

# Annual Financial Report

## London Borough of Camden

### 2020/21



5 Pancras Square





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# 1 Foreword



# Narrative Report



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

I am pleased to present the Council's 2020/21 Annual Financial Report. This foreword provides a guide to the most significant matters reported in the Council's accounts. Camden's financial statements for 2020/21 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 2020/21 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, 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 2020/21
- Summary of financial performance for various elements of the council's financial structure – General Fund, Capital, Housing Revenue Account, Collection Fund and Pension Fund
- Trend in staffing numbers over recent years
- Explanation of the key financial statements

## Introduction to Camden

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

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

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

In Camden, child poverty is high and the gap in healthy life expectancy between the poorest and richest parts of the borough is

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

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

We are a council with a strong track record of managing finances and consistently delivering our core services well. This has helped us achieve many positive outcomes like fewer families living in Temporary Accommodation, consistently sustaining a low rate of looked-after children and effectively managing risk in the community. But despite this, we face a significant financial challenge as a result of a decade of funding reductions from central government, combined with increasing pressure on our services and the ongoing uncertainty created from Brexit and impact of the Covid-19 crisis.

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

## Camden 2025 & Our Camden Plan

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

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

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

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

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

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

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

More information is available on:

[www.Camden.gov.uk/camden2025](http://www.Camden.gov.uk/camden2025)

## The Renewal of the Borough

COVID-19 has shone a spotlight on the inequalities that exist in our society, and in some cases has made these worse.

The Camden Renewal Commission has been set up by Camden Council and [UCL's Institute for Innovation and Public Purpose](#) (IIPP) to develop practical solutions to help achieve a fair, sustainable economy and address the inequalities we have in Camden.

We're joining together to renew the borough with bold and ambitious missions, using recovery as an opportunity and a catalyst for reimagining Camden's future.

Through conversations and collaborative work across the borough, we've created four core missions, covering food poverty and sustainability, diversity in positions of power, health and sustainability of estates, and opportunities for young people.

## Financial context

Like the rest of local government and the wider public sector, the Council is currently facing an unprecedented crisis following the outbreak of the global coronavirus pandemic that has impacted the lives of so many people.

During what is a difficult time for our borough and our country, we have mobilised our staff and partners to continue to provide critical services for our community. Our approach has been strongly rooted in the ambitions and themes of Camden 2025 and social justice. The pandemic and subsequent lockdown has impacted on the nature of the services we deliver and how we deliver them. As would be expected in an emergency, we have responded at pace to protect those who have needed it. We have stepped in to ensure the most vulnerable have homes, food and social contact. Such a response has required, in some cases, a fundamental reimagining of how we deliver services and has, inevitably, created a series of financial pressures and funding challenges.

At the same time, the global pandemic is having a fundamental and negative impact on the economy and presents a series of significant challenges for the economic health of the country and its public

finances in both the short and medium term. As such, the outlook for local government funding remains unclear.

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

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

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



## **Covid-19 Impact**

The COVID-19 global pandemic has had a significant impact on the Council – one that will be felt for years to come. The impact on local residents, businesses and all of our community has been profound and will continue to be felt for the foreseeable future.

Our approach has been strongly rooted in the ambitions and themes of Camden 2025 and social justice. The Council's priority has been to ensure we are supporting everyone to get through the pandemic – by purchasing PPE for frontline workers, supporting COVID-19 testing and doing all we can to support local businesses to survive. We have also kept vital services operating, made sure nobody lost their council home due to COVID-19 and ensured everyone has access to food and other essentials.

In total there has been additional financial pressures of £68m on the Council's General Fund during 2020/21 because of lost income as well as redeployed spending to enable us to deliver our wide-ranging pandemic response.

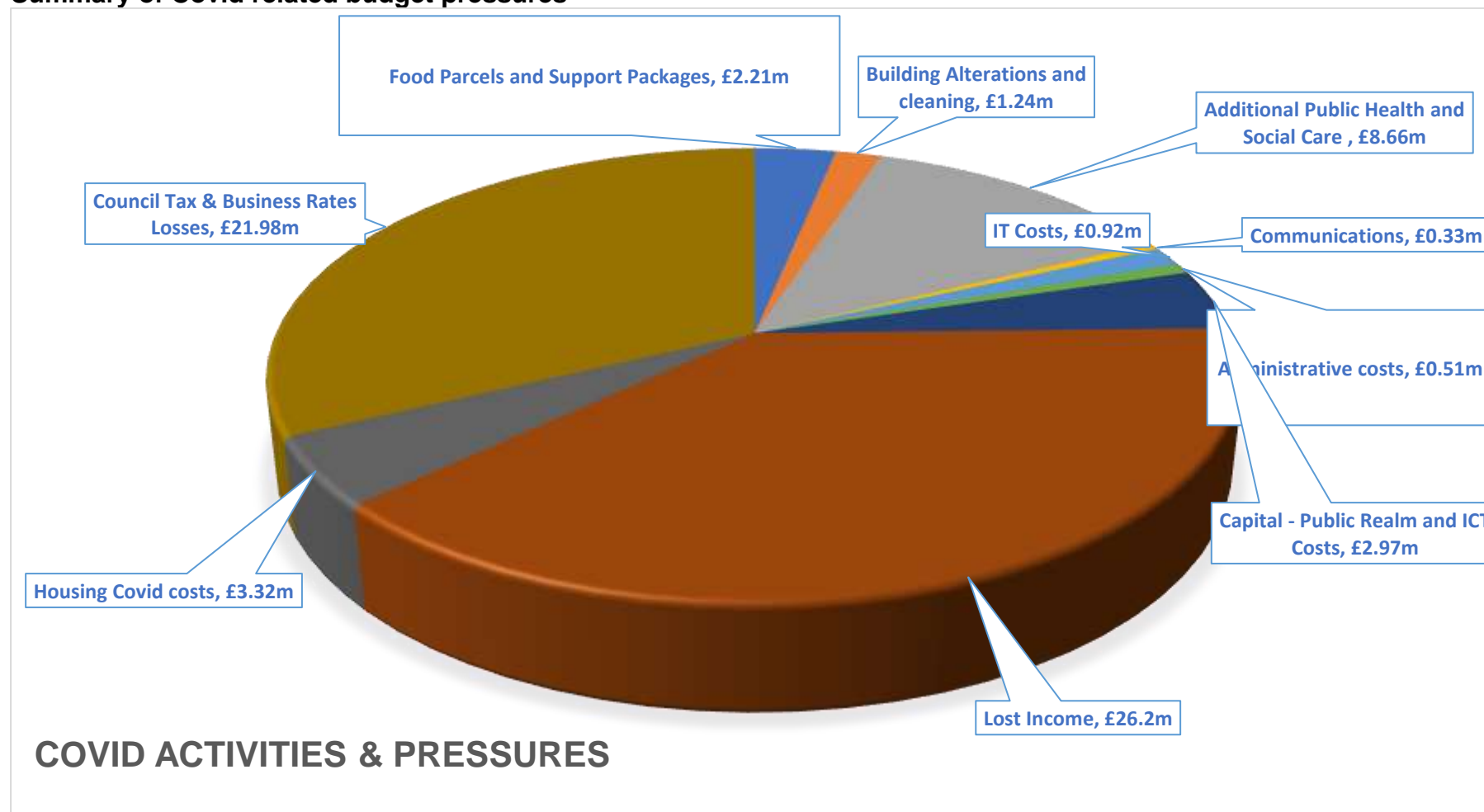
The Council has also administered over £100m of support to local businesses both from Government grants to businesses forced to close due to Covid restrictions and from schemes to support care homes and the leisure industry.

The impact of the pandemic has also led to financial pressures for the Housing Revenue Account. Mainly driven by expected bad debts (i.e. income that we have billed but do not expect to receive) from our tenants, leaseholders and commercial tenants, all of whom have faced significant financial struggles as a result of the pandemic. This has been offset, in part, by applying some of the COVID grants received from central government to offset one-off related expenses in the HRA. However, unlike the GF no specific grants have been

made available to alleviate the financial pressures in the HRA resulting from the pandemic.

The Graph below summarises the additional financial pressures the Council has faced in 2020/21 because of the impact of the Covid pandemic.

## Summary of Covid related budget pressures



## **Covid-19 Government Support**

During the pandemic, Government Departments largely adopted a piecemeal approach in introducing a range of grants to relieve the financial pressures faced by local authorities, some of which were ring-fenced. Throughout the pandemic the Council has taken an outcomes-based approach to all of the money we've spent and services we've invested in with action taken to ensure our key aims have been met. This has often meant making spending decisions in advance of any funding announcements from the government to ensure that we can continue to support our communities, which has placed additional strain on our budgets.

Much of the government funding received during 2020/21 relating to the impact of Covid-19 was one-off funding that was not repeated, however many of the financial impacts of Covid-19 will be felt over a number of years and as such the Council has planned to use some of the grants in line with the financial pressures it is facing.

<b>Covid-19 Government Support</b>	<b>£m</b>
<b>New Burdens Support</b>	
Containing Outbreak Management Fund	(4.32)
Track and Trace (support to LA for exp lawfully incurred in relation to mitigation against mang. Local outbreak)	(3.23)
Next Step Accommodation programme (Further Funding Rough Sleeping)	(1.14)
Other Covid Grants	(4.52)
<b>Total</b>	<b>(13.20)</b>
<b>Compensation for Budget Pressures</b>	
Covid LA Support Grant paid in four tranches	(17.47)
Sales, Fees, and Charges Compensation Support	(13.83)
<b>Total</b>	<b>(31.29)</b>

## **Covid-19 Government Support**

### **New Burdens Support**

Containing Outbreak Management Fund	6.52
Track and Trace (support to LA for exp lawfully incurred in relation to mitigation against mang. Local outbreak)	2.46
Next Step Accommodation programme (Further Funding Rough Sleeping)	1.14
Local authority Emergency Assistance Grant for Food and Essential Supplies	0.29
Re-opening of the high Street Safety Fund	0.24
Local Authority Discretionary Grant Admin	0.17
Homelessness Self Isolation Support	0.05
Additional Funding for the Clinically Extremely Vulnerable	0.25
New Burdens Payments for Council Tax Hardship Fund and Business Rate Reliefs	0.05
Local Authority Discretionary Grant (new Burdens)	0.08
LA Practical Support Payment (support food parcels)	0.08
DFE Wellbeing for Education Return Grant	0.03
DFT Covid-19 Emergency Active Travel Grant (Revenue)	0.03
Test and Trace Support Payments	0.09
Community Testing Lateral Flow Testing Programme	0.13
Covid-19 Secure Marshals Grant	0.17
Unaccompanied Asylum-Seeking Children (UASC)	0.15
COVID-19 Fund	
Substance Misuse Fund	0.25
Suspension of Derogation for Homeless Services Grant	0.14
Protect Programme and Protect Plus Funding	0.28
Workforce Capacity Fund	0.64
ASC Rapid Testing Fund	0.17

### **Compensation for Budget Pressures**

Covid LA Support Grant paid in four tranches	26.52
Sales, Fees, and Charges Compensation Support	13.94
<b>Total</b>	<b>53.87</b>



Several grants received in year were ring-fenced to specific activities and as such were not all utilised in 2020/21. These grants continue to be utilised as the Council incurs additional cost pressures relating to the Covid pandemic.

### Administering National Support Schemes

The Council has played a key role in distributing support to local businesses and local residents as part of national schemes established by the government in response to the covid pandemic. It is important to clarify the role that the Council has in these activities as well as the nature of the sums being paid to the Council for redistribution. In this context the Council will act as either principle or agent in the redistribution of support sums and the sums themselves will either be specific or non-specific based on the guidelines for each grant scheme. The following outlines how these differences are defined;

#### Principle/Agent

- Principle – the Council acts as a principle where it has some control over the timing of payments and who they are paid to. The Council receives some direct benefit from the receipt of the grant.
- Agent – the Council acts as an agent where it administers the grant on behalf of another body, usually government. Payments are made against a set of pre-determined criteria.

The following tables set out the grants made available to the Council to support local businesses and local residents affected by the pandemic.

At the year end, where the Council is acting as a principle the amounts go through the Comprehensive Income and Expenditure Statement as Taxation and Non-Specific Grant Income and Expenditure. When acting as agent any outstanding amounts go through the balance sheet as they are treated as being owed back to the Government, which will remain the case until they are used for the purpose assigned to them.

Looking forward into 2021/22 the Council will continue to support local businesses and residents effected by the pandemic, especially the vulnerable and those in need of significant interventions to ensure they are protected. Alongside this the Council is working with the local community to support the recovery from the pandemic.

### **Covid-19 Government Support**

	<b>Amount Received in Year</b>	<b>Amount Applied in Year</b>	<b>Role of the Council</b>
<b>To be provided to Local Businesses</b>	<b>£m</b>	<b>£m</b>	
BEIS Business Support Grant (Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund)	72.885	72.885	Agent
Local Authority Discretionary Grant Fund	3.644	3.644	Principle
Local Restrictions Support Grant (Open)	3.315	0.618	Agent
Additional Restrictions Grant	7.799	0.221	Agent
Local Restrictions Support Grant (Closed)	49.329	8.048	Agent
Closed Business Lockdown Grant	31.365	28.326	Agent
Christmas Support Payments for wet led pubs	0.154	0.136	Agent
Infection Control Fund for ASC 1st Tranche	0.705	0.705	Agent
Infection Control Fund for Adult Social Care 2nd Tranche	1.35	1.35	Agent
Business Improvement Districts Support Grant	0.218	0.218	Agent
<b>Total</b>	<b>170.764</b>	<b>116.152</b>	
<b>To be provided to local individuals</b>			
Covid Hardship Fund	3.12	1.838	Principle
Covid Winter Grant Scheme	0.392	0.392	Agent
Test and Trace Support Payments	0.411	0.411	Agent
Test and Trace Support Discretionary payments	0.268	0.268	Principle
<b>Total</b>	<b>4.191</b>	<b>2.909</b>	

## Key achievements from our capital investment

### Community Investment Programme (CIP)

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

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

#### Homes

1,000 new homes have been built to the end of 2020/21, of which 413 are Council rented homes and a further 78 intermediate affordable homes and 38 specialist homes. 471 private homes have been built, including 70 homes bought by Government and returned back to the Council for residents displaced by HS2, with every pound raised from the sale of these homes re-invested back into homes and community facilities in Camden.

We completed 120 homes in 2020/21. Overall, we're aiming to build 3,050 mixed tenure homes (of which 1,100 are council homes, 300 intermediate affordable and 1,650 homes for sale).

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

#### Schools

Through the CIP we have invested £165m in our family of schools - meaning 17,000 children are learning in the improved schools they deserve 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.

Among these investments is £3m in improvements to science, technology, engineering, arts and maths facilities across 11 schools, equipping local children with the skills vital to succeed in modern London.

We've also spent £4.3m on sustainable improvements, including low energy lighting, improved heating systems and solar panels now installed at 17 schools.

#### Community Facilities

CIP has created new community facilities such as the Greenwood Centre in Kentish Town, home to Camden's first Centre for Independent Living, St Pancras Community Centre, a new tenant



hall at Bourne Estate and refurbished old workhouse style accommodation at Mount Pleasant to create a new state of the art residential training facility for homeless people. Over 140 residents with learning disabilities and mental health issues now make regular use of the Greenwood Centre; Camden's innovative Centre for Independent Living, run by disabled people for disabled people.

In 2020/21 Charlie Ratchford Court was completed, a brand new extra care scheme in Chalk Farm, designed for people who need some support to continue living independently and the new residents will be moving in over the next few months. The scheme includes 38 high-quality modern designed flats, with accessible and adaptable facilities. Residents will be able to enjoy the beautiful communal areas, including the courtyard gardens, spend time with neighbours and relatives in their own flats or in the lounge, and join activities that they will be involved in designing.

#### Corporate Accommodation

2020/21 saw further progress with the accommodation strategy, the council's programme to rationalise its portfolio of corporate assets and create modern, fit for purpose, economical and green buildings. The main focus of the strategy is now on the refurbishment and remodelling of the Town Hall, which will deliver restored civic and democratic spaces, new and improved weddings suites and registrars areas together with improved technology, access and environmental efficiency. The renovation of the Town Hall will also create affordable incubation space for local start-up companies, alongside commercial office space for rent to provide Camden with a long-term stream of income to fully support its investment. The Camden Centre will also be fully refurbished for events, and leased to provide on-going income as well as free and subsidised space to the community. Surveys and early works are complete, with the main construction works programme restarted in 2020 after delays

due to the Covid pandemic, for completion in 2022 which will enable further rationalisation of assets.

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

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

## Summary of Financial Performance

### General Fund

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

The Council's actual spend compared with its updated budget for 2020/21 is set out below:

	Net Budget £m	Outturn £m	Variance to Budget £m
<i>Directorates</i>			
Corporate services	(13.8)	(3.3)	10.5
Public Health	20.3	20.6	0.3
Supporting Communities	117.9	129.5	11.6
Supporting People	155.3	152.8	(2.5)
<i>Cross-Cutting Budgets:</i>			
Government Grants	(71.5)	(109.2)	(37.7)
Pensions	15.5	15.1	(0.4)
Financing and Interest	1.2	1.1	(0.1)
Housing benefit	(0.7)	(1.9)	(1.2)
Other Items and Adjustments	25.4	45.1	19.7
<b>Total</b>	<b>249.6</b>	<b>249.8</b>	<b>0.2</b>

The Council had a net revenue budget of £249.6m in 2020/21 and delivered a final outturn overspend after agreed transfer from reserves of £0.184m. The small overspend is indicating that the

Council continues to be efficient in using its resources even with the impact felt through the pandemic.

Gross expenditure was funded from a variety of sources, including

- Government grants – £471.9m. This includes grants for specific functions, such as Dedicated Support Grant, as well as non-specific grant income.
- Rents, fees and other income - £308.1m
- Council tax - £119.7m
- Business rates - £199.2m

### Capital

The Council has a large capital programme with planned expenditure running through to 2028/29. 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 £154.1m. The main areas of investment were as follows:

- Property Management spent £71.921m making improvements to the council's existing buildings and purchasing properties for use as temporary accommodation, a large proportion of the spend relates to the Better Homes programme, fire safety works and making improvements to existing schools.
- Development spent £51.84m on the Community Investment Programme and Estate Regeneration projects, which are helping to provide improved housing and school facilities for residents of Camden.

- Environment & Sustainability division spent £25.247m helping to improve transportation links across the borough with numerous traffic flow improvement schemes, and major investments for sustainability improvements relating to our energy use, and our public parks and green spaces.

The total capital spend of £156.9m in 2020/21 was financed from a number of sources including:

- £27.8m from capital receipts
- £18.7m from Section 106, Community Infrastructure Levy and other contributions
- £13.8m from capital grants
- £33.5 from prudential borrowing
- £19m from revenue contributions
- £82.9m from HRA reserves; and

## Housing Revenue Account

The Housing Revenue Accounts (HRA) is a ring-fenced landlord account for the running of the Council's housing stock. The Council is the main provider of social rented accommodation in Camden with 22,960 units at 31 March 2021. In 2020/21 average council rents (excluding service charges) were £113.68 per week.

In 2020/21, the HRA had a net deficit of £2.06m and a transfer to Earmarked Reserves of £17.3m, which when taken to its existing reserves of £23.7m, resulted in reserves of £4.37m being carried forward as at 31 March 2021.

The Covid-19 pandemic has led to financial pressures for the HRA. These are mainly in the form of expected bad debts (i.e. income that we have billed but do not expect to receive) from tenants, leaseholders and commercial tenants, all of whom have faced significant financial struggles as a result of the pandemic. This has

been offset, in part, by applying £2.7m of the Covid grants received from central government to offset one-off related expenses in the HRA. However, unlike the General Fund no specific grants have been made available to alleviate the financial pressures in the HRA resulting from the pandemic.

As part of budget setting for 2021/22, at January Cabinet 2021, additional budget was added to the bad debt provision budget in recognition of the challenging economic climate and rising numbers of tenants moving onto Universal Credit. Budget is also being set aside to start rebuilding the HRA reserve, to ensure sufficient financial resilience.

## 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. The impact of the Covid pandemic had a significant impact on the Collection of local taxes with many residents and businesses struggling to meet their tax liabilities due to the economic consequences of the pandemic.

In 2020/21, we collected £137.67m from council tax (net of refunds granted), with a collection rate of 91%. In 2020/21, Camden's element of band D council tax was £1,291.66.

The amount of business rates Camden collects is one of the highest in the country. The amount collected in relation to 2020/21 was £441.4m, with a collection rate of 92.5%. The total amount collectable, less certain reliefs and deductions, is distributed



between the Government, Greater London Authority and the Council. In 2020/21, as in 2019/20, Camden participated in a London-wide pilot scheme to pool and retain any growth over and above the business rates baseline across the capital.

The Collection Fund closing position was £245.87m deficit – made up of £233.41m business rate deficit (to be distributed between Government, GLA and Camden), £11.28m council tax deficit and £1.18m Business Rates Supplement deficit. The business rate deficit, resulting from reliefs granted to businesses due to the Covid pandemic, is supported by government grants.

## 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 2020/21 total contributions paid in were £71m, of which

- employers contributed £57.4m and
- employees contributed £13.6m.

Total Benefits paid out were £66.9m, this comprised of

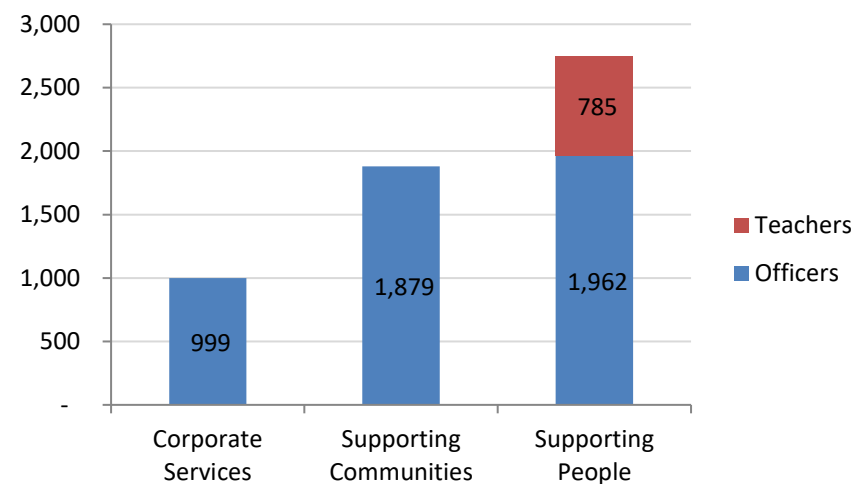
- £55.4m monthly pension payments,
- £10.0m of lump sum retirement grants and
- £1.5m in death grants

The value of investment assets increased by 35% in the 2020/21 financial year to £2.09bn, as set out in the accounts. The Fund is assessed to be 103% funded as at the date of the last actuarial

valuation on 31 March 2019. Camden is one of the largest of the London Borough funds in terms of assets, and with over 22,642 members, 18 admitted bodies and 6 scheduled bodies.

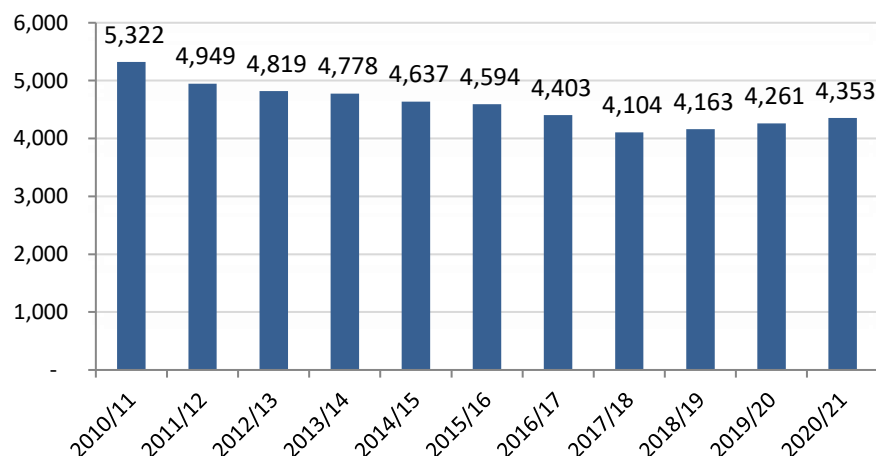
## Staffing trends over recent years

The graph below shows Camden's staff numbers in 2020/21 for each directorate, expressed in terms of the number of full-time equivalents in post in each category of employment at 31 March 2021. The figures include staff providing services to housing tenants and include community schools but exclude voluntary aided schools.



The graph below shows how Camden staff numbers (excluding teachers and voluntary aided schools' teachers and staff) have changed over recent years. Total staffing has decreased by 969

(18%) over the period 2010/11 to 2020/21, but has increased by 249 (6%) from the low point of 2017/18.



### 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 2021. It shows the core statements 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 2020/21, which in turn is underpinned by International Financial Reporting Standards.

**Comprehensive Income and Expenditure Statement** - This statement, as set out on page 20, 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.

**Movement in Reserves Statement** - This Statement, as set out on page 22, 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.

**Balance Sheet** - The Balance Sheet, as set out on page 25, 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 26 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**

# Statement of responsibilities for the Statement of Account

## The Council's responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers (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 Chief 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 Council 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 2020/21.

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 Council'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 confirm that the Statement of Accounts gives a true and fair view of the financial position of the Authority at 31 March 2021 and of its income and expenditure for the year then ended.

*Jon Rowney*

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

# Committee Approval of Statement of Accounts

At its meeting on dd mm yy, the Audit and Corporate Governance Committee of the London Borough of Camden approved the Annual Financial Report and authorised the Chair to sign the Statement of Accounts accordingly.

Chair, Audit and Corporate Governance  
Committee



# 2 Core Financial Statements



# Comprehensive Income and Expenditure Statement

2019/20				2020/21		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
364,315	(144,481)	219,834	Supporting People	342,072	(137,674)	204,398
127,243	(54,155)	73,088	Supporting Communities	134,437	(53,579)	80,858
224,968	(215,635)	9,333	Corporate Services	293,725	(208,748)	84,977
23,013	(26,574)	(3,561)	Public Health	23,569	(1,156)	22,413
218	(528)	(310)	Cross Cutting	255	(27)	228
134,202	(183,983)	(49,781)	Housing Revenue Account	217,243	(183,167)	34,076
160,669	(161,404)	(735)	Dedicated Schools Grant	161,926	(165,352)	(3,426)
1,034,628	(786,760)	247,868	Cost Of Services	1,173,227	(749,703)	423,524
		44,374	Other Operating Expenditure (Note 9)			1,866
		9,942	Financing and Investment Income and Expenditure (Note 10)			15,399
		(300,571)	Taxation and Non-Specific Grant Income (Note 11)			(343,058)
		1,613	(Surplus) or Deficit on Provision of Services			97,731
		(112,446)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(14,557)
		(140,446)	(Actuarial gains) / losses on pension assets / liabilities			23,784
			Other (gains) and losses			0
		(252,892)	Other Comprehensive Income and Expenditure			9,227
		(251,279)	Total Comprehensive Income and Expenditure			106,958

# 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 Council'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

2020/21	General Fund Balance	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2020 brought forward</b>	<b>(13,992)</b>	<b>(23,727)</b>	<b>(109,257)</b>	<b>(80,864)</b>	<b>(36,589)</b>	<b>(5,078)</b>	<b>(269,507)</b>	<b>(3,141,498)</b>	<b>(3,411,005)</b>
Adjustment to realign and correct opening balances	0	0	0	(1)	0	0	(1)	1	0
<b>Realigned Opening Balances</b>	<b>(13,992)</b>	<b>(23,727)</b>	<b>(109,257)</b>	<b>(80,865)</b>	<b>(36,589)</b>	<b>(5,078)</b>	<b>(269,508)</b>	<b>(3,141,497)</b>	<b>(3,411,005)</b>
(Surplus)/Deficit on provision of services	71,540	26,191		0	0	0	97,731	0	97,731
Other Comprehensive Income and Expenditure	0	0		0	0	0	0	9,227	9,227
<b>Total Comprehensive Income and Expenditure</b>	<b>71,540</b>	<b>26,191</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>97,731</b>	<b>9,227</b>	<b>106,958</b>
Adjustments between accounting basis & funding under regulations ( <i>Note 7</i> )	(150,424)	(24,131)	0	16,910	36,589	(4,868)	(125,924)	125,924	0
<b>Net (increase)/decrease before Transfers to Earmarked Reserves</b>	<b>(78,884)</b>	<b>2,060</b>	<b>0</b>	<b>16,910</b>	<b>36,589</b>	<b>(4,868)</b>	<b>(28,193)</b>	<b>135,151</b>	<b>106,958</b>
Transfer to or from Earmarked reserves	78,068	17,301	(95,369)	0	0	0	0	0	0
<b>(Increase)/Decrease in Year</b>	<b>(816)</b>	<b>19,361</b>		<b>16,910</b>	<b>36,589</b>	<b>(4,868)</b>	<b>(28,193)</b>	<b>135,151</b>	<b>106,958</b>
<b>Balance at 31 March 2021 carried forward</b>	<b>(14,808)</b>	<b>(4,366)</b>	<b>(204,626)</b>	<b>(63,955)</b>	<b>0</b>	<b>(9,946)</b>	<b>(297,701)</b>	<b>(3,006,346)</b>	<b>(3,304,047)</b>

## Movement in Reserves Statement

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

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



## Balance Sheet

31-Mar-20			31-Mar-21
£'000		Note	£'000
4,254,008	Property, Plant & Equipment	12	4,282,581
841	Heritage Assets	13	841
131,900	Investment Property	14	112,308
2,671	Intangible Assets	15	2,618
4,116	Long Term Investments	16	4,116
7,169	Long Term Debtors	16	28,578
<b>4,400,705</b>	<b>Long Term Assets</b>		<b>4,431,042</b>
115,842	Short Term Investments	16	41,077
36,896	Assets held for sale	19	16,087
407	Inventories		443
150,097	Short Term Debtors	17	347,651
75,894	Cash and Cash Equivalents	18	172,683
<b>379,136</b>	<b>Current Assets</b>		<b>577,941</b>
(2,478)	Short Term Borrowing	16	(2,914)
(239,355)	Short Term Creditors	20	(469,428)
(578)	Short Term Grants Received in Advance - Capital	34	(12,130)
(19,261)	Short Term Provisions	21	(10,036)
<b>(261,672)</b>	<b>Current Liabilities</b>		<b>(494,508)</b>
(6,499)	Long Term Provisions	21	(9,199)
(334,118)	Long Term Borrowing	16	(334,133)
(48,624)	Other Long Term Liabilities	16	(51,351)
(72,305)	Long Term Grants Receipts in Advance - Capital	34	(74,041)
(645,618)	Net Pensions Liability	41	(741,704)
<b>(1,107,164)</b>	<b>Long Term Liabilities</b>		<b>(1,210,428)</b>
<b>3,411,005</b>	<b>Net Assets</b>		<b>3,304,047</b>
(269,507)	<b>Usable Reserves</b>	8	(297,701)
(3,141,498)	<b>Unusable Reserves</b>	22	(3,006,346)
<b>(3,411,005)</b>	<b>Total Reserves</b>		<b>(3,304,047)</b>

# 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 Council'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-Mar-20 £'000		31-Mar-21 £'000
(1,613)	Net surplus or (deficit) on the provision of services	(97,731)
180,206	Adjustment to surplus or deficit on the provision of services for noncash movements (note 23)	311,928
(119,947)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities (note 23)	(67,613)
<b>58,646</b>	<b>Net Cash flows from operating activities</b>	<b>146,584</b>
(35,201)	Net Cash flows from Investing Activities (note 24)	(52,973)
(12,155)	Net Cash flows from Financing Activities (note 25)	3,178
<b>11,290</b>	<b>Net increase or decrease in cash and cash equivalents</b>	<b>96,789</b>
64,604	Cash and cash equivalents at the beginning of the reporting period	75,894
<b>75,894</b>	<b>Cash and cash equivalents at the end of the reporting period (note 18)</b>	<b>172,683</b>

A purple-tinted photograph of the St Pancras Renaissance Hotel in London. The image shows the building's intricate Gothic Revival architecture, including multiple chimneys, dormer windows, and a large clock tower on the right side. The sky is cloudy.

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# Note 1 Accounting Policies

## **CONCEPTS AND PRINCIPLES**

### **1.1. General Principles**

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the financial year ending 31 March 2021. 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 practices'. These practices are set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, based on International Financial Reporting Standards and statutory guidance.

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

### **1.2. Recognition of Income and Expenditure**

In line with the Code the accruals basis of accounting is used, meaning activity is accounted for in the year that it takes

place rather than when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Services are recorded as expenditure when they are consumed rather than purchased.

### **1.3. Government Grants and Contributions**

Government grants and contributions, including those from non-government organisations, are recognised when there is reasonable assurance that the Council will comply with the conditions attached to them, and that the grants or contributions will be received.

When both criteria have been satisfied the grants and contributions are immediately credited to the relevant service line, or non-specific grant income in the comprehensive income and expenditure statement - they cannot be deferred. If there are outstanding conditions the grants

and contributions must be shown as liabilities on the balance sheet until the conditions are met.

### **1.4. Debtors and Creditors**

Both debtors and creditors are recognised and measured at fair value in the accounts.

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

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

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

The Council is not required to use Council Tax to fund depreciation, revaluation and impairment losses or amortisation of non-current assets. However, it is required to

make an annual contribution from revenue towards provision for the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis or as determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (known as the Minimum Revenue Provision (MRP)), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

#### 1.6. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. The reserves are created by appropriating amounts out of the General Fund balance. 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, local taxation, retirement, and employee benefits and do not represent usable resources for the Council. These reserves are explained in the relevant notes.

#### 1.7. Council Tax and National Non-Domestic Rates (NNDR)

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

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

The Balance Sheet includes the Council'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 (fixed or determinable) under the statutory arrangements will not be made, 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 2020/21, the

Pool retains 67% of business rates growth within London which is distributed to the member Boroughs and the Greater London Authority (GLA).

## 1.8. Fair Value Measurement

Where applicable, the Council measures its assets and liabilities and provides disclosures in accordance with IFRS 13 Fair Value Measurement. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset, or
- In the absence of a principal market, in the most advantageous market for the asset.

The Council measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to

generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

## 1.9. Events After the Balance Sheet Date

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

- **Adjusting events** – those which provide evidence of conditions that existed at the end of the reporting period. Where material, the financial statements and notes will be adjusted to include the impact within the figures in the accounts.
- **Non-adjusting events** – those that are indicative of conditions that arose at the end of the reporting period. The accounts are not amended but if the event is material a disclosure is made in the notes to the accounts.

## 1.10. Cash and Cash Equivalents

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

## 1.11. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for in the current and future years affected by the change therefore do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, or other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting the opening balances and comparative amounts for the previous period as if the new policy had always been applied.

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

## Non-Current Assets

### 1.12. Property, Plant & Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are

expected to be used during more than one financial year are classified as Property, Plant and Equipment (PPE).

All expenditure on the acquisition, creation or enhancement of PPE above the Council's de-minimis of £10,000 is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

PPE are initially measured and subsequently valued on the basis required by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institute of Chartered Surveyors (RICS). PPE are classified in the groupings required by the Code of Practice.

#### *Measurement after Recognition*

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

- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings – current value, determined using the basis of existing use value for social housing (existing use value for social housing – EUV-SH)
- All other assets except surplus assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- Surplus assets – fair value, in accordance with IFRS 13.

Infrastructure assets include carriageways, footways, cycleways, structures such as bridges, street lighting, street furniture, traffic management systems, electric vehicle charging points and land which form as single integrated network of assets. They are measured at a modified form of historical cost basis. Opening balances for infrastructure assets are measured on a depreciated historical cost basis. However, the accounting rules that applied before 1 April 1994 mean that the carrying amount only reliably includes expenditure of acquisition and enhancement incurred after this date. Expenditure incurred before this date is only included to the extent that it had not been financed before the end of the 1993/94 financial year.

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

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

Revaluations of PPE are planned on a five-year cycle with a proportion of the asset base being revalued each year. Material changes to asset valuations resulting from works or similar investment outside of the agreed revaluation of assets cycle will be adjusted in the period as they occur.

#### *Impairment*

Impairment reviews on groups of assets are undertaken each year. Impairment is recognised where the asset's carrying

value is greater than its net recoverable value in use or through sale, and the loss is specific to the asset, or group of assets. Losses not specific to the assets or group of assets, such as a general fall in the market prices will be treated as revaluation losses.

Impairment losses are recognised against historical cost and revalued net book value. Losses for revalued assets will be recognised against the revaluation reserve to the limit of the credit balance for that asset in the revaluation reserve, and thereafter in surplus or deficit on the provision of services in the CIES. Losses for assets which have not been revalued will be recognised in the surplus or deficit on provision of services in the CIES.

The impairment review includes an annual assessment of whether there is an indication that the recoverable value of any impaired assets has increased, reversing part or all of the impairment.

### **1.13. Depreciation and Amortisation**

Depreciation is provided for on all PPE 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 15 - 50 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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



- Gross book value over £1.5m
- Useful economic life over 15 years
- In the case of enhancement, where enhancing expenditure is over 25% of the gross book value

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

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

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

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

Infrastructure assets comprise a single network comprised of many components. The Council has determined that infrastructure components are replaced on

average, at the end of their useful lives when they are fully depreciated. Therefore no amounts are deducted from the carrying value of infrastructure for replacement of parts of the network.

Where infrastructure components are derecognised otherwise, the carrying amounts will be reflected as per section 1.20.

#### **1.14. Lease and Lease Type Transactions**

The Council has acquired some assets by means of a lease. The Council assesses whether or not the leases need to be disclosed on the balance sheet in line with IAS17. Where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the PPE from the lessor to the lessee, it is classified as a finance lease. All other leases (not reported on the Balance Sheet) are classified as operating leases.

#### **1.15. The Council as Lessee**

##### *Finance Leases*

Finance leases are initially recognised on the Balance Sheet with assets and liabilities at their fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower).

Where a contract does not detail an interest rate for a specific asset, or provide sufficient information for its calculation, the interest rate implicit in the lease in the first instance be estimated based on interest rates for other assets within the lease. If there is no interest rate detailed in the lease then a suitable interest rate is applied.

PPE held under finance leases are depreciated over the lease term if this is shorter than the asset's estimated useful life.

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

##### *Operating Leases*

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

### 1.16. Service Concession Arrangements

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

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

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

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

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

### 1.17. Investment Properties

Investment properties are properties used solely to earn rentals or capital for appreciation or both. The Council evaluates the costs of an investment property when they are incurred, including acquisition costs and costs incurred to add to, replace part of, or service an investment property, but not including minor repairs and maintenance. Investment property is initially measured at cost, i.e. purchase price, transaction costs and directly attributable expenditure. After initial recognition the property is measured at fair value, and not depreciated. The fair value of investment property shall reflect market conditions at the end of the reporting period, i.e. open market value.

### 1.18. Intangible Assets

Expenditure on non-monetary assets without physical substance is capitalised when future economic benefits or service

potential are created and expected to flow from the intangible asset to the Council. An intangible asset shall be measured initially at cost.

#### *Amortisation*

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

### 1.19. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset 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.

### 1.20. Income from Sale of Property, Plant and Equipment

Income from the disposal of PPE are capital receipts. Any income which has not been reserved and not been used to finance capital expenditure in the period is shown in the balance sheet as capital receipts unapplied.

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

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

These amendments allow local authorities to retain the receipts generated by Right to Buy sales for replacement housing provided they can sign up to an agreement with the Government that they will limit the use of the net Right to Buy receipts to 30% of the cost of the replacement homes within a 3 year period from the point of receipt.

The written-off value of disposals is not a charge against Council Tax, as the cost of PPE is fully provided for under separate arrangements for capital financing.

### 1.21. Heritage Assets

Heritage assets are defined as a tangible asset with historical, artistic, scientific, technological, geophysical, or environmental qualities that is held and maintained principally for their contribution to knowledge and culture; or an intangible asset with cultural, environmental, or historical significance. The Council's Heritage Assets which comprise Mayoral Regalia and Silverware and Art Collections are reported in the balance sheet at valuation rather than fair value, reflecting the fact that exchanges of heritage assets are uncommon.

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

### Employee Benefits

#### 1.22. 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 which 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 and losses and past service costs will be recognised in the Surplus or Deficit on the Provision of Services.

### *Termination Benefits*

Termination benefits are amounts payable due to a decision made 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 to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of the benefits or when the Council recognises costs for a restructuring. Disclosures in respect of employee exit packages following termination are made in the year of notification, not the year of payment.

### **1.23. Post-Employment Benefits**

Employees of the Council belong to 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.

### **1.24. The Local Government Pension Scheme**

The Local Government Scheme is accounted for as a defined benefits scheme: the liabilities of the Camden pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

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

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

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

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

*Service cost comprising*

- Current service cost - the increase in liabilities as a result of years of service earned this year and is allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
- Past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. This is debited to the Cost of Services in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Net interest on the net defined liability, i.e. net interest expense for the authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of

the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

*Remeasurement comprising*

These are changes in the net pensions liability that arise through changes in asset values, updates to actuarial assumptions or other experience not reflected in assumptions at the last actuarial valuation. Any increase in the net liability is debited to the Pensions Reserve and any decrease is credited to the Pensions Reserve.

*Discretionary Benefits*

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) and are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

## Financial Instruments

### 1.25. 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.

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For most of the Council's borrowings this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.



### *Financial Assets*

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

- Amortised cost, and
- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI)

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

### **1.26. Provisions and Contingent Liabilities**

#### *Provisions*

The Code defines a provision as "a liability of uncertain timing or amount". A provision can only be established in the accounts if it meets the following criteria as listed in the Code:

- The authority has a present obligation as a result of a past event, i.e. an event has taken place that either binds the authority to transfer economic benefits as a result of legislation, a contract or other operation of law or creates a valid expectation by another party that the authority will transfer economic benefits as a result of it accepting certain responsibilities, arising from the Council's actions.
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and
- A reliable estimate can be made of the amount of the obligation.

If the above conditions are not met a provision must not be recognised in the financial statements. Provisions are charged to the relevant service account in the Comprehensive Income and Expenditure Statement in the year the Council becomes aware of the obligation. When the obligation is settled, the costs are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year, where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made); the provision is

reversed and credited back to the relevant service.

The provisions contained within the balance sheet are split between short (Current Liabilities) and long-term provisions (non-current liabilities).

#### *Contingent Liabilities*

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. A contingent liability can also be a present obligation that arises from past events but is not recognised because it is not probable that an outflow of economic benefits or service potential will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

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

#### *Contingent Assets*

A contingent asset is when there is a possible transfer of economic benefit to the Council from past events and their existence will only be confirmed by the occurrence or non-occurrence of one or

more uncertain future events not wholly within the control of the Council.

If it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the financial statements of the year in which the change occurs. A material contingent asset should be disclosed in the narrative notes to the accounts if the inflow of economic benefits is probable.

## **Group Accounts**

### **1.27. Interests in Companies and Other Entities**

The Council has fully reviewed the various IFRS standards relating to group relationships and after consideration of all the criteria the Council has determined that the consolidation of all related organisations would not have a material effect on the Council's financial position. Consequently, no group accounts have been prepared.

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority-maintained schools lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves, and cash flows are

recognised in the local authority financial statements (and not in Group Accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

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

## Note 2 Accounting Standards issued but not yet adopted

Under the Code of Practice on Local Authority Accounting there is a requirement to disclose the impact of accounting standards issued but not yet adopted.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- a. Interest Rate Benchmark Reform amendments to IFRS 9, IAS 39 and IFRS 7 impact on hedge accounting if interest rates change. The amendments will not have an impact on the council, as the council's debt is fixed rate and all of the council's investments are in sterling and low risk.
- b. Interest Rate Benchmark Reform – Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relate to issues that arise if an existing interest rate is replaced by an alternative one. This is unlikely to have an impact as interest rate benchmark reform is rarely applied. In addition, financial instruments are valued in the accounts at amortised cost rather than fair value.

## 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:

## **Valuation of pension liability**

To assess the value of the Council's liabilities at 31 March 2021, we have relied on the value calculated for the funding valuation as at 31 March 2019, using financial assumptions that comply with IAS 19. These pensions valuations are linked to inflation and are normally payable on retirement for the life of the member or a dependant following a member's death. The full actuarial valuation involved projecting future cashflows to be paid from the Pensions Fund (the 'Fund') and placing a value on them.

It is not possible to assess the accuracy of the estimated value of liabilities as at 31 March 2021 without completing a full valuation. However, the Council is satisfied that the approach used by its actuaries in producing the previous valuation data to 31 March 2021 should not introduce any material differences in the results given that the actual experience of the Council and the Fund have been broadly in line with the underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation.

Further information on the valuation basis, risks and assumptions made is shown in the Employee Benefits accounting policy 1.22, The Local Government Pension Scheme accounting policy 1.24 and note 41.

## **Leases**

Critical judgement has been applied to the assessment of leases to determine whether they are finance or operating leases. Accounting Standard IAS 17 (Leases) describes five primary and three secondary tests of the lease's characteristics, with the over-riding consideration that ownership rests with the party bearing substantially all of the risks and rewards of the underlying asset. The standard acknowledges that it is possible for the eight tests to return differing opinions on whether the lease falls to be classified as a finance lease and advises that accountants must use their professional judgement to assess the substance of the lease. Leases have therefore been judged in the light of their terms and the effect on the council's ultimate ownership of the assets involved. Further details of the council's leasing arrangements can be found in the Leases Note 37.

## **Grants and Contributions**

The appropriate accounting treatment of Grants and Contributions is a result of critical judgements made about whether any attached terms are deemed as restrictions or conditions and whether any conditions have been met, see Accounting Policy 1.3 Government Grants and Contributions.

If conditions are met then the income must be shown in the Comprehensive Income and Expenditure Statement. Treatment is the same if there are no conditions or just restrictions. However, if there are conditions and they have not been met they must be shown in the Balance Sheet under Creditors. Details of grants recognised during the year can be found in Note 34.

## Investment Properties

Investment Properties The council is required to judge whether or not it is holding property on an investment basis. The Code requires that, for an investment to be present, the property should only be held: a) for capital appreciation or b) to produce rental income, and for no other reason e.g. other operational reasons. See Note 14 for details of the council's investment properties.

# 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 Council's Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

The COVID-19 pandemic has had a major impact on the council's resources and cash flows during the year, which have been outlined elsewhere in this report, most notable in the Narrative report.

While there are signs of recovery, there is also an assumption that the impact will continue to be seen in the finances of the council for the forthcoming years, although it is currently not totally clear how this will materialise.



Item	Uncertainty	Affect if actual results differ from assumptions
<b>Arrears</b>	As at 31 March 2021 the Authority had Net Sundry Debtors of £363.2m (£150.1m as at 31 March 2020). 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”.	There is a degree of estimation uncertainty in the calculation of Impairment Allowance (Bad debt provision). Historical trends are usually the best technique available to predict the future, but it is important to take account of the economic climate and the potential impact of legislation on peoples' ability to pay their debts. In setting these for 2020/21 year-end, an additional view has been taken about the economic impact that COVID-19 has had on both individuals and on business, including the likelihood of their ability to settle historical debts. Impairment allowances can be found in Note 17.
<b>Creditors</b>	At 31 March 2021, the council had an accruals balance of £45.5m (£49m 31 March 2020). This balance is the aggregate of a number of various manual creditor balances, including trade creditors.	If the estimations for accruals in March 2021 turn out to be higher than the actual payments made, then expenditure will have been overstated in 2020/21 and will be understated in 2021/22.
<b>NNDR Appeals</b>	The Authority must meet its relevant share of backdated business rate appeals. A provision has been made within the accounts £33.2m (£40m 31 March 2020), utilising Valuation Office data, previous experience, facts and intelligence gathered, as at the end of the reporting period, including the number of appeals lodged as at 31 <sup>st</sup> March 2021.	It is possible that the estimate provided may not be sufficient to meet claims arising e.g. through greater success rates than previously experienced.

Item	Uncertainty	Affect if actual results differ from assumptions
<b>Other Provisions</b>	<p>The Council has estimated its long-term insurance provisions based on the value of outstanding claims. As at 31st March 2021 the balance of insurance provisions held amounted to £5.5m (£6.499m 31 March 2020), a decrease of £1m from 2019/20.</p> <p>In addition, the Council has set aside £3.7m to provide for the estimated cost of reclaims on historic utility charges.</p>	If the provisions are not enough, then there will be additional pressures on the Council's in year budget.
<b>Pensions Liability</b>	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries has been engaged to provide the Authority with expert advice about the assumptions to be applied for both the:</p> <p>London Borough of Camden Pension Fund, and</p> <p>London Borough of Camden pension element of the London Pension Fund Authority</p>	See note 41 for the details of the pensions liability.
<b>Property, Plant and Equipment (Depreciation)</b>	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Although the council has a capital programme that is well managed, proactively monitored and reported to management, the current economic climate makes it uncertain that the council will be able to sustain its current spending on repairs and maintenance over the medium term, thus bringing into doubt the useful lives assigned to assets.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls.</p> <p>It should be recognised that:</p> <ul style="list-style-type: none"> <li>• The margin of error in a change in depreciation due to a change in useful lives is not considered to be material.</li> <li>• There are a range of other factors that might also result in a change in the estimate for depreciation such as new acquisitions, enhancements and improvements and revaluation of the assets.</li> </ul>

Item	Uncertainty	Affect if actual results differ from assumptions
<b>Grant Claims yet to be Certified</b>	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 2020/21, the total claim for subsidy was for £152.8m (£168m; 2019/20). The subsidy received for the year was £159.1m and an accrual was made for £6.386m being the amount due to be repaid to Central Government by Camden Council.

## Note 5a Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

2019/20			2020/21			
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
218,338	1,496	219,834	Supporting People	191,489	12,909	204,398
60,221	12,867	73,088	Supporting Communities	50,052	31,295	81,347
80,424	(71,091)	9,333	Corporate Services	6,146	79,935	86,081
22,525	(26,086)	(3,561)	Public Health	22,413	0	22,413
(68,608)	68,298	(310)	Cross Cutting	259	(31)	228
(80,495)	30,714	(49,781)	Housing Revenue Account	12,118	20,365	32,483
0	(735)	(735)	Dedicated Schools Grant	(3,426)	0	(3,426)
232,405	15,463	247,868	Net Cost of Services	279,051	144,473	423,524
(233,786)	(12,469)	(246,255)	Other Income and Expenditure	(355,875)	30,082	(325,793)
(1,381)	2,994	1,613	(Surplus) or Deficit	(76,824)	174,555	97,731
(145,595)			Opening General Fund and HRA Balance	(146,976)		
(1,381)			Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year	(76,824)		
(146,976)			Closing General Fund and HRA Balance at 31 March	(223,800)		

Please see note 27 for further details.

## Note 5b Expenditure and Income analysed by Nature

The Authority income and expenditure is analysed as follows:

2019/20		2020/21
£'000	Nature of Expenditure or Income	£'000
71,770	Depreciation, amortisation, and impairment	80,011
397,499	Employee benefit expenses	447,939
22,914	(Gain) or loss on disposal on non-current assets	(4,622)
34,152	Interest payments and other financing charges	63,429
626,529	Other service expenses	583,274
15,251	Payments to Housing Capital Receipts Pool	4,739
188,385	Precepts and levies	105,862
(35,482)	Revaluation	63,919
<b>1,321,018</b>	<b>Expenditure Total</b>	<b>1,344,551</b>
(330,398)	Fees charges and other service income	(289,031)
(569,766)	Government grants and contributions	(453,355)
(414,131)	Income from council tax and non-domestic rates	(463,838)
(5,110)	Interest and investment income	(33,047)
0	Recharges to External Bodies	(7,549)
<b>(1,319,405)</b>	<b>Income Total</b>	<b>(1,246,820)</b>
<b>(1,613)</b>	<b>(Surplus) or deficit on provision of Services</b>	<b>97,731</b>



## 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 30 September 2022. Events taking place after this date are not reflected in the financial statements or notes.

There have not been any events taking place before this date that have required any material adjustment to the information included within the statement of accounts.

## 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 PPE 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.

2020/21

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments to the Revenue Resources</b>						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements						
Pension cost (transferred to (or from) the Pensions Reserve)	(62,580)	(9,722)	0	0	0	72,302
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	72	0	0	0	0	(72)
Council tax and NDR (transfers to or from the Collection Fund)	(64,498)	0	0	0	0	64,498
Holiday pay (transferred to the Accumulated Absences reserve)	(1,035)	(10)	0	0	0	1,045
Reversal of Capital Grants credited to CIES	8,125				(8,125)	0
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)	(87,126)	(95,997)	0	0	0	183,123
<b>Total Adjustments to Revenue Resources</b>	<b>(207,042)</b>	<b>(105,729)</b>	<b>0</b>	<b>0</b>	<b>(8,125)</b>	<b>320,896</b>

#### Adjustments between Revenue and Capital Resources

Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	19,784	23,079	(42,863)	0	0	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	(86)	86	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	46,247	0	(46,247)	0	0
Special repayment of debt - (Voluntary Repayment of Debt from cap.rec.)	0	0	10,000	0	0	(10,000)
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	6,252	123	0	0	0	(6,375)

2020/21	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	16,298	2,701	0	0	0	(18,999)
<b>Total Adjustments to Revenue and Capital Resources</b>	<b>37,595</b>	<b>72,064</b>	<b>(28,038)</b>	<b>(46,247)</b>	<b>0</b>	<b>(35,374)</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	44,948	0	0	(44,948)
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	82,836	0	(82,836)
Application of capital grants to finance capital expenditure	19,023	9,534	0	0	3,257	(31,814)
<b>Total Adjustments to Capital Resources</b>	<b>19,023</b>	<b>9,534</b>	<b>44,948</b>	<b>82,836</b>	<b>3,257</b>	<b>(159,598)</b>
<b>Total Adjustments</b>	<b>(150,424)</b>	<b>(24,131)</b>	<b>16,910</b>	<b>36,589</b>	<b>(4,868)</b>	<b>125,924</b>

2019/20	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments to the Revenue Resources</b>						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements						
Pension cost (transferred to (or from) the Pensions Reserve)	(32,540)	(6,265)	0	0	0	38,805
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	51	0	0	0	0	(51)
Council tax and NDR (transfers to or from the Collection Fund)	5,831	0	0	0	0	(5,831)
Holiday pay (transferred to the Accumulated Absences reserve)	(537)	(277)	0	0	0	814
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(25,601)	(48,518)	0	0	6,587	67,532
<b>Total Adjustments to Revenue Resources</b>	<b>(52,796)</b>	<b>(55,060)</b>	<b>0</b>	<b>0</b>	<b>6,587</b>	<b>101,269</b>
<b>Adjustments between Revenue and Capital Resources</b>						<b>0</b>
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	23,666	41,447	(65,113)	0	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(15,389)	0	15,389	0	0	0
Posting of HRA resource from revenue to the Major Repairs Reserve	0	48,323	0	(48,323)	0	0
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	6,091	11,367	0	0	0	(17,458)



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

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

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2020/21.

	Balance at 31 March 2020 £'000	Balance at 31 March 2021 £'000					
<b>General fund &amp; HRA Reserves</b>							
Earmarked Reserves	(109,257)	(204,626)					
General Fund Balance	(13,992)	(14,808)					
HRA Balance	(23,727)	(4,366)					
Usable Capital Reserves	(122,531)	(73,901)					
<b>Total General Fund &amp; HRA Reserves</b>	<b>(269,507)</b>	<b>(297,701)</b>					
	Balance at 31 March 2019 £'000	Transfers In £'000	Transfers Out £'000	Balance at 31 March 2020 £'000	Transfers In £'000	Transfers Out £'000	Balance at 31 March 2021 £'000
<b>General Reserve Balances</b>							
General Fund Balances	(13,992)	0	0	(13,992)	(816)	0	(14,808)
	<b>(13,992)</b>	<b>0</b>	<b>0</b>	<b>(13,992)</b>	<b>(816)</b>	<b>0</b>	<b>(14,808)</b>
<b>Housing Revenue Account Balance</b>							
Housing Revenue Account Balance	(31,565)	0	7,838	(23,727)	0	19,361	(4,366)
	<b>(31,565)</b>	<b>0</b>	<b>7,838</b>	<b>(23,727)</b>	<b>0</b>	<b>19,361</b>	<b>(4,366)</b>

	Balance at 31 March 2019 £'000	Transfers In £'000	Transfers Out £'000	Balance at 31 March 2020 £'000	Transfers In £'000	Transfers out £'000	Balance at 31 March 2021 £'000	Purpose of Reserves
<b>Reserves to support on-going revenue activity</b>								
Dedicated Schools Grant	(4,579)	(1,819)	1,084	(5,314)	(3,425)	0	(8,739)	A
Schools Budgets (delegated)	(15,963)	0	2,446	(13,517)	(2,236)	0	(15,753)	B
Multi Year Budget Reserve	(24,453)	(22,777)	6,219	(41,011)	(38,818)	17,101	(62,728)	C
Education Commission	(948)	0	239	(709)	(109)	526	(292)	D
Grant for various initiatives	(2,570)	(15)	155	(2,430)	0	1,619	(811)	E
	(48,513)	(24,611)	10,143	(62,981)	(44,588)	19,246	(88,323)	
<b>Reserves to support the council's service remodelling programme</b>								
Workforce Remodelling/ Cost of Change	(10,748)	(2,008)	7,463	(5,293)	(4,111)	1,480	(7,924)	F
Camden Plan	(2,968)	(125)	1,377	(1,716)	(500)	816	(1,400)	G
	(13,716)	(2,133)	8,840	(7,009)	(4,611)	2,296	(9,324)	
<b>Reserves to support on-going capital activity and asset management</b>								
Future Capital Schemes	(19,745)	(10,000)	6,635	(23,110)	(13,863)	16,511	(20,462)	H
Commercial and other property	(776)	0	0	(776)	0	776	0	I
Haverstock School PFI Reserve	(1,499)	0	130	(1,369)	(130)	260	(1,239)	J
Schools PFI Equalisation Reserve	(2,018)	(500)	0	(2,518)	(482)	0	(3,000)	K
Building Schools for the Future	(464)		0	(464)	0	0	(464)	L
Accommodation Strategy	(3,545)	(935)	233	(4,247)	(1,464)	0	(5,711)	M
	(28,047)	(11,435)	6,998	(32,484)	(15,939)	17,547	(30,876)	

	Balance at 31 March 2019 £'000	Transfers In £'000	Transfers Out £'000	Balance at 31 March 2020 £'000	Transfers In £'000	Transfers Out £'000	Balance at 31 March 2021 £'000	Purpose of Reserves
<b>HRA Earmarked Reserves</b>								
Future Cost Reserve HRA	0	0	0	0	(4,897)	0	(4,897)	S
HRA EMR DMC	0	0	0	0	(144)	0	(144)	T
HRA EMR Feasibility	0	0	0	0	(4,064)	0	(4,064)	T
HRA EMR Cost of Change	0	0	0	0	(131)	0	(131)	T
HRA EMR Lease Ends	0	0	0	0	(1,300)	0	(1,300)	T
HRA EMR Legal Fees	0	0	0	0	(846)	0	(846)	T
HRA EMR Insurance	0	0	0	0	(2,500)	0	(2,500)	T
HRA EMR Heating Pool Surplus	0	0	0	0	(3,418)	0	(3,418)	T
	0	0	0	0	(17,300)		(17,300)	
<b>Reserves to mitigate future service risk</b>								
Self-Insurance Reserve	(4,500)	0	1,000	(3,500)	0	1,000	(2,500)	N
Business Rates Safety Net Reserve	(5,241)	(3,323)	5,294	(3,270)	(33,156)	6,117	(30,309)	O
Future Cost Reserve GF	0	0	0	0	(22,063)	0	(22,063)	P
Tax income guarantee	0	0	0	0	(3,915)	0	(3,915)	Q
	(9,741)	(3,323)	6,294	(6,770)	(59,134)	7,117	(58,787)	
<b>Reserves to support charitable activity</b>								
Mayors Charity Reserve	(22)	(13)	22	(13)	(1)	0	(14)	R
	(22)	(13)	22	(13)	(1)	0	(14)	
<b>Total Earmarked Reserves</b>	<b>(100,039)</b>	<b>(41,515)</b>	<b>32,297</b>	<b>(109,257)</b>	<b>(141,573)</b>	<b>46,206</b>	<b>(204,626)</b>	

<b>Capital Usable Reserves</b>							
Capital Receipts Reserve	(108,934)	(65,113)	93,183	(80,864)	(42,863)	59,772	(63,955)
Capital Grants Unapplied	(11,665)	0	6,587	(5,078)	(8,125)	3,257	(9,946)
Major Repairs Reserve	(18,881)	(48,323)	30,615	(36,589)	(46,247)	82,836	0
	<b>(139,480)</b>	<b>(113,436)</b>	<b>130,385</b>	<b>(122,531)</b>	<b>(97,235)</b>	<b>145,865</b>	<b>(73,901)</b>

### Purpose of Reserve

A	Dedicated Schools Grant	To hold unspent Dedicated Schools Grant which is reserved for the schools budget and which may be carried forward over to future years.
B	Schools Budgets (delegated)	Reserve budgets held by the council on behalf of its schools.
C	Multi Year Budget Reserve	To fund allocations in future years as part of multi-year budgeting.
D	Education Commission	To provide funding to help implement proposals to guide education in the borough
E	Grant for various initiatives	To hold various unspent grant monies that does not have conditions on its use.
F	Workforce Remodelling / 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,
G	Camden Plan	To provide funding to implement projects that support the plan's key priorities.
H	Future Capital Schemes	To provide funding to support the councils costs associated with various capital schemes.
I	Commercial and other property	To provide funding to meet the cost associated with dilapidations and other payments in respect of commercial and other property.
J	Haverstock School PFI Reserve	To hold the balance of funding in respect of the Haverstock School PFI project.
K	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 latter years.
L	Building Schools for the Future	To provide funding for the preparatory work on the Building Schools for the Future Programme



**Purpose of Reserve - continued**

M	Accommodation Strategy	To provide funding to facilitate the Council's accommodation strategy.
N	Self-Insurance Reserve	To provide funding to cover insurance risks, which keeps insurance costs to a minimum.
O	Business Rates Safety Net	To provide funding to cover reduction in retained business rates
P	Future Costs Reserve GF	To provide funding to deal with future years cost pressures within the General Fund
Q	Tax Income Guarantee	To provide funding to cover 75% Tax Income Guarantee to support Collection Fund deficit
R	Mayors Charity Reserve	To hold donations to the Mayor's Charity.
S	Future Costs Reserve HRA	To provide funding to deal with future years cost pressures within the Housing Revenue Account (HRA)
T	Housing Revenue Account Earmarked (EMR) Reserves	To provide funding to support specific activities, depending on the name of the Earmarked Reserve within the ringfenced HRA account for the running of the Council's housing stock.

## Note 9 Other operating expenditure

2019/20		2020/21
£'000		£'000
6,209	Levies	1,749
15,252	Payments to the Government Housing Capital Receipts Pool	4,739
22,914	(Gains)/losses on the disposal of non-current assets	(4,622)
<b>44,374</b>	<b>Total</b>	<b>1,866</b>

## Note 10 Financing and Investment Income and Expenditure

2019/20		2020/21
£'000		£'000
22,955	Interest payable and similar charges	16,679
18,168	Net interest on the defined benefit liability	15,072
(6,565)	Interest receivable and similar income	(1,369)
(24,616)	Income and expenditure in relation to investment properties and changes in their fair value	(14,983)
<b>9,942</b>	<b>Total</b>	<b>15,399</b>

## Note 11 Taxation and Non-Specific Grant Income

2019/20		2020/21
£'000		£'000
(110,684)	Council Tax Income (Precept & Prior Year Collection Fund (surplus)/deficit)	(121,317)*
(126,945)	Contributions from NNDR Pool	(102,262)*
(22,555)	Non-ring-fenced government grants	(82,796)
(40,387)	Capital grants and contributions	(36,683)
<b>(300,571)</b>	<b>Total</b>	<b>(343,058)</b>

\*There was a large deficit due mainly to the increase in collection fund cost arising from loss of business rate income following Covid-19. This is offset by an increase in non-ringfenced government grants, specifically section 31 grant, to compensate for this loss

## Note 12 Property, Plant and Equipment

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

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

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

## Movement on balances in 2020/21

2020/21	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total PPE except Infrastructure
Cost or Valuation - Gross Book Value	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 April 2020</b>	<b>2,565,452</b>	<b>1,271,136</b>	<b>45,144</b>	<b>28,790</b>	<b>21,611</b>	<b>111,301</b>	<b>4,043,434</b>
Additions	69,053	3,825	804	1,932	270	53,496	129,380
Revaluation increases/(decreases) recognised in the revaluation reserve	2,216	12,772	0	0	0	0	14,988
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(34,282)	(29,449)	0	0	0	0	(63,731)
Assets reclassified (to)/from Assets under Construction	0	6,300	0	0	0	(6,300)	0
Assets reclassified (to)/from Held for Sale	0	0	0	0	218	0	218
Assets reclassified (to)/from Investment Property	0	0	0	0	20,000	(148)	19,852
Derecognition – disposals	(12,684)	(2,693)	0	0	(3,539)	0	(18,916)
Accumulated depreciation written off on revaluation to gross book value	(34,341)	(8,147)	0	0	0	0	(42,488)
Other movements in Cost or Valuation	22,152	17,871	0	0	6,454	(46,477)	0
<b>At 31 March 2021</b>	<b>2,577,566</b>	<b>1,271,615</b>	<b>45,948</b>	<b>30,722</b>	<b>45,014</b>	<b>111,872</b>	<b>4,082,737</b>

2020/21	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total PPE except infrastructure
Accumulated Depreciation and Impairment	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 April 2020</b>	<b>(1,894)</b>	<b>(32,765)</b>	<b>(30,321)</b>	<b>(2,002)</b>	<b>(3)</b>	<b>0</b>	<b>(66,985)</b>
Depreciation charge	(34,751)	(20,906)	(3,165)	(472)	0	0	(59,294)
Accumulated depreciation written off on revaluation to gross book value	34,253	8,147	0	0	0	0	42,400
Accumulated impairment written off on revaluation to gross book value	88	0	0	0	0	0	88
Impairment losses/(reversals) recognised in the surplus/deficit on the provision of services	(89)	(296)	0	(22)	(37)	(3,296)	(3,740)
Depreciation written out to the revaluation reserve	0	(28)	0	0	0	0	(28)
Derecognition – disposal	165	506	0	0	0	0	671
Assets reclassified (to)/from Investment Property	0	0	0	0	0	148	148
Other movements in depreciation and impairment	0	320	0	0	(320)	0	0
<b>At 31 March 2021</b>	<b>(2,228)</b>	<b>(45,022)</b>	<b>(33,486)</b>	<b>(2,496)</b>	<b>(360)</b>	<b>(3,148)</b>	<b>(86,740)</b>

Net Book Value	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total PPE except infrastructure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 April 2020</b>	<b>2,563,558</b>	<b>1,238,371</b>	<b>14,823</b>	<b>26,788</b>	<b>21,608</b>	<b>111,301</b>	<b>3,976,412</b>
<b>At 31 March 2021</b>	<b>2,575,338</b>	<b>1,226,593</b>	<b>12,462</b>	<b>28,226</b>	<b>44,654</b>	<b>108,724</b>	<b>3,995,997</b>



## Comparative Movement on balances in 2019/20

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

2019/20	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total PPE except infrastructure
Accumulated Depreciation and Impairment	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 April 2019</b>	<b>(1,682)</b>	<b>(30,124)</b>	<b>(26,847)</b>	<b>(1,592)</b>	<b>0</b>	<b>0</b>	<b>(60,245)</b>
Depreciation charge	(33,754)	(18,356)	(3,474)	(410)	(3)	0	(55,997)
Accumulated depreciation written off on revaluation to gross book value	33,101	15,106	0	0	0	0	48,207
Depreciation written out to the revaluation reserve	0	0	0	0	0	0	0
Derecognition – disposal	442	608	0	0	0	0	1,050
Other movements in depreciation and impairment	(1)	1	0	0	0	0	0
<b>At 31 March 2020</b>	<b>(1,894)</b>	<b>(32,765)</b>	<b>(30,321)</b>	<b>(2,002)</b>	<b>(3)</b>	<b>0</b>	<b>(66,985)</b>

Net Book Value	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total PPE except infrastructure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 April 2019</b>	<b>2,449,621</b>	<b>1,171,946</b>	<b>16,129</b>	<b>25,557</b>	<b>0</b>	<b>125,703</b>	<b>3,788,956</b>
<b>At 31 March 2020</b>	<b>2,563,558</b>	<b>1,238,334</b>	<b>14,823</b>	<b>26,788</b>	<b>21,608</b>	<b>111,301</b>	<b>3,976,412</b>

### Infrastructure Assets

	2019/20	2020/21
	£'000	£'000
<b>Modified Historical Cost</b>		
<b>Net Book Value at 1 April</b>	<b>263,797</b>	<b>277,596</b>
Additions	28,157	24,988
Derecognition	0	0
Depreciation	(14,358)	(15,999)
Impairment	0	0
Other Movements in Cost	0	0
<b>Net Book Value at 31 March</b>	<b>277,596</b>	<b>286,584</b>

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

### Total Property, Plant and Equipment

	31 March 2020	31 March 2021
	£'000	£'000
<b>Net Book Value</b>		
Infrastructure assets	277,596	286,584
Other PPE assets	3,976,412	3,995,997
<b>Total PPE assets</b>	<b>4,254,008</b>	<b>4,282,581</b>

## Depreciation

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

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

## Effect of Changes in Estimates

The Council has determined that the useful life of infrastructure should be amended to represent the pattern of consumption more effectively. Previously, infrastructure was depreciated on a straight-line basis over 40 years. The Council has amended this policy so that a weighted average useful life is used based on apportioning infrastructure balances between categories such as carriageways, footways and structures and applying useful lives to each category ranging from 15 to 50 years. The effect of this change is to increase the depreciation charge in 2020/21 by £6.99m.

## Capital Commitments

At 31 March 2021, the Council has entered a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2020/21 and future years. The major commitments amounting to £1m or more are as follows:

Scheme	£'000
Town Hall Refurbishment	47,428,596
Agar Grove Estate Redevelopment Phase 1	15,564,262
Abbey Road Estate Redevelopment Phase 2	11,206,329
West End Project / Tottenham Court Road Two Way Works	4,089,327
Abbey Road Estate Redevelopment Phase 3	3,283,244
Charlie Ratchford Court	3,216,444
Parliament Hill School Works	3,193,043
Acland Burghley School Works	2,420,591
Regent's Park Estate HS2 Redevelopment	2,309,117
Chalcots Estate Fire Safety Programme	1,923,088
New Laptops and Technology Rollout	1,767,018
Edith Neville School Redevelopment	1,559,776
Rhyl School Works	1,283,813
Chester Road Hostel Accommodation Redevelopment	1,239,148
Highgate Centre Redevelopment	1,038,864
<b>Total</b>	<b>101,522,659</b>

## Revaluations

The Authority carries out a rolling programme of valuations that ensures that all Property, Plant and Equipment required to be measured at current value is re-valued at least every five years. In 2020/21 valuations were carried by qualified external valuers. Valuations are undertaken by a RICS qualified valuer employed by Lambert Smith Hampton Ltd.

The significant assumptions applied in estimating the current values are:

- **Operational Properties**  
Valuations have been prepared on the basis of existing use value (EUV) in accordance with the RICS appraisal and valuation standards.
- **Non-Operational Properties**

Valuations are have been prepared on the basis of Fair market value (FMV) in accordance with the RICS Appraisal and Valuation standards.

- In general terms, properties are assumed to be currently in their existing use and valuations have been arrived at by consideration of comparable property transactions.
- The valuations are based on the market conditions prevailing at the valuation date and relevant adjustments to values have been made following an Impairment Review. No further adjustments have been made for any fall in value, which may have taken place since this date or for the prospects of future growth.

The valuation of the Council's land and buildings as at 31 March 2021 may have been effected by the effects of the Covid-

19 pandemic. The outbreak of Covid-19 may have had a significant impact on property markets and as at the valuation date less weight should be attached to market evidence to inform opinions of value.

- 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 table sets out the Council's property, plant and equipment and which year it was last revalued (if not valued at Historic Cost) to the period ended 31 March 2021:

These values are stated at Gross book Value (and do not include depreciation)

	<b>Council Dwellings</b> £'000	<b>Other Land and building</b> £'000	<b>Vehicles, Plant, Furniture and Equipment</b> £'000	<b>Community</b> £'000	<b>Surplus Assets</b> £'000	<b>Assets Under Construction</b> £'000	<b>Total</b> £'000
Carried at historical cost	0	0	45,948	30,722	7,860	111,872	196,402
Valued at current value as at 31 March:							
2021	2,549,333	467,187	0		21,384	0	3,037,904
2020	7,981	261,033	0		15,770	0	284,784
2019	0	295,300	0		0	0	295,300
2018	0	230,307	0		0	0	230,307
2017	20,252	17,788	0		0	0	38,040
<b>Total Cost / Value</b>	<b>2,577,566</b>	<b>1,271,615</b>	<b>45,948</b>	<b>30,722</b>	<b>45,014</b>	<b>111,872</b>	<b>4,082,737</b>

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



## Note 13 Heritage Assets

There have been no additions, disposals or transfer to or from to the heritage assets portfolio during 2020/21.

	Buildings £'000	Mayoral Regalia and Silverware £'000	Art Collection £'000	Public Sculptures £'000	Total Heritage Assets £'000
<b>Cost or Valuation:</b>					
<b>At 1 April 2020</b>	<b>16</b>	<b>382</b>	<b>423</b>	<b>20</b>	<b>841</b>
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Revaluations	0	0	0	0	0
Depreciation	0	0	0	0	0
<b>At 31 March 2021</b>	<b>16</b>	<b>16</b>	<b>423</b>	<b>423</b>	<b>841</b>
<b>Cost or Valuation:</b>					
<b>At 1 April 2019</b>	<b>16</b>	<b>382</b>	<b>423</b>	<b>20</b>	<b>841</b>
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Revaluations	0	0	0	0	0
Depreciation	0	0	0	0	0
<b>At 31 March 2020</b>	<b>16</b>	<b>382</b>	<b>423</b>	<b>20</b>	<b>841</b>

## Heritage Buildings

The only building that the Council owns that is classed as a heritage asset is the Toll Gate House, Hampstead. This is a Grade II listed building and marks the spot where the road entered the Bishop of London's estate; it has previously won a Civic Trust Award.

More details can be found at:

<https://historicengland.org.uk/advice/heritage-at-risk/search-register/list-entry/48100>.

## Mayoral Regalia & Silverware

The Council has a substantial collection of mayoral regalia and silverware. This collection has been accumulated from regalia held by the councils that, following the reorganisation of local government in the 1960s, came together to form the London Borough of Camden. This is in addition to other regalia and silverware that the Council has itself accumulated since then.

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

## 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. Further information can be found at:

<https://www.camden.gov.uk/public-art-camden>

The collection has come together over many years, mainly from the amalgamation of the collections held by the predecessor councils which formed the London Borough of Camden 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 more valuable pieces, that gave a total valuation of £334,690. In March 2012 Bonham's carried out valuation of the collection which came to £423,499 – the minimum value achievable at auction. This valuation has been applied to the financial accounts. For illustrative purposes, detailed 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	Black and White Ochre	Adrian Heath	Oil on canvas; 1951	50,000
Painting	Manhole I	Prunella Clough	Oil on board	50,000
Painting	Washbowl	John Bratby	Oil on board; 1965	25,000
Painting	Still Life with Cucumber	Robert MacBryde	Oil on canvas; 1969	25,000
Painting	Abstract	Sandra Blow	Oil on board; 1965	18,000
Painting	Composition	Sandra Blow	Oil	15,000

# Note 14 Investment Property

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

2019/20 £'000		2020/21 £'000
(16,842)	Rental income from investment property	(16,888)
3,663	Direct operating expenses arising from investment property	1,717
<b>(13,179)</b>	<b>Net (surplus)/deficit</b>	<b>(15,171)</b>

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council'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 for repairs, maintenance, or enhancement.

The following table summarises the movement in fair value of investment properties during 2020/21 and 2019/20 for comparison.

2019/20 £'000		2020/21 £'000
<b>121,622</b>	<b>Balance at start of year</b>	<b>131,900</b>
0	Adjustment to opening balance	595
94	Additions	0
(595)	Disposals	0
10,757	Net gains/(losses) from fair value adjustments	(187)
22	Transfer (to)/from Property Plant and Equipment	(20,000)
<b>131,900</b>	<b>Balance at end of year</b>	<b>112,308</b>

## Fair Value Measurement

There has been no change in the valuation techniques used by the Council's independent external valuer to assess the fair value of the Council's investment properties.

All investment properties have been categorised by the valuer as falling within Level 2 of the fair value hierarchy based on the valuation techniques used, as the measurement techniques use significant observable inputs not from active markets to determine the fair value measurements. There have been no transfers between levels of the fair value hierarchy.

For more information on valuation techniques, fair value measurement and the fair value hierarchy see Note 1, Accounting Policies.

## 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	Social Care and Software & Licences

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £978k for 2020/21 (£1.415m for 2019/20) 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.

2019/20				2020/21		
Internally Generated Assets	Other Assets	Total		Internally Generated Assets	Other Assets	Total
£'000	£'000	£'000		£'000	£'000	£'000
<b>Balance at start of year:</b>						
0	13,521	13,521	Gross carrying amounts	0	13,989	13,989
0	(9,903)	(9,903)	Accumulated amortisation	0	(11,318)	(11,318)
0	0	0	Opening Balance Adjustment (amortisation)	0	1	1
<b>0</b>	<b>3,618</b>	<b>3,618</b>	<b>Net carrying amount at start of year</b>	<b>0</b>	<b>2,672</b>	<b>2,672</b>
0	0	0	Additions:	0	0	0
0	468	468	Purchases	0	924	924
0	(1,415)	(1,415)	Amortisation for the period	0	(978)	(978)
<b>0</b>	<b>2,671</b>	<b>2,671</b>	<b>Net carrying amount at end of year</b>	<b>0</b>	<b>2,618</b>	<b>2,618</b>
Comprising:						
0	13,989	13,989	Gross carrying amounts	0	14,913	14,913
0	(11,318)	(11,318)	Accumulated amortisation	0	(12,295)	(12,295)
<b>0</b>	<b>2,671</b>	<b>2,671</b>		<b>0</b>	<b>2,618</b>	<b>2,618</b>

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

Fully amortised 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 2020	31 March 2021	31 March 2020	31 March 2021
	£'000	£'000	£'000	£'000
<b>Investments</b>				
Loans and receivables	4,116	4,116	115,842	41,077
Financial assets at Fair value through Profit and Loss	0	0	0	0
<b>Total Investments</b>	<b>4,116</b>	<b>4,116</b>	<b>115,842</b>	<b>41,077</b>
<b>Debtors</b>				
Loans and receivables	7,169	28,578	0	0
Financial assets carried at contract amounts	0	0	80,430	69,668
<b>Total debtors</b>	<b>7,169</b>	<b>28,578</b>	<b>80,430</b>	<b>69,668</b>
<b>Borrowing</b>				
Financial liabilities at amortised cost	(334,118)	(329,436)	(2,391)	(2,827)
Financial liabilities at fair value through profit and loss	0	0	0	0
Other borrowing	0	(4,697)	(87)	(87)
<b>Total borrowing</b>	<b>(334,118)</b>	<b>(334,133)</b>	<b>(2,478)</b>	<b>(2,914)</b>
<b>Other Long Term Liabilities</b>				
PFI and finance lease liabilities	(48,531)	(46,855)	0	(1,704)
Other Long Term liabilities	(93)	(4,496)	0	0
<b>Total other long term liabilities</b>	<b>(48,624)</b>	<b>(51,351)</b>	<b>0</b>	<b>(1,704)</b>
<b>Creditors</b>				
Financial liabilities at amortised cost	0	0	0	0
Financial liabilities carried at contract amount	0	0	(138,954)	(130,024)
<b>Total creditors</b>	<b>0</b>	<b>0</b>	<b>(138,954)</b>	<b>(130,024)</b>



## Financial Assets

	Non-Current Investments		Debtors		Current Investments		Debtors	
	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amortised Cost	4,116	4,116	7,169	28,578	115,842	41,077	80,430	69,668
<b>Total financial assets</b>	<b>4,116</b>	<b>4,116</b>	<b>7,169</b>	<b>28,578</b>	<b>115,842</b>	<b>41,077</b>	<b>80,430</b>	<b>69,668</b>
Non-financial assets	0	0	0	0	0	0	69,667	277,983
<b>Total</b>	<b>4,116</b>	<b>4,116</b>	<b>7,169</b>	<b>28,578</b>	<b>115,842</b>	<b>41,077</b>	<b>150,097</b>	<b>347,651</b>

## Financial Liabilities

	Non Current Borrowings		Creditors		Current Borrowings		Creditors	
	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amortised Cost	(334,118)	(329,436)	(48,531)	(46,855)	(2,391)	(2,827)	(138,954)	(130,024)
<b>Total financial liabilities</b>	<b>(334,118)</b>	<b>(329,436)</b>	<b>(48,531)</b>	<b>(46,855)</b>	<b>(2,391)</b>	<b>(2,827)</b>	<b>(138,954)</b>	<b>(130,024)</b>
Non-financial liabilities	0	(4,697)	(93)	(4,496)	(87)	(87)	(100,401)	(339,438)
<b>Total</b>	<b>(334,118)</b>	<b>(334,133)</b>	<b>(48,624)</b>	<b>(51,351)</b>	<b>(2,478)</b>	<b>(2,914)</b>	<b>(239,355)</b>	<b>(469,428)</b>

### Soft loans made by the authority

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

## Income, Expense, Gains and Losses

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

	Financial Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Financial Assets: Available-for-sale assets	Assets and Liabilities at Fair value through P&L	Total
2020/21	£000	£000	£000	£000	£000
Interest expense	(16,679)	0	0	0	(16,679)
Interest income	0	1,369	0	0	1,369
Gains on derecognition	0	0	0	0	0
<b>Net gain/(loss) for the year</b>	<b>(16,679)</b>	<b>1,369</b>	<b>0</b>	<b>0</b>	<b>(15,310)</b>
Comparative figures for 2019/20					
Interest expense	(22,955)	0	0	0	(22,955)
Interest income	0	6,565	0	0	6,565
Gains on derecognition	0	0	0	0	0
<b>Net gain/(loss) for the year</b>	<b>(22,955)</b>	<b>6,565</b>	<b>0</b>	<b>0</b>	<b>(16,390)</b>

## 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.

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 2020			31 March 2021	
Carrying amount	Fair value		Carrying amount	Fair value
£'000	£'000		£'000	£'000
(207,338)	(270,006)	PWLB – maturity	(207,267)	(283,163)
0	0	PWLB – annuity	0	0
(124,489)	(180,677)	LOBOs	(125,083)	(194,294)
<b>(331,827)</b>	<b>(450,683)</b>	<b>Financial liabilities</b>	<b>(332,350)</b>	<b>(477,457)</b>
<b>0</b>	<b>0</b>	<b>Long-term creditors</b>	<b>(51,351)</b>	<b>(51,351)</b>

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

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

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

31 March 2020			31 March 2021	
Carrying amount	Fair value		Carrying amount	Fair value
£'000	£'000		£'000	£'000
121,675	121,675	Cash	172,683	172,683
109,945	109,945	Deposits with banks and building societies	41,077	41,077
<b>231,620</b>	<b>231,620</b>	<b>Financial assets</b>	<b>213,760</b>	<b>213,760</b>
<b>7,169</b>	<b>7,169</b>	<b>Long-term debtors</b>	<b>28,578</b>	<b>28,578</b>

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

# Note 17 Short-Term Debtors

31-Mar-20 £'000		31-Mar-21 £'000
<b>Government and Public Bodies</b>		
321	Central Government Bodies	105,635
0	Other Local Authorities	104,609
10,475	NHS Bodies	13,093
<b>10,796</b>	<b>Government and Public Bodies (net)</b>	<b>223,337</b>
<b>Other Entities and Individuals</b>		
7,111	Rent Arrears	11,958
15,058	Council Tax Payers	22,820
18,807	NNDR Debtors	18,716
110,059	Other Entities and Individuals	88,413
(56,024)	Less Impairment Allowance	(61,398)
<b>95,011</b>	<b>Other Entities and Individuals (net)</b>	<b>96,011</b>
<b>105,807</b>	<b>Total Debtors</b>	<b>303,846</b>
44,290	Payments in Advance	43,805
<b>150,097</b>	<b>Total Short-Term Debtors</b>	<b>347,651</b>

## Note 18 Cash and Cash Equivalents

31-Mar-20		31-Mar-21
£'000		£'000
34	Cash held by the authority	0
55,278	Bank current accounts	6,316
20,582	Money Market Funds	166,367
<b>75,894</b>	<b>Total cash and cash equivalents</b>	<b>172,683</b>

The Money Market Fund figure has been adjusted to remove monies held on behalf of The North London Waste Authority(NLWA) totalling £162.686m.

## Note 19 Assets held for sale

31-Mar-20		31-Mar-21
£'000		£'000
<b>87,658</b>	<b>Balance outstanding at start of year</b>	<b>36,896</b>
	Assets newly classified as held for sale:	
9,948	- property, plant and equipment	0
3,173	Additions	0
(49,928)	Assets sold	(20,591)
0	Revaluation Losses	0
(13,955)	Declassification from Held for Sale to PPE	(218)
<b>36,896</b>	<b>Balance outstanding at year end</b>	<b>16,087</b>

## Note 20 Creditors

31-Mar-20		31-Mar-21
£'000		£'000
(37,255)	Central Government Bodies	(284,327)
(54,110)	Other Local Authorities	(42,694)
(9,036)	NHS Bodies	(12,383)
(138,954)	Other Entities and Individuals	(130,024)
<b>(239,355)</b>	<b>Total Creditors</b>	<b>(469,428)</b>



# Note 21 Provisions

Provisions for 2020/21	Short Term Provisions			Long Term Provisions		
	Termination Benefits	Business Rates Appeals	Short-Term Provisions Total	Self-Insurance	Utilities	Long-Term Provisions Total
Explanation:	(1) £'000	(2) £'000	£'000	(3) £'000	(4) £'000	£'000
<b>Opening Balance 1 April 2020</b>	<b>78</b>	<b>11,990</b>	<b>12,068</b>	<b>6,498</b>	<b>0</b>	<b>6,498</b>
Additional provisions made in 2020/21	0	10,017	10,017	4,803	3,700	8,503
Amounts used in 2020/21	0	(12,049)	(12,049)	(5,802)	0	(5,802)
<b>Balance as at 31 March 2021</b>	<b>78</b>	<b>9,958</b>	<b>10,036</b>	<b>5,499</b>	<b>3,700</b>	<b>9,199</b>

## (1) Termination Benefits

Provision has been made to meet the estimated costs of staff rationalisation associated with change management within the Council over the forthcoming year. No change to the provision was made in 2020/21.

## (2) Business Rate Appeals

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

For 2020/21 the pooling arrangements changed and consequently Camden's share of the provision changed from 48% of the total provision of £39.96M to 30% at 1 April 2020.

## (3) 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 2021, 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.

## (4) Utilities

Thames Water Provision had been made in the year to meet the estimated costs of reclaims against historical utility charges.

# Note 22 Unusable Reserves

## Unusable Reserves Summary

31 March 2020 Restated £'000		31 March 2021 £'000
(496,809)	Revaluation reserve	(488,564)
(3,298,141)	Capital adjustment account	(3,333,194)
4,686	Financial instruments adjustment account	4,614
645,618	Pensions reserve	741,704
(2,395)	Collection fund adjustment account	62,506
5,543	Accumulates absences reserve	6,588
<b>3,141,498</b>	<b>Total Unusable Reserves</b>	<b>(3,006,346)</b>

## 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 2020 £'000		31 March 2021 £'000
<b>(412,738)</b>	<b>Balance at 1st April</b>	<b>(496,809)</b>
(120,377)	Upward revaluation of assets recognised in the Revaluation Reserve	(20,219)
7,933	Downward revaluation of assets and impairment losses charged to the Revaluation Reserve	5,576
<b>(112,444)</b>	<b>Surplus or deficit on revaluation of non-current assets posted to the Revaluation Reserve</b>	<b>(14,643)</b>
5,801	Difference between fair value depreciation and historical cost depreciation	5,808
22,572	Accumulated gains on assets sold or scrapped	17,080
<b>28,373</b>	<b>Amount written off to the capital adjustment account</b>	<b>22,888</b>
<b>(496,809)</b>	<b>Closing Balance</b>	<b>(488,564)</b>

## Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that are yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

<b>(3,222,077)</b>	<b>Balance at 1 April</b>	<b>(3,298,141)</b>
	<b>Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement:</b>	
70,355	- charges for depreciation and impairment of non-current assets	79,033
(24,725)	- revaluation gains on property, plant and equipment	63,732
1,415	- amortisation of intangible assets	978
6,262	- revenue expenditure funded from capital under statute	953
88,016	- 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	37,924
(28,373)	- adjusting amounts written out of the revaluation reserve	(22,888)
<b>112,950</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>159,732</b>
	<b>Capital financing applied in the year:</b>	
(77,794)	- use of capital receipts reserve to finance new capital expenditure	(44,948)
(30,616)	- use of the major repairs reserve to finance new capital expenditure	(82,836)
(46,983)	- capital grants and contributions credited to the comprehensive income and expenditure statement that have been applied to capital financing	(31,814)
(17,458)	- statutory provision for the financing of capital investment charged against the general fund and HRA balances (MRP)	(6,375)
0	- Special repayment of debt - (Voluntary Repayment of Debt from cap.rec.) (VRP)	(10,000)
(5,406)	- capital expenditure charged against the general fund and HRA balances	(18,999)
<b>(178,257)</b>		<b>(194,972)</b>
(10,757)	Movements in the market value of investment properties debited or credited to the comprehensive income and expenditure statement	187
<b>(3,298,141)</b>	<b>Balance at 31 March</b>	<b>(3,333,194)</b>

2019/20  
£'000

2020/21  
£'000

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

### The Financial Instruments Adjustment Account

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

### Collection Fund Adjustment Account

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

2019/20 £'000		2020/21 £'000
<b>4,740</b>	<b>Balance at 1 April</b>	<b>4,689</b>
(1)	Opening Balance Adjustment	(3)
(53)	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	(72)
<b>4,686</b>	<b>Balance at 31 March</b>	<b>4,614</b>

2019/20 £'000		2020/21 £'000
<b>3,436</b>	<b>Balance at 1 April</b>	<b>(2,395)</b>
(5,831)	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	64,901
<b>(2,395)</b>	<b>Balance at 31 March</b>	<b>62,506</b>

## Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension's funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2019/20		2020/21
£'000		£'000
<b>747,259</b>	<b>Balance at 1 April</b>	<b>645,619</b>
(140,446)	Remeasurement of the defined benefit liability	116,391
90,130	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	72,302
(51,325)	Employer's pensions contributions and direct payments to pensioners payable in the year	(92,608)
<b>645,618</b>	<b>Balance at 31 March</b>	<b>741,704</b>

### Accumulated Absences Reserve

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

2019/20		2020/21
£'000		£'000
<b>4,729</b>	<b>Balance at 1 April</b>	<b>5,543</b>
(4,729)	Settlement or cancellation of accrual made at the end of the preceding year	(5,543)
<b>5,543</b>	<b>Amounts accrued at the end of the current year</b>	<b>6,588</b>
814	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	1,045
<b>5,543</b>	<b>Balance at 31 March</b>	<b>6,588</b>



## Note 23 Cash Flows from Operating Activities

The cash flows for operating activities include the following items:

31-Mar-20		31-Mar-21
£'000		£'000
6,565	Interest received	1,369
(22,955)	Interest paid	(16,679)
0	Dividends received	0

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

31-Mar-20		31-Mar-21
£'000		£'000
70,355	Depreciation & impairment	79,031
(35,482)	Impairment and downward valuations	63,919
1,415	Amortisation	978
13,189	Increase/(decrease) in impairment for bad debts	5,374
17,999	Increase/(decrease) in creditors	246,591
(30,046)	(Increase)/decrease in debtors	(235,481)
(35)	(Increase)/decrease in inventories	(36)
18,175	Increase/(decrease) in provisions	(6,525)
38,805	Movement in pension liability	72,302
88,016	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	38,240
(2,185)	Other non-cash items charged to the net surplus or deficit on the provision of services	47,535
<b>180,206</b>		<b>311,928</b>

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

31-Mar-20		31-Mar-21
£'000		£'000
(22,568)	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	13,288
(65,113)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(42,863)
(32,266)	Any other items for which the cash effects are investing or financing cash flows	(38,038)
<b>(119,947)</b>		<b>(67,613)</b>

## Note 24 Cash Flows from Investing Activities

31-Mar-20		31-Mar-21
£'000		£'000
(171,688)	Purchase of property, plant and equipment, investment property and intangible assets	(155,291)
87,764	Purchase of short-term and long-term investments	74,765
65,113	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	42,863
(16,390)	Other receipts from investing activities	(15,310)
<b>(35,201)</b>	<b>Net cash flows from investing activities</b>	<b>(52,973)</b>

## Note 25 Cash Flows from Financing Activities

31-Mar-20 £'000		31-Mar-21 £'000
0	Cash receipts of short-term and long-term borrowings	0
0	Other receipts from financing activities	0
0	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	2,727
677	Repayments of short-term and long-term borrowing	451
(12,832)	Other payments for financing activities	0
<b>(12,155)</b>	<b>Net cash flows from financing activities</b>	<b>3,178</b>

## Note 26 Reconciliation of Financial Liabilities from Financing Activities

	01-Apr-20 '000 £'000	Financing Cash Flows £'000	Other non-cash changes £'000	31-Mar-21 £'000
Long-term borrowings	(334,118)	(15)	0	(334,133)
Short term borrowings	(2,478)	(436)	0	(2,914)
Long Term , Lease & PFI liabilities	(48,624)	(2,727)	0	(51,351)
<b>Total Liabilities from financing activities</b>	<b>(385,220)</b>	<b>(3,178)</b>	<b>0</b>	<b>(388,398)</b>

## Note 27 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 2020/21. 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:

2020/21

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 Capital, pension and Other Statutory Differences £'000	Other Non-Statutory changes £'000	Total Adjustments £'000
Supporting People	33,969	(21,612)	552	12,909	0	12,909
Supporting Communities	35,002	(4,067)	360	31,295	0	31,295
Corporate Services	6,326	80,083	187	86,596	(6,661)	79,935
Public Health	0	0	0	0	0	0
Cross Cutting	0	(31)	0	(31)	0	(31)
Housing Revenue Account	25,096	2,857	10	27,963	(7,598)	20,365
Dedicated Schools Grant	0	0	0	0	0	0
<b>Net Cost of Services</b>	<b>100,393</b>	<b>57,230</b>	<b>1,109</b>	<b>158,732</b>	<b>(14,259)</b>	<b>144,473</b>
Other income and expenditure from the Expenditure and Funding Analysis	28,358	15,072	57,987	101,417	(71,335)	30,082
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>128,751</b>	<b>72,302</b>	<b>59,096</b>	<b>260,149</b>	<b>(85,594)</b>	<b>174,555</b>

2019/20	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Statutory Differences (Note 3)	Total of Capital, pension and Other Statutory Differences	Other Non-Statutory changes	Total Adjustments
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	£'000	£'000	£'000	£'000	£'000	£'000
Supporting People	22,231	8,079	0	30,310	(28,814)	1,496
Supporting Communities	28,886	2,151	317	31,354	(18,487)	12,867
Corporate Services	(83,005)	7,098	217	(75,690)	4,599	(71,091)
Public Health	0	0	0	0	(26,086)	(26,086)
Cross Cutting	0	0	0	0	68,298	68,298
Housing Revenue Account	149,793	2,563	277	152,633	(121,919)	30,714
Dedicated Schools Grant	0	0	0	0	(735)	(735)
<b>Net Cost of Services</b>	<b>117,905</b>	<b>19,891</b>	<b>811</b>	<b>138,607</b>	<b>(123,144)</b>	<b>15,463</b>
Other income and expenditure from the Expenditure and Funding Analysis	(91,567)	18,914	(5,824)	(78,477)	66,008	(12,469)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>26,338</b>	<b>38,805</b>	<b>(5,013)</b>	<b>60,130</b>	<b>(57,136)</b>	<b>2,994</b>

## 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

- 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.

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



## Note 28 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 2020/21 a net payment from the NLWA of £2.696m (£2.243m in 2019/20).

## Note 29 Pooled Budgets

The Better Care Fund (BCF) is the result of an agreement between the Council and Camden Clinical Commissioning Group (CCCG) under Section 75 of the NHS Act 2006 to enable further integrated working between Camden Council and the NHS. Under the 20/21 Section 75 pooled budget agreement, the Council contributed £1.047m capital and £12.496m revenue funds. The CCCG agreed to make revenue contribution of a maximum of £23.183m. The CCCG planned contribution of £23.183m included £1m risk share payment, which was withheld at CCCG.

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

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 Camden Council, Camden CCG, Islington CCG and Islington Council. This is not a formal pooled budget agreement.

	2019/20 £'000	2020/21 £'000
Contributions to the pool:		
-The Authority	(13,420)	(13,543)
-Camden Clinical Commissioning Group	(18,283)	(23,183)
	(31,703)	(36,726)
Expenditure to be met from the pool:		
-The Authority	21,503	21,843
-Camden Clinical Commissioning Group	9,726	10,976
	31,229	32,819
<b>Net (Surplus)/Deficit arising on the pooled budget in year</b>	<b>(474)</b>	<b>(3,907)</b>
Authority Share of the (surplus) / deficit arising on the pooled budget	0	(808)
CCCG Share of the (surplus) / deficit arising on the pooled budget*	(474)	(3,099)

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 the event that the parties to the Section 75 agreement decide to dissolve the pool, then the first call on this reserve would be to fund existing costs, with any remaining resources being returned to CCCG.

## Note 30 Members' Allowances

During 2020/21, allowances were paid to Members of the authority (councillors) as follows:

2019/20 £'000		2020/21 £'000
984	Allowances	1,009
1	Expenses	1
<b>985</b>	<b>Total</b>	<b>1,010</b>

Payments were made to Members in accordance with the Members' Allowances Scheme for the same financial year.

Details of the Members' Allowances Scheme and of payments made to individual councillors in accordance with the Scheme can be found at: <https://www.camden.gov.uk/councillors-allowances>.

# Note 31 Officers' Remuneration

## a) Payments to Chief Officers

The remuneration paid to the Council's senior employees is as follows:

2020/21

Job Title <sup>A</sup>	Salary, fees and allowances	Variable pay <sup>B</sup>	Expenses allowances <sup>C</sup>	Loss of office payment <sup>D</sup>	Employer's pension contributions	Total
	£	£	£	£	£	£
Chief Executive (Jenny Rowlands)	180,250	13,125	-	-	38,923	<b>232,298</b>
Executive Director Supporting People and Deputy Chief Executive (Martin Pratt)	168,676	11,940	-	-	34,678	<b>215,294</b>
Executive Director Corporate Services (Jon Rowney)	151,391	11,050	-	-	32,915	<b>195,356</b>
Executive Director Supporting Communities	140,400	6,259	-	-	28,159	<b>174,818</b>
Borough Solicitor	136,947	6,664	-	-	29,056	<b>172,667</b>
Director of Adult Social Care <sup>E</sup>	108,210	-	-	-	20,776	<b>128,986</b>
Director of People and Inclusion	104,051	6,003	-	-	21,130	<b>131,184</b>

<sup>A</sup> Officers whose salary is £150,000 or more are also identified by name.

<sup>B</sup> One off non-consolidated payment based on performance.

<sup>C</sup> The total amount of sums paid by way of expenses and subject to income tax.

<sup>D</sup> 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.

<sup>E</sup> The Director of Adult Social Care started on 20 April 2020.

The Director of Public Health is employed by London Borough of Islington and details of their pay are therefore included in the London Borough of Islington's Statement of Accounts.

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 in the above tables as these are declared in the accounts of the NLWA.

There were no other benefits received by the above officers otherwise than in cash not already included in the other categories.

There were no elections held in the year 2020/2021 due to Covid-19 for which additional payments would have been made to the Returning Officer.

For the previous financial year, payments to senior employees were as follows:

2019/20

Job Title <sup>A</sup>	Salary, fees and allowances	Variable pay <sup>B</sup>	Expenses allowances <sup>C</sup>	Loss of office payment <sup>D</sup>	Employer's pension contributions	Total
	£	£	£	£	£	£
Chief Executive (Jenny Rowlands)	175,000	7,650	-	-	35,824	<b>218,474</b>
Executive Director Supporting People and Deputy Chief Executive (Martin Pratt)	158,602	7,804	-	-	32,053	<b>198,459</b>
Executive Director Corporate Services (Jon Rowney)	151,987	11,050	-	-	30,444	<b>193,481</b>
Executive Director Supporting Communities <sup>E</sup>	83,468	-	-	-	15,608	<b>99,076</b>
Borough Solicitor	133,281	6,533	-	-	27,523	<b>167,337</b>
Director of People and Inclusion	100,049	5,814	-	-	19,796	<b>125,659</b>
Director of Regeneration and Planning / Joint Acting Executive Director Supporting Communities <sup>G</sup>	122,094	5,306	-	-	23,824	<b>151,224</b>
Director of Adult Social Care / Acting Executive Director Supporting Communities <sup>F</sup>	76,880	7,108	-	-	15,706	<b>99,694</b>

<sup>A</sup> Officers whose salary is £150,000 or more are also identified by name.

<sup>B</sup> One off non-consolidated payment based on performance.

<sup>C</sup> The total amount of sums paid by way of expenses and subject to income tax.

<sup>D</sup> 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.

<sup>E</sup> Joined Camden 19 August 2019

<sup>F</sup> Left Camden on 3 November 2019 after holding both roles jointly from 1 April 2019; unpaid leave 28 October 2019 to 1 November 2019)

<sup>G</sup> Held both roles jointly from 1 April 2019 until 4 September 2019, before reverting to being solely Director of Regeneration and Planning.

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.

In 2019/20 there were two unscheduled Statutory Elections and one Local Council By-election for which the Chief Executive received payments for work as the Returning/Counting officer. These are not shown in the figures above. The European Parliamentary Election in May 2019 and the UK Parliamentary Elections held in December 2019 led to a number of senior officers receiving payments for work on behalf of the Returning/Counting Officer. As payments for work on behalf of the Returning Officer for these elections are not made by the Council itself, these payments are not part of the Council's remuneration payments to senior officers. Payments for work on the Local Council Ward By-election was paid by the Council on behalf of the Returning/Counting Officer but as this was combined with the December UK Parliamentary Election the payment was reduced.

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## **b) Remuneration of officers earning above £50,000**

The number of staff receiving remuneration in the year in excess of £50,000 is shown below in bands. 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.

2020/21

Pay band £	Non-schools		Community Schools		Voluntary Aided Schools		Total
	Employed at 31.03.21	Left before 31.03.21	Employed at 31.03.21	Left before 31.03.21	Employed at 31.03.21	Left before 31.03.21	
£ 50,000 - £ 54,999	189	8	129	6	64	0	396
£ 55,000 - £ 59,999	129	3	84	2	39	0	257
£ 60,000 - £ 64,999	78	4	54	0	25	0	161
£ 65,000 - £ 69,999	24	1	28	0	10	1	64
£ 70,000 - £ 74,999	32	1	13	0	13	1	60
£ 75,000 - £ 79,999	17	0	17	1	10	0	45
£ 80,000 - £ 84,999	26	3	11	1	2	0	43
£ 85,000 - £ 89,999	9	0	5	0	4	0	18
£ 90,000 - £ 94,999	10	0	3	1	2	0	16
£ 95,000 - £ 99,999	1	1	2	0	1	0	5
£100,000 - £104,999	3	0	6	0	0	0	9
£105,000 - £109,999	2	0	1	0	2	1	6
£110,000 - £114,999	2	0	4	0	1	0	7
£115,000 - £119,999	2	0	1	0	0	0	3
£120,000 - £124,999	3	0	2	0	0	0	5
£125,000 - £129,999	0	0	0	0	1	1	2
£130,000 - £134,999	2	0	0	0	0	0	2
£135,000 - £139,999	1	0	0	0	0	0	1
£140,000 - £144,999	1	0	0	0	0	0	1
£145,000 - £149,999	1	0	0	0	0	0	1
£150,000 - £154,999	0	0	0	0	1	0	1
£155,000 - £159,999	1	0	0	0	0	0	1
£160,000 - £164,999	1	0	0	0	0	0	1
£165,000 - £169,999	0	0	0	0	0	0	0
£170,000 - £174,999	0	0	0	0	0	0	0
£175,000 - £179,999	0	0	0	0	0	0	0
£180,000 - £184,999	1	0	0	0	0	0	1
£185,000 - £189,999	0	0	0	0	0	0	0
£190,000 - £194,999	1	0	0	0	0	0	1
<b>Total</b>	<b>536</b>	<b>21</b>	<b>360</b>	<b>11</b>	<b>175</b>	<b>4</b>	<b>1107</b>



2019/20

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

## Note 32 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 Council's external auditors:

	2019/20 £'000		2020/21 £'000
126		Fees payable to the external auditor regarding external audit services carried out by the appointed auditor for the year	126
20		Fees payable to the external auditor for the certification of grant claims and returns for the year	26
12		Fees Payable to in return for grant claims and returns for the year	12
0		Additional Fees Payable for overruns to the 2019/20 costs	60
<b>158</b>	<b>Total</b>		<b>224</b>

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

## Note 33 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:

2019/20				2020/21		
Central Expenditure £'000	ISB £'000	Total £'000		Central Expenditure £'000	ISB £'000	Total £'000
		<b>(172,734)</b>	Final DSG for the financial year			<b>177,275</b>
		<b>11,207</b>	Academy figures recouped			<b>(11,923)</b>
		<b>(4,578)</b>	Brought forward from the previous year			<b>(5,313)</b>
		<b>4,578</b>	Carry forward to next financial year agreed in advance			<b>5,312</b>
(27,256)	(134,271)	<b>(161,527)</b>	Agreed budgeted distribution in the year	(26,758)	(138,594)	<b>(165,352)</b>
21	(21)	<b>0</b>	In year adjustment	(9)	9	<b>0</b>
(27,235)	(134,292)	<b>(161,527)</b>	Final budget distribution for year	(26,768)	(138,584)	<b>(165,352)</b>
27,572	0	<b>27,572</b>	Actual central expenditure	26,749	0	<b>26,749</b>
0	133,221	<b>133,221</b>	Actual ISB deployed to schools	0	135,178	<b>135,177</b>
			Local authority contribution for this year	(19)	(3,407)	<b>(3,426)</b>
337	(5650)	<b>(5,313)</b>	(Carry forward)/Drawdown of DSG this year	0	(5,313)	<b>(5,313)</b>
		<b>(5,313)</b>	<b>Total DSG carry forward</b>	<b>(19)</b>	<b>(8,720)</b>	<b>(8,739)</b>

# Note 34 Grant Income

The authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statements in 2020/21

2019/20	Credited to taxation and non-specific grant income	2020/21
£'000		£'000
(10,819)	Business Rate Grants	(3,376)
(5,166)	New Homes Bonus	(5,826)
(1,845)	Housing and Council Tax Benefits Administration Grant	(1,853)
(1,332)	Flexible Homelessness Support Grant	(2,058)
(1,237)	Other Grants Revenue	0
(786)	Independent Living Fund (ILF)	(786)
(845)	Business Rates collection grant	(1,290)
(525)	Education Services Grant	0
0	Revenue Support Grant	(22,681)
0	Small Business GF Retail Hosp and Leis	(3,644)
	<b>Covid -19 - Non ringfenced grants</b>	
0	S31 Grants*	(69,992)
0	Covid-19 LA Support Grant	(17,466)
0	Sales Fees and Charges Support Grant	(13,825)
0	75% TIG due to authority in S31 Grant	(3,915)
0	Local Authority Discretionary Grant	(6,549)
0	Covid Winter Grant Scheme	(783)
0	Covid -19 Hardship Fund	(3,120)
<b>(22,555)</b>	<b>Total Revenue Grants</b>	<b>(157,164)</b>

\* Section 31 Grant has increased to compensate for loss of Business Rate income arising from Covid-19 pandemic in 2020/21 and 2021/22

## Note 34 Grant Income continued

2019/20	Credited to Services (I&E Statement)	2020/21
£'000		£'000
(172,573)	Housing Benefit Subsidy	(164,048)
(155,482)	Dedicated Schools Grant (DSG)	(164,923)
(26,085)	Public Health Grant	(27,145)
(11,457)	Young People's Learning Agency	(11,645)
(9,544)	Pupil Premium Grant	(9,199)
(7,972)	Other Grants	(3,753)
(8,461)	PFI Grants	(5,562)
(5,502)	Housing PFI grant	(2,899)
(11,210)	Improved Better Care Fund	(12,496)
0	Better Care Fund	(22,184)
(1,709)	Adult Social Care Support Grant	(7,839)
(2,815)	Asylum Seeking Unaccompanied Children	(3,965)
(26,725)	Additional DfE Grants (not DSG)	(3,257)
0	Teachers Pension Grant	(10,729)
(9,058)	Other Grants Covid-19	(1,676)
0	Infection Control Fund	(1,380)
0	Innovation Fund	(504)
0	Workforce Capacity Fund	(643)
0	Troubled Families Earned Autonomy Grant	(891)
0	Disabled Facilities Grant	(1,047)
0	Teachers Pay Grant	(1,538)
0	National Leisure Recovery Fund	(600)
0	Partners in Practice - Understanding Excellence	(1,133)
0	Contain Outbreak Management Fund	(4,320)
(845)	Complex Families Support Grant	0
(1,386)	Winter Pressures	0
(811)	Rough Sleeping	(1,555)
0	Community Discharge Grant	(519)
0	Community Learning Grant	(1,577)
0	Next Step Accommodation programme	(1,139)
0	Local Authority Covid-19 Test and Trace Service Support Grant	(3,225)
(349)	Transport for London	0
0	Crime Reduction Grant	(478)
<b>(451,984)</b>	<b>Total</b>	<b>(471,869)</b>

## Note 34 Grant Income continued

2019/20	Capital Grants & Contributions Applied	2020/21
£'000		£'000
(21,761)	S106 Recognised in I&E	(14,925)
(3,150)	Homes and Community Agencies	(4,917)
(8,761)	Transport for London	(5,520)
(4,143)	Standards Fund Capital	(1,370)
(2,172)	Other small grants & Contributions	(1,115)
(400)	Disabled Facilities Grant	(710)
0	Community Infrastructure Levy	(3,257)
<b>(40,387)</b>	<b>Total</b>	<b>(31,814)</b>

2019/20	Capital Grant Receipts in Advance	2020/21
£'000		£'000
<b>Included in Short Term Liabilities</b>		
0	HS2 Mitigation Measures	(4,256)
0	Standards Fund Capital Grant	(4,255)
(578)	S106 12 Smyrna Road Hampstead	(2,187)
0	Other Capital Grants less than £200k	(871)
0	S278 Euston Beaumont Gower	(310)
	DoH Hse & Tech Grant for LD	(250)
<b>(578)</b>	<b>Total</b>	<b>(12,129)</b>
<b>Included in Long Term Liabilities</b>		
(72,305)	Section 106	(74,041)
<b>(72,305)</b>	<b>Total</b>	<b>(74,041)</b>
<b>(72,883)</b>	<b>Total Capital Grants receipts in advance</b>	<b>(86,170)</b>

## Note 35 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.

### Pension Fund

The Fund is administered by the London Borough of Camden. As at 31 March 2021 the Fund owed the Council £21.4m (£10.2m as at 31 March 2020).

### 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 2020/21 is shown in Note 30.

With regard to related party disclosures for 2020/21, a review of the Members' register of interests shows that 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. The register of Members' interests is available for public inspection at the Crowndale Centre and each councillor's individual register of interests can be viewed on their webpage profile accessible via [www.camden.gov.uk/democracy](http://www.camden.gov.uk/democracy).

### Chief Officers

With regard to 2020/21, all Chief Officers have returned related party disclosures and no interests have been declared except for responsibilities in respect of the North London Waste Authority (NLWA) and Camden Living disclosed later in this note.

### Local Health Trusts

The Council received £43.49m from Local Health Trusts and Clinical Commissioning Groups during the year for the provision of combined health and community care services (£35.06m in 2019/20).

### North London Waste Authority (NLWA)

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

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



In 2020/21, the Council paid £5.695m (£5.555m in 2019/20) to the NLWA and received £2.696m (£2.243m in 2019/20). The Council held £162.69m on behalf of NLWA at 31 March 2021 (£109.29m as of 31 March 2020); this has been excluded from the Council's balance sheet. Further disclosures in respect of NLWA are shown in note 28 on agency services.

### Camden Living

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

Camden Living has purchased 65 residential units from the Council valued at £8.476m from the Council. This was funded via a loan of £5.085m and share premium of £3.391m. The Council holds 104 ordinary shares at a value of £1 each.

The accrued interest on the loan to Camden Living is £134,610 as at 31 March 2021 (£27,000 as at 31 March 2020).

# Note 36 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in this table (including the value of assets acquired under finance leases and Private Finance Initiative (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 Council, 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.

2019/20 £'000		2020/21 £'000
<b>628,052</b>	<b>Opening Capital Financing Requirement</b>	<b>633,015</b>
<b>Capital investment</b>		
	Capital expenditure:	
167,953	- Property, plant and equipment	154,367
3,173	- Assets held for sale	0
94	- Investment properties	0
468	- Intangible assets	924
6,262	- Revenue expenditure funded from capital under statute	1,641
<b>177,950</b>	<b>Total</b>	<b>156,932</b>
<b>Sources of finance</b>		
77,794	Capital receipts	27,803
46,983	Government grants and other contributions	31,814
	Sums set aside from revenue:	
5,406	- Direct revenue contributions	18,999
(5,270)	- Pre-application of capital receipts	17,145
30,616	Major Repairs Reserve	82,836
0	Special repayment of debt - (VRP from cap.rec.)	10,000
10,626	- Minimum Revenue Provision (MRP)	4,918
6,832	- MRP in relation to Private Finance Initiatives	1,457
<b>172,987</b>	<b>Total</b>	<b>194,972</b>
<b>633,015</b>	<b>Closing Capital Financing Requirement</b>	<b>594,975</b>
<b>4,963</b>	<b>Change in CFR</b>	<b>(38,040)</b>

2019/20		2020/21
£'000		£'000
	<b>Explanation of movements in year</b>	
17,151	Increase in underlying need to borrowing (unsupported by government financial assistance)	(4,520)
5,270	Pre-application of capital receipts	(17,145)
0	Special repayment of debt - (VRP from cap.rec.)	(10,000)
(10,626)	Minimum Revenue Provision (MRP)	(4,918)
(6,832)	MRP in relation to Private Finance Initiatives	(1,457)
0	MRP in relation to finance leases	0
<b>4,963</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>(38,040)</b>

# Note 37 Leases

Authority as Lessee

## Finance Leases

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

31 March 2020 £'000		31 March 2021 £'000
	Vehicles, Plant, furniture and equipment	
390		94
390		94

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 2020 £'000		31 March 2021 £'000
	Finance lease liabilities (net present value of minimum lease payments):	
92	- current	11
(6)	- non-current	0
	Finance costs payable in future years	
86	Minimum lease payments	11

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

	Minimum Lease Payments		Finance Lease Liabilities	
	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000
Not later than one year	92	0	92	11
Later than one year and not later than five years	(6)	0	(6)	0
Later than five years	0	0		0
	86	0	86	11

Payments incurred in respect of finance leases are shown below:

31 March 2020 £'000		31 March 2021 £'000
1	Financing Costs	1
47	Finance Lease Liabilities	29
48		30

## Operating Leases

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

31 March 2020 £'000		31 March 2021 £'000
20	Not later than one year	26
19	Later than one year and not later than five years	40
0	Later than five years	0
39	Minimum lease payments	66

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

31 March 2020 £'000		31 March 2021 £'000
35	Minimum lease payments	26
0	Contingent rents	0
35		26

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

Based on estimates of the fair values of the assets were they to be acquired in a commercial environment, it is estimated that Camden would have paid £1.415m for the use of these assets in 2020/21 (£1.415m in 2019/20).

## 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 2020 £'000		31 March 2021 £'000
10,510	Not later than one year	9,941
28,890	Later than one year and not later than five years	28,118
37,101	Later than five years	35,189
76,501		73,248

## Note 38 Private Finance Initiatives and similar contracts

PFI contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment (PPE) needed to provide the services passes to the PFI contractor. As the council is deemed to control the services that are provided under its PFI schemes and as ownership of the PPE will pass to the council at the end of the contracts for no additional charge, the council carries the PPE used under the contracts on the Balance Sheet.

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

### Haverstock School PFI

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

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

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

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

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

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
Payable in 2021/22	1,247	569	765	2,581
Payable between two to five years	5,085	2,973	2,541	10,599
Payable between six to ten years	5,363	5,545	1,345	12,253
Total	11,695	9,087	4,651	25,433

expenditure incurred is as follows:

2019/20 £000		2020/21 £000
9,892	Balance outstanding at 1 April	9,516
(376)	Payments during the year	(429)
9,516	Balance outstanding at 31 March	9,087

## 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 Statement of Accounts, the scheme has been treated as a Contingent Asset.

	Payment for Services £'000	Interest £'000	Total £'000
Payable in 2020/21	0	0	0
Payable between two to five years	0	0	0
Payable between six to ten years	0	0	0
Total	0	0	0

The Council 'stepped in' (having served the appropriate notice on the contractor) to the PFI contractual for the Chalcot Estate in July 2017 following concerns that the contractor was failing to meet its contractual obligations regarding maintaining the building in a state that was fit for habitable use. The Council took direct control of carrying out essential fire

safety work to ensure they were completed as soon as possible and to the highest standard. In taking these steps the Council was acting pursuant to and fully in compliance with the PFI contract. Following further review in July 2018 the Council stepped in again, having served the appropriate notice, to take over direct running of the estate to ensure all repair and maintenance work was carried out and the highest levels of resident safety were maintained. Again this was pursuant to provisions within the contract.

The Council formally ended the PFI contract on 7 June 2020.

No contract payments have been included in the cost of services in the Housing Revenue Account in 2020/21.

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:

2019/20 £'000		2020/21 £'000
16,213	Balance outstanding at 1 April	0
(16,213)	Removal of liabilities following PFI termination	0
0	Balance outstanding at 31 March	0

### 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):

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:

2019/20 £000		2020/21 £000
41,539	Balance outstanding at 1 April	40,489
(1,050)	Payments during the year	(1,028)
40,489	Balance outstanding at 31 March	39,461

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
Payable in 2021/22	2,640	1,124	3,764	7,528
Payable between two to five years	11,159	5,836	13,817	30,812
Payable between six to ten years	15,928	10,632	13,670	40,230
Payable between eleven to fifteen years	19,134	15,488	7,745	42,367
Payable between sixteen to twenty years	6,629	6,380	838	13,847
Payable between twenty-one to twenty-five years	0	0	0	0
Total	55,490	39,460	39,834	134,784



## Note 39 Termination Benefits

The Council continued to engage in salary savings activity in the financial year 2020-21, where it undertakes its Medium-Term Financial Strategy. Nonetheless, 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 2020-21, the Council has charged to the Comprehensive Income and

Expenditure Statement a total of £1.457m for the termination of contracts that have occurred during 2020-21. This is for the termination of 43 employee contracts spread across the full range of Council services.

The table below provides an analysis of the exit packages approved during 2020-21. 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 2020-21.
- 'voluntary redundancies': wherever possible, redundancies have been minimised through the use of a variety of measures including the use of voluntary redundancy in 2020-21.

	Number of compulsory redundancies		Number of other departures agreed		Total departures per band		Cost of compulsory redundancies (nearest thousand pounds)		Cost of other departures agreed (nearest thousand pounds)		Total cost of exit packages per band	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000
£0 - £20,000	27	11	36	9	63	20	299	90	350	72	649	162
£20,001 - £40,000	14	3	10	7	24	10	384	82	290	198	674	280
£40,001 - £60,000	6	1	7	2	13	3	287	53	353	95	640	148
£60,001 - £80,000	1	2	3	2	4	4	71	146	217	124	288	270
£80,001 - £100,000	1	4	0	1	1	5	97	344	0	93	97	437
£100,001 - £150,000	0	0	2	0	2	0	0	0	227	0	227	0
£150,001 - £200,000	0	1	0	0	0	1	0	159	0	0	0	159
<b>Total</b>	<b>49</b>	<b>22</b>	<b>58</b>	<b>21</b>	<b>107</b>	<b>43</b>	<b>1,138</b>	<b>874</b>	<b>1,437</b>	<b>582</b>	<b>2,575</b>	<b>1,456</b>

# Note 40 Pensions Schemes Accounted for as Defined Contribution Schemes

## Teachers Pensions

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 2020/21 the Council paid £14.704m to Teachers' Pensions in respect of teachers' retirement benefits (£12.697m in 2019/20), representing 23.7% of pensionable pay (20.7% in 2019/20). As a proportion of the total contributions into the Teachers'

Pension Scheme during the year ending 31 March 2021, the Council's own contributions equate to approximately 70.2%. There were no contributions remaining payable at the year-end.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 41.

# Note 41 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 Pension Fund Authority
- Teachers' Pension Scheme

For the purposes of this Statement of Accounts, the Teachers' Pension Scheme is accounted for on the same basis as a defined contribution scheme, and disclosed in the preceding Note 40.

The Local Government Pension Fund's actuaries determine the employer's contribution rate based on triennial actuarial valuations. The last review was undertaken at 31 March 2019, setting the contribution rates from 2020/21 to 2022/23. The Fund is currently in the process of being valued based on 31 March 2022 assets and liabilities.

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 Fund's actuary.

The capital cost of discretionary increases in pension payments (e.g. discretionary added years) agreed by the authority in 2020/21 was nil (nil in 2019/20).

## 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:

Camden £'000	2019/20 LPFA £'000	Total £'000		Camden £'000	2020/21 LPFA £'000	Total £'000
<b>Comprehensive Income &amp; Expenditure Statement</b>						
Cost of Services:						
67,153	247	<b>67,400</b>	- current service cost	56,445	187	<b>56,632</b>
4,344	0	<b>4,344</b>	- past service costs/(gains)	197	0	<b>197</b>
0	0	<b>0</b>	- settlement and curtailments	341	60	<b>401</b>
		<b>0</b>	Financing and Investment Income and Expenditure			<b>0</b>
18,202	(34)	<b>18,168</b>	- net interest cost	15,081	(9)	<b>15,072</b>
<b>89,699</b>	<b>213</b>	<b>89,912</b>	<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>72,064</b>	<b>238</b>	<b>72,302</b>
Other Post-employment Benefit Charged to The Comprehensive Income and Expenditure Statement						
<i>Re-measurement of the net defined benefit liability comprising:</i>						
146,889	1,318	<b>148,207</b>	- Return on plan assets (excluding the amount included in the net interest charge)	(388,758)	(6,447)	<b>(395,205)</b>
(48,731)	1,269	<b>(47,462)</b>	- re-measurement of the defined benefit liability arising on changes in demographic assumptions	26,862	(480)	<b>26,382</b>
(185,844)	(3,365)	<b>(189,209)</b>	- re-measurement of the defined benefit liability arising on changes in financial assumptions	503,414	7,047	<b>510,461</b>
(53,585)	(131)	<b>(53,716)</b>	- Other	(21,729)	0	<b>(21,729)</b>
<b>(51,572)</b>	<b>(696)</b>	<b>(52,268)</b>	<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>191,853</b>	<b>358</b>	<b>192,211</b>

2019/20			Movement in Reserves Statement	2020/21		
Camden £'000	LPFA £'000	Total £'000		Camden £'000	LPFA £'000	Total £'000
(89,699)	(431)	<b>(90,130)</b>	Reversal of net charges made to the (Surplus) or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(72,064)	(238)	<b>(72,302)</b>
			Actual amount charged against the General Fund Balance for Pensions in the year			
51,138	187	<b>51,325</b>	Employers' contributions payable to scheme	92,431	177	<b>92,608</b>

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

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

2019/20			Pensions Assets and Liabilities recognised in the Balance Sheet	2020/21		
Camden £'000	LPFA £'000	Total £'000		Camden £'000	LPFA £'000	Total £'000
(1,948,079)	(45,156)	<b>(1,993,235)</b>	Present Value of the defined benefit obligation	(2,516,270)	(50,037)	<b>(2,566,307)</b>
1,339,107	46,206	<b>1,385,313</b>	Fair value of plan assets	1,805,218	51,594	<b>1,856,812</b>
(36,978)	(719)	<b>(37,697)</b>	Present Value of the unfunded liabilities	(31,437)	(773)	<b>(32,210)</b>
<b>(645,950)</b>	<b>331</b>	<b>(645,619)</b>	Net liability arising from defined benefit obligation	<b>(742,489)</b>	<b>784</b>	<b>(741,705)</b>

2019/20			Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets	2020/21		
Camden	LPFA	Total		Camden	LPFA	Total
£'000	£'000	£'000		£'000	£'000	£'000
			Year Ended:			
<b>1,452,542</b>	<b>50,440</b>	<b>1,502,982</b>	<b>Opening Fair Value of Employer Assets</b>	<b>1,339,107</b>	<b>46,206</b>	<b>1,385,313</b>
0	0	0	Administration Expenses	(341)	(60)	(401)
34,916	1,068	35,984	Interest Income	30,639	1,039	31,678
			Re-measurement gain/(loss):			0
(146,889)	(3,052)	(149,941)	- the return on plan assets, excluding the amount	388,758	6,447	395,205
48,490	187	48,677	Contributions from employer	93,113	177	93,290
10,975	46	11,021	Contributions from employees into the scheme	12,186	38	12,224
(60,927)	(2,483)	(63,410)	Benefits Paid	(58,244)	(2,253)	(60,497)
<b>1,339,107</b>	<b>46,206</b>	<b>1,385,313</b>	<b>Closing Fair Value of Employer Assets</b>	<b>1,805,218</b>	<b>51,594</b>	<b>1,856,812</b>

2019/20			Reconciliation of defined benefit obligation Year Ended:	2020/21		
Camden	LPFA	Total		Camden	LPFA	Total
£'000	£'000	£'000		£'000	£'000	£'000
<b>2,201,202</b>	<b>49,040</b>	<b>2,250,242</b>	<b>Opening Defined Benefit Obligation</b>	<b>1,985,057</b>	<b>45,875</b>	<b>2,030,932</b>
67,153	247	<b>67,400</b>	Current Service Cost	56,786	187	<b>56,973</b>
53,118	1,100	<b>54,218</b>	Interest cost	45,720	1,030	<b>46,750</b>
10,975	46	<b>11,021</b>	Contributions from scheme participants	12,186	38	<b>12,224</b>
		<b>0</b>	Re-measurement (gains) and losses:			<b>0</b>
(48,731)	1,269	<b>(47,462)</b>	- re-measurement of the defined benefit liability arising on changes in demographic assumptions	26,862	(480)	<b>26,382</b>
(185,844)	(3,365)	<b>(189,209)</b>	- re-measurement of the defined benefit liability arising on changes in financial assumptions	503,414	7,047	<b>510,461</b>
(53,585)	(131)	<b>(53,716)</b>	- Other	(21,729)	(634)	<b>(22,363)</b>
4,344	152	<b>4,496</b>	Past service cost	197	0	<b>197</b>
(63,575)	(2,483)	<b>(66,058)</b>	Benefits Paid	(60,786)	(2,253)	<b>(63,039)</b>
<b>1,985,057</b>	<b>45,875</b>	<b>2,030,932</b>	<b>Closing Defined Benefit Obligation</b>	<b>2,547,707</b>	<b>50,810</b>	<b>2,598,517</b>

Local Government Pension Scheme assets comprised

Asset Category	Period Ended 31 March 2020				Period Ended 31 March 2021			
	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of Total Assets	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of Total Assets
<b>Real Estate:</b>								
UK Property	67,050	0	<b>67,050</b>	5%	90,388	0	<b>90,388</b>	
Overseas Property	0	55,133	<b>55,133</b>	4%	0	74,323	<b>74,323</b>	
<b>Investment Fund and Unit Trusts:</b>								
Equities	844,995	22,933	<b>867,928</b>	65%	1,139,118	30,915	<b>1,170,033</b>	
Bonds	141,139	0	<b>141,139</b>	11%	190,266	0	<b>190,266</b>	
Hedge Funds	45,707	0	<b>45,707</b>	3%	61,616	0	<b>61,616</b>	
Other	143,467	0	<b>143,467</b>	11%	193,404	0	<b>193,404</b>	
<b>Cash and Cash Equivalents:</b>								
All	18,685	0	<b>18,685</b>	1%	25,188	0	<b>25,188</b>	
<b>Total Assets</b>	<b>1,261,043</b>	<b>78,066</b>	<b>1,339,109</b>	<b>100%</b>	<b>1,699,980</b>	<b>105,238</b>	<b>1,805,218</b>	

LPFA assets comprised

	Period Ended 31 March 2020		Period Ended 31 March 2020	
	£'000	%	£'000	%
Equities	24,938	54%	28,646	55%
Target Return Portfolio	11,905	26%	11,839	23%
Infrastructure	3,367	7%	4,406	9%
Property	4,586	10%	4,548	9%
Cash	1,410	3%	2,155	4%
<b>Total</b>	<b>46,206</b>	<b>100%</b>	<b>51,594</b>	<b>100%</b>



## Basis for Estimating Assets and Liabilities

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

The significant assumptions used by the actuary have been:

2019/20		Mortality	2020/21	
Camden Years	LPFA Years		Camden Years	LPFA Years
		Average future life expectancies at age 65 for current pensioners		
21.8	21.0	Males	22.0	20.8
23.9	24.2	Females	24.3	24.1
		Average future life expectancies at age 65 for future pensioners		
23.2	23.0	Males	23.4	22.7
25.9	26.1	Females	26.1	26.1

2019/20		Financial Assumptions	2020/21	
Camden % p.a.	LPFA % p.a.		Camden % p.a.	LPFA % p.a.
1.9%	1.95%	Pension Increase Rate	2.85%	2.85%
2.3%	2.95%	Salary Increase Rate	3.25%	3.85%
2.3%	2.30%	Discount Rate	2.00%	1.90%

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 2021	Approximate % Increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	10%	243,715
1 year increase in member life expectancy	4%	100,651
0.5% increase in the Salary Increase Rate	1%	16,001
0.5% increase in the Pension Increase Rate (CPI)	9%	223,219

### LPFA

	2020/21 £,000	£,000	£,000
Adjustment to discount rate	0.10%	0.00%	-0.10%
Present Value of total Obligation	50,172	50,810	51,457
Projected Service Cost	230	234	239
Adjustment to long term salary increase	0.10%	0.00%	-0.10%
Present Value of Total Obligation	50,841	50,810	50,778
Projected Service Cost	234	234	234
Adjustment to pension increases and deferred revaluation	0.10%	0.00%	-0.10%
Present Value of Total Obligation	51,418	50,810	50,209
Projected Service Cost	238	234	230
Adjustment to mortality age rating assumption	0.10%	0.00%	-0.10%
Present Value of Total Obligation	54,091	50,810	47,741
Projected Service Cost	245	234	224

## Scheme's Funding Policy

The expected contributions to the scheme for 2020/21 are £92.772m for the council's scheme and £0.117m for the LPFA scheme.

## Weighted Average Duration

The discount rate should reflect the term of the benefit obligation. For this a weighted average duration of the benefit obligation has been calculated. This is defined as the weighted average time until payment of all expected future discounted cash flows, determined based on membership and the financial and demographic assumptions at a particular time. The shorter the duration the more 'mature' the employer. The weighted average duration of the defined benefit obligation for the council scheme members is 19 years (19 years 2019/20) and 13 years for LPFA scheme members (13 years 2019/20).

## Effect on future cash flows in the authority

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

On the basis of extensive modelling carried out for the 2019 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 19.2% in 2020/21, rising to 19.7% of payroll in 2021/22 and 20.2% in 2022/23.
- "past service" deficit repair payments expressed in monetary terms, being £19.675m in 2020/21 rising to £20.421m in 2021/22 and £21.166m in 2022/23.
- The combined future and past service contributions broadly equate to annual increases of 1% of 2019 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 Council, on agreement with the actuary, decided to pre-pay the 3 years' past service deficit payment up front during 2020/21 at a discount (total £58.847m) in order to increase the potential return on investment and provide a saving to the Council.

The last triennial valuation was carried out as at 31 March 2019, with results and contribution rates agreed and implemented from 2020/21. The next triennial valuation will be carried out from 31 March 2022.

As set out above, the Council's share of the pension assets within the London Pension Fund Authority (LPFA) as at 31 March 2021 was £51.594m.

Within the LPFA's pension assets are £18.058m of unquoted (level 3) investments. The valuation of unquoted (level 3) investments as at 31 March 2021

The external auditor of LPFA has not expressed any estimation uncertainty in terms of valuation of unquoted (level 3) investments as they found management had more secure basis to make judgements in relation to these investments.

## Note 42 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 £2.5m (£1.3m - 2019/20).

2019/20 'Estimated value of contingent liability £000	Details of contingent liabilities	2020/21 'Estimated value of contingent liability £000
	<b>Litigations</b>	
	Civil/Housing/Employment related litigations	
	The council is currently in dispute on a number of issues, which are summarised below:	
101	- various employment related litigations	185
163	- procurement/contracting disputes	260
0	- damages for council actions	1,000
300	- planning related	400
24	- car park related services	47
200	- leaseholder related services	101
495	- disrepair of property	525
<b>1,283</b>	<b>Total for Litigations</b>	<b>2,518</b>
<b>1,283</b>	<b>Total</b>	<b>2,518</b>

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

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

# Note 43 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. The Council provides written principles for overall risk management, as well as written policies (covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash).

## Credit Risk

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

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

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

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

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

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

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

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

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

### Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.

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

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

## Refinancing and Maturity Risk

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

The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates.

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

31-Mar-20		31-Mar-21
£'000		£'000
(205,436)	Public Works Loans Board	(205,436)
(124,000)	Market Debt	(124,000)
<b>(329,436)</b>	<b>Total</b>	<b>(329,436)</b>
0	Less than one year	0
	<u>Between:</u>	
0	one and two years	(7,198)
(36,155)	two and five years	(28,957)
(12,410)	five and ten years	(12,410)
(280,871)	More than 10 years	(280,871)
<b>(329,436)</b>		<b>(329,436)</b>

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

In the 'more than 10 years' category there are six LOBOs (market loans) amounting to £124m which have regular half yearly call dates and therefore may be called in the next 12 months.

## Market Risk

### Interest Rate Risk

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

- borrowing at variable rates - the interest expense charged to the Surplus or Deficit on the Provision of Services will rise;



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

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

The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy, treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, the drawing of longer term fixed rates borrowing would be postponed.

According to this assessment strategy, at 31 March 2021, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest payable on variable rate borrowing	1,240
Increase in interest receivable on variable rate investments	0
Increase in government grant receivable for financing costs	0
Impact on Surplus or Deficit on the Provision of Services	1,240
Share of overall impact debited to the HRA	1,090
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	0
Decrease in fair value of fixed rate borrowing liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(68,431)

\* PWLB Loans are all purchased on a hold to maturity basis and therefore any temporary fluctuations in the market value of such products would have no impact on the Council's finances.

### 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 44 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 01-Apr-20 £	Adjustment to Opening balances £	Corrected Opening Balance £	Receipts £	Payments £	Balance at 31-Mar-21 £
Education	(9,586)	86	(9,500)	(169)	0	(9,669)
Social Services	(39,190)	352	(38,838)	(727)	0	(39,565)
Other Funds	(170,587)	1,537	(169,050)	(3,118)	0	(172,168)
Waterlow Park	(547,641)	(47,525)	(595,166)	0	299,166	(296,000)
Lauderdale House Charity	(828,960)	(51,102)	(880,062)	0	97,062	(783,000)
Emmanuel Vincent Harris Trust	(3,982,205)	35,809	(3,946,396)	(73,924)	0	(4,020,320)
Neighbourhood Forum Funds	(1,829)	84	(1,745)	(105)	0	(1,850)
<b>Total</b>	<b>(5,579,998)</b>	<b>(60,759)</b>	<b>(5,640,757)</b>	<b>(78,043)</b>	<b>396,228</b>	<b>(5,322,572)</b>

Assets and liabilities on the funds as at 31 March 2021 were:

2019/20 £		2020/21 £
1,327,322	Fixed Assets	1,079,000
4,252,675	Investments	4,243,572
<b>5,579,998</b>		<b>5,322,572</b>

**5,579,998**      **Represented by Trust Funds**      **5,322,572**

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 45 Council's Association with External Bodies

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

### Subsidiaries

#### Camden Living

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

As at 31<sup>st</sup> March 2021, Camden Living has purchased property at £8.477m (NBV £8,313m – 31 March 2020) 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.

During the 2020/21 financial year, one Camden Living board member connected to the Council was classified as a related party: Jon Rowney, Executive Director Corporate services. Camden Living has three other board members who are officers of Camden Council, but they are not Chief officers within the meaning of these accounts.

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.



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# 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

2019/20

2020/21

		Notes	
£'000			£'000
	<b>Expenditure</b>		
68,225	Repairs and maintenance		62,410
30,093	Supervision and management		31,769
30,435	– Special services		24,213
(11,316)	PFI Costs		0
6,334	Rents, rates and other charges		8,225
5,313	Increased/(decreased) provision for bad debts		5,866
36,604	Depreciation	6	37,707
0	Impairment		1,104
(31,950)	Revaluation (gain)/loss charged to income & expenditure	6	37,206
98	Debt Management Expenses		0
0	Employer's contributions payable to the pension funds and retirement benefits payable direct to pensioners		7,695
366	REFCUS		330
<b>134,202</b>	<b>Total expenditure</b>		<b>216,525</b>
	<b>Income</b>		
(129,429)	Dwelling rents	1,2,3,4	(131,584)
(2,378)	Non-dwelling rents		(2,459)
(23,517)	Charges for services and facilities		(24,494)
(14,318)	Leaseholder charges – revenue		(14,352)
(13,070)	Leaseholder charges – capital		(7,295)
0	Covid Grants		(2,983)
(1,271)	HRA Subsidy/PFI Credit		0
<b>(183,983)</b>	<b>Total Income</b>		<b>(183,167)</b>
(49,781)	Net Cost of HRA Services per whole Authority Comprehensive Income and Expenditure Statement		33,358
740	HRA services share of Corporate and Democratic Core		718
<b>(49,041)</b>	<b>Net (Income)/Expenditure for HRA Services per whole Authority Comprehensive Income and Expenditure Statement</b>		<b>34,076</b>

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

2019/20		Notes	2020/21
£'000			£'000
16,243	(Gain) or loss on sale of HRA non-current assets		(3,429)
14,823	Interest payable and similar charges	5	14,590
(9,200)	Investment Income		(11,539)
(14,020)	Capital Grants and Contributions Receivable		(9,534)
2,956	Pensions interest cost and expected return on pensions assets	8	2,027
<b>(38,239)</b>	<b>(Surplus) or deficit for the year on HRA services</b>		<b>26,191</b>

## Statement of Movement on the HRA Balance

2019/20 £'000		Notes	2020/21 £'000
(31,565)	Balance on HRA at the end of the previous year		(23,727)
(38,239)	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		26,191
40,107	Adjustments between accounting basis and funding basis under statute	8	(24,131)
1,868	Net (increase) or decrease before transfers to or from reserves		2,060
5,970	Transfer to Earmarked Reserves		17,301
7,838	(Increase) or decrease in year on the HRA		19,361
<b>(23,727)</b>	<b>Balance on the HRA at the end of the current year</b>		<b>(4,366)</b>



# HRA 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 4.50% of properties used for permanent accommodation were vacant (4.48% in 2019/20). The average rent for all stock excluding service charges was £113.68 per week in 2020/21, an increase of 1.97% from the 2019/20 level of £111.48.

# HRA Note 2 Housing Stock

The value of Council Dwellings as at 31<sup>st</sup> March 2021 was £2.575 bn. (£2.574 billion at 31 March 2020) . The basis of the valuation for these dwellings is 'Existing Use Value for Social Housing' based on vacant possession value of the properties, adjusted to reflect the occupation by a secure tenant. The social housing discount factor is 25% in 2020/21 (25% in 2019/20), which means the vacant possession valuation of the properties within the HRA as at 31 March 2021 is £10.3bn (£10.3bn at 31 March 2020).

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 2021 for managing self-contained and shared dwellings. The stock was as follows:

<u>2019/20</u>	<u>Property type</u>	<u>2020/21</u>
<u>No.</u>		<u>No.</u>
9,496	Bedsit/ 1 Bed Accommodation	9,390
7,411	2 Bed Accommodation	7,297
4,856	3 Bed Accommodation	4,807
1,397	4 Bed + Accommodation	1,384
nil	Multi-occupied Dwellings	nil
66	Shared units	82
<b>23,226</b>		<b>22,960</b>

<u>2019/20</u>	<u>Property type</u>	<u>2020/21</u>
<u>No.</u>		<u>No.</u>
<b>23,446</b>	Stock at 1st April	<b>23,226</b>
-220	Add additions and acquisitions, less sales and demolitions etc.	-266
<b>23,226</b>	<b>Stock at 31st March</b>	<b>22,960</b>

For stock valuation please see Note 12 of the SoA

The Total Net Book Value of HRA non-current assets at 31 March 2021 was £2.801bn (£2.802bn at 31 March 2020)

	<b>Council Dwellings</b>	<b>Other Land and Building</b>	<b>Assets Under Construction</b>	<b>Total Property, Plant and Equipment</b>
	£'000	£'000	£'000	£'000
<b>At 1 April 2020</b>	<b>2,565,452</b>	<b>187,433</b>	<b>55,593</b>	<b>2,818,478</b>
Additions	69,053	261	17,455	86,769
Acc Dep & Imp WO to GCA	(34,341)	(1,633)	0	(35,974)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,216	(639)	0	1,577
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(34,282)	(2,923)	0	(37,205)
Derecognition - Disposals	(12,684)	(1,040)	0	(13,724)
Assets reclassified (to)/from Assets Under Construction	22,152	0	(22,152)	0
Assets reclassified (to)/from Held for Sale	0	0	0	0
Assets reclassified (to)/from Investment Property	0	0	0	0
Other movements in Cost or Valuation	0	0	0	0
<b>At 31 March 2021</b>	<b>2,577,566</b>	<b>181,459</b>	<b>50,896</b>	<b>2,809,921</b>
	£'000	£'000	£'000	£'000
<b>Accumulated Depreciation &amp; Impairment</b>				
<b>At 1 April 2020</b>	<b>(1,895)</b>	<b>(4,429)</b>	<b>0</b>	<b>(6,324)</b>
Depreciation Charge for 2020/21	(34,751)	(2,956)	0	(37,707)
Acc. Depreciation WO to GCA	34,253	1,633	0	35,886
Derecognition - Disposals	165	0	0	165
Other movements in Depreciation and Impairment	88	0	0	88
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	0	(2)	0	(2)
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	(89)	0	(964)	(1,053)
<b>At 31 March 2021</b>	<b>(2,228)</b>	<b>(5,754)</b>	<b>(964)</b>	<b>(8,946)</b>
<b>Net Book Value</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 31 March 2021</b>	<b>2,575,338</b>	<b>175,705</b>	<b>49,932</b>	<b>2,800,975</b>
<b>At 31 March 2020</b>	<b>2,563,558</b>	<b>183,004</b>	<b>55,593</b>	<b>2,802,155</b>

## Comparative Movement on balances in 2019/20

	Council Dwellings	Other Land and Building	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000
At 1 April 2019	<b>2,451,303</b>	<b>180,040</b>	<b>58,442</b>	<b>2,689,785</b>
Additions	76,003	1,059	17,298	94,360
Acc Dep & Imp WO to GCA	(33,101)	(3,879)	0	(36,980)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	48,320	16,507	0	64,827
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	36,993	(5,050)	0	31,943
Derecognition - Disposals	(32,163)	(2,138)	0	(34,301)
Assets reclassified (to)/from Assets Under Construction	12,552	0	(12,552)	0
Assets reclassified (to)/from Held for Sale	0	6,439	(7,595)	(1,156)
Assets reclassified (to)/from Investment Property	0	0	0	0
Other movements in Cost or Valuation	5,545	(5,545)	0	0
<b>At 31 March 2020</b>	<b>2,565,452</b>	<b>187,433</b>	<b>55,593</b>	<b>2,808,478</b>

	£'000	£'000	£'000	£'000
<b>Accumulated Depreciation &amp; Impairment</b>				
At 1 April 2019	<b>(1,683)</b>	<b>(5,522)</b>	<b>0</b>	<b>(7,205)</b>
Depreciation Charge for 2019/20	(33,754)	(2,850)	0	(36,604)
Acc. Depreciation WO to GCA	33,101	3,879	0	36,980
Derecognition - Disposals	442	63	0	505
Other movements in Depreciation and Impairment	(1)	1	0	0
At 31 March 2020	<b>(1,895)</b>	<b>(4,429)</b>	<b>0</b>	<b>(6,324)</b>
Net Book Value	0	0		0
<b>At 31 March 2020</b>	<b>2,563,557</b>	<b>183,004</b>	<b>55,593</b>	<b>2,802,155</b>
<b>At 31 March 2019</b>	<b>2,449,620</b>	<b>174,518</b>	<b>58,442</b>	<b>2,682,580</b>

## HRA Note 3 Rent Arrears

The arrears at 31 March 2021 were £11.958m (£9.6244m 31 March 2020). Amounts written off during the year totalled £0.930m (£1.446m 31 March 2020) and a provision for bad debts at the year-end totalled £10.206m (£7.981m 31 March 2020).

## HRA Note 4 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.

## HRA Note 5 Depreciation

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

2019/20		2020/21
£'000		£'000
33,754	Operational Assets-dwellings	34,750
2,850	Operational Assets-other	2,956
<b>36,604</b>		<b>37,706</b>

The revaluation of HRA stock is as below. A loss was charged to Income & Expenditure in 2020/21, whereas 2019/20 saw a gain on revaluations

2019/20		2020/21
£'000		£'000
(31,950)	Revaluation (gains)/loss charged to income and expenditure	37,206
<b>(31,950)</b>	<b>Total</b>	<b>37,206</b>

# HRA Note 6 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.

## HRA Note 7 Statement of Movement on the HRA Balance

2019/20 Net Expenditure £'000	Notes	2020/21 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	
(16,243)	Gain/loss on sales of HRA fixed assets	3,429
(366)	Revenue Expenditure Funded from Capital Under Statute	(330)
31,950	Revaluation changes on non-current assets recognised in I&E	(37,206)
(277)	Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements (employee accrual)	(10)
2,603	Net charges made for retirement benefits in accordance with IAS19	(7,695)
<b>17,667</b>	<b>Total</b>	<b>(41,812)</b>
	Amounts not included in the HRA Comprehensive Income and Expenditure Statement but required to be included by statute when determining the Movement on the HRA Balance for the year	
11,366	Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	123
11,892	Revenue Contribution to Capital Outlay – Leaseholder contributions	2,701
(8,868)	Employers contributions payable to the pension funds and retirement benefits payable direct to pensioners	(2,027)
(5,970)	Transfer from earmarked Reserves	7,350
14,020	Application of capital Grants to finance capital expenditure	9,534
<b>22,440</b>	<b>Total</b>	<b>17,681</b>
<b>40,107</b>	<b>Net additional amount required by statute and non-statutory proper practices to be credited or debited to the HRA Balance for the year</b>	<b>(24,131)</b>

# HRA Note 8 HRA Capital Programme

Total capital expenditure on Land, Houses and other property within the HRA was £86.769m (£94.360m in 2019/20). The expenditure was funded from the following resources:

2019/20 £'000		2020/21 £'000
9,506	Borrowing	8,253
46,033	Capital Receipts	25,162
0	Revenue Contributions	7,598
30,615	Major Repairs Reserve	36,222
8,015	Grants	9,534
191	Other Contributions	0
<b>94,360</b>		<b>86,769</b>

2019/20 £'000		2020/21 £'000
41,447	Capital Receipts received within the year were	23,079
(26,058)	Useable	(18,340)
<b>15,389</b>	<b>Paid to MHCLG</b>	<b>4,739</b>

A further £46,614K was transferred from Major Repairs Reserve to the Capital Adjustment Account in 2020/21 to help finance HRA Capital expenditure and reduce the HRA Capital Financing Requirement.

# 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.

2019/20		2020/21				
Income and Expenditure Account		Notes	Council Tax	NNDR	BRS	Total
£'000			£'000	£'000	£'000	£'000
<b>Income</b>						
(143,481)	Income from Council Tax	1,2,3,4	(151,289)			(151,289)
(644,878)	Income collectable from business ratepayers (NNDR)	6		(466,969)		(466,969)
0	Section 13A(1)(c) Discretionary reliefs		(1,883)	0		(1,883)
(21,423)	Income collectable in respect of Business Rate Supplements	7			(14,265)	(14,265)
	Contribution from preceptors towards previous year's Collection Fund deficit					0
	Council Tax / NNDR					0
(4,478)	Greater London Authority		0	0		0
(5,294)	London Borough of Camden		0	0		0
(2,461)	Communities and Local Government		0	0		0
(822,014)	<b>Total Income</b>		(153,172)	(466,969)	(14,265)	(634,406)
<b>Expenditure</b>						
Precepts and Council demand						
29,105	Greater London Authority (GLA)		30,783			30,783
112,412	London Borough of Camden		119,737			119,737
Share of Non Domestic Rates						
177,120	Greater London Authority			245,680		245,680
314,880	London Borough of Camden			199,200		199,200
164,000	Communities and Local Government			219,120		219,120
(5,228)	Transitional protection payments to CLG			205		205
1,308	Cost of collection allowance (NNDR)			1,290		1,290
Business Rate Supplements (BRS)						
21,388	Payment to GLA's BRS Revenue Account	7			15,412	15,412
35	Administrative costs	7			35	35
Council Tax Impairment of debts						
2,245	Allowance for impairment		2,352			2,352
1,883	Council Tax write offs		348			348
Non Domestic Rates Impairment of debts & Appeals						
8,569	Allowance for impairment			9,634		9,634
	NNDR write-offs					
(19,731)	Provision for appeals			(6,773)		(6,773)
Contribution to preceptors from previous year's Collection Fund surplus						
Council Tax/Non Domestic Rates						
99	Greater London Authority		614	912		1,526
401	London Borough of Camden		2,378	1,622		4,000
0	Communities and Local Government		0	558		558
808,486	<b>Total Expenditure</b>		156,212	671,448	15,447	843,107
(13,528)	Deficit/(Surplus) for the year		3,040	204,479	1,182	208,701
8,768	Deficit/(surplus) at 1 April		61	(4,820)		(4,759)
(4,760)	<b>Deficit/(Surplus) at 31 March</b>		3,101	199,659	1,182	203,942

## 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 2020/21	Tax base for tax setting (£)
Less than £40,000	A	2,230.33	6/9	1,486.89
£40,000 - £52,000	B	6,823.57	7/9	5,307.22
£52,000 - £68,000	C	12,985.29	8/9	11,542.48
£68,000 - £88,000	D	17,799.48	9/9	17,799.48
£88,000 - £120,000	E	14,227.80	11/9	17,389.53
£120,000 - £160,000	F	9,779.25	13/9	14,125.59
£160,000 - £320,000	G	10,916.54	15/9	18,194.23
£320,000 or more	H	4,358.48	18/9	8,716.95
Totals				94,562.38
Allowance for Non-Collection				(1,891.25)
Adjustment for Armed Forces Dwellings				28.87
Total				92,700

By law, the tax for each band is set as a fraction of the band D charge. The Band D Council for Camden for 2020/21 together with the comparator for the previous year is:

2019/20 £	Preceptor	2020/21 £
1,241.84	Camden	1,291.66
320.51	Greater London Authority	332.07
1,562.35	Total	1,623.73

## Note 5 Council Tax – Uncollectable amounts

The provision to cover bad debts stood at £14,789m on 31 March 2021 (£12.438m; 31 March 2020). This represents 52.12% of the outstanding arrears (76.37%; 31 March 2020).

## 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 2020/21 was 51.2p and 49.9p for small business (50.4p and 49.1p respectively for 2019/20). 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 2021, the non-domestic rateable value of the borough was £1,580.474m (£1,595.209m, 31 March 2020).

Income due from business ratepayers:

2019/20 £'000	2019/20 £'000		2020/21 £'000	2020/21 £'000
		Income from business ratepayers		
	752,239	Non-domestic rate charge		774,403
	11,110	SBBR Supplement		
(5,228)		Transitional relief	205	
(88,484)		Less - mandatory charity relief	(74,124)	
(14,401)		- empty property relief	(31,026)	
(10,357)	(118,470)	- discretionary relief	(202,489)	(307,434)
	<b>644,879</b>	Income due from business ratepayers		<b>466,969</b>

## Note 7 Business Rate Supplement

Since 2010/11, Camden has been collecting an additional levy from non-domestic business rate payers, under the statutory arrangements of the Business Rates Supplement Act 2009, on behalf of the Greater London Authority to fund the Crossrail project. The levy set for 2020/21 was 2p on non-domestic properties with a rateable value of over £70,000 in London.



# 5

# Pension Fund Accounts

# Pension Fund Account

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# Pension Fund Explanatory Foreword

## Introduction

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

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

The Accounts have been prepared in accordance with the 2020/21 Code of Practice on Local Authority Accounting in the United Kingdom, issued by CIPFA, which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

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

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

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

The following description of the Fund is a summary only. For further detail, reference should be made to the 2020/21 London Borough of Camden Pension Fund Annual Report and the underlying statutory powers underpinning the scheme. The 2020/21 Pension Fund Annual Report will be available in March 2022.

## Fund Management

The day-to-day management of the Fund investments is carried out by the professional fund managers. As at 31 March 2021 there were 12 managers (31 March 2020: 12 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
- HarbourVest Partners LLP
- Harris Associates LP
- Insight Investment Funds Management Ltd
- Legal & General Investment Management Ltd
- Partners Group Management II S.A.R.L.
- Ruffer LLP (London LGPS CIV Ltd)
- Standard Life Investments Ltd
- Stepstone (London LGPS CIV Ltd)
- CQS (UK) LLP

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

LCIV has developed an internal fund monitoring structure, RAG (Red, Amber, Green), that feeds into the monitoring status of its Funds and shared among Client Funds. Based on this analysis LCIV has placed CQS, LCIV MAC Fund's sub-Fund manager, on "Enhanced Monitoring" since February 2020. LCIV is working together with existing Investors and CQS to address its concerns in respect to: performance; ESG; risk management and; investment cost and ensure that a suitable pool solution is on offer for Client Funds' assets.

LCIV's business model is built on high levels of engagement with Client Funds and Stakeholders and over the year LCIV revised its Fund Launch Framework (FLF), in particular with the use of Seed Investor Groups (SIGs), to achieve a much higher level of Client Fund involvement in fund development. The aim is to deliver funds that meet Client Fund asset allocation requirements, within a time frame that meets expectations.

The SIG collaborative design process enabled LCIV to successfully launch four Funds by 31st March 2021: the LCIV Inflation Plus Fund, The London Fund, LCIV Renewable Infrastructure Fund and the LCIV Private Debt Fund. Shortly after the year end, on 13th April 2021, LCIV also launched a Paris Aligned version of its LCIV Global Alpha Growth Fund, demonstrating its commitment to develop and integrate ESG throughout its product offering.

London CIV has pledged to work together with Client Funds to secure a sustainable future. At the start of the 2020/21 financial year LCIV began to implement a 6-point ESG action plan, including the establishment of a Responsible Investment Reference Group (RIRG). Initial focus has been on climate change risk and building LCIV's capacity stewardship and engagement and LCIV is now well placed to develop a specific net zero climate ambition target, expected to be announced by the end of 2021. Over the year LCIV has published its first Stewardship Outcomes report and appointed a Voting and Engagement provider which will enhance its ability, working collaboratively with others including LAPFF, to influence the market place. LCIV has also published its first Climate and Stewardship Policies and received an "A" rating for its first UNPRI report.

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 2020/21 the Pension Committee received advice from the Executive Director Corporate Services, the Borough Solicitor and other officers, as well as the fund managers and the following professional consultants:

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

Committee meetings are held quarterly. The details of the meetings, including agendas, minutes and regular reports on the Fund's performance, can be found through the Pension Committee website: <http://democracy.camden.gov.uk/ieListMeetings.aspx?CommitteId=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 2021 is as follows:

2019/20		Fund Manager/Custodian	2020/21	
£'000	%		£'000	%
276,223	17.8%	Baillie Gifford & Co (London CIV)	431,672	20.6%
108,665	7.0%	Barings	137,556	6.6%
225	0.0%	BlueCrest	0	0.0%
92,481	5.9%	CBRE	92,056	4.4%
41,367	2.7%	CQS (London CIV)	51,814	2.5%
43,603	2.8%	HarbourVest	42,435	2.0%
195,125	12.6%	Harris Associates	320,645	15.3%
90,268	5.8%	Insight	98,071	4.7%
501,564	32.3%	Legal & General	654,646	31.3%
94,514	6.1%	Partners Group	83,197	4.0%
58,709	3.8%	Ruffer (London CIV)	70,868	3.4%
46,366	3.0%	Standard Life	41,600	2.0%
1,092	0.1%	Stepstone (London CIV)	25,095	1.2%
150	0.0%	London CIV	150	0.0%
3,996	0.3%	JPM Custodian Cash Account	42,918	2.1%
0	0.0%	Council	0	0.0%
<b>1,554,348</b>	<b>100%</b>		<b>2,092,734</b>	<b>100%</b>

## Funding Arrangements

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

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

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

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

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

At the prior actuarial valuation on 31 March 2016 the assets were valued as sufficient to meet 76% of the liabilities and as at 31 March 2019 the actuary estimates that assuming reasonable future investment returns the Fund is 103%. The average employee rate is 7% of pensionable pay (6.8% last time) and the total expected contributions over the next Triennial cycle will be greater than the 2016-2019 cycle. The Fund agreed a contribution strategy with a cap of 1% on increases (and decreases) to its Employer Contribution, following agreement with the Fund's actuary, meaning that in 2020/21 the contribution rate from the Administering Authority was 33.3% (32.3% in 2019/20).

## Fund Portfolio and Diversification

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

## Admitted and Scheduled Bodies

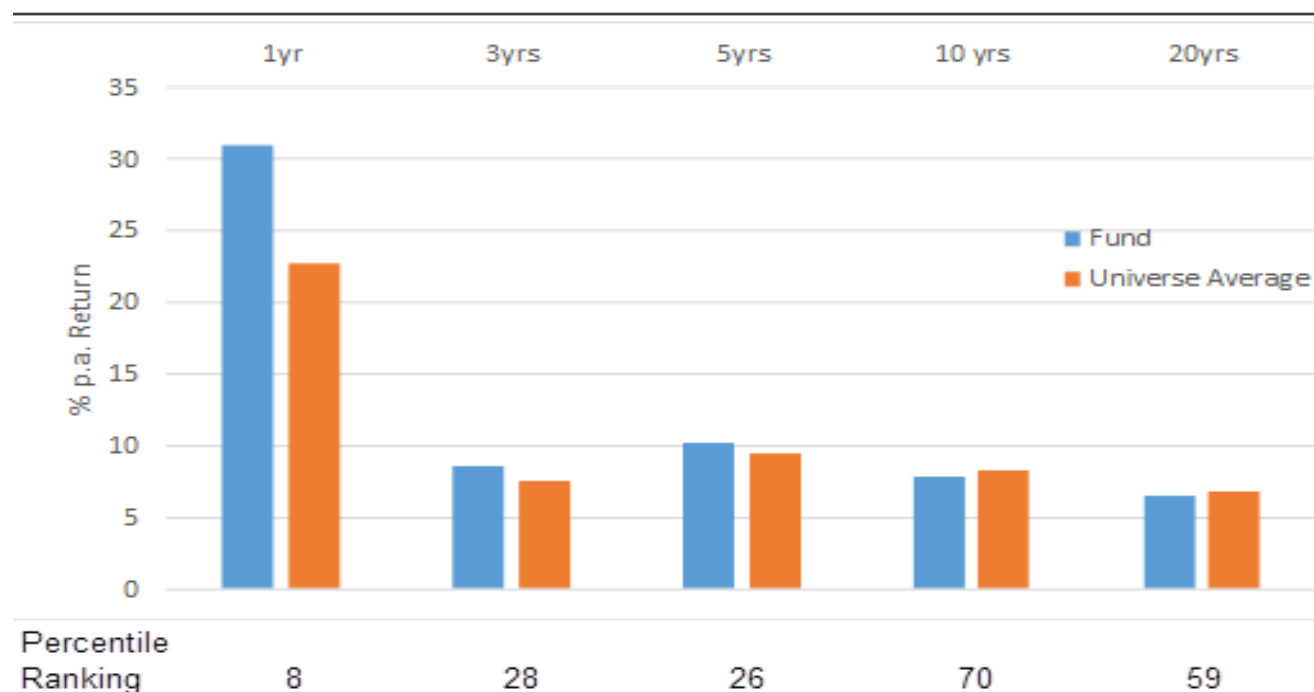
The admitted bodies and scheduled bodies which made contributions to the Fund in 2020/21 were as follows:

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

## Returns

The Fund has delivered a return of 7.8 per annum during the last ten years. The diagram below provides a comparison between the performance of Camden's Fund and that of the average of other funds participating in benchmarking exercises for each year over this period. It shows the time-weighted return on investments for each calendar year. The comparative information is provided by the Pensions & investment Research Consultants Limited (PIRC).

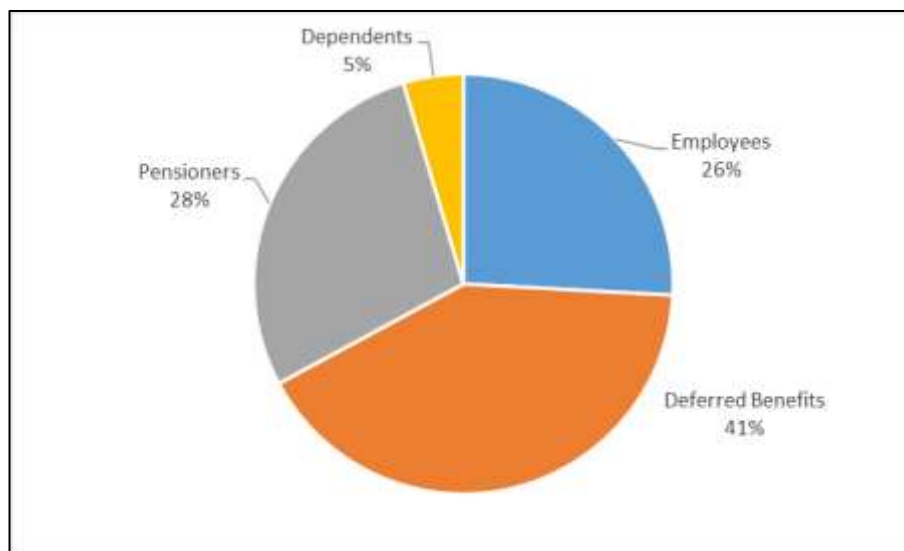
In the latest year the Fund performed in the 8<sup>th</sup> percentile (100th means the worst performing and 1st the best). This was well ahead of most of its peers. It is also ahead over the three and five years but continues to trail over the longer term.



## Membership

Total membership of the Fund at 31 March 2021 was 22,642 (22,853 in 2020)

	31-Mar-21	31-Mar-20
Employees	5,699	5,839
Deferred benefits	6,959	7,195
Pensioners	7,589	7,420
Dependents	<i>Included above</i>	<i>Included above</i>
Undecideds	559	361
Frozens	1,836	1,768
<b>TOTAL</b>	<b>22,642</b>	<b>22,583</b>





## Benefits

Pension Benefits under the LGPS are based on pensionable pay and length of service up until 31 March 2021, summarised below::

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

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

# Pension Fund Account

2019/20 £'000		Notes	2020/21 £'000
	<b>Contributions receivable:</b>		
(33,839)	Employers Normal Contributions		(36,325)
(21,256)	Employers' deficit Recovery (Secondary) Contributions		(20,370)
(707)	Employer Augmentation (Pension Strain)		(690)
<b>(55,802)</b>	<b>Total from Employers</b>		<b>(57,385)</b>
(12,574)	Total From Members		(13,619)
<b>(68,376)</b>		3	<b>(71,004)</b>
	<b>Transfers in from other pension funds:</b>		
<b>(9,452)</b>	Transfers in (individual)		<b>(4,137)</b>
	<b>Benefits payable:</b>		
52,936	Retirement pensions		55,445
10,307	Commutation of pensions and lump sum retirement benefits		10,013
1,367	Lump sum death benefits		1,485
<b>64,610</b>		3	<b>66,943</b>
	<b>Payments to and on account of leavers:</b>		
10,175	Transfers out (individual)		6,147
230	Refund of contributions		152
<b>10,405</b>			<b>6,299</b>
	<b>Other payments:</b>		
1,011	Administration costs	7	709
205	Other expenditure	7	241
<b>1,216</b>	<b>Administration fees</b>		<b>950</b>
<b>(1,597)</b>	<b>Net additions from dealing with members</b>		<b>(949)</b>
	<b>Returns on investments</b>		
(22,950)	Investment income	8	(10,321)
600	Tax deducted from investment income		249
13,269	Management fees	9	16,960
121,535	Change in market value of investments	10	(493,418)
<b>110,857</b>	<b>Net returns on investments</b>		<b>(486,530)</b>
110,857	Net increase/(decrease) in the Fund		(487,479)
(1,656,541)	Net assets at 1 April		(1,545,683)
<b>(1,545,683)</b>	<b>Net assets at 31 March</b>		<b>(2,033,162)</b>

# Pension Fund Net Assets Statement

31 Mar 20 £'000		Notes	31 Mar 21 £'000
	<b>Investments assets</b>		
	<b>Pooled investment vehicles:</b>		
131,635	Fixed interest securities	12,13	149,885
42,530	Index linked securities	12,13	43,632
201,668	UK equities	12,13	251,938
533,589	Overseas equities	12,13	790,750
1,092	Infrastructure	12,13	25,095
43,603	Private equity	12,13	42,435
183,970	Pooled property investments	12,13	171,035
213,740	Diversified growth funds	12,13	250,034
<b>1,351,827</b>			<b>1,724,803</b>
	<b>Directly owned investment assets:</b>		
18,887	UK equities	12,13	29,598
168,929	Overseas equities	12,13	283,081
11,808	Cash deposits	12,13	51,949
645	Derivative contracts: forward foreign exchange	16	301
773	Amounts receivable from sales	12,13	887
2,499	Investment income receivable	12,13	2,708
<b>1,555,367</b>	<b>Total investment assets</b>		<b>2,093,327</b>
	<b>Investments liabilities</b>		
(367)	Amounts payable for purchases	12,13	(291)
(645)	Derivative contracts: forward foreign exchange	16	(301)
<b>(1,021)</b>	<b>Total investment liabilities</b>		<b>(592)</b>
	<b>Other net assets</b>		
(10,708)	Cash owed to Camden	15	(21,573)
2,706	Pension Fund bank account	12,13	2,357
1,000	Current assets	15	923
(1,662)	Current liabilities	15	(41,280)
<b>1,545,683</b>	<b>Total net assets</b>		<b>2,033,162</b>

The net asset statement includes all assets and liabilities of the Fund as at 31 March 2021, 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 fair value in accordance with the requirements of IFRS 13. Valuations are as provided by the Custodian and are based on bid values as at the Net Assets Statement date. Values of 3rd party assets for which the JPM Pricing team cannot source values are priced using the latest accounting reports provided by the investment manager, and if this valuation point differs to year end the Net Asset Value is adjusted for any further drawdown at cost. Prices in foreign currencies are translated at the closing rates of exchange as at 31<sup>st</sup> March 2021.

iii) Financial liabilities are recognised on the Net Asset Statement when the Council becomes a party to the contractual provisions of a financial instrument. These

are carried at fair value or amortised cost at the reporting date. 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. Employer contributions are paid 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

and a roll forward approximation is applied on an annual basis in the intervening years. This is done in accordance with the requirements of IAS 26 and carried out using assumptions in line with IAS19 and not the Fund's funding assumptions. 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 and are not included in the Fund's financial statements. 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 1b Accounting Standards Issued but not adopted

Under the Code of Practice on Local Authority Accounting there is a requirement to disclose the impact of accounting standards issued but not yet adopted.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom. These will have no impact on the accounts:

- a. Interest Rate Benchmark Reform amendments to IFRS 9, IAS 39 and IFRS 7 impact on hedge accounting if interest rates change. The amendments will not have an impact on the council, as the council's debt is fixed rate and all of the council's investments are in sterling and low risk.
- b. Interest Rate Benchmark Reform – Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relate to issues that arise if an existing interest rate is replaced by an alternative one. This is unlikely to have an impact as interest rate benchmark reform is rarely applied.

## 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, using assumptions in line with IAS 19. For 2020/21 Hymans Robertson carried out this analysis, and their reported findings can be found in the link below.

<https://www.camden.gov.uk/statement-of-accounts/2020-21>

## Note 3 Analysis of Contributions and Benefits

2019/20 £'000		2020/21 £'000
	<b>Contributions receivable</b>	
(60,446)	Administering authority	(66,266)
(677)	Scheduled bodies	(711)
(7,253)	Admitted bodies	(4,027)
<b>(68,376)</b>		<b>( 71,004)</b>
	<b>Benefits payable</b>	
55,923	Administering authority	57,036
236	Scheduled bodies	231
8,451	Admitted bodies	9,676
<b>64,610</b>	<b>Total</b>	<b>66,943</b>

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

Employer Type	Administering Authority £'000	Scheduled Bodies £'000	Admitted Bodies £'000	2020/21 TOTAL £'000
Employees' Contributions	(12,372)	(171)	(1,076)	<b>(13,619)</b>
Employers' Normal Contributions	(33,584)	(537)	(2,204)	<b>(36,325)</b>
Employers' Deficit Recovery (Secondary) Contributions	(19,616)	0	(754)	<b>(20,370)</b>
Employers' Augmentation (Pension Strain) Contributions	(694)	(3)	7	<b>(690)</b>
<b>Total Contributions Receivable</b>	<b>(66,266)</b>	<b>(711)</b>	<b>(4,027)</b>	<b>(71,004)</b>



<b>Employer Type</b>	<b>Administering Authority £'000</b>	<b>Scheduled Bodies £'000</b>	<b>Admitted Bodies £'000</b>	<b>2020/21 TOTAL £'000</b>
Retirement Pensions	47,405	231	7,809	<b>55,445</b>
Commutation of pensions and lump sum retirement benefits	8,255	0	1,758	<b>10,013</b>
Lump sum death benefits	1,376	0	109	<b>1,485</b>
<b>Total Benefits Payable</b>	<b>57,036</b>	<b>231</b>	<b>9,676</b>	<b>66,943</b>

## Note 4 Critical Judgements in Applying Accounting Policies

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

There were no such critical judgements made during 2020/21.

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

Many assumptions underpin the Statement of Accounts. The valuation of retirement benefits have many assumptions behind them such as life expectancy, demographics, inflation, discount rate and salary increases, all of which are subject to uncertainty. The main assumptions are detailed on page 167 under “Funding Arrangements”.

## 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 2020/21 £118k was paid to the Council for accountancy services (£177k in 2019/20), and £318k was paid to the Pension Shared Service located at Wandsworth Council for pensions administration (£386k in 2019/20).

As at 31 March 2021, a cash balance of £21.6m relating to the Pension Fund was owed to the Council by the Pension Fund (£10.7m was owed to the Council by the Pension Fund at 31 March 2020). The Pension Fund bank account had a balance of £2.4m.

### Key Management Personnel

The Head of Treasury and Financial Services held a key position in the management of the pension fund as at 31 March 2021.

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

2019/20 £'000		2020/21 £'000
386	Pensions administration charge	318
329	Systems Management	273
177	Officers' salaries	118
118	London Collective Investment Vehicle*	0
-11	Other	0
11	Legal Services	0
<b>1,011</b>	<b>Total</b>	<b>709</b>

### Other Costs

2019/20 £'000		2020/21 £'000
107	Actuarial advice	69
35	Investment consultancy	110
16	External Audit Fees	19
42	Corporate governance	35
0	Other	3
5	Performance measurement	5
<b>205</b>	<b>Total</b>	<b>241</b>

\*The London CIV charges have been reported under Note 9 Investment Management Expenses in 2020/21.

## Note 8 Pension Fund Investment Income

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

<b>2019/20</b>		<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
(666)	Dividends from UK equities	(129)
(5,795)	Dividends from overseas equities	(3,609)
(12,198)	Income from pooled property investments	(2,277)
(3,960)	Income from other pooled investment vehicles	(4,304)
(329)	Income from cash deposits	(3)
<b>(22,950)</b>	<b>Total income before taxes</b>	<b>(10,321)</b>

## Note 9 Investment Management Expenses

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

2019/20 £'000		2020/21 £'000
1,745	London CIV*	4,839
644	Barings*	905
0	Brevan Howard*	0
722	CB Richard Ellis*	1,698
3,844	HarbourVest*	5,599
1,217	Harris*	1,667
524	Insight*	674
40	JP Morgan (Custodian)	46
64	Legal & General*	147
3,922	Partners Group*	733
548	Standard Life*	652
<b>13,269</b>	<b>Total</b>	<b>16,960</b>

\*includes management fees totalling £14.9m 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:

2019/20 £'000		2020/21 £'000
8,693	Management fees	8,402
3,996	Performance related fees	3,311
40	Custody / Investment Admin Fees	1,621
541	Transaction costs	2,785
0	Property Expenses	463
0	Other	378
<b>13,269</b>	<b>Total</b>	<b>16,960</b>

# Note 10 Change in Market Value of Investments

	Realised Gain/(Loss) £'000	Unrealised Gain/(Loss) £'000	Movement 2020/21 £'000
<u>Pooled investment vehicles:</u>			
- Fixed interest securities	0	16,501	16,501
- Index linked securities	0	1,102	1,102
- UK equities	19,588	33,682	53,270
- Overseas equities	0	254,732	254,732
- Private equity	(37)	797	760
- Pooled property investments	934	(13,141)	(12,207)
- Fund of hedge funds	(225)	0	(225)
- Diversified growth funds	1,435	42,780	44,215
- Infrastructure	0	(1,295)	(1,295)
	21,695	335,158	356,853
<u>Directly owned investment assets:</u>			
- UK equities	1,169	14,964	16,134
- Overseas equities	17,065	89,523	106,589
<b>Total</b>	<b>39,929</b>	<b>439,646</b>	<b>479,575</b>
Cash deposits	(1,055)	45	(1,011)
Currency	(0)	0	(0)
Derivative contracts: forward foreign exchange	(60)	(1)	(61)
Amounts payable for purchases	37	(1)	35
<b>Total</b>	<b>38,850</b>	<b>439,689</b>	<b>478,539</b>
Gross-up of Investment Manager Fees netted off fund value			14,879
<b>2020/21 Movement on Investments</b>			<b>493,418</b>

Please see Note18 for comparative information

# Note 11 Purchases and Sales

Pension Fund Purchases and Sales by Asset Type for the year ended 31 March 2021:

2019/20 £'000		2020/21 £'000
<b>Purchases</b>		
	<u>Pooled Investment Vehicles:</u>	
0	- Fixed Interest securities	1,749
0	- UK equities	114,000
114,138	- Global equities	2,429
0	- Private equity	0
7,564	- Property	5,540
128	- Diversified Growth Fund	9,188
302	- Fund of Hedge Funds	0
0	- Infrastructure	25,298
<b>122,132</b>		<b>158,204</b>
	<u>Directly Owned Assets:</u>	
6,749	- UK equities	8,017
76,133	- Overseas equities	95,486
473	- Derivative contracts: forward foreign exchange	564
<b>205,487</b>	<b>Total Purchases</b>	<b>262,271</b>
		<b>Sales</b>
	<u>Pooled Investment Vehicles:</u>	
(30,000)	- Fixed interest securities	0
(6,000)	- UK equities	(117,000)
(60,635)	- Global equities	0
8,514	- Property	(6,268)
(5,192)	- Private equity	(1,929)
(302)	- Fund of Hedge Funds	225
(1,700)	- Diversified Growth Fund	(17,109)
<b>(95,314)</b>		<b>(142,081)</b>
	<u>Directly Owned Assets:</u>	
(6,373)	- UK equities	(13,440)
(73,690)	- Overseas equities	(87,921)
(23)	- Currency	(1)
(423)	Derivative contracts: forward foreign exchange	(503)
<b>(175,824)</b>	<b>Total Sales</b>	<b>(243,947)</b>

## Note 12 Analysis of Investments at Market Value

31-Mar-20 £'000		31-Mar-21 £'000
	<b>Equities (UK)</b>	
18,737	Quoted	29,448
150	Unquoted	150
	<b>Equities (Overseas)</b>	
168,928	Quoted	283,081
0	Unquoted	0
<b>187,816</b>		<b>312,679</b>
	<b>Pooled Investment Vehicles (UK)</b>	
131,635	Fixed income	149,884
42,530	Public sector index linked	43,632
201,668	Equities	251,938
225	Fund of Hedge Funds	0
105,075	Diversified Growth Funds	112,468
89,457	Property	87,838
1,092	Infrastructure	25,095
<b>571,682</b>		<b>670,855</b>
	<b>Overseas</b>	
533,589	Equities	790,750
108,665	Diversified Growth Funds	137,566
94,514	Property	83,197
43,603	Private equity	42,435
<b>780,370</b>		<b>1,053,948</b>
	<b>Other Assets</b>	
645	Forward currency contracts	301
11,808	Cash deposits	51,949
2,499	Investment income due	2,708
548	Amounts receivable from sales	887
<b>15,501</b>		<b>55,845</b>
<b>1,555,368</b>	<b>Total investment assets</b>	<b>2,093,327</b>
	<b>Other Liabilities</b>	
(645)	Forward currency contracts	(301)
(376)	Amounts payable for purchases	(291)
<b>(1,021)</b>	<b>Total liabilities</b>	<b>(592)</b>
<b>1,554,348</b>	<b>Net investment assets</b>	<b>2,092,735</b>



## Note 13 Valuations by Fund Managers

2019/20 £'000		2020/21 £'000		2019/20 £'000		2020/21 £'000
<b>Baring Asset Management Ltd</b>				<b>Legal &amp; General Assurance Ltd</b>		
108,665	- Pooled investment vehicle - Diversified Growth Fund	137,566		42,530	- Pooled investment vehicle (Index linked securities)	43,632
<b>108,665</b>		<b>137,566</b>		201,668	- Pooled investment vehicle (UK equities)	251,938
<b>BlueCrest</b>				257,366	- Pooled investment vehicle (Global equities)	359,078
225	- Amounts receivable from sales	0		<b>501,564</b>		<b>654,648</b>
<b>225</b>		<b>0</b>		<b>London CIV Ltd (Baillie Gifford)</b>		
<b>CB Richard Ellis Collective Investors Ltd</b>				276,223	- Pooled investment vehicle (Global equities)	431,672
75,942	- Property - Managed Funds	78,115		<b>276,223</b>		<b>431,672</b>
13,515	- Property - Unit Trusts	9,722		<b>London CIV Ltd (Ruffer)</b>		
2,967	- Cash	3,623		58,709	- Pooled investment vehicle - Diversified Growth	70,868
57	- Income Receivable	88		<b>58,709</b>		<b>70,868</b>
0	- Amounts receivable from sales	508		<b>London CIV Ltd (CQS)</b>		
<b>92,481</b>		<b>92,056</b>		41,367	- Pooled investment vehicle (fixed interest securities)	51,814
<b>HarbourVest</b>				<b>41,367</b>		<b>51,814</b>
43,603	- Pooled investment vehicle - Private equity	42,435		<b>London CIV Ltd (Stepstone)</b>		
<b>43,603</b>		<b>42,435</b>		1,092	- Pooled investment vehicle (Infrastructure)	25,095
<b>Harris Associates L.P.</b>				<b>1,092</b>		<b>25,095</b>
18,737	- UK equities	29,448		<b>Partners Group (UK) Ltd</b>		
168,929	- Overseas equities	283,081		94,514	- Pooled investment vehicle - Global property	83,197
645	- Derivative contracts: forward FX assets	301		<b>94,514</b>		<b>83,197</b>
1,344	- Income Receivable	1,604		<b>Standard Life</b>		
5,943	- Cash	6,424		46,366	- Pooled investment vehicle - Diversified Growth	41,600
548	- Amounts receivable from sales	379		<b>46,366</b>		<b>41,600</b>
(645)	- Derivative contracts: forward FX liabilities	(301)		<b>JPM Custodian Cash Account</b>		
(376)	- Amounts payable for purchases	(291)		2,898	- Cash	41,903
<b>195,125</b>		<b>320,645</b>		1,098	- Income Receivable	1,015
<b>Insight Investment</b>				<b>3,996</b>		<b>42,918</b>
90,268	- Pooled investment vehicle (Fixed interest securities)	98,071		<b>Council</b>		
<b>90,268</b>		<b>98,071</b>		150	- UK equities	150
				<b>150</b>		<b>150</b>
				<b>1,554,348</b>	<b>TOTAL MARKET VALUE</b>	<b>2,092,735</b>

## 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 2021	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
<b>Assets:</b>				
Alternatives Assets		189,596		189,596
Cash & Currencies	10,047			10,047
Cash Equivalents		41,903		41,903
Equities	312,529		150	312,679
Pooled Funds		1,535,207		1,535,207
Receivables	3,895			3,895
<b>Total Financial Assets</b>	<b>326,471</b>	<b>1,766,706</b>	<b>150</b>	<b>2,093,327</b>
<b>Liabilities:</b>				
Payables	(592)			(592)
<b>Total Financial Liabilities</b>	<b>(592)</b>	<b>0</b>	<b>0</b>	<b>(592)</b>
<b>Grand Total</b>	<b>325,879</b>	<b>1,766,706</b>	<b>150</b>	<b>2,092,735</b>

Values at 31 March 2020	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
<b>Assets:</b>				
Cash & Currencies	10,983			10,983
Cash Equivalents		825		825
Equities	187,666		150	187,816
Pooled Funds		1,262,370	89,457	1,351,827
Receivables	3,917			3,917
<b>Total Financial Assets</b>	<b>202,566</b>	<b>1,263,195</b>	<b>89,607</b>	<b>1,555,369</b>
<b>Liabilities:</b>				
Payables	(1,021)			(1,021)
<b>Total Financial Liabilities</b>	<b>(1,021)</b>	<b>0</b>	<b>0</b>	<b>(1,021)</b>
<b>Grand Total</b>	<b>201,546</b>	<b>1,263,195</b>	<b>89,607</b>	<b>1,554,348</b>

Description of asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Cash Equivalents	Level 2	Published bid market price at end of the accounting period	NAV per share	Not Required
Pooled Funds	Level 2	Published bid market price at end of the accounting period	NAV per share	Not Required
Alternative Assets: Private Equity	Level 2	Most recent valuation	NAV published, cashflow transactions i.e., distributions or capital calls	Not Required
Alternative Assets: Property	Level 2	Most recent valuation	NAV published, cashflow transactions i.e., distributions or capital calls	Not Required

## Note 14b Transfers between the Levels

It was agreed during the audit of the 2019/20 accounts that, as a result of the Covid pandemic, the Fund's property investments held with manager CBRE should be recategorized from Level 2 to Level 3 due to the lack of observable market data at the 31 March 2020. These totalled £89.457m. For the 2020/21 accounts, as at 31 March 2021 these investments have reverted to Level 2.

## Note 14c Classification of Financial Instruments

	2019/20			2020/21		
	Fair value through profit & loss £'000	Assets at amortised cost £'000	Liabilities at amortised cost £'000	Fair value through profit & loss £'000	Assets at amortised cost £'000	Liabilities at amortised cost £'000
<b>Financial Assets</b>						
Equities	923,072			1,355,367		
Fixed income	174,165			193,516		
Fund of Hedge Funds	225			0		
Diversified Growth Funds	213,740			250,034		
Property	183,970			171,035		
Private equity	43,603			42,435		
Infrastructure	1,092			25,095		
Forward currency contracts	645			301		
Cash deposits		11,808			51,949	
Investment income due		2,499			2,708	
Amounts receivable from sales		548			887	
	<b>1,540,513</b>	<b>14,855</b>	<b>0</b>	<b>2,037,783</b>	<b>55,544</b>	<b>0</b>
<b>Financial Liabilities</b>						
Forward currency contracts	(645)			(301)		
Amounts payable for purchases			(376)			(291)
<b>Total</b>	<b>1,539,868</b>	<b>14,855</b>	<b>(376)</b>	<b>2,037,482</b>	<b>55,544</b>	<b>(291)</b>

## Note 15 Analysis of Current Assets and Liabilities

2019/20 £'000		2020/21 £'000
<b>Assets</b>		
10	Pension Capital Costs receivable	0
908	Admitted Authorities payments receivable	588
244	Investment income receivable	0
0	Sundry Debtors	335
<b>1,000</b>		<b>923</b>
<b>Liabilities</b>		
(1,481)	Sundry Creditors	(2,048)
(181)	Unpaid Benefits	(0)
0	Prepayment of Contribution	(39,231)
(10,708)	Cash owed to council	(21,573)
<b>(12,370)</b>		<b>(62,853)</b>

## 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
Up to one month	EUR	126	USD	(147)	107	(107)
Up to one month	USD	160	GBP	(117)	116	(117)
Up to one month	USD	107	GBP	(78)	78	(78)
Open forward currency contracts at 31 March 2021					301	(301)
Net forward currency contracts at 31 March 2021						(0.4)
<b>2019/20 Comparator</b>						
Open forward currency contracts at 31 March 2020					645	(645)
Net forward currency contracts at 31 March 2020						0.2

## Note 17 Additional Voluntary Contributions

Additional voluntary contributions are not included in the Pension Fund Accounts in accordance with regulation 4(2)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 1999. The providers of Additional Voluntary Contributions are Phoenix Life Ltd and Prudential Assurance Company Ltd (from 1 April 2009). Phoenix operates two funds, the deposit fund and the managed fund and employees can contribute to either fund. Prudential offer nineteen funds, with the risk appetite ranging from minimal to higher risk. The employee has the option to choose a combination of these funds. Also the employee has the choice to invest in the default fund (with profits) or a lifestyle option, which commences with higher risk investments and is gradually switched to lower risk investments as the employee moves closer to retirement. The value and transaction summary of the AVC funds are below. It should be noted that the Phoenix Life accounts are produced on a calendar year basis so end December 2020.

	Prudential £'000		Prudential £'000
<b>Value at 1 April 2020</b>	<b>1,945</b>	<b>Value at 1 April 2019</b>	<b>1,872</b>
Contributions & Transfers Received	243	Contributions & Transfers Received	345
Investment Return	243	Investment Return	(54)
Paid Out	(337)	Paid Out	(218)
<b>Value at 31 March 2021</b>	<b>2,095</b>	<b>Value at 31 March 2020</b>	<b>1,945</b>

	Phoenix Life Ltd £'000		Phoenix Life Ltd £'000
<b>Value at 31 December 2019</b>	<b>868</b>	<b>Value at 31 December 2018</b>	<b>803</b>
Contributions & Transfers Received	14	Contributions & Transfers Received	15
Investment Return	(1)	Investment Return	65
Paid Out	(57)	Paid Out	(15)
<b>Value at 31 December 2020</b>	<b>824</b>	<b>Value at 31 December 2019</b>	<b>868</b>



# Note 18 Reconciliation of Investments by Asset Class

2020/21

	31-Mar-20	Purchases and derivative payments	Sales and derivative receipts	Realised Gain	Unrealised Gain	Change in Market Value	31-Mar-21
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Pooled Investment Vehicles:							
- Fixed interest securities	131,635	1,749	0	0	16,501	16,501	149,885
- Index Linked securities	42,530	0	0	0	1,102	1,102	43,632
- UK equities	201,668	114,000	(117,000)	19,588	33,682	53,270	251,938
- Global equities	533,589	2,429	0	0	254,732	254,732	790,750
- Private equity	43,603	0	(1,929)	(37)	797	760	42,435
- Property	183,970	5,540	(6,268)	934	(13,141)	(12,207)	171,035
- Fund of Hedge Funds	0	0	225	(225)	0	(225)	0
- Diversified Growth Fund	213,740	9,188	(17,109)	1,435	42,780	44,215	250,034
- Infrastructure	1,092	25,298	0	0	(1,295)	(1,295)	25,095
	<b>1,351,827</b>	<b>158,204</b>	<b>(142,081)</b>	<b>21,695</b>	<b>335,158</b>	<b>356,853</b>	<b>1,724,803</b>
Directly Owned Assets:							
UK Equities	18,887	8,017	(13,440)	1,169	14,964	16,134	29,598
Overseas Equities	168,928	95,486	(87,921)	17,065	89,523	106,589	283,082
	<b>187,816</b>	<b>103,503</b>	<b>(101,361)</b>	<b>18,235</b>	<b>104,488</b>	<b>122,723</b>	<b>312,679</b>
Derivatives – Forward Currency Contracts	0	564	(504)	(60)	(1)	(61)	0
<b>Total Investments</b>	<b>1,539,643</b>	<b>262,271</b>	<b>(243,946)</b>	<b>39,870</b>	<b>439,645</b>	<b>479,515</b>	<b>2,037,482</b>
Cash	14,514						54,307
Net Debtors/Creditors	(8,474)						(58,627)
<b>Fund Total</b>	<b>1,545,683</b>						<b>2,033,162</b>

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

2019/20

	31-Mar-19	Purchases and derivative payments	Sales and derivative receipts	Realised Gain	Unrealised Gain	Change in Market Value	31-Mar-20
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Pooled Investment Vehicles:							
- Fixed interest securities	125,054	0	(30,000)	(1,300)	(3,486)	(4,786)	90,268
- Index Linked securities	39,284	0	0	0	3,246	3,246	42,530
- UK equities	255,634	0	(6,000)	1,154	(49,120)	(47,966)	201,668
- Global equities	597,059	114,139	(60,635)	236	(30,069)	(29,832)	620,731
- Private equity	37,484	0	(5,192)	322	10,988	11,310	43,602
- Property	172,570	7,564	8,514	458	(5,137)	(4,679)	183,969
- Fund of Hedge Funds	0	302	(302)	0	0	0	0
- Diversified Growth Fund*	186,686	128	(1,700)	108	(16,164)	(16,056)	169,057
	<b>1,413,771</b>	<b>122,133</b>	<b>(95,314)</b>	<b>978</b>	<b>(89,741)</b>	<b>(88,763)</b>	<b>1,351,827</b>
Directly Owned Assets:							
UK Equities	27,367	6,749	(6,373)	585	(9,441)	(8,856)	18,887
Overseas Equities	201,870	76,133	(73,690)	5,387	(40,771)	(35,384)	168,928
	<b>229,237</b>	<b>82,882</b>	<b>(80,063)</b>	<b>5,972</b>	<b>(50,212)</b>	<b>(44,240)</b>	<b>187,816</b>
Derivatives – Forward Currency Contracts	0	473	(446)	(27)	0	(27)	0
<b>Total Investments</b>	<b>1,643,008</b>	<b>205,488</b>	<b>(175,823)</b>	<b>6,923</b>	<b>(139,953)</b>	<b>(133,030)</b>	<b>1,539,643</b>
Cash	12,099						14,514
Net Debtors/Creditors	1,433						(8,474)
<b>Fund Total</b>	<b>1,656,541</b>						<b>1,545,683</b>

# Note 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 2020	1,539,642	1,693,606	1,385,678
As at 31 March 2021	2,037,482	2,241,230	1,833,733

# Note 19 Nature & Extent of risks arising from Financial Instruments (Cont'd)

## 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 2021

Currency	Value (£'000)	% Change	Value on Increase	Value on Decrease
Euro	88,444	5.5%	93,318	83,571
Japanese Yen	5,378	6.8%	5,746	5,011
South African Rand	9,149	12.0%	10,245	8,053
South Korean Won	5,445	6.1%	5,774	5,115
Swiss Franc	38,049	6.3%	40,442	35,656
US Dollar	148,870	6.5%	158,591	139,149
Canadian Dollar	4	4.9%	4	3
Hong Kong Dollar	2,720	5.6%	2,872	2,568
Global Basket	938,527	10.0%	1,032,379	844,674
<b>Total Overseas Equity</b>	<b>1,236,585</b>		<b>1,349,370</b>	<b>1,123,800</b>
Overseas private equity (US\$)	42,435	6.5%	45,206	39,664
Overseas Property (€)	15,326	5.5%	16,171	14,482
Overseas Property (US\$)	67,871	6.5%	72,303	63,439
<b>Total Currency</b>	<b>1,362,217</b>		<b>1,483,049</b>	<b>1,241,384</b>

*The % change for Total Currency includes the impact of correlation across the underlying currencies*

## Note 19 Nature & Extent of risks arising from Financial Instruments (Cont'd)

For comparison, the following table summarised the Fund's currency exposure as at 31 March 2020

Currency	Value (£'000)	% Change	Value on Increase	Value on Decrease
Euro	41,775	8.3%	45,234	38,316
Japanese Yen	4,222	10.1%	4,647	3,797
South African Rand	5,087	14.9%	5,843	4,331
South Korean Won	6,329	8.5%	6,869	5,790
Swiss Franc	25,619	8.7%	27,845	23,393
US Dollar	85,896	9.4%	93,970	77,821
Global Basket	533,589	10.0%	586,948	480,230
<b>Total Overseas Equity</b>	<b>702,517</b>		<b>771,356</b>	<b>633,678</b>
Overseas private equity (US\$)	43,603	9.4%	47,702	39,505
Overseas Property (€)	18,754	8.3%	20,311	17,197
Overseas Property (US\$)	75,760	9.4%	82,881	68,638
<b>Total Currency</b>	<b>840,634</b>		<b>922,250</b>	<b>759,018</b>

# Note 19 Nature & Extent of risks arising from Financial Instruments (Cont'd)

## **Credit Risk**

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

In essence the Fund's entire investment portfolio is exposed to some form of credit risk, however the selection of high quality counterparties and financial institutions, and legal due diligence carried out on all managers, and the custodian, minimises the credit risk that may occur through the failure to settle a transaction.

The Fund's on-call sterling and dollar deposits at JP Morgan are swept into the JPMorgan Money Market Funds. These vehicles have 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 daily monitoring of cash flow in the Pension Fund bank account, annual reviews of the maturity of the Fund (projections of cash inflows and outflows), and monthly monitoring of the cash flows generated from dealing with members and transactions at the Council rather than within the Pension Fund bank account or at the custodian.

## Note 19 Nature & Extent of risks arising from Financial Instruments (Cont'd)

### 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 2021 £'000	% of Total Fund	Value at 31 March 2020 £'000	% of Total Fund
Baillie Gifford Global Alpha Fund	431,672	20.6%	276,223	17.8%
Legal & General Global Equity Index Fund	359,078	17.2%	257,366	16.6%
Legal & General UK Equity Index Fund	251,938	12.0%	201,668	13.0%
Barings Dynamic Asset Allocation	137,566	6.6%	108,665	7.0%
Partners Group UK	83,197	4.0%	94,514	6.1%
CB Richard Ellis Collective Investors Ltd	92,056	4.4%	92,481	6.0%
Insight Investment Bonds Plus 400	98,071	4.7%	90,268	5.8%

# Note 19 Nature & Extent of risks arising from Financial Instruments (Cont'd)

## 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 2021

Assets exposed to interest rate risk	Value as at 31 March 2021	Potential movement on 1% change in interest rates	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Cash deposits	51,949	0	51,949	51,949
Fixed income	149,885	627	149,258	150,512
Index linked securities	43,632	10,501	33,131	54,133
<b>Total</b>	<b>245,466</b>	<b>11,128</b>	<b>234,338</b>	<b>256,594</b>

### 31 March 2020

Assets exposed to interest rate risk	Value as at 31 March 2020	Potential movement on 1% change in interest rates	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Cash deposits	11,808	0	11,808	11,808
Fixed income	131,635	4,685	126,949	136,320
Index linked securities	42,530	10,226	32,304	52,756
<b>Total</b>	<b>185,973</b>	<b>14,911</b>	<b>171,062</b>	<b>200,884</b>



## Note 20 Contingent Liabilities and Contractual Capital

### Property

The Fund has undrawn contractual capital in relation to three unquoted limited partnership funds in global property; one Euro denominated Luxembourg 'SICAR' and two US Dollar denominated Guernsey Limited Partnerships. These are drawn down in tranches over time as and when the manager needs the cash to invest in underlying investments. The Euro fund had £2.157m of undrawn contractual capital outstanding as at 31 March 2021 (£2.249m as at 31 March 2020), the US Dollar funds had a total of £48.335m of undrawn contractual capital outstanding as at 31 March 2021 (£56.201m as at March 2020). 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 £18.139m of commitments outstanding as at 31 March 2021 (£25.816m as at 31 March 2020). This is not required to be included in the Pension Fund accounts.

### Infrastructure

The Fund made a £106m commitment to the London Collective Investment Vehicle's Infrastructure Fund on 31 October 2019. At 31 March 2021, this had £79.6m of commitments outstanding (£104.9m outstanding at 31 March 2020).

## Note 21 Events after the reporting period

The Improvement and Development Agency, the second largest employer in the Pension Fund after the Council, had been intending to move to another LGPS fund in the 2020-21 year. This requires a bulk transfer of membership and a substitution of funds. As at the last triennial valuation at 31 March 2019, their assets were valued at £158m and so the transfer out of assets was assumed to be in the region of this amount (plus asset growth since then). The transfer has subsequently been completed in April 2022 at a value of £201m. Their liabilities are also transferred over and so this does not have any adverse effect on the funding level of the Pension fund.



6

# Glossary and Contacts

# 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 Council'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 Council'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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