the end of the concession, no assets are recognised on the Balance Sheet and the expenditure is debited to the relevant service within the Comprehensive Income and Expenditure Statement.

The amounts payable to service concession operators are analysed into the following elements:

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

1.21 Investment Properties
Investment properties are those that are used solely to earn rental income and/or for capital appreciation. The definition does not apply if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.
Initial Recognition
As with Property, Plant and Equipment, initial recognition is at the costs associated with the purchase.

<u>Measurement after Recognition</u>
Investment Properties will be measured at fair value, which is the amount that would be paid for the asset in its highest and best use, (e.g. market value). The fair value of Investment Property held under a lease, is the lease interest in the asset. Investment Properties are subject to annual value review and indexation if the market movement is more than +/-3%.

<u>Revaluation Gains and Losses</u>
A gain or loss arising from a change in the fair value of Investment Property shall be recognised in the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. These are not permitted by statute to impact on the General Fund Balance. Therefore these gains or losses are reversed out of the General Fund Balance in the Movement on Reserves and posted to the Capital Adjustment Account.
Depreciation: Depreciation is not charged on Investment Properties.
Rental Income received in relation to investment properties is credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.22 Intangible Assets
Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase e.g. research expenditure cannot be capitalised.
Expenditure on the development of websites is not capitalised if the website is

solely or primarily intended to promote or advertise the Council's goods or services.

Initial Recognition
As with Property, Plant and Equipment, initial recognition is at the costs associated with the purchase.

Measurement after Recognition
Amounts are only re-valued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost.
Revaluation Gains and Losses
As above, this does not happen in practice.

Depreciation
The depreciable amount of an intangible asset is amortised over its useful life (3 years unless otherwise advised by a qualified professional) to the relevant service line in the Comprehensive Income and Expenditure Statement.
An intangible asset is tested for impairment whenever there is an indication that the asset might be impaired with any recognised losses posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.23 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.

1.24 Disposals and Non-Current Assets Held for Sale
When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to Non-Current assets and valued at the lower of their carrying amount before they were classified as Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Assets Held for Sale, and their recoverable amount at the date of the decision not to sell.
When an asset is disposed of or is decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other

Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government (up to a maximum ceiling). The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the HRA's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.
The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

1.25 Heritage Assets
The Council's Heritage Assets which comprise; Mayoral Regalia and Silverware and Art Collections are reported in the balance sheet at:

Initial Recognition
As with Property, Plant and Equipment, initial recognition is at the costs associated with the purchase.

Measurement after Recognition
A current insurance valuation (based on market values) supplemented by auctioneer's valuation where obtained.

Revaluation Gains and Losses
As with Property, Plant and Equipment, revaluation gains are posted to the revaluation reserve.

Depreciation
As Heritage Assets are deemed to have indeterminate lives and high residual value, the Council does not deem it appropriate to charge depreciation for these assets.
Buildings heritage assets (currently solely The Tollgate House in Hampstead) are recognised at valuation and will be depreciated over the life of the building in line with the Council's policy on Property, Plant and Equipment.

EMPLOYEE BENEFITS

1.26 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.

1.27 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. Termination benefits are charged on an accruals basis at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

1.28 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.

1.29 The Local Government Pension Scheme

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

1. 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.
2. Liabilities are discounted to their value at current prices, using a range of financial assumptions as determined by the council's actuary.
3. 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.
4. 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. This 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:
• The return on plan assets - excluding amounts charged in net interest on the net defined benefit liability. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
• Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This is debited to Other Comprehensive Income and Expenditure.
• Contributions paid to the Camden pension fund and LPFA - the cash paid as employer's contributions to the pension fund.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Statement of Movement on the General Fund Balance this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

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

1.30 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 cashflow 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).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost or where relevant FVOCI, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The authority has made a loan to it's wholly owned subsidiary, which supports housing at reduced rent and will be treated for Fair Value through Comprehensive Income.

Financial Assets Measured at Fair Value through Profit of Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the

Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

instruments with quoted market prices – the market price

other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

1.31 Provision 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 spilt 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 also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the 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.

Exceptional items

Exceptional items are material amounts of income or expenditure which occur infrequently in the course of the Council’s normal business and are not expected to arise at regular intervals. When these items of income or expense are material, their nature and amount will be disclosed separately, either on the face on Comprehensive Income and Expenditure Statement or notes in the accounts depending on how significant the items are to an understanding of the Council’s financial performance.

GROUP ACCOUNTS

1.32 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 will only consolidate and produce group accounts if the value of the individual entities would be material to the Council's 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 2019/20 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 2020.

- IFRS 9 Financial instruments: prepayment features with negative compensation amends IFRS9 to make clear that amortised cost should be used where prepayments are substantially lower than the unpaid principal and interest. The Council has no loans to whom this will apply.

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 Chalcots Council Dwellings Refurbishment, Swiss Cottage SEN and 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 31st March 2019 are £50.456m for Chalcots, £20.811m for Haverstock and £31.162m for Swiss Cottage (£52.774m for Chalcots, £18.394m for Haverstock and £17.763m for Swiss Cottage as at 31st March 2018).

• 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 councils asset register; and are valued as follows;

2017/18 £m		2018/19 £m
13.1	Land	13.1
2.5	Buildings	2.4
15.7	**Total**	**15.5**

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 2019 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
Arrears	As at 31 March 2019 the Authority had Sundry Debtors of £120.051m (£108.661m 31 March 2018). 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.
NNDR	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 31st March 2019.	It is possible that the estimate provided may not be sufficient to meet claims arising e.g. through greater success rates than previously experienced.
Creditors	At 31 March 2019, the council had a creditor balance of £221.356m (£179.607m 31 March 2018). This balance is the aggregate of a number of various creditor balances, including employees and trade creditors.	If the estimations for accruals in March 2019 turn out to be higher than the actual payments made, then expenditure will have been overstated in 18/19 and will be understated in 19/20.

Item	Uncertainty	Affect if actual results differ from assumptions
Provisions	The Council has estimated its long term insurance provisions based on the value of outstanding claims. As at 31st March 2019 the balance of insurance provisions held amounted to £5.499m, a decrease of £0.600m from 2017/18.	If the provision is not enough, then there will be additional pressures on the Council's in year budget.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries has been engaged to provide the Authority with expert advice about the assumptions to be applied for both the: London Borough of Camden Pension Fund, and London Borough of Camden pension element of the London Pension Fund Authority	The net Pensions liability is £747.259m in 2018/19 (£613.015m, 2017/18).

Item	Uncertainty	Affect if actual results differ from assumptions
Property, Plant and Equipment **(Depreciation)**	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.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It should be recognised that: • The margin of error in a change in depreciation due to a change in useful lives is not considered to be material. • 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.
Grant Claims yet to be Certified	Over any given year the council receives a number of grants from central government. Most of these grants are awarded based on an agreed amount and are then 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.	During 2018/19, the council estimated that it would require £174.75m (£181.84m; 2017/18) in subsidy, but the total claim was for £181.25m (£184.96m; 2017/18), thus central government owes the council £6.294m, which represents 3.6% of the original estimate (£3.119m debtor, 1.7%; 2017/18). This debtor figure is reflected in the accounts.

Note 5 Prior Period Adjustment

The Council discovered an error relating to its property, plant and equipment for 2017/18. A number of properties that in 2016/17 had been, correctly held as assets under construction were brought into use in 2017/18. The change in use to Council Dwellings had been identified at the time and consequently not valued using the correct methodology. This meant that the property, plant and equipment was understated £19.742m for 2017/18. This error occurred in 2017/18 and does not relate to any periods before this. The service expenditure was understated by £15.105m, other operating expenditure understated by £4.637m and the unusable reserves figure was understated by £19.741m. The omission was discovered when reconciling the fixed asset database with the Housing Subsidy Report. As a result of an annual reconciliation to the Housing Subsidy Report this should ensure that such an event is unlikely to reoccur.

In order to correct the error, the Council has restated the information for 2017/18 for the £15.105m in the following service lines for the Comprehensive Income and Expenditure Statement.

	Originally 2017/18 Stated Net Expenditure £'000	Restated 2017/18 Net Expenditure £'000	Amount of Restatement £'000
Housing Revenue Account	63,878	48,773	(15,105)
Cost Of Services	**322,702**	**307,597**	**(15,105)**
(Surplus) or Deficit on Provision of Services	**34,310**	**19,205**	**(15,105)**
(Surplus) or deficit on revaluation of Property, Plant and Equipment	(80,980)	(74,963)	6,017
Other Comprehensive Income and Expenditure	**(132,087)**	**(126,070)**	**6,017**
Total Comprehensive Income and Expenditure	**(97,777)**	**(106,865)**	**(9,088)**

Effect on line items in the 2017/18 Balance Sheet:

	As Originally Stated 2017/18 £'000	Restated 2017/18 £'000	Amount of Restatement £'000
Property, Plant & Equipment and other assets	4,017,547	4,037,289	19,742
Assets Held For Sale	59,856	49,202	(10,654)
Long Term Assets	**4,295,046**	**4,314,788**	**9,088**
Unusable reserves	3,125,487	3,134,575	9,088
Total Reserves	**3,344,753**	**3,353,841**	**9,088**

Movement in Reserves Statement – Usable and Reserves 31 March 2018

2017/18	Originally 2017/18 Stated Total Usable Reserves £'000	Originally 2017/18 Stated Total Unusable Reserves £'000	Originally 2017/18 Stated Total Authority Reserves £'000	Restated 2017/18 Total Usable Reserves £'000	Restated 2017/18 Total Unusable Reserves £'000	Restated 2017/18 Total Authority Reserves £'000	Amount of 2017/18 Restatement £'000
Balance at 31 March 2017 brought forward	**(196,983)**	**(3,049,994)**	**(3,246,976)**	**(196,983)**	**(3,049,994)**	**(3,246,976)**	**0**
(Surplus)/Deficit on provision of services	34,310	0	34,310	19,205	0	19,205	(15,105)
Other Comprehensive Income and Expenditure	0	(132,087)	(132,087)	0	(136,724)	(136,724)	(4,637)
Total Comprehensive Income and Expenditure	**34,310**	**(132,087)**	**(97,777)**	**19,205**	**(136,724)**	**(117,519)**	**(19,742)**
Adjustments between accounting basis & funding under regulations (*Note 7*)	(56,594)	56,594	0	(41,489)	41,489	0	0
(Increase)/Decrease in Year	**(22,284)**	**(75,493)**	**(97,777)**	**(22,284)**	**(95,235)**	**(117,519)**	**19,742**
Balance at 31 March 2018 carried forward	**(219,267)**	**(3,125,486)**	**(3,344,753)**	**(219,267)**	**(3,145,229)**	**(3,364,495)**	**19,742**

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 31 July 2019. Events taking place after this date are not reflected in the financial statements or notes.

There are no post balance sheet events to report.

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

The Authority is required to maintain the Major Repairs Reserve. An amount equivalent to depreciation on HRA non-fixed assets is transferred to the Major Repairs Reserve. The Major Repairs Reserve is restricted to being applied to new capital investment in HRA assets or the financing of historical capital expenditure by the HRA.

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.

2018/19	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments to the Revenue Resources						
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)	(194,692)	0	0	124	(240,936)
Total Adjustments to Revenue Resources	**(55,946)**	**(197,575)**	**0**	**0**	**124**	**(253,397)**
Adjustments between Revenue and Capital Resources						
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	34,520	0	(34,520)	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	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'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
Total Adjustments to Revenue Resources	**(42,973)**	**(71,556)**	**(86,946)**	**(34,520)**	**124**	**(235,871)**
Adjustments to Capital Resources						
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
Total Adjustments to Revenue Resources	**0**	**0**	**19,118**	**36,208**	**0**	**55,326**
Total Adjustments	**(42,973)**	**(71,556)**	**(67,828)**	**1,688**	**124**	**(180,545)**

2017/18 Comparatives	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments to the Revenue Resources						
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)	(20,829)	(4,350)	0	0	0	(25,179)
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	27	0	0	0	0	27
Council tax and NDR (transfers to or from the Collection Fund)	(10,084)	0	0	0	0	(10,084)
Holiday pay (transferred to the Accumulated Absences reserve)	(885)	(58)	0	0	0	(943)
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)	(29,534)	(140,466)	0	0	79	(169,921)
Total Adjustments to Revenue Resources	**(61,305)**	**(144,874)**	**0**	**0**	**79**	**(206,100)**
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	27,196	91,529	(118,725)	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	34,766	0	(34,766)	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

2017/18 Comparatives	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	4,950	4,846	0	0	0	9,796
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	10,119	14,532	0	0	0	24,651
Total Adjustments to Revenue Resources	**(23,708)**	**(799)**	**(113,986)**	**(34,766)**	**79**	**(171,653)**
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	108,488	0	0	108,488
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	21,676	0	21,676
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
Total Adjustments to Revenue Resources	**0**	**0**	**108,488**	**21,676**	**0**	**130,164**
Total Adjustments	**(23,779)**	**799**	**(5,498)**	**(13,090)**	**79**	**(41,489)**

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

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2018/19.

	Balance at 31 March 2017 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2018 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2019 £'000	Purpose of Reserves
Reserves to support on-going revenue activity								
Dedicated Schools Grant	7,339	(3,020)	0	4,319	(1,739)	1,999	4,579	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)	16,055	0	404	16,459	(496)		15,963	D
Multi Year Budget Reserve	8,875	(7,180)	15,534	17,230	(8,057)	15,280	24,453	E
Education Commission	948	0	0	948			948	F
Grant for various initiatives	2,570	0	0	2,570			2,570	G
	35,787	**(10,200)**	**15,938**	**41,526**	**(10,292)**	**17,279**	**48,513**	

	Balance at 31 March 2017 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2018 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2019 £'000	Purpose of Reserves
Reserves to support the council's service remodelling programme								
Workforce Remodelling/ Cost of Change	5,678	(3,783)	4,348	6,243	(3,080)	7,585	10,748	H
Camden Plan	2,056	(905)	3,000	4,151	(1,183)		2,968	I
	7,734	**(4,688)**	**7,348**	**10,395**	**(4,263)**	**7,585**	**13,716**	

	Balance at 31 March 2017 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2018 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2019 £'000	Purpose of Reserves
Reserves to support on-going capital activity and asset management								
Future Capital Schemes	24,384	(10,948)	7,278	20,714	(12,535)	11,566	19,745	J
Commercial and other property	776	0	0	776	0	0	776	K
Haverstock School PFI Reserve	1,759	(130)	0	1,629	(130)		1,499	L
Schools PFI Equalisation Reserve	1,500	0	351	1,851		167	2,018	M
Building Schools for the Future	464	0	0	464			464	N
Accommodation Strategy	3,550	(272)	0	3,278	(150)	417	3,545	O
	32,433	**(11,350)**	**7,629**	**28,711**	**(12,815)**	**12,150**	**28,047**	

	Balance at 31 March 2017 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2018 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2019 £'000	Purpose of Reserves
Reserves to mitigate future service risk								
Self-Insurance Reserve	5,477	0	0	5,477	(977)		4,500	P
Contingency Reserve	1,512	0	0	1,512	(1,512)		0	Q
Business Rates Safety Net Reserve	8,880	0	6,373	15,253	(10,012)		5,241	R
	15,869	**0**	**6,373**	**22,242**	**(12,501)**	**0**	**9,741**	
Reserves to support charitable activity								
Mayors Charity Reserve	0	0	0	0	0	22	22	S
	0	**0**	**0**	**0**	**0**	**22**	**22**	
Total General Fund Earmarked Reserves	**91,823**	**(26,238)**	**37,288**	**102,873**	**(39,871)**	**37,036**	**100,039**	
Total transfers out		(26,238)			(39,871)			
Total transfers in			37,288			37,036		
Net Movement in Earmarked Reserves			**11,050**			**(2,835)**		

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

2017/18 £'000		2018/19 £'000
7,022	Levies	274,769
4,739	Payments to the Government Housing Capital Receipts Pool	4,739
(50,189)	(Gains)/losses on the disposal of non-current assets	(63,221)
(38,428)	**Total**	**216,287**

Note 10 Financing and Investment Income and Expenditure

2017/18 £'000		2018/19 £'000
19,859	Interest payable and similar charges	22,397
16,756	Net interest on the defined benefit liability	16,616
(755)	Interest receivable and similar income	(885)
(17,837)	Changes in the fair value of investment properties	(3,748)
18,023	**Total**	**34,380**

Note 11 Taxation and Non Specific Grant Income

2017/18 £'000		2018/19 £'000
(100,982)	Council Tax Income (Precept & Prior Year Collection Fund (surplus)/deficit)	(106,425)
(83,676)	Contributions from NNDR Pool	(406,049)
(59,728)	Non-ring fenced government grants	(19,617)
(23,601)	Capital grants and contributions	(43,591)
(267,987)	**Total**	**(575,682)**

Note 12 Property, Plant and Equipment

Movement on balances in 2018/19

2018/19	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Infra-structure assets £'000	Community assets £'000	Surplus assets £'000	Assets under construction £'000	Total Property, Plant and Equipment £'000	PFI Assets included in Property, Plant and Equipment £'000
Cost or Valuation									
At 1 April 2018	**2,540,348**	**1,067,169**	**41,258**	**329,610**	**25,842**	**696**	**182,522**	**4,187,446**	**94,625**
Additions	57,086	11,271	1,718	21,904	1,307	0	58,710	151,996	4,136
Reclassification (movement between PPE asset groups)	62,091	19,689	0	4	0	(696)	(81,089)	0	0
Reclassification (movement between other asset groups)	0	(13,235)	0	0	0	0	(34,440)	(47,675)	0
Accumulated Dep. Written off on revaluation to gross book value	(34,145)	(32,044)	0	0	0	0	0	(66,189)	(6,713)
Revaluation increases/(decreases) recognised in the revaluation reserve	(27,942)	51,162	0	0	0	0	0	23,220	16,508
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(136,882)	(32,600)	0	0	0	0	0	(169,483)	(3,974)
De-recognition – disposals	(9,253)	(2,276)	0	0	0	0	0	(11,529)	0
De-recognition – other	0	0	0	0	0	0	0	0	0
At 31 March 2019	**2,451,303**	**1,069,136**	**42,976**	**351,519**	**27,149**	**0**	**125,704**	**4,067,787**	**104,582**

2018/19	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infra-structure assets	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	£'000
Accumulated Depreciation and Impairment									
At 1 April 2018	**(1,140)**	**(44,546)**	**(23,281)**	**(79,961)**	**(1,229)**	**0**	**0**	**(150,157)**	**(5,261)**
Depreciation charge	(34,872)	(16,143)	(3,566)	(7,761)	(363)	0	0	(62,705)	(2,616)
Accumulated Dep. Written off on revaluation to gross book value	34,145	32,044	0	0	0	0	0	66,189	6,713
Depreciation written out to the revaluation reserve	0	0	0	0	0	0	0	0	0
De-recognition – disposal	185	278	0	0	0	0	0	463	0
Eliminated on reclassification to assets held for sale	0	0	0	0	0	0	0	0	0
Other movements in depreciation and impairment	0	0	0	0	0	0	0	0	0
At 31 March 2019	**(1,683)**	**(28,367)**	**(26,847)**	**(87,722)**	**(1,592)**	**0**	**0**	**(146,211)**	**(1,164)**
Net Book Value									
At 1 April 2018	2,539,208	1,022,623	17,978	249,650	24,612	696	182,522	4,037,289	89,364
At 31 March 2019	**2,449,620**	**1,040,769**	**16,129**	**263,797**	**25,557**	**0**	**125,704**	**3,921,576**	**103,418**

Comparative Movement on balances in 2017/18

Restated 2017/18	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Infra-structure assets £'000	Community assets £'000	Surplus assets £'000	Assets under construction £'000	Total Property, Plant and Equipment £'000	PFI Assets included in Property, Plant and Equipment £'000
Cost or Valuation									
At 1 April 2017	2,565,084	967,677	43,473	314,456	24,244	696	206,602	4,122,232	95,547
Additions	66,112	17,114	1,291	15,155	1,598	0	85,708	186,977	10,440
Reclassification (movement between PPE asset groups)	24,674	24,306	0	0	0	0	(48,980)	0	0
Reclassification (movement between other asset groups)	0	(20,475)	0	0	0	0	(60,807)	(81,282)	0
Accumulated Dep. Written off on revaluation to gross book value	(34,540)	(10,688)	0	0	0	0	0	(45,228)	(1,354)
Revaluation increases/(decreases) recognised in the revaluation reserve	(5,630)	91,249	0	0	0	0	0	85,619	(230)
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(71,264)	(2,013)	0	0	0	0	0	(73,278)	(9,777)
De-recognition – disposals	(4,088)	0	(3,505)	0	0	0	0	(7,593)	0
De-recognition – other	0	0	0	0	0	0	0	0	0
At 31 March 2018	**2,540,348**	**1,067,169**	**41,258**	**329,610**	**25,842**	**696**	**182,522**	**4,187,446**	**94,625**

Restated 2017/18	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Infra-structure assets £'000	Community assets £'000	Surplus assets £'000	Assets under construction £'000	Total Property, Plant and Equipment £'000	PFI Assets included in Property, Plant and Equipment £'000
Accumulated Depreciation and Impairment									
At 1 April 2017	**(597)**	**(40,042)**	**(23,172)**	**(73,043)**	**(933)**	**0**	**0**	**(137,788)**	**(4,209)**
Depreciation charge	(35,083)	(15,193)	(3,614)	(6,918)	(296)	0	0	**(61,102)**	(2,406)
Accumulated Dep. Written off on revaluation to gross book value	34,540	10,688	0	0	0	0	0	**45,228**	1,354
Depreciation written out to the revaluation reserve	0	0	0	0	0	0	0	**0**	0
De-recognition – disposal	0	0	3,505	0	0	0	0	**3,505**	0
Eliminated on reclassification to assets held for sale	0	0	0	0	0	0	0	**0**	0
Other movements in depreciation and impairment	0	1	0	0	0	0	0	**1**	0
At 31 March 2018	**(1,140)**	**(44,546)**	**(23,281)**	**(79,961)**	**(1,229)**	**0**	**0**	**(150,157)**	**(5,261)**

Net Book Value									
At 1 April 2017	2,564,486	927,637	20,301	241,413	23,311	696	206,602	3,984,446	91,339
At 31 March 2018	**2,539,208**	**1,022,623**	**17,978**	**249,650**	**24,612**	**696**	**182,522**	**4,037,289**	**89,364**

Depreciation

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

- Council Dwellings – 50 years
- Other Land and Buildings – 10–50 years
- Vehicles, Plant, Furniture & Equipment – 3-15 years (includes components)
- Infrastructure – 40 years

Capital Commitments

At 31 March 2019, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2019/20 and future years. The major commitments amounting to £1m or more are as follows:

Scheme	£'000
Town Hall Refurbishment / Remodelling	36,042
Various - Major Repairs (individual contracts over £1m)	35,309
Agar Phase 1B	16,936
Regents Park HS2	12,210
West End Project	11,938
Charlie Ratchford	11,670
Parliament Hill	5,786
Edith Neville School/Central Somers Town	5,263
Holmes Road Depot	5,040
Chalcots	1,693
Acland Burghley School	1,634
Total	**143,521**

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 2018/19 valuations were carried by external valuers. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

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.

- 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 2019;

	Council Dwellings	Other Land and building	Vehicles, Plant, Furniture and Equipment	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	0	0	16,129	0	16,129
Valued at current value as at 31 March					
2019	2,413,750	538,193	0	0	2,951,944
2018	0	229,165	0	0	229,165
2017	23,379	35,040	0	0	58,419
2016	2,491	72,969	0	0	75,459
2015	10,000	123,382	0	0	133,382
Total Cost / Value	2,449,620	998,750	16,129	0	3,464,499

There is a difference in the "Total Cost or Valuation" of the "Other land and buildings" compared to the total figure in the Note 12 PPE table. This is due to a small number of assets not being revalued this financial year due to ongoing capital project works.

Note 13 Heritage Assets

	Buildings £'000	Mayoral Regalia & Silverware £'000	Art Collection £'000	Public Sculptures £'000	Total Assets £'000
Cost or Valuation:					
At 1 April 2018	**16**	**382**	**423**	**20**	**841**
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Revaluations	0	0	0	0	0
Depreciation	0	0	0	0	0
At 31 March 2019	**16**	**382**	**423**	**20**	**841**
Cost or Valuation:					
At 1 April 2017	**15**	**382**	**423**	**20**	**841**
Additions	1	0	0	0	1
Disposals	0	0	0	0	0
Revaluations	0	0	0	0	0
Depreciation	0	0	0	0	0
At 31 March 2018	**16**	**382**	**423**	**20**	**841**

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

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 in 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 While 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 2018/19. There have not been any recorded disposals of Heritage Assets during 2018/19.

Note 14 Investment Property

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

2017/18 £'000		2018/19 £'000
(16,172)	Rental Income from Investment Property	(17,088)
1,297	Direct Operating expenses arising from investment property	1,959
(14,875)	**Net (surplus)/deficit**	**(15,129)**

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:

2017/18 £'000		2018/19 £'000
262,279	**Balance at start of year**	261,679
3,612	Additions	4,818
(6,602)	Disposals	(598)
2,390	Net gains/(losses) from fair value adjustments	(11,305)
261,679	**Balance at end of year**	**254,594**

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 1.12 for an explanation of the fair value levels).

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:

	Internally Generated Assets	**Other Assets**
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 £1.576m for 2018/19 (£1.926m for 2017/18) 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.

2017/18 Internally Generated Assets £'000	Other Assets £'000	Total £'000		2018/19 Internally Generated Assets £'000	Other Assets £'000	Total £'000
			Balance at start of year:			
398	13,180	13,578	– Gross carrying amounts	398	12,899	13,297
(398)	-7,494	-7,892	– Accumulated amortisation	(398)	(8,327)	(8,725)
0	**5,686**	**5,686**	**Net carrying amount at start of year**	**0**	**4,572**	**4,572**
			Additions:			
0	812	812	– Purchases	0	622	622
0	(1,926)	(1,926)	Amortisation for the period	0	(1,576)	(1,576)
0	**4,572**	**4,572**	**Net carrying amount at end of year**	**0**	**3,618**	**3,618**
			Comprising:			
398	12,899	13,297	– Gross carrying amounts	398	13,521	13,919
(398)	-8,327	-8,725	– Accumulated amortisation	(398)	(9,903)	(10,301)
0	**4,572**	**4,572**		**0**	**3,618**	**3,618**

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 2018 £'000	31 March 2019 £'000	31 March 2018 £'000	31 March 2019 £'000
Investments				
Loans and receivables (restated)	667	4,116	134,323	193,464
Available for sale financial assets (restated)	0	0	50,169	10,099
Financial assets at Fair value through Profit and Loss	0	0	0	0
Total Investments	**667**	**4,116**	**184,492**	**203,563**
Debtors				
Loans and receivables	4,992	7,215	0	0
Financial assets carried at contract amounts	0	0	51,655	63,325
Total debtors	**4,992**	**7,215**	**51,655**	**63,325**
Borrowing				
Financial liabilities at amortised cost	334,326	334,330	16,576	2,856
Financial liabilities at fair value through profit and loss	0	0	0	0
Other borrowing	0	0	180	87
Total borrowing	**334,326**	**334,330**	**16,756**	**2,943**
Other Long Term Liabilities				
PFI and finance lease liabilities	62,801	61,366		
Other Long Term liabilities	89	90		
Total other long term liabilities	**62,890**	**61,456**		
Creditors				
Financial liabilities at amortised cost	0	0	0	0
Financial liabilities carried at contract amount	0	0	123,648	172,421
Total creditors	**0**	**0**	**123,648**	**172,421**

Financial Assets

	Non Current				Current					
	Investments		Debtors		Investments		Debtors		Total	
	31-Mar-18	**31-Mar-19**	31-Mar-18	**31-Mar-19**	31-Mar-18	**31-Mar-19**	31-Mar-18	**31-Mar-19**	31-Mar-18	**31-Mar-19**
	£000	**£000**	£000	**£000**	£000	**£000**	£000	**£000**	£000	**£000**
Fair value through profit or loss	0	**0**	**0**	**0**	**0**	**0**	0	**0**	0	0
Amortised Cost	667	4,116	4,992	7,215	184,492	203,563	51,655	63,325	241,806	278,219
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
Total financial assets	**667**	**4,116**	**4,992**	**7,215**	**184,492**	**203,563**	**51,655**	**63,325**	**241,806**	**278,219**
Non-financial assets	0	**0**	**0**	**0**	**0**	**0**	0	**0**	0	0
Total	**667**	**4,116**	**4,,992**	**7,215**	**184,492**	**203,563**	**51,655**	**63,325**	**241,806**	**278,219**

Financial Liabilities

	Non Current				Current					
	Borrowings		Creditors		Borrowings		Creditors		Total	
	31-Mar-18	**31-Mar-19**	31-Mar-18	**31-Mar-19**	31-Mar-18	**31-Mar-19**	31-Mar-18	**31-Mar-19**	31-Mar-18	**31-Mar-19**
	£000	**£000**	£000	**£000**	£000	**£000**	£000	**£000**	£000	**£000**
Fair value through profit or loss	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Amortised Cost	**334,326**	**334,330**	**0**	**0**	**16,576**	**2,856**	**123,648**	**172,421**	**474,550**	**509,538**
Total financial liabilities	**334,326**	**334,330**	**0**	**0**	**16,576**	**2,856**	**123,648**	**172,421**	**474,550**	**509,538**
Non-financial liabilities										
Total	**334,326**	**334,330**	**0**	**0**	**16,576**	**2,856**	**123,648**	**172,421**	**474,550**	**509,538**

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:

		Restated 2017/18		2018/19
	Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000	Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000
Net gains/losses on:				
Financial assets measured at fair value through profit or loss	0	0	0	0
Financial assets measured at amortised cost	0	0	0	0
Investments in equity instruments designated at fair value through other comprehensive income	0	0	0	0
Financial assets measured at fair value through other comprehensive income	0	0	0	0
Financial liabilities measured at fair value through profit or loss	0	0	0	0
Financial liabilities measured at amortised cost	0	0	0	0
Total net gains/losses	**0**	**0**	**0**	**0**

Interest revenue:				
Financial assets measured at amortised cost	0	0	0	0
Other financial assets measured at fair value through other comprehensive income	0	0	0	0
Total interest revenue	**0**	**0**	**0**	**0**
Interest expense				
Fee income				
Financial assets or financial liabilities that are not at fair value through profit or loss	0	1,122	0	2,099
Trust and other fiduciary activities	0		0	
Total fee income	**0**	**1,122**	**0**	**2,099**
Fee expense				so
Financial assets or financial liabilities that are not at fair value through profit or loss	0	(16,608)	0	(16,429)
Trust and other fiduciary activities	0	0	0	0
Total fee expense	**0**	**(16,608)**	**0**	**(16,429)**

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. The authority held one Certificates of Deposit at the balance sheet date, the fair value of which has been derived using the bid price for identical instruments in the Sterling Certificate of Deposit market.

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	31 March 2018 £'000	31 March 2019 £'000
Available for sale: Other financial instruments classified as Available for Sale	Level 1	Unadjusted quoted prices in active markets for identical instruments	50,169	10,100
Total			**50,169**	**10,100**

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 2018			31 March 2019	
Carrying amount £'000	Fair value £'000		Carrying amount £'000	Fair value £'000
220,958	286,193	PWLB – maturity	207,238	282,789
0	0	PWLB – annuity	0	0
125,053	186,680	LOBOs	125,054	190,368
346,011	**472,873**	**Financial liabilities**	**332,293**	**473,157**
0	**0**	**Long-term creditors**	**0**	**0**

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 2018			31 March 2019	
Carrying amount £'000	Fair value £'000		Carrying amount £'000	Fair value £'000
36,260	36,260	Cash	62,600	62,600
134,322	134,322	Deposits with banks and building societies	193,498	193,498
170,582	**170,582**	**Financial assets**	**256,098**	**256,098**
6,526	**6,526**	**Long-term debtors**	**7,215**	**7,215**

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 2019) 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 2018 £'000		31 March 2019 £'000
	Government and Public Bodies	
19,558	Central Government Bodies	24,882
1,793	Other Local Authorities	1,912
23,217	NHS Bodies	17,694
44,568	**Government and Public Bodies (net)**	**44,488**
	Other entities and individuals	
8,371	- Rent Arrears	6,916
2,972	- Council Tax Payers*	5,322
93,291	Gross Other entities and individual	102,886
(48,179)	Less Impairment Allowance	(42,835)
56,455	**Other entities and individuals (net)**	**72,289**
101,023	**Total Debtors**	**116,777**
7,638	Payments in Advance	3,274
108,661	**Total Short-Term Debtors**	**120,051**

* Included within debtors is local taxation arrears of £14.522m that is past the due date but not impaired." This is reported as part of the £5.322m Council Tax Payer debt that was overdue as at 31st March 2019 (£4.329m = £14.522m excluding bad debt provision of £10.192m).

Note 18 Cash and Cash Equivalents

31 March 2018 £'000	31 March 2018 Restated £'000		31 March 2019 £'000
67	67	Cash held by the authority	52
(2,246)	(2,246)	Bank current accounts	1,952
26,260	36,260	Money Market Funds	62,600
34,081	**34,081**	Total cash and cash equivalents	**64,604**

Note 19 Assets held for sale

31 March 2018 £'000		31 March 2019 £'000
30,815	Balance outstanding at start of year	49,202
	Assets newly classified as held for sale:	
17,327	- property, plant and equipment	13,236
59,317	Additions	42,021
(58,257)	Assets sold	(16,772)
0	Revaluation Losses	(28)
49,202	Balance outstanding at year end	**87,659**

Note 20 Creditors

31 March 2018 £'000		31 March 2019 £'000
24,333	Central government bodies	11,161
19,421	Other local authorities	25,335
11,450	NHS bodies	8,818
755	Pubic Corporations	3,621
123,648	Other entities and individuals	172,421
179,607	**Total creditors**	**221,356**

Note 21 Provisions

	Short Term Provision			Long Term Provision		Total
	Termination Benefits	Carbon Reduction Commitment	Business Rates Appeals	Self - Insurance	Miscellaneous	
Explanation:	(1)	(2)	(3)	(4)	(5)	
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2018	**202**	**169**	**58,563**	**6,099**	**236**	**24,633**
In year adjustment (reduction)			(20,318)			
Additional provisions made in 2018/19	0	0	23,585	5,555	0	29,140
	202	169	61,830	11,654	236	74,901
Amounts used in 2018/19	0	0	(23,625)	(5,555)	0	(29,180)
Unused amounts reversed in 2018/19	(124)	(16)	0	(600)	(236)	(976)
Balance at 31 March 2019	**78**	**153**	**38,205**	**5,499**	**0**	**43,935**
			Short Term		**Long Term**	**Total**
			38,436		**5,499**	**43,935**

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 provision arises at the point at which the energy is consumed and carbon dioxide emitted. This obligation will need to be recognised on the basis of the participating authority's liability to purchase and surrender the allowances. It is based on the best estimate of the expenditure required to settle the present obligation at the reporting date. *The balance carried forward is amended by £20.3m following a switch from 30% allocation from total provisions of £59,758k to 64% allocation, due to the move to the 100% retention London pilot.

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.

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 2019, 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.

5. Miscellaneous Provision

Provision has also been made for pending litigations from past events that would lead to probable transfer of economic benefits, specifically in relation to asbestos works. This was reassessed during the financial year and concluded that it was no longer necessary to hold a provision for this purpose.

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 2018 £'000		31 March 2019 £'000
352,538	Revaluation reserve	412,738
3,418,323	Capital adjustment account	3,223,874
(4,803)	Financial instruments adjustment account	(4,740)
(613,015)	Pensions reserve	(747,259)
(12,058)	Collection fund adjustment account	(3,436)
(6,408)	Accumulating absences account	(4,729)
3,134,575	Total Unusable Reserves	**2,876,448**

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 2018 £'000		31 March 2019 £'000
336,868	**Balance at 1st April**	**352,538**
84,605	Upward revaluation of assets recognised in the Revaluation Reserve	60,986
(9,642)	Downward revaluation of assets and impairment losses charged to the Revaluation Reserve	(27,150)
74,963	**Surplus or deficit on revaluation of on-current assets posted to the Revaluation Reserve**	**33,836**
(4,016)	Difference between fair value depreciation and historical cost depreciation	27,652
(55,277)	Accumulated gains on assets sold or scrapped	(1,288)
(59,293)	Amount written off to the capital adjustment account	(26,364)
352,538	**Closing Balance**	**412,738**

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.

2017/18		2018/19
£'000		£'000
3,364,337	**Balance at 1 April**	**3,418,323**
	Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement:	
(61,160)	- charges for depreciation and impairment of non-current assets	(62,587)
(62,623)	- revaluation gains on property, plant and equipment	(180,430)
(1,926)	- amortisation of intangible assets	(1,576)
(1,819)	- revenue expenditure funded from capital under statute	(505)
(68,536)	- 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	(28,434)
59,292	- adjusting amounts written out of the revaluation reserve	(26,364)
(136,771)	**Net written out amount of the cost of non-current assets consumed in the year**	**(299,897)**
	Capital financing applied in the year:	
103,169	- use of capital receipts reserve to finance new capital expenditure	19,118
21,675	- use of the major repairs reserve to finance new capital expenditure	36,207
23,679	- capital grants and contributions credited to the comprehensive income and expenditure statements that have been applied to capital financing	43,714
5,319	- use of capital receipts reserve to finance	
9,797	- statutory provision for the financing of capital investment charged against the general fund and HRA balances	5,005
24,651	- capital expenditure charged against the general fund and HRA balances	12,523
188,290		**116,567**
2,467	Movements in the market value of investment properties debited or credited to the comprehensive income and expenditure statement	(11,116)
3,418,323	**Balance at 31 March**	**3,223,874**

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

2017/18 £'000		2018/19 £'000
(4,830)	**Balance at 1 April**	**(4,803)**
27	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	63
(4,803)	**Balance at 31 March**	**(4,740)**

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.

2017/18 £'000		2018/19 £'000
(1,974)	**Balance at 1 April**	**(12,058)**
10,084	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	8,622
(12,058)	**Balance at 31 March**	**(3,436)**

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.

2017/18 £'000		2018/19 £'000
(638,942)	**Balance at 1 April**	**(613,016)**
51,107	Remeasurement of the defined benefit liability	(111,418)
(70,860)	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	(70,256)
45,679	Employer's pensions contributions and direct payments to pensioners payable in the year	47,430
(613,016)	**Balance at 31 March**	**(747,260)**

Accumulated Absences Account

The Accumulated Absences Account 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.

2017/18 £'000		2018/19 £'000
(5,465)	**Balance at 1 April**	**(6,408)**
5,465	Settlement or cancellation of accrual made at the end of the preceding year	6,408
(6,408)	Amounts accrued at the end of the current year	(4,729)
(943)	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	1,679
(6,408)	**Balance at 31 March**	**(4,729)**

Note 24 Cash Flows from Operating Activities

The cash flows for operating activities include the following items:

31 March 2018 £'000		31 March 2019 £'000
(755)	Interest received	885
(19,859)	Interest paid	(22,397)
0	Dividends received	0

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

31 March 2018 £'000		31 March 2019 £'000
61,160	Depreciation	62,587
75,261	Impairment and downward valuations	191,546
1,926	Amortisation	1,576
2,384	Increase/(decrease) in impairment for bad debts	2,384
42,140	Increase/(decrease) in creditors	49,304
(49,843)	(Increase)/decrease in debtors	(14,465)
4	(Increase)/decrease in inventories	(10)
27,909	Movement in pension liability	22,827
68,536	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	28,435
6,049	Other non-cash items charged to the net surplus or deficit on the provision of services	20,953
235,526		**365,137**

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

31 March 2018 £'000		31 March 2019 £'000
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0
(118,725)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(91,657)
(33,553)	Any other items for which the cash effects are investing or financing cash flows	(48,843)
(152,278)		**(140,500)**

Note 25 Cash Flows from Investing Activities

31 March 2018 £'000		31 March 2019 £'000
(194,388)	Purchase of property, plant and equipment, investment property and intangible assets	(165,840)
(70,317)	Purchase of short-term and long-term investments	(19,311)
0	Other payments for investing activities	0
118,725	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	91,657
0	Proceeds from short-term and long-term investments	0
22,975	Other receipts from investing activities	42,684
(123,005)	**Net cash flows from investing activities**	**(50,810)**

Note 26 Cash Flows from Financing Activities

31 March 2018 £'000		31 March 2019 £'000
0	Cash receipts of short-term and long-term borrowings	0
0	Other receipts from financing activities	(49)
0	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(171)
0	Repayments of short-term and long-term borrowing	(13,810)
(1,301)	Other payments for financing activities	(14,535)
(1,301)	**Net cash flows from financing activities**	**(28,566)**

Note 27 Reconciliation of Financial Liabilities from Financing Activities

	1 April 2018 '000 £'000	Financing Cash Flows £'000	Non-cash changes Acquisition £'000	Non-cash changes Other non-cash changes £'000	31 March 2019 £'000
Long-term borrowings	334,326	19,177	0	0	334,330
Short term borrowings	16,756	(5,308)	0	0	2,943
Lease liabilities	307	(157)	0	39	189
On balance sheet PFI Activities	62,746	(1,557)	0	132	61,321
Total Liabilities from financing activities	414,135	12,155	0	171	398,783

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.

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

- 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:

2018/19

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £'000	Net change for the Pensions Adjustments (Note 2) £'000	Other Statutory Differences (Note 3) £'000	Total of Other Statutory Differences £'000	Other Non-Statutory changes £'000	Total of Non-Statutory Changes £'000	Total Adjustments £'000
Supporting People	38,334	9,702	(912)	47,124	(18,569)	(18,569)	28,555
Supporting Communities	14,124	3,626	(287)	17,463	(18,734)	(18,734)	(1,271)
Corporate Services	3,746	5,589	(301)	9,034	5,723	5,723	14,757
Public Health	0	0	0	0	(26,793)	(26,793)	(26,793)
Cross Cutting	(17,126)	(11,991)	(3)	(29,120)	85,931	85,931	56,811
Housing Revenue Account	185,040	860	(176)	185,724	(41,607)	(41,607)	144,117
Dedicated Schools Grant	0		0	0	(260)	(260)	(260)
Net Cost of Services	**224,118**	**7,786**	**(1,679)**	**230,225**	**(14,309)**	**(14,309)**	**215,916**
Other income and expenditure from the Expenditure and Funding Analysis	(35,461)	16,616	(8,621)	(27,466)	14,309	14,309	(13,157)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**188,657**	**24,402**	**(10,300)**	**202,759**	**0**	**0**	**202,759**

2017/18

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £'000	Net change for the Pensions Adjustments (Note 2) £'000	Other Statutory Differences (Note 3) £'000	Total of Other Statutory Differences £'000	Other Non-Statutory changes £'000	Total of Non-Statutory Changes £'000	Total Adjustments £'000
Supporting People	8,879	4,251	649	13,779	(6,113)	(6,113)	7,666
Supporting Communities	17,221	1,884	204	19,309	(5,336)	(5,336)	13,973
Corporate Services	3,859	(54)	32	3,837	4,841	4,841	8,678
Public Health	0	0	0	0	(27,499)	(27,499)	(27,499)
Cross Cutting	0	622	0	622	16,157	16,157	16,779
Housing Revenue Account	97,569	1,720	58	99,347	(57,851)	(57,851)	41,496
Dedicated Schools Grant	0	0	0	0	3,570	3,570	3,570
Net Cost of Services	**127,528**	**8,423**	**943**	**136,894**	**(72,231)**	**(72,231)**	**64,663**
Other income and expenditure from the Expenditure and Funding Analysis	(140,732)	16,756	10,057	(113,919)	72,231	72,231	(41,688)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**(13,204)**	**25,179**	**11,000**	**22,975**	**0**	**0**	**22,975**

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 Trading Operations

The Authority has established various trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the authority or other organisations. Details of those units in 2018/19 are as follows:

2017/18 £'000		2018/19 £'000
	Building Control Service	
(786)	Turnover	(610)
1,956	Expenditure	903
1,170	(Surplus)/Deficit	**293**
	Commercial Waste Service	
(6,234)	Turnover	(7,702)
7,485	Expenditure	6,874
1,251	(Surplus)/Deficit	**(828)**
	Street Markets	
(1,146)	Turnover	(1,014)
1,084	Expenditure	1,052
62	(Surplus)/Deficit	**38**
	On-Street Parking	
(35,643)	Turnover	(39,061)
16,217	Expenditure	12,996
(19,426)	(Surplus)/Deficit	**(26,065)**
	Camden Transport Services	
(21)	Turnover	(101)
16	Expenditure	75
(5)	(Surplus)/Deficit	**(26)**
(17,073)	Net (surplus)/deficit on trading operations	**(26,588)**

Building Control Service

The Local Authority Building Control Regulations (included within Cultural, Environmental and Planning Service) require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement shows the total cost of operating the building control unit for chargeable activities.

Commercial Waste Service

As a Statutory Waste Collection Authority Camden has a duty under Section 45(1) of the Environmental Protection Act 1990 to provide collections of commercial waste and recycling where requested.

Camden's Commercial Waste Service is a trading operation offering the collection of commercial waste and recycling services to all businesses within Camden. Local businesses and organisations have a huge role to play in making Camden a greener place, and can reap real benefits from improving their environmental performance. Camden's commercial waste service supports businesses by providing cost effective waste and recycling options. This is in line with policy objectives of encouraging businesses and institutions to play a leading role in reducing carbon emissions and waste as set out in "Green Action for Change" (Camden's environmental sustainability plan 2011-2020).

Street Markets

Under laws governing the operation of these markets, income from fees and charges may be applied only to expenditure on the maintenance of the markets. Income from all licence holders, both annual and temporary, has been brought into account.

On-Street Parking

The surplus arising from on street parking facilities is used to defray expenditure on qualifying costs incurred by the Council. Under the legislation the application of any surplus is limited to meeting the cost of providing and maintaining parking facilities, highway improvement schemes, highway maintenance and public passenger transport services. Any amount not so used may be carried forward in a parking reserve account to the next financial year.

Camden Transport Services

Camden Transport Services are part of the Transport section are the council's in-house transport provider of relation to passenger transport and fleet management.

Statutory passenger transport is provided to CSF for children with special education needs and to HASC for adults with disabilities. Passenger transport is also provided to a range of schools across the borough for curricular activity, mainly wet and dry sports activity.

Statutory fleet management is undertaken on behalf of the council for both its goods and passenger operator's licences and supplies vehicles to all departments within the council. The council's vehicle fleet is kept safe, secure and conforms to compliance in carrying out its functions.

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 £2.082m (£1.890m in 2017/18).

Note 31 Pooled Budgets

Better Care Fund (BCF) is the result of an s75 agreement between the Council and Camden Clinical Commissioning Group (CCCG) to enable further integrated working between the Authority and the NHS. Under the 18/19 s75 pooled budget agreement, the Council contributed £0.950m capital and £9.007m revenue funds. The CCCG agreed to make revenue contribution of a maximum of £18.721m. The CCCG planned contribution of £18.721m 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 exist costs, with any remaining resources being returned to CCCG.

	2017/18 £'000		2018/19 £'000
Contributions to the pool:			
-The Authority	(7,384)		(9,957)
-Camden Clinical Commissioning Group	(17,371)		(17,721)
	(24,755)		(27,678)
Expenditure to be met from the pool:			
-The Authority	15,825		17,616
-Camden Clinical Commissioning Group	8,234		8,946
	24,059		26,562
Net (Surplus)/Deficit arising on the pooled budget in year	**(696)**		**(1,116)**
Authority Share of the (surplus) / deficit arising on the pooled budget	(8)		0
CCCG Share of the (surplus) / deficit arising on the pooled budget	(688)	*	(1,116)

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 2018/19, the Authority transferred £0.663m (2017/18: £3.840m) to CIFT.

Note 32 Members' Allowances

2017/18 £'000		2018/19 £'000
864	Allowances	832
0	Expenses	0
864	Total	832

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.

2018/19	Non-schools		Community Schools		VA Schools		
Pay band £	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	Total
£ 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	2
Total	344	20	278	7	160	3	812

Restated 2017/18	Non-schools		Community Schools		VA Schools		
Pay band £	Employed at 31.03.18	Left before 31.03.18	Employed at 31.03.18	Left before 31.03.18	Employed at 31.03.18	Left before 31.03.18	Total
£ 50,000 - £ 54,999	156	3	86	3	51	4	303
£ 55,000 - £ 59,999	63	0	71	2	45	0	181
£ 60,000 - £ 64,999	15	1	31	2	11	2	62
£ 65,000 - £ 69,999	27	1	20	1	14	0	63
£ 70,000 - £ 74,999	15	0	18	0	6	0	39
£ 75,000 - £ 79,999	15	3	9	0	5	1	33
£ 80,000 - £ 84,999	15	1	8	0	10	0	34
£ 85,000 - £ 89,999	1	0	3	0	1	0	5
£ 90,000 - £ 94,999	1	0	3	0	1	0	5
£ 95,000 - £ 99,999	2	1	3	1	0	0	7
£100,000 - £104,999	4	0	0	0	1	0	5
£105,000 - £109,999	1	0	2	0	2	0	5
£110,000 - £114,999	2	0	1	0	0	0	3
£115,000 - £119,999	2	1	0	0	0	0	3
£120,000 - £124,999	1	1	0	0	0	0	2
£125,000 - £129,999	0	0	0	0	0	0	0
£130,000 - £134,999	1	0	1	0	0	0	2
£135,000 - £139,999	0	1	0	0	0	0	1
£140,000 - £144,999	0	1	0	0	1	0	2
Total	321	14	256	9	148	7	755

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			£140,288
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] Acting Executive Director Supporting Communities [part year]	£19,123 £1,856
8	Director of Human Resources and Organisation Development	£19,365
9	Director of Education (Achievement and Aspiration)	£10,113

* 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.

2017/18

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	£179,000	£6,000			£185,000
2	O’Donnell M^	Executive Director of Corporate Services and Section 151 Officer [part year]	£153,487	£7,677			£161,164
		Executive Director of Special Projects [part year]	£10,339		£4,397		£14,736
3	Pratt M	Executive Director of Supporting People	£153,015	£9,090			£162,105
4	Rowlands J	Executive Director of Supporting Communities	£150,000	£4,833			£154,833

No	Name	Job Title	Employer's Pension contribution – Payable to pension scheme £
1	Cooke M	Chief Executive	£34,294
2	O'Donnell M^	Executive Director of Corporate Services and Section 151 Officer [part year] Executive Director of Special Projects [part year]	£29,742
3	Pratt M	Executive Director of Supporting People	£28,693
4	Rowlands J	Executive Director of Supporting Communities	£27,405

2017/18
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** £
5	Deputy Director of Finance and Procurement / Director of Finance [part year]	£78,750	£5,509	£13,500		£97,759
	Executive Director of Corporate Services and Section 151 Officer [part year]	£33,427		£194		£33,621
6	Director of Adult Social Care	£116,150	£2,875			£119,025
7	Director of Human Resources	£95,000	£4,286			£99,286

No	Job Title	Employer's Pension contribution – Payable to pension scheme £
5	Deputy Director of Finance and Procurement / Director of Finance [part year]	£17,303
	Executive Director of Corporate Services and Section 151 Officer [part year]	£5,951
6	Director of Adult Social Care	£21,067
7	Director of Human Resources	£17,574

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:

2017/18 £'000		2018/19 £'000
164	Fees payable to the external auditor with regard to external audit services carried out by the appointed auditor for the year	126
13	Fees payable to the external auditor for the certification of grant claims and returns for the year (KPMG)	7
	Fees Payable to Mazars in return for grant claims and returns for the year (Mazars)	10
177	Total	**143**

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:

2017/18 Central Expenditure £'000	ISB £'000	Total £'000		Central Expenditure £'000	ISB £'000	2018/19 Total £'000
		(160,997)	Final DSG for the financial year			(161,195)
		(7,338)	Brought forward from the previous year			(4,318)
		7,338	Carry forward to next financial year agreed in advance			4,318
(28,637)	(132,360)	(160,997)	Agreed budgeted distribution in the year	(26,154)	(135,041)	(161,195)
158	(158)	0	In year adjustment	36	(36)	0
(28,479)	(132,518)	(160,997)	Final budget distribution for year	(26,119)	(135,076)	(161,195)
31,320		31,320	Actual central expenditure	27,120		27,120
	133,247	133,247	Actual ISB deployed to schools		134,846	134,846
	(550)	(550)	Local authority contribution for this		(550)	(550)
2,842	(179)	3,020	(Carry forward)/Drawdown of DSG this year		(480)	(480)
		(4,318)	**Total DSG carry forward**			**(4,578)**

Note 36 Grant Income

The authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statements in 2018/19

2017/18 £'000		2018/19 £'000
	Credited to taxation and non-specific grant income	
41,114	Revenue Support Grant	0
7,802	New Homes Bonus	5,557
3,133	Business Rate Grant	9,800
1,042	Education Services Grant	246
1,584	Housing and Council Tax Benefits Administration Grant	1,466
2,010	Section 31. Government Returns and Reimbursements	0
1,078	Housing General Fund Grant	1,212
837	Independent living fund	810
525	Council tax benefit admin grant	508
0	Council Tax Localisation	0
178	Local Reform Grant	181
425	Other Grants	1,082
59,728	Total Revenue Grants	20,863

2017/18 £'000		2018/19 £'000
	Capital Grants & Contributions Applied	
5,535	Transport for London	5,326
0	Target Funding	0
5,882	Community Infrastructure Levy	5,618
1,563	Standards Fund Capital	3,089
317	IT Demonstrator Grant	0
377	Disabled Facilities Grant	641
1,854	Other small grants & Contributions	1,310
8,074	S106 Recognised in I&E	17,020
0	Heat Network Grant	802
0	Homes and Community Agencies	9,785
23,601	Total	43,591
	Capital - Grants & Contributions Unapplied	
0	Contractors & third parties Contributions (Unapplied)	0
0	Community Infrastructure Levy	0
0	Total	0
23,601	Total Capital Grants	43,591
82,879	Total	64,453

2017/18 £'000		2018/19 £'000
	Credited to Services	
180,113	Housing Benefit Subsidy	180,890
160,996	Dedicated Schools Grant	161,000
842	Troubled Families Grant	1,319
27,499	Public Health Grant	26,792
10,800	Young People's Learning Agency (previously Learning & Skills Council)	11,885
10,102	Pupil Premium Grant	9,877
8,461	PFI Grants	8,461
6,824	Housing PFI grant	6,824
6,593	Improved Better Care Fund	5,339
0	Winter Pressures	1,286
0	Rough Sleeping	674
4,281	Other grants	8,783
1,896	Asylum Seekers	2,188
301	Transport for London	366
327	Standards Fund	1,468
1,291	Adult Social Care Support Grant	4,471
420,234	Total	431,623

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:

2017/18 £'000		2018/19 £'000
	Capital Grant Receipts in Advance	
	Included in Short Term Liabilities	
1,045	Standards Fund	707
0	HS2 Mitigation Measures	3,573
1,341	Homes & Communities Agency	(4,069)
331	VA Schools contributions	0
660	DoH Housing & Technology Grant	610
1,268	Other grants and contributions	(214)
0	Heritage Lottery Fund	180
4,645		787
	Included in Long Term Liabilities	
100,756	Section 106	94,598
66	Fire-ins	66
100,822	Total	94,664

2017/18 £'000		2018/19 £'000
	Revenue Grant Receipts in Advance	
	Included in Short Term Liabilities	
1,084	Other grants	0
1,084	Total	0

Note 37 Related Parties

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

Central government

Central government has effective control over the general operations of the council – it is responsible for providing the statutory framework within which the council operates, 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 relating to the Cash Flow Statement. In addition, a number of transactions with related parties are disclosed elsewhere in the notes to these accounts.

Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2018/19 is shown in Note 33.

With regard to the 2018/19 related party disclosures received from members and a review of the register of interests, there are organisations that members have declared an interest in but also where Camden has provided financial support to or the organisation has provided services to the council.

Officers

With regard to the 2018/19 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)

In respect of NLWA, the council acts as lead borough.

It should be noted that the NLWA has seven participating boroughs and each borough can appoint up to two members to the board.

In 2018/19 the council paid £7.849m (£7.849m 2017/18) to the NLWA and received £1.890m (£1.890m; 2017/18). The council held £11.296m on behalf of NLWA at 31 March 2019 (£11.296m; 31 March 2018) this has been excluded from the Council's balance sheet.

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

Camden Living

In respect of Camden Living, the Executive Director Corporate Services (Jon Rowney) is a Director.

Camden Living purchased property at £7.891m 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.

2017/18 £'000		2018/19 £'000
583,515	Opening capital financing requirement	583,209
	Capital investment:	
	From Capital Expenditure:	
162,059	Property, plant and equipment	151,944
11,657	Assets Held for Sale	11,308
1,196	Investment properties	1,092
812	Intangible assets	622
3,646	Revenue expenditure funded from capital under statute	3,084
10,440	Finance Leases	0
189,810		168,050
	Sources of finance	
103,169	Capital receipts	37,732
61,713	Government grants and other contributions	82,904
	Sums set aside from revenue:	
10,119	- direct revenue contributions	12,523
0	Pre-application of capital receipts	(33,614)
0	Special repayment of debt - housing assoc loans	0
8,667	- MRP	18,347
6,247	- MRP in relation to PFI	6,456
201	- MRP in relation to Finance Leases	58
190,116		124,406
583,209	Closing Capital Financing Requirement	626,853
(306)	Change in CFR	43,644

2017/18 £'000		2018/19 £'000
	Explanation of movements in year	
14,809	Increase in underlying need to borrowing (unsupported by government financial assistance)	34,891
0	Pre-application of capital receipts	33,614
(8,667)	- MRP	(18,347)
(6,247)	- MRP – PFI	(6,456)
(201)	- MRP - Finance Leases	(58)
306	Increase/(decrease) in Capital Financing Requirement	43,644

Note 39 Leases

Authority as Lessee

<u>Finance Leases</u>

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 2018 £'000		31 March 2019 £'000
307	Vehicles, plant, furniture and equipment	334
307		334

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 2018 £'000		31 March 2019 £'000
	Finance lease liabilities (net present value of minimum lease payments):	
86	- current	49
55	- non-current	45
	Finance costs payable in future years	
141	Minimum lease payments	93

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

	Minimum Lease Payments		Finance Lease Liabilities	
	2017/18 £'000	2018/19 £'000	2017/18 £'000	2018/19 £'000
Not later than one year			86	49
Later than one year and not later than five years			55	44
Later than five years				
			141	93

Payments incurred in respect of finance leases are shown below:

31 March 2018 £'000		31 March 2019 £'000
9	Financing Costs	2
201	Finance Lease Liabilities	99
210		101

Operating Leases

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

31 March 2018 £'000		31 March 2019 £'000
29	Not later than one year	23
24	Later than one year and not later than five years	14
0	Later than five years	3
53	Minimum lease payments	40

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

31 March 2018 £'000		31 March 2019 £'000
77	Minimum lease payments	29
0	Contingent rents	0
77		29

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 £1.429m for the use of these assets in 2018/19 (£1.444m in 2017/18).

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 2018 £'000		31 March 2019 £'000
14,994	Not later than one year	11,405
47,895	Later than one year and not later than five years	33,795
9,315	Later than five years	5,928
72,204		51,128

Note 40 Private Finance Initiatives and similar contracts

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

Fixed assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment 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 license to use the land for undertaking the works and services.

The original recognition of these fixed assets was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets. 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 2019/20	1,315	376	833	2,524
Payable between two to five years	5,128	2,270	2,954	10,352
Payable between six to ten years	6,069	5,224	2,276	13,569
Payable between eleven to fifteen years	1,743	2,022	222	3,987
Payable between sixteen to twenty years*	0	0	0	0
Total	14,255	9,892	6,285	30,432

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:

2017/18 £'000		2018/19 £'000
10,933	Balance outstanding at 1 April	10,401
(532)	Payments during the year	(509)
10,401	Balance outstanding at 31 March	9,892

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 2019/20	0	0	0	0
Payable between two to five years	0	0	0	0
Payable between six to ten years	0	0	0	0
Total	0	0	0	0

The Council 'stepped in' (having served the appropriate notice on the contractor) to the PFI contractual responsibities 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.

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 2018/19.

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:

2017/18 £'000		2018/19 £'000
21,008	Balance outstanding at 1 April	16,213
(4,795)	Payments during the year	0
16,213	Balance outstanding at 31 March	16,213

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 2019/20	2,386	1,049	3,962	7,397
Payable between two to five years	10,453	4,988	14,816	30,257
Payable between six to ten years	15,203	8,816	15,435	39,454
Payable between eleven to fifteen years	17,813	13,300	10,377	41,490
Payable between sixteen to twenty years	14,623	13,385	3,067	31,075
Payable between twenty one to twenty five years	0	0	0	0
Total	60,478	41,538	47,657	149,673

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:

2017/18 £'000		2018/19 £'000
43,509	Balance outstanding at 1 April	42,588
(921)	Payments during the year	(1,049)
42,588	Balance outstanding at 31 March	41,538

Note 41 Impairment Losses

During 2018/19 the authority has had no impairment losses. (2017/18, £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 2018-19, 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 2018-19, the Council has charged to the Comprehensive Income and Expenditure Account a total of £1.48m for the termination of contracts that have occurred during 2018-19. This is for the termination of 61 employee contracts spread across the full range of Council services.

The table below provides an analysis of the exit packages approved during 2018-19. 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 2018-19.
- '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		
	2016/17	2017/18	2018/19	2016/17	2017/18	2018/19	2016/17 £'000	2017/18 £'000	2018/19 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
£'000 - £20,000	35	32	16	75	35	14	315	264	153	797	369	111
£20,001 - £40,000	12	5	9	32	12	11	322	137	230	932	358	278
£40,001 - £60,000	2	2	1	7	1	5	107	101	60	334	58	246
£60,001 - £80,000	0	0	0	0	1	3	0	0	0	0	73	201
£80,001 - £100,000	1	1	1	0	2	0	86	91	95	0	185	0
£100,001 - £150,000	0	1	0	1	1	1	0	118	0	150	103	114
£150,001 - £200,000	0	1	0	1	2	0	0	185	0	199	347	0
£200,001 - £250,000	0	0	0	0	0	0	0	0	0	0	0	0
£250,001 - £300,000	0	0	0	1	0	0	0	0	0	250	0	0
Total	50	42	27	117	54	34	830	897	538	2,662	1,494	951

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 2018/19 the Council paid £9.903m to Teachers' Pensions in respect of teachers' retirement benefits (£9.773m, 2017/18), representing 16.48% of pensionable pay (16.5%, 2017/18). 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 62.0%. There were no contributions remaining payable at the year-end. It is estimated that Teacher's Pension contributions for 2018/19 would be £15.950m.

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 2018/19 the Council paid £0.118m to the London Pensions Fund Authority (£0.136m in 2017/18) in respect of former ILEA employees' pension costs, which represents 17.05% of ex-ILEA employees' pensionable pay (16.89% in 2017/18). In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2018/19 these amounted to £0.061m, (£0.057m in 2017/18) representing 8.85% of pensionable pay (7.07% in 2017/18).

The Fund's actuary determines the employer's contribution rate based on triennial actuarial valuations. The last review was undertaken at 31 March 2016, setting the contribution rates from 2017/18 to 2019/20.

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.
In addition, the Council is responsible for all pension payments relating to added year benefits it has awarded, together with the related increases. In 2018/9 these amounted to £2.484m, representing 1.81% of pensionable pay (£2.667m and 2.04% in 2017/18).

The capital cost of discretionary increases in pension payments (e.g. discretionary added years) agreed by the authority in 2018/19 was nil (nil in 2017/18).

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,
- 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:

2017/18 Camden £'000	LPFA £'000	Total £'000	Comprehensive Income & Expenditure Statement	2018/19 Camden £'000	LPFA £'000	Total £'000
			Cost of Services:			
53,159	321	53,480	- current service cost	53,171	293	53,464
623	0	623	- past service costs/(gains)	113	0	113
0	0	0	- settlement and curtailments	0	0	0
		0	Financing and Investment Income and Expenditure			0
16,606	88	16,694	- net interest cost	16,591	25	16,616
70,388	409	70,797	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	69,875	318	70,193
			Other Post-employment Benefit Charged to The Comprehensive Income and Expenditure Statement			
			Re-measurement of the net defined benefit liability comprising:			
(12,713)	(1,528)	(14,241)	- Return on plan assets (excluding the amount included in the net interest charge)	(46,567)	(3,138)	(49,705)
(2,730)	0	(2,730)	- re-measurement of the defined benefit liability arising on changes in demographic assumptions	0	(1,611)	(1,611)
(35,859)	(1,545)	(37,404)	- re-measurement of the defined benefit liability arising on changes in financial assumptions	160,084	2,068	162,152
539	0	539	- Other	581	0	581
19,625	(2,664)	16,961	Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	183,973	(2,363)	181,610

2017/18				2018/19		
Camden	LPFA	Total	**Movement in Reserves Statement**	Camden	LPFA	Total
£'000	£'000	£'000		£'000	£'000	£'000
(70,388)	(409)	(70,797)	-Reversal of net charges made to the (Surplus) or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(69,875)	(318)	(70,193)
			Actual amount charged against the General Fund Balance for Pensions in the year			
42,732	218	42,950	-Employers' contributions payable to scheme	47,219	210	47,429

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:

2017/18				2018/19		
Camden	LPFA	Total	**Pensions Assets and Liabilities recognised in the Balance Sheet**	Camden	LPFA	Total
£'000	£'000	£'000		£'000	£'000	£'000
(1,942,260)	(48,458)	(1,992,444)	Present Value of the defined benefit obligation	(2,164,224)	(48,177)	(2,212,401)
1,367,332	48,211	1,415,543	Fair value of plan assets	1,452,542	50,440	1,502,982
(36,978)	(863)	(36,115)	Present Value of the unfunded liabilities	(36,978)	(863)	(37,841)
(611,906)	(1,110)	(613,016)	Net liability arising from defined benefit obligation	(748,660)	1,400	(747,260)
31 Mar 18				31 Mar 19		

Camden	LPFA	Total	**Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets**	Camden	LPFA	Total
£'000	£'000	£'000	Year Ended:	£'000	£'000	£'000
1,319,347	47,757	1,367,104	Opening Fair Value of Employer Assets	1,367,332	48,211	1,415,543
34,292	1,013	35,305	Interest Income	36,916	1,117	38,033
		0	Re-measurement gain/(loss):			0
12,713	1,528	14,241	- the return on plan assets, excluding the amount	46,567	3,138	49,705
42,732	218	42,950	Contributions from employer	47,219	210	47,429
9,745	55	9,800	Contributions from employees into the scheme	10,020	53	10,073
(51,497)	(2,360)	(53,857)	Benefits Paid	(55,512)	(2,289)	(57,801)
1,367,332	48,211	1,415,543	Closing Fair Value of Employer Assets	1,452,542	50,440	1,502,982

	31 Mar 18				31 Mar 19	
Camden	LPFA	Total	**Reconciliation of defined benefit obligation**	Camden	LPFA	Total
£'000	£'000	£'000	Year Ended:	£'000	£'000	£'000
1,954,360	51,687	2,006,047	Opening Defined Benefit Obligation	1,979,238	49,321	2,028,559
53,159	321	53,480	Current Service Cost	53,171	293	53,464
50,898	1,163	52,061	Interest cost	53,507	1,205	54,712
9,745	55	9,800	Contributions from scheme participants	10,020	53	10,073
		0	Re-measurement (gains) and losses:			0
(2,730)	0	(2,730)	- re-measurement of the defined benefit liability arising on changes in demographic assumptions	0	(1,611)	(1,611)
(35,859)	(1,545)	(37,404)	- re-measurement of the defined benefit liability arising on changes in financial assumptions	160,084	2,068	162,152
539	0	539	- Other	581	0	581
623	0	623	Past service cost	113	0	113
(51,497)	(2,360)	(53,857)	Estimated Benefits Paid	(55,512)	(2,289)	(57,801)
1,979,238	49,321	2,028,559	Closing Defined Benefit Obligation	2,201,202	49,040	2,250,242

Local Government Pension Scheme assets comprised

Asset Category	Period Ended 31 March 2018 Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of Total Assets	Period Ended 31 March 2019 Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of Total Assets
Real Estate:								
UK Property	68,463	0	68,463	5%	72,730	0	72,730	5%
Overseas Property	0	56,295	56,295	4%	0	59,803	59,803	4%
Investment Fund and Unit Trusts:								
Equities	862,806	23,416	886,222	65%	916,708		941,449	65%
Bonds	144,114	0	144,114	11%	153,095	0	153,095	11%
Hedge Funds	46,670	0	46,670	3%	49,578		49,578	3%
Other	146,491	0	146,627	11%	155,620		155,620	11%
Cash and Cash Equivalents:								
All	19,079	0	19,079	1%	20,267	0	20,267	1%
Total Assets	1,287,621	79,711	1,367,332	100%	1,367,998	84,545	1,452,542	100%

LPFA assets comprised

	Period Ended 31 March 2018 £'000	%	Period Ended 31 March 2019 £'000	%
Equities	29,480	61%	27,442	54%
LDI/Cashflow Matching	0	n/a	0	n/a
Target Return Portfolio	10,805	22%	13,451	27%
Infrastructure	2,109	4%	3,039	6%
Commodities	0	n/a	0	n/a
Property	3,469	7%	4,743	9%
Cash	2,348	5%	1,765	4%
Total	48,211	100%	50,440	101%

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:

2017/18 Camden Years	LPFA Years	**Mortality**	2018/19 Camden Years	LPFA Years
		Average future life expectancies at age 65 for current pensioners		
22.0	20.6	Males	22.0	20.6
24.1	24.0	Females	24.1	24.0
		Average future		
23.9	22.9	Males	23.9	22.9
26.1	26.2	Females	26.1	26.2

31 Mar 18 Camden % p.a.	LPFA % p.a.	**Financial Assumptions**	31 Mar 19 Camden % p.a.	LPFA % p.a.
2.4%	2.35%	Pension Increase	2.5%	2.5%
3.0%	3.85%	Salary Increase	3.1%	4.0%
2.7%	2.50%	Discount Rate	2.4%	2.3%

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	10%	191,105
0.5% increase in the Salary Increase	1%	21,295
0.5% increase in the Pension Increase Rate	8%	167,805

LPFA

		2018/19	
	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.00%	-0.1%
Present Value of total Obligation	48,433	49,040	49,656
Projected Service Cost	290	295	300
Adjustment to long term salary increase	+0.1%	0.00%	-0.1%
Present Value of Total Obligation	49,065	49,040	49,015
Projected Service Cost	295	295	295
Adjustment to pension increases and deferred revaluation	+0.1%	0.00%	-0.1%
Present Value of Total Obligation	49,629	49,040	48,458
Projected Service Cost	300	295	290
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present Value of Total Obligation	50,789	49,040	47,351
Projected Service Cost	305	295	285

Scheme's Funding Policy

The expected contributions to the scheme for 2018/19 are £45.462m for the council's scheme and £0.218m 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 17.6 years (17.6 years 2017/18) and 13 years for LPFA scheme members (13 years 2017/18).

Affect 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 2013 valuation exercise, the stabilised Council contributions for the next three years are as follows:

•"future service" contributions expressed as a percentage of active Fund members' pensionable payroll, being 17.7% in 2017/18, rising to 17.7% of payroll in 2018/19

•"past service" deficit repair payments expressed in monetary terms, being £16.875m in 2017/18 and £18.450m in 2018/19

•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 2016, with results and contribution rates agreed and implemented in 2017-18.

The next triennial valuations will be Carried out from 31 March 2019.

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. In December 2018 the Court of Appeal upheld a ruling ("McCloud/Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling are expected to apply to the LGPS. The Government requested leave to appeal to the Supreme Court but this was denied recently at the end of June 2019. LGPS benefits accrued from 2014 may therefore need to be enhanced so that all members, regardless of age, will benefit from transitional protections. There will therefore be a retrospective increase to members' benefits, which in turn will give rise to a past service cost for the Fund employers. Quantifying the impact of the judgement at this stage is very difficult because it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. The Fund's actuary has reviewed the estimates to better reflect the Camden Pension Fund's local assumptions, particularly salary increases and withdrawal rates. The revised estimate for the Camden Fund is that total liabilities (i.e. the increase in active members' liabilities expressed in terms of the employer's total membership) could be 0.37% higher as at 31 March 2019. Whilst this is not a material amount it will impact on future liabilities.

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 £1.1m (£2.1m, 2017/18).

2017/18 'Estimated value of contingent liability £000	Details of contingent liabilities	2018/19 'Estimated value of contingent liability £000
	Litigations	
	Civil Litigation and Housing Related The council is currently in dispute on a number of issues, which are summarised below:	
1,360	- procurement/contracting disputes	145
0	- planning related	200
376	- leaseholder related services	343
396	- disrepair of property	470
2,132	Total for Litigations	1,158
	Pension Liability	
0	London Pension Fund Authority back funding for closed sub-fund deficit for former GLA, ILEA and LRB employees	0
0	Total for Pension Liabilities	0
2,132	Total	1,158

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 19/02/2019). 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 2019 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 2018 £000		31 March 2019 £000
219,005	Public Works Loans Board	205,440
124,000	Market Debt	124,000
0	Temporary Borrowing	0
343,005	Total	329,440
13,568	Less than one year	0
	Between:	
0	one and two years	0
7,198	two and five years	15,472
41,367	five and ten years	33,094
280,871	More than 10 years	280,871
343,005		329,440

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 2019, 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	(1)
Impact on Other Comprehensive Income and Expenditure	(1)
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)	(**70,296**)

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 Heritage Assets: Five-Year summary

From the records that have been established, there have not been any acquisitions, donations or disposals of any of the four categories of Heritage Assets (Buildings, Mayoral Regalia & Silverware, Art Collection and Public Sculpture). However, in 2011/12 some restoration works was carried out to Tollgate House (Building) and in 2014/15 the same asset was revalued by an independent valuation service. Further details are shown in Note 13 Heritage Assets.

Note 48 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.

	Balance at 1 April 2018 £	Receipts £	Payments £	Balance at 31 March 2019 £
Education	(9,500)	(9,500)	0	(19,000)
Social Services	(38,837)	(38,837)	0	(77,675)
Other Funds	(8,224)	(169,340)	290	(177,274)
Water Low Park	(153,814)	(618,280)	595,166	(176,928)
Lauderdale House Charity	(11,309)	(784,141)	757,977	(37,473)
Emmanuel Vincent Harris Trust	(3,946,396)	(3,946,396)	0	(7,892,793)
Neighbourhood Forum Funds	(5,113)	(9,256)	7,511	(6,858)
Total	(4,173,193)	(5,575,751)	1,360,944	(8,388,000)

Assets and liabilities on the funds as at 31 March 2018 were:

2017/18 £		2018/19 £
279,213	Fixed Assets	214,401
4,205,672	Investments	8,173,599
4,484,885		8,388,000
4,484,885	Represented by Trust Funds	8,388,000

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 49 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 rent, which is lower than private rents, but greater than social housing rent.

As at 31.03.19 Camden Living has purchased property at £8.477m 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 Jonathan 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

Swiss Cottage Library

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

2017/18 £'000		Notes	2018/19 £'000
	Expenditure		
59,961	Repairs and maintenance		67,763
	Supervision and management		
37,198	– General		29,586
28,288	– Special services		29,989
3,172	PFI Costs		0
5,550	Rents, rates and other charges		6,043
1,240	Increased/(decreased) provision for bad debts		(6,429)
36,121	Depreciation	7	35,851
60,458	Revaluation (gain)/loss charged to income & expenditure	7	148,537
0	De-recognition of HRA Assets		0
127	Debt Management Expenses		102
921	REFCUS		269
233,035	Total expenditure		311,711
	Income		
(131,198)	Dwelling rents	2,3,4,5	(130,281)
(2,490)	Non-dwelling rents		(2,216)
(23,746)	Charges for services and facilities		(23,673)
(11,900)	Leaseholder charges – revenue		(13,026)
(8,104)	Leaseholder charges – capital		5,567
(6,824)	HRA Subsidy/PFI Credit		(6,824)
(184,262)	Total income		(170,454)
48,773	Net Cost of HRA Services per whole Authority Comprehensive Income and Expenditure Statement		141,257

495	HRA services share of Corporate and Democratic Core		601
49,268	Net (Income)/Expenditure for HRA Services		**141,858**

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

2017/18 £'000		Notes	2018/19 £'000
0	Revaluation changes on investment properties		265
(46,679)	(Gain) or loss on sale of HRA non-current assets		(64,959)
12,541	Interest payable and similar charges	6	15,721
(9,349)	Investment Income		(9,116)
	Government Grants deferred		0
(1,936)	Capital Grants and Contributions Receivable		(16,718)
2,631	Pensions interest cost and expected return on pensions assets	8	2,251
(6,476)	(Surplus) or deficit for the year on HRA services		**69,302**

Statement of Movement on the HRA Balance

2017/18 £'000		Notes	2018/19 £'000
(38,387)	Balance on HRA at the end of the previous year		(31,112)
6,476	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		69,302
799	Adjustments between accounting basis and funding basis under statute	8	(71,556)
7,275	Net (increase) or decrease before transfers to or from reserves		(2,254)

0	Transfer to Major Repairs Reserve	
7,275	(Increase) or decrease in year on the HRA	(2,254)
31,112	Balance on the HRA at the end of the current year	(33,366)

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 4.49% of properties used for permanent accommodation were vacant (3.27%, 2017/18). The average rent for all stock excluding service charges was £112.59 per week in 2018/19, a decrease of 0.39%, over the 2017/18 level of £113.03 per week.

Note 2 Housing Stock

The value of Council Dwellings as at 31st March 2019 was £2.451bn (£2.540 bn at 31 March 2018). 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 2018/19 (25% in 2017/18), which means that the vacant possession value of the dwellings within the HRA as at 31st March 2019 is £9.804bn (£10.16bn at 31 March 2018). 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 Council was responsible at 31 March 2019 for managing self-contained and shared dwellings. The stock was as follows:

2017/18 No.	Property	2018/19 No.
9,581	Bedsitter / 1 Bed accommodation	9,557
7,456	2 Bed accommodation	7,480
4,925	3 Bed accommodation	4,900
1,404	4 Bed+ accommodation	1,425
	Multi-occupied dwellings	
84	Shared units *	84
23,450	Total	23,446

*Dwelling equivalent

The change in stock can be summarised as follows:

2017/18 No.		2018/19 No.
23,075	Stock at 1 April	23,450
375	Less sales, demolitions, additions, etc.	(4)
23,450	Stock at 31 March	23,446

The Total Value of HRA non-current assets at 31 March 2019 was £2,451M (£2,540M 1 April 2018)

	Council Dwellings	Other Land and Building	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2018	**2,540,348**	**47,336**	**0**	**0**	**0**	**696**	**140,379**	**2,728,759**
Additions	57,086	198	0	0	0	0	14,854	72,138
Reclassification (movement between PPE asset groups)	62,091	966	0	0	0	(696)	(62,351)	9
Reclassification (movement between other asset groups)	10,654	0	0	0	0	0	(34,440)	(23,786)
Accumulated Dep. Written off on revaluation to gross book value	(34,145)	(0)	0	0	0	0	0	(34,145)
Revaluation increases/(decreases) recognised in the revaluation reserve	(27,942)	140	0	0	0	0	0	(27,802)
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(147,536)	(1,001)	0	0	0	0	0	(148,537)
De-recognition – disposals	(9,253)	(531)	0	0	0	0	0	(9,784)
De-recognition – other	0	0	0	0	0	0	0	0
At 31 March 2019	**2,451,303**	**47,106**	**0**	**0**	**0**	**0**	**58,442**	**2,556,851**

	Council Dwellings	Other Land and Building	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2017	**2,565,085**	**45,629**	**0**	**0**	**0**	**696**	**167,849**	**2,779,259**
Additions	55,458	235	0	0	0	0	58,012	113,704
Reclassification (movement between PPE asset groups)	24,674	1,106	0	0	0	0	(25,780)	0
Reclassification (movement between other asset groups)	0	0	0	0	0	0	(59,702)	(59,702)
Accumulated Dep. Written off on revaluation to gross book value	(34,499)	(182)	0	0	0	0	0	(34,681)
Revaluation increases/(decreases) recognised in the revaluation reserve	(9,679)	396	0	0	0	0	0	(9,283)
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(56,604)	152	0	0	0	0	0	(56,452)
De-recognition – disposals	(4,088)	0	0	0	0	0	0	(4,088)
De-recognition – other	0	0	0	0	0	0	0	0
At 31 March 2018	**2,540,348**	**47,336**	**0**	**0**	**0**	**696**	**140,379**	**2,728,759**

Note 3 Rent Arrears

The arrears at 31 March 2019 were £8.264m (£7.106m, 31 March 2018). Amounts written off during the year totalled £0.264m (£0.982m, 31March 2018) and the provision for bad debts at the year-end totalled £6.725m (£7.106m; 31 March 2018).

Note 4 Rent Rebates

Assistance with rents is available under the Housing Benefits scheme for those on low incomes. About 59% of the Council's tenants were receiving some help with the costs of rent charges at 31 March 2019.

2017/18 £'000		2018/19 £'000
131,198	Gross rent income	130,227
12,840	Gross tenant service charge income	13,103
144,038	Total	**143,330**
84,339	Rent Rebates	84,965

59%	Rebates as % of rent income	59%

Housing Benefit is administered by the Finance Department 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:

2017/18 £'000		2018/19 £'000
35,083	Operational Assets-dwellings	34,872
1,038	Operational Assets-other	978
36,121		**35,851**

The revaluation of HRA stock is as follows:

Restated 2017/18 £'000		2018/19 £'000
60,458	Revaluation (gains)/loss charged to income and expenditure	148,537
60,458	Total	148,537

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

2017/18 Net Expenditure £'000	**Notes**	2018/19 Net Expenditure £'000
	Items included in the HRA Comprehensive Income and Expenditure Statement but excluded from the movement on the HRA Balance for the year	
0	Difference between amounts charged to Income and Expenditure for amortisation of premia and discounts and the charge for the year in accordance with statute	0
46,679	Gain/loss on sales of HRA fixed assets	64,959
(921)	Revenue Expenditure Funded from Capital Under Statute	(269)
0	Revaluation changes on Investment Properties recognised in I&E	(265)
0	Revaluation changes on non-current assets recognised in I&E	(148,537)
(58)	Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements (employee accrual)	176
2,875	Net charges made for retirement benefits in accordance with IAS19	3,501
0	Reversal of HRA settlement – capital receipt	0
48,575	**Total**	**(80,436)**
	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	
0	Capital Grants Unapplied	0

2017/18 Net Expenditure £'000	Notes	2018/19 Net Expenditure £'000
(57,019)	Transfer from Capital Adjustment Account re Revaluation gain/(loss) charged income & expenditure	(1,280)
5,797	Capital Expenditure funded by the HRA	0
8,735	Revenue Contribution to Capital Outlay – Leaseholder contributions	0
(7,225)	Employers contributions payable to the pension funds and retirement benefits payable direct to pensioners	(6,560)
	Reversal of HRA settlement	
1,936	Reversal of HRA Capital Grant	16,718
(47,776)	Total	**8,878**
799	**Net additional amount required by statute and non-statutory proper practices to be credited or debited to the HRA Balance for the year**	**(71,558)**

Note 9 HRA Capital Programme

Total capital expenditure on Land, Houses and other property within the HRA was £85.190m (£125.399m in 2017/18). The expenditure was funded from the following resources:

2017/18 £'000		2018/19 £'000
13,454	Borrowing	28,996
73,796	Capital Receipts	3,909
0	Revenue Contributions	0
36,207	Major Repairs Reserve	36,611
292	Grants	8,285
1,650	Other Contributions	7,389
125,399		85,190

2017/18 £'000		2018/19 £'000
91,529	Capital Receipts received within the year were	91,475
86,790	Useable	86,736
4,739	Paid to MHCLG	4,739

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.

2017/18 £'000	Income and Expenditure Account	Notes	2018/19 Council Tax £'000	NNDR £'000	BRS £'000	Total £'000
Income						
(125,771)	Income from Council Tax	1,2,3,4	(133,648)			**(133,648)**
(586,106)	Income collectable from business ratepayers (NNDR)	6		(622,950)		**(622,950)**
0	Transitional protection payments from CLG			0		**0**
(21,476)	Income collectable in respect of Business Rate Supplements	7			(21,494)	**(21,494)**
	Contribution from preceptors towards previous year's Collection Fund deficit					
	Council Tax / NNDR					
(0)	Greater London Authority		(0)	(0)		**(0)**
(0)	London Borough of Camden		(0)	(0)		**(0)**
(0)	Communities and Local Government			(0)		**(0)**
(733,353)	**Total Income**		**(133,648)**	**(622,950)**	**(21,494)**	**(778,092)**

2017/18 £'000	Income and Expenditure Account	Notes	2018/19 Council Tax £'000	NNDR £'000	BRS £'000	Total £'000
Expenditure						
	Precepts and Council demand					
24,768	Greater London Authority (GLA)		26,186			**26,186**
100,632	London Borough of Camden		106,309			**106,309**
	Share of Non Domestic Rates					
231,250	Greater London Authority			231,120		**231,120**
187,500	London Borough of Camden			410,880		**410,880**
206,250	Communities and Local Government					
(40,225)	Transitional protection payments to CLG			(16,973)		**(16,973)**
1,259	Cost of collection allowance (NNDR)			1,263		**1,263**
	Business Rate Supplements (BRS)					
21,441	Payment to GLA's BRS Revenue Account	7			21,529	**21,529**
34	Administrative costs	7			(35)	**(35)**
	Council Tax Impairment of debts					
(832)	Allowance for impairment		(231)			**(231)**
767	Council Tax write offs		1,220			**1,220**
	Non Domestic Rates Impairment of debts & Appeals					
31,742	Allowance for impairment			(560)		**(560)**
1,841	NNDR write-offs			2,333		**2,333**
0	Provision for appeals			0		**0**
	Contribution to preceptors from previous year's Collection Fund surplus					
	Council Tax/Non Domestic Rates					
102	Greater London Authority		(436)	(11,118)		**(11,554)**

2017/18	Income and Expenditure Account	Notes	2018/19 Council Tax	NNDR	BRS	Total
£'000			£'000	£'000	£'000	£'000
381	London Borough of Camden		(1,764)	(10,012)		**(11,776)**
21	Communities and Local Government			(12,244)		**(12,244)**
766,932	**Total Expenditure**		**131,284**	**594,689**	**21,494**	**747,467**
33,579	Deficit/(Surplus) for the year		(2,364)	(28,261)	0	(30,625)
7,014	Deficit/(surplus) at 1 April		(240)	40,833	0	40,593
40,593	**Deficit/(Surplus) at 31 March**		**(2,604)**	**12,572**	**0**	**9,968**

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	Tax base for 2016/17 tax setting (£)
Less than £40,000	A	2,237.93	6/9	1,491.95
£40,000 - £52,000	B	6,212.06	7/9	4,831.56
£52,000 - £68,000	C	12,374.00	8/9	10,998.76
£68,000 - £88,000	D	17,315.55	9/9	17,315.55
£88,000 - £120,000	E	13,692.18	11/9	16,734.89
£120,000 - £160,000	F	9,142.94	13/9	13,206.47
£160,000 - £320,000	G	10,655.11	15/9	17,758.52
£320,000 or more	H	4,230.56	18/9	8,461.11
Totals				90,798.81
Allowance for Non-Collection				(1,815.98)
Adjustment for Armed Forces Dwellings				17.17
Total				89,000

By law, the tax for each band is set as a fraction of the band D charge. The Band D Council for Camden for 2018/19 together with the comparator for the previous year is:

2017/18 £	Preceptor	2018/19 £
1,137.73	Camden	1,194.20
280.02	Greater London Authority	294.23
1,417.46	Total	1,488.43

Note 5 Council Tax – Uncollectable amounts

The provision to cover bad debts stood at £10.193m on 31 March 2019 (£10.423m; 31 March 2018). This represents 70.19% of the outstanding arrears (70.9%; 31 March 2018).

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 2018/19 was 49.3p and 48p for small business (47.9p and 46.6p respectively for 2017/18). 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 2019, the non-domestic rateable value of the borough was £1,611.374m (£1,634.489m, 31 March 2018). 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:

2017/18 £'000	2017/18 £'000		2018/19 £'000	2018/19 £'000
		Income from business ratepayers		
	735,963	Non-domestic rate charge		749,104
	12,969	SBBR Supplement		11,783
(40,225)		Transitional relief	(16,973)	
(85,796)		Less - mandatory charity relief	(85,861)	
(31,294)		- empty property relief	(31,945)	
(5,513)	(162,828)	- discretionary relief	(3,158)	(137,937)
	586,104	Income due from business ratepayers		**622,950**

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 2018/19 was 2p on non-domestic properties with a rateable value of over £55,000 in London, which has been the same since its inception in April 2010.

5

Pension Fund Accounts

Pension Fund Account

Pension Fund Explanatory Foreword

Introduction

The Council is the administrating 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 2018/19 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 1st 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 2017/18 London Borough of Camden Pension Fund Annual Report (available for download from http://democracy.camden.gov.uk/documents/s71884/Item%2008%20-%20Appendix%20ANNUAL%20REPORT%202017-18%20Final.pdf) and the underlying statutory powers underpinning the scheme, namely the Superannuation Act 1972, the Public Sector Pensions Act 2013 and the Local Government Pension Scheme (LGPS) Regulations. The 2018/19 Pension Fund Annual Report will be available in September 2019.

Fund Management

The day-to-day management of the Fund investments is carried out by the professional fund managers. As at 31 March 2019 there were 11 managers (31 March 2018: 11 professional 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
- HabourVest 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

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 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 and CQS Investment Management Ltd.

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 2018/19 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)
- AON Hewitt (Investment Consultancy)
- KPMG (Investment Consultancy) – replaced AON Hewitt as the Fund's statutory consultants
- 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?CommitteeId=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 2019 is as follows:

2017/18		Fund Manager/Custodian	2018/19	
£'000	%		£'000	%
257,256	16.3%	Baillie Gifford & Co (London CIV)	279,791	16.9%
123,277	7.8%	Barings	125,254	7.6%
584	0.0%	BlueCrest	302	0.0%
41,476	2.6%	Brevan Howard	0	0.0%
86,354	5.5%	CBRE	92,382	5.6%
29,222	1.8%	HarbourVest	37,485	2.3%
234,965	14.9%	Harris Associates	233,178	14.1%
132,265	8.4%	Insight	125,054	7.5%
536,063	33.9%	Legal & General	569,332	34.4%
72,967	4.6%	Partners Group	83,011	5.0%
14,026	0.9%	Ruffer (London CIV)	56,879	3.4%
47,561	3.0%	Standard Life	47,406	2.9%
150	0.0%	London CIV	150	0.0%
3,369	0.2%	JPM Custodian Cash Account	3,749	0.2%
680	0.0%	Council	2,568	0.2%
1,580,215	**100%**		**1,656,541**	**100%**

Actuarial Valuations

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 2016. Contribution rates took effect from 1 April 2017. The fund will be revalued as at the 31 March 2019 with the result available in the autumn and new contribution rates for employers taking effect from 1 April 2020. The full valuation summary report can be read here and this is supported by the actuary's report which is an appendix.

The market value of the Fund's assets at the 2016 valuation date was £1.249bn. The actuarial value of the Fund's accrued liabilities, allowing for future pay increases, was £1.639bn; therefore there was a shortfall of £390m and the fund was 76.2% funded.

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

CPI inflation	**2.1%** per annum
Pay increases	**2.8%** per annum
Gilt-based discount rate	**2.2%** per annum
Funding basis discount rate	**3.8%** per annum

Assets were valued at the discounted value of future income assuming a 1.6% per annum average growth on income reinvested, known as the asset outperformance adjustment. This assumes that dividend income would be re-invested, and would share in the long-term growth in capital value of those investments.

At the prior actuarial valuation on 31 March 2013 the assets were valued as sufficient to meet 75.6% of the liabilities. The employer's contribution rate from 2014/15 to 2016/17 was calculated as 35.1% of pensionable pay. This is the average employer contribution rate required for the three years starting in 2014/15. The Council 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 2018/19 the contribution rate from the Administering Authority was 31.6% (30.3% in 2017/18).

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:

http://democracy.camden.gov.uk/documents/s71884/Item%2008%20-%20Appendix%20ANNUAL%20REPORT%202017-18%20Final.pdf

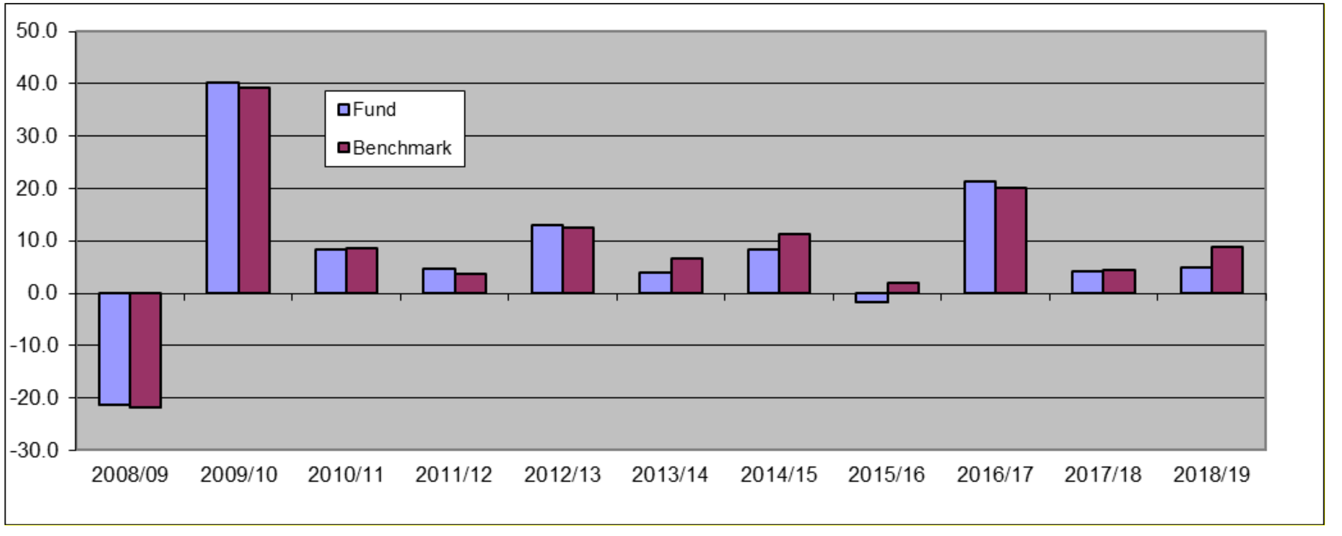
Admitted and Scheduled Bodies

The admitted bodies and scheduled bodies which made contributions to the Fund in 2018/19 were as follows:

Admitted Bodies	
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	RM Education Ltd
Caterlink Ltd	Veolia
Chalk Farm Housing Group	Voluntary Action Camden
Coram Family	Westminster Society
Creative Support Ltd	
Greenwich Leisure Ltd	**Scheduled Bodies**
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

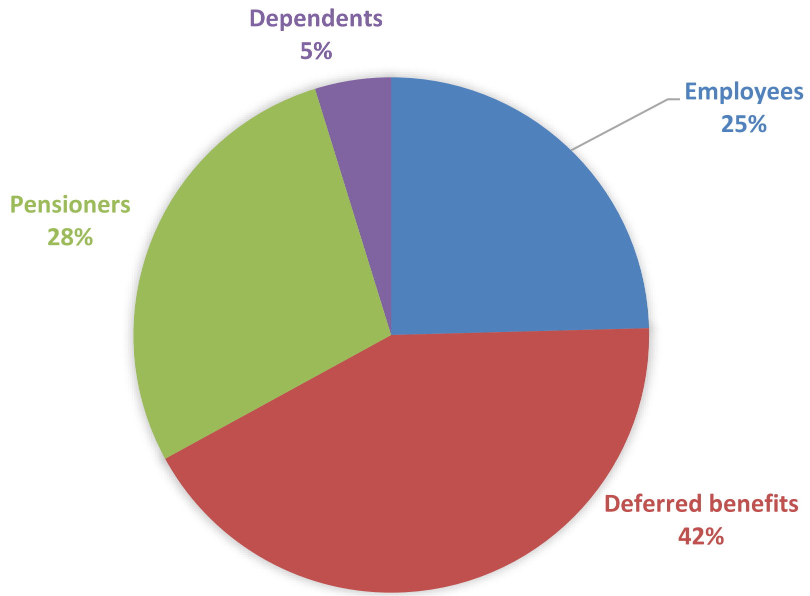
The overall value of the Fund has risen by 160% during the last ten years. The diagram below provides a comparison between the performance of Camden's Fund and that of the average of other funds participating in benchmarking exercises, including company pensions, for each year over this period. It shows the time-weighted return on investments for each calendar year. The comparative information is based on figures prepared by the WM Company up to and including the year 2015/16, and by the Pensions & investment Research Consultants Limited (PIRC) thereafter, who have provided similar benchmarking data.



Membership

Total membership of the Fund at 31 March 2019 was 21,853 (21,456 in 2018). Within the totals shown in the pie chart below are 629 employees, 1,132 deferred, 768 pensioners and 63 dependants attributable to admitted bodies and scheduled bodies.

	31-Mar-18	31-Mar-19
Employees	5,194	5,371
Deferred benefits	9,224	9,276
Pensioners	5,985	6,163
Dependents	1,053	1,043
	21,456	**21,853**



TOTAL MEMBERSHIP (21,853)

Benefits

Pension Benefits under the LGPS are based on pensionable pay and length of pensionable pay and length of pensionable service up until 31 March 2019, summarised below:

	Pension	Lump Sum
Service Pre 1 April 2008	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.
Service Post 31 March 2008 – 31st March 2014	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.
Service Post 31 March 2014	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 2018/19 Statement of Accounts the London Borough of Camden use investment data from its custodian, JP Morgan.

2017/18 £'000		Notes	2018/19 £'000
	Contributions receivable:		
47,462	From employers		51,035
10,990	From members		11,288
911	Pension strain	4	325
59,363		3	**62,648**
	Transfers in from other pension funds:		
8,342	Transfers in (individual)		9,039
	Benefits payable:		
(47,855)	Retirement pensions		(49,869)
(9,475)	Commutation of pensions and lump sum retirement benefits		(10,045)
(919)	Lump sum death benefits		(977)
(58,249)		3	**(60,891)**
	Payments to and on account of leavers:		
(5,086)	Transfers out (individual)		(7,132)
(192)	Refund of contributions		(138)
(5)	Contribution equivalent premia	5	(74)
(5,283)			**(7,344)**
	Other payments:		
(701)	Administration costs	7	(1,247)
(156)	Other expenditure	7	(112)
(857)			**(1,359)**
3,316	**Net additions from dealing with members**		**2,093**
	Returns on investments		
20,736	Investment income	8	22,761
(261)	Tax deducted from investment income		(381)
(11,553)	Management fees	9	(7,870)
51,376	Change in market value of investments	10	59,724
60,298	**Net returns on investments**		**74,233**
63,614	Net increase/(decrease) in the Fund		76,326
1,516,601	Net assets at 1 April 2018		1,580,215
1,580,215	**Net assets at 31 March 2018**		**1,656,541**

Pension Fund Net Assets Statement

Both the 2018 and 2019 investment valuations above are drawn from the custodian reporting system.

31 Mar 18 £'000		Notes	31 Mar 19 £'000
	Investments assets at market value		
	Pooled investment vehicles:		
132,265	Fixed interest securities	12,13	125,054
39,284	Index linked securities	12,13	41,533
249,060	UK equities	12,13	253,385
504,976	Overseas equities	12,13	611,084
29,222	Private equity	12,13	37,485
153,532	Pooled property investments	12,13	172,572
42,060	Fund of hedge funds	12,13	172,660
184,864	Diversified growth funds	12,13	0
1,335,263			**1,413,773**
	Directly owned investment assets:		
27,976	UK equities	12,13	27,367
199,089	Overseas equities	12,13	201,868
16,346	Cash deposits	12,13	8,603
1,169	Derivative contracts: forward foreign exchange	16	540
1,995	Investment income receivable	12,13	2,256
435	Amounts receivable from sales	12,13	4,796
1,582,273	**Total investment assets**		**1,659,203**
	Investments liabilities at market value		
(1,565)	Amounts payable for purchases	12,13	(4,691)
(1,173)	Derivative contracts: forward foreign exchange	16	(540)
(2,738)	**Total investment liabilities**		**(5,231)**
	Other net assets		
1,095	Cash held by Camden	12,13	1,442
0	Pension Fund bank account	12, 13	3,497
1,214	Current assets	15	144
(1,629)	Current liabilities	15	(2,514)
1,580,215	**Total net assets**		**1,656,541**

The net asset statement includes all assets and liabilities of the Fund as at 31 March 2019, but excludes long-term liabilities to pay pensions and benefits in future years.

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 31st March 2019.

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) The cost of administration is charged directly to the Fund partly by the Administering Authority, London Borough of Camden, and partly by the Pension Shared Service which jointly administers benefits on behalf of Camden, Wandsworth, Richmond, Waltham Forest and Merton.

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

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

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

viii) 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.

ix) 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.

x) Surpluses and deficits arising on conversion are dealt with as part of the change in market values of the investments.

xi) Normal contributions, both from members and employers, are accounted for in the payroll month to which they relate, at rates as specified in the rates and adjustments certificate. 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.

xii) 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.

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 requirements of IAS 19 and relevant 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, the Fund's actuary also undertakes a valuation of the pension fund liabilities every year, on an IAS 19 basis. For 2018/19 Hymans Robertson carried out this analysis, and their reported findings can be found in the accompanying report.

http://democracy.camden.gov.uk/ieListDocuments.aspx?CId=652&MId=6047&Ver=4

Note 3 Analysis of Contributions and Benefits

2017/18 £'000		2018/19 £'000
	Contributions receivable	
52,731	Administering authority	55,574
552	Scheduled bodies	625
6,080	Admitted bodies	6,449
59,363		**62,648**
	Benefits payable	
(49,615)	Administering authority	(52,609)
(234)	Scheduled bodies	(238)
(8,400)	Admitted bodies	(8,044)
(58,249)	**Total**	**(60,891)**

Note 4 Pension Strain

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 5 Contributions Equivalent Premia

This is a payment to HM Revenue and Customs to reinstate employees into the State Second Pension. This applies only to employees who have received a refund of contributions.

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 2018/19 £110k was paid to the Council for accountancy services (£107k in 2017/18), and £424k was paid to the Pension Shared Service located at Wandsworth Council for pensions administration (£395k in 2017/18).

As at 31 March 2019, a cash balance of £1,442k relating to the Pension Fund was owed to Pension Fund by the Council (£1,095k was owed to the Council at 31 March 2018). The Pension Fund bank account, which was opened during the year, had a balance of £3,497k.

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

2017/18 £'000		2018/19 £'000
395	Pensions administration charge	424
65	Systems Management	214
107	Officers' salaries	110
100	London Collective Investment Vehicle*	71
33	Other	34
0	Pensions Administration Recovered Expenses	395
1	Legal Services	0
701	**Total**	**1,247**

*In 2018/19 the Fund paid an annual service charge totalling £25k (2017/18: £25k) to the London CIV. An additional development funding charge totalling £51k was paid in 2018/19 (2017/18: £75k). 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.

The development charge will decline year on year to £10k in 2021/22.

Other Costs

2017/18 £'000		2018/19 £'000
47	Actuarial advice	22
59	Investment consultancy	50
18	Audit	16
27	Corporate governance	20
5	Performance measurement	5
156	**Total**	**112**

Other Expenditure included the following items:

**Custodian costs for 2018/19 are reported alongside investment management expenses under note 9.

Note 8 Pension Fund Investment Income

A detailed breakdown of funding investment income from all managers is shown below:

2017/18 £'000		**2018/19 £'000**
452	UK equities	596
4,598	Overseas equities	5,119
13,885	Pooled property investments	14,113
1,867	Pooled investment vehicles	2,946
(66)	Interest on cash deposits	(13)
20,736	**Total income before taxes**	**22,761**

Note 9 Investment Management Expenses

The fees levied by the Fund Managers and the Fund Custodian were as follows:

2017/18 £'000		2018/19 £'000
984	London CIV*	1,289
593	Barings*	636
1,044	Brevan Howard*	548
160	CB Richard Ellis	263
2,054	HarbourVest*	506
1,323	Harris	1,240
1,174	Insight	586
30	JP Morgan (Custodian)	38
41	Legal & General	42
3,689	Partners Group*	2,257
461	Standard Life*	465
11,553	**Total**	**7,870**

*includes management fees totalling £5.7m deducted from fund assets at source but have been "grossed-up" in the accounts to aid transparency.

Investment management expenses are further analysed over the following expenditure categories:

2017/18 £'000		2018/19 £'000
8,830	Management fees	6,790
1,892	Performance related fees	899
30	Custody fees	42
801	Transaction costs	139
11,553	**Total income before taxes**	**7,870**

Note 10 Change in Market Value of Investments

	Realised Gain/(Loss) £'000	Unrealised Gain/(Loss) £'000	Movement 2018/19 £'000
Pooled investment vehicles:			
- Fixed interest securities	0	(7,211)	(7,211)
- Index linked securities	0	0	0
- UK equities	1,786	16,288	18,074
- Overseas equities	447	45,204	45,651
- Private equity	(169)	4,761	4,592
- Pooled property investments	(1,006)	(2,583)	(3,588)
- Fund of hedge funds	6,182	(4,155)	2,026
- Diversified growth funds	0	1,697	1,697
	7,240	54,001	61,241
Directly owned investment assets:			
- UK equities	567	(2,768)	(2,201)
- Overseas equities	10,043	(15,403)	(5,360)
Total	**17,850**	**35,830**	**53,680**
Cash deposits	275	148	422
Currency	14	3	17
Derivative contracts: forward foreign exchange	4	0	4
Amounts payable for purchases	(98)	(1)	(100)
Total	**18,043**	**35,980**	**54,023**
Gross-up of Investment Manager Fees netted off fund value			5,701
2018/19 Movement on Investments			**59,724**

Note 11 – Purchases and Sales

Pension Fund Purchases and Sales by Asset Type for the year ended 31 March 2019:

2017/18 £'000		2018/19 £'000
	Purchases	
	Pooled Investment Vehicles:	
130,946	- Fixed Interest securities	0
4,335	- Global equities	48,902
12,302	- Private equity	0
20,828	- Property	8,743
14,121	- Diversified Growth Fund	125
64	- Fund of Hedge Funds	0
182,595		**57,770**
	Directly Owned Assets:	
21,151	- UK equities	11,465
77,041	- Overseas equities	79,116
610	- Derivative contracts: forward foreign exchange	490
281,396	**Total Purchases**	**148,840**
	Sales	
	Pooled Investment Vehicles:	
(130,946)	- Fixed interest securities	0
(2,250)	- UK equities	(11,500)
(2,559)	- Global equities	(2,471)
(6,931)	- Property	13,885
0	- Private equity	3,671
(14,633)	- Fund of Hedge Funds	(44,086)
(157,318)		**(40,500)**
	Directly Owned Assets:	
(16,214)	- UK equities	(9,873)
(80,957)	- Overseas equities	(70,975)
(610)	Derivative contracts: forward foreign exchange	(507)
(255,099)	**Total Sales**	**(121,856)**

Note 12 Analysis of Investments at Market Value

31-Mar-18 £'000		31-Mar-19 £'000
	Equities (UK)	
27,826	Quoted	41,536
150	Unquoted	150
	Overseas	
199,089	Quoted	189,738
0	Unquoted	0
227,065		**231,423**
	Pooled Investment Vehicles (UK)	
132,265	Fixed income	125,054
39,284	Public sector index linked	41,533
249,060	Equities	253,385
42,060	Fund of Hedge Funds	302
61,587	Diversified Growth Funds	104,285
80,565	Property	92,382
	Overseas	
504,976	Equities	554,215
123,277	Diversified Growth Funds	125,254
72,967	Property	83,011
29,222	Private equity	37,485
1,335,263		**1,416,896**
	Other Assets	
1,169	Forward currency contracts	540
16,346	Cash deposits	3,282
1,995	Investment income due	2,256
435	Amounts receivable from sales	4,796
19,945		**10,874**
1,582,273	**Total investment assets**	**1,659,204**
	Other Liabilities	
(1,173)	Forward currency contracts	(540)
(1,565)	Amounts payable for purchases	(4,691)
(2,738)	**Total liabilities**	**(5,231)**
1,579,535	**Net investment assets**	**1,653,973**

Note 13 Valuations by Fund Managers

2017/18 £'000		2018/19 £'000
	Baring Asset Management Ltd	
123,277	- Pooled investment vehicle - Diversified Growth Fund	125,254
123,277		**125,254**
	BlueCrest	
584	- Pooled investment vehicle - Fund of Hedge Funds	302
584		**302**
	Brevan Howard	
41,476	- Pooled investment vehicle - Fund of Hedge Funds	0
41,476		**0**
	CB Richard Ellis Collective Investors Ltd	
60,753	- Property - Managed Funds	67,689
19,812	- Property - Unit Trusts	21,872
6,073	- Cash	2,756
132	- Income Receivable	65.64
(416)	- Amounts payable for the purchases	0
86,354		**92,382**
	HarbourVest	
29,222	- Pooled investment vehicle - Private equity	37,485
29,222		**37,485**
	Harris Associates L.P.	
27,826	- UK equities	27,217
199,089	- Overseas equities	201,869
1,169	- Derivative contracts: forward foreign exchange assets	540
873	- Income Receivable	1,164
7,894	- Cash	3,124
435	- Amounts receivable from sales	4,796
(1,173)	- Derivative contracts: forward foreign exchange liabilities	(540)
(1,150)	- Amounts payable for purchases	(4,992)
234,963		**233,178**

2017/18 £'000		2018/19 £'000
	Insight Investment	
132,265	- Pooled investment vehicle (Fixed interest securities)	125,054
132,265		**125,054**
	Legal & General Assurance Ltd	
39,284	- Pooled investment vehicle (Index linked securities)	41,533
249,061	- Pooled investment vehicle (UK equities)	253,385
247,718	- Pooled investment vehicle (Global equities)	274,414
536,063		**569,332**
	London CIV Ltd (Baillie Gifford)	
257,258	- Pooled investment vehicle (Global equities)	279,791
257,258		**279,791**
	London CIV Ltd (Ruffer)	
14,026	- Pooled investment vehicle - Diversified Growth Fund	56,879
14,026		**56,879**
	Partners Group (UK) Ltd	
72,967	- Pooled investment vehicle - Global property	83,011
72,967		**83,011**
	Standard Life	
47,561	- Pooled investment vehicle - Diversified Growth Fund	47,406
47,561		**47,406**
	JPM Custodian Cash Account	
2,379	- Cash	2,723
990	- Income Receivable	1,026
3,369		**3,749**
	Council	
150	- UK equities	150
150		**150**
1,579,535	**TOTAL MARKET VALUE**	**1,653,973**

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 Valuation by Reliability of Information

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.

Values at 31 March 2019	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
Assets:				
Cash & Currencies	8,051	0	0	8,051
Cash Equivalents	0	550	0	550
Equities	229,087	0	150	229,237
Forward Currency Contracts	0	0	0	0
Pooled Funds	0	1,413,774	0	1,413,774
Receivables	7,592	0	0	7,592
Total Financial Assets	**244,730**	**1,414,324**	**150**	**1,659,204**
Liabilities:				
Forward Currency Contracts	0	0	0	0
Payables	(5,231)	0	0	(5,231)
Total Financial Liabilities	**(5,231)**	**0**	**0**	**(5,231)**
Grand Total	**239,499**	**1,414,324**	**150**	**1,653,973**

Values at 31 March 2018	Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
Assets:				
Cash & Currencies	14,771	0	0	14,771
Cash Equivalents	0	1,574	0	1,574
Equities	226,915	0	150	227,065
Pooled Funds	0	1,335,263	0	1,335,263
Receivables	2,887	0	0	2,887
Total Financial Assets	**244,573**	**1,336,837**	**150**	**1,581,560**
Liabilities:				
Forward Currency Contracts	0	(3)	0	(3)
Payables	(2,022)	0	0	(2,022)
Total Financial Liabilities	**(2,022)**	**(3)**	**0**	**(2,025)**
Grand Total	**242,551**	**1,336,834**	**150**	**1,579,535**

Note 14b Transfers between Levels 1 and 2

There were no transfers between levels 1 and 2 during the year.

Note 14c Reconciliation of Fair Value Measurements within Level 3

	2017/18 £'000	2018/19 £'000
Value at 31 March 2018	**150**	**150**
Transfers into Level 3	0	0
Transfers out of Level 3	0	0
Purchases	0	0
Sales	0	0
Issues	0	0
Settlements	0	0
Unrealised gains/losses*	0	0
Realised gains/losses	0	0
Value at 31 March 2019	**150**	**150**

*Unrealised and realised gains and losses are recognised in the profit and losses on disposal and changes in the market value of investments line of the fund account

Note 15 Analysis on Net Current Assets and Liabilities

2017/18 £'000		2018/19 £'000
	Assets	
253	Pension Capital Costs receivable	0
961	Admitted Authorities payments receivable	144
1,214		**144**
	Liabilities	
(1,623)	Creditors	(2,261)
(6)	Unpaid Benefits	(253)
(1,629)		**(2,514)**

Note 16 Derivative Contracts: Forward Foreign Exchange

Outstanding forward currency contracts are as follows

Settlement	Currency bought	Local Value	Currency sold	Local Value	Asset Value	Liability Value
	£'000	£'000	£'000	£'000	£'000	£'000
Up to one month	EUR	347	USD	(390)	299	(299)
Up to one month	USD	314	GBP	(241)	241	(241)
Open forward currency contracts at 31 March 2019					540	(540)
Net forward currency contracts at 31 March 2019						(3)
2017/18 Comparator						
Open forward currency contracts at 31 March 2018					1,169	(1,173)
Net forward currency contracts at 31 March 2018						(4)

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 twelve 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.

	Prudential £'000		Prudential £'000
Value at 1 April 2018	**1,804**	**Value at 1 April 2017**	**2,007**
Contributions & Transfers Received	319	Contributions & Transfers Received	240
Investment Return	76	Investment Return	107
Paid Out	(312)	Paid Out	(550)
Value at 31 March 2019	**1,887**	**Value at 31 March 2018**	**1,804**

	Phoenix Life Ltd £'000		Phoenix Life Ltd £'000
Value at 31 December 2018	**837**	**Value at 31 December 2017**	**867**
Contributions & Transfers Received	15	Contributions & Transfers Received	13
Investment Return	(38)	Investment Return	50
Paid Out	(11)	Paid Out	(93)
Value at 31 December 2019	**803**	**Value at 31 December 2018**	**837**

Note 18 Reconciliation of Investments by Asset Class

2018/19

	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	0	0	39,284
- UK equities	249,060	0	(11,500)	1,786	16,288	18,074	255,634
- Global equities	504,976	48,902	(2,471)	447	45,205	45,652	597,059
- 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	125	0	0	1,697	1,697	186,686
	1,335,263	**57,769**	**(40,501)**	**7,239**	**54,001**	**61,242**	**1,413,771**
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
	227,065	**90,581**	**(80,848)**	**10,610**	**(18,171)**	**(7,561)**	**229,237**
Total Investments	**1,562,328**	**148,350**	**(121,349)**	**17,849**	**35,830**	**53,681**	**1,643,008**
Cash and Net Debtors	17,887	490	(507)	194	150	(100)	13,533
Fund Total	**1,580,215**	**148,840**	**(121,856)**	**18,043**	**35,980**	**53,581**	**1,656,541**

Note 18 Reconciliation of Investments by Asset Class (cont'd)

2017/18

	31 March 2017 £'000	31 March 2017 (restated) £'000	Purchases £'000	Sales £'000	Change in Market Value £'000	31 March 2018 £'000
Pooled Vehicles:						
- Fixed interest securities	132,095	132,095	130,945	(130,946)	171	132,265
- Index linked securities	38,985	38,985	0	0	299	39,284
- UK equities	247,824	247,824	0	(2,250)	3,486	249,060
- Overseas equities	468,357	468,357	4,335	(2,559)	34,843	504,976
- Private equity	15,418	15,418	12,302	0	1,502	29,222
- Pooled Property Investments	136,641	140,553	20,828	(6,931)	(918)	153,532
- Fund of hedge funds	55,967	55,967	64	(14,633)	662	42,060
- Diversified growth funds	166,070	166,070	14,121	0	4,673	184,864
	1,261,357	**1,265,269**	**182,595**	**(157,319)**	**44,718**	**1,335,263**
Directly owned investment assets:						
- UK equities	16,045	23,297	21,151	(16,214)	(258)	27,976
- Overseas equities	215,774	204,610	77,041	(80,957)	(1,605)	199,089
Total Investments	**1,493,176**	**1,493,176**	**280,787**	**(254,490)**	**42,855**	**1,562,328**
Cash and net debtors	23,425	23,425				17,887
Total	**1,516,601**	**1,516,601**				**1,580,215**

Owing to the reclassification of two individual securities held by the Fund at 31 March 2017 during 2017/18, the prior year values for pooled property investments, directly owned UK equities and overseas equities have been restated.

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 2018	1,562,324	1,718,556	1,406,092
As at 31 March 2019	1,652,108	1,817,319	1,486,897

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 2019.

Currency	Value (£'000)	% Change	Value on Increase	Value on Decrease
Euro	50,308	5.3%	52,974	47,641
Japanese Yen	5,662	7.9%	6,110	5,213
South African Rand	6,240	14.4%	7,140	5,339
South Korean Won	4,413	6.9%	4,716	4,110
Swiss Franc	31,692	6.2%	33,644	29,740
US Dollar	113,356	6.8%	121,053	105,659
Global Basket	611,084	10.0%	672,193	549,976
Total Overseas Equity	**822,754**		**897,830**	**747,677**
Overseas private equity (US$)	48,845	6.8%	52,162	45,529
Overseas Property (€)	28,628	5.3%	30,145	27,110
Overseas Property (US$)	76,023	6.8%	81,185	70,861
Total Currency	**976,250**		**1,061,322**	**891,177**

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 deposits at JP Morgan are swept into the JPMorgan Sterling Money Market Fund. This vehicle has a AAA 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 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.

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 2019 £'000	% of Total Fund	Value at 31 March 2018 £'000	%of Total Fund
Baillie Gifford Global Alpha Fund	279,791	16.9%	257,257	16.30%
Legal & General UK Equity Index Fund	253,385	15.3%	249,060	15.80%
Legal & General Global Equity Index Fund	274,414	16.6%	247,718	15.70%
Insight Investment Bonds Plus 400	125,054	7.6%	132,265	8.40%
Barings Dynamic Asset Allocation Fund	125,254	7.6%	123,277	7.80%

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 2019

Assets exposed to interest rate risk	Value as at 31 March 2019 £'000	Potential movement on 1% change in interest rates £'000	Value on increase £'000	Value on decrease £'000
Cash deposits	23,120	0	23,120	23,120
Fixed income	125,054	6,128	118,926	131,182
Index linked securities	41,533	10,220	31,314	51,753
Total	**189,706**	**16,347**	**173,360**	**206,054**

31 March 2018

Assets exposed to interest rate risk	Value as at 31 March 2018 (£'000)	Potential movement on 1% change in interest rates (£'000)	Value on increase (£'000)	Value on decrease
Cash deposits	16,346	0	16,346	16,346
Fixed income	132,265	2,883	129,382	135,148
Index linked securities	39,284	10,245	29,039	49,529
Total	**187,896**	**13,128**	**174,767**	**201,023**

Note 20 Contingent Liabilities and Contractual Commitments

Property

The Fund has commitments 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 commitments are drawn down in tranches over time as and when the manager needs the cash to invest in underlying investments. The Euro fund had £2.182m of commitments outstanding as at 31 March 2019 (£2.228m as at 31 March 2018), the US Dollar funds had a total of £70.037m of commitments outstanding as at 31 March 2019 (£78.939m as at March 2018). 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 £30.466m of commitments outstanding as at 31 March 2019 (£34.492m as at 31 March 2018). This is not required to be included in the Pension Fund accounts.

Note 21 Events after the reporting period

There have not been any material events after the reporting date.

6 Glossary and Contacts

Gasholder’s Park

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.

Trust Funds

These are funds administered by the Council on behalf of charitable organisations and/or specific organisations.

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*.

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