

# Annual Financial Report

London Borough of Camden

2022/23





# Contents

## 1 Written Statements and Foreword

Executive Director Corporate Services Narrative Report  
**Page 5**

Independent Auditor's Reports to Members of London Borough of Camden  
**Page 14**

Statement of Responsibilities for the Statement of Accounts  
**Page 15**

Committee Approval of the Statement of Accounts  
**Page 16**

## 2 Primary Financial Statements

Comprehensive Income and Expenditure Statement  
**Page 18**

Movement in Reserves Statement  
**Page 20**

Balance Sheet  
**Page 23**

Cash Flow Statement  
**Page 25**

## 3 Notes to the Accounts

Notes to the Primary Financial Statements  
**Page 26**

## 4 Housing Revenue Account Statements and Explanatory Notes

Housing Revenue Account (HRA) Statements and Explanatory Notes  
**Page 131**

## 5 Collection Fund Account and Explanatory Notes

Collection Fund Accounts and Explanatory Notes  
**Page 142**

## 6 Pension Fund Accounts

Pension Fund Accounts and Explanatory Notes  
**Page 151**

## 7 Glossary and Contacts

Glossary of Terms  
**Page 196**

Abbreviations  
**Page 203**

Contact for Further Information  
**Page 208**





1

# Foreword

# Narrative Report



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

I am pleased to present the Council's 2022/23 Annual Financial Report. This foreword provides a guide to the most significant matters reported in the Council's accounts. Camden's financial statements for 2022/23 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 2022/23 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, 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 We Make Camden, 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 2022/23
- 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

### We Make Camden

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

“We want to make Camden a better borough - By working together, some amazing things have been achieved by people across Camden and we want to build on this approach to make Camden a better, fairer place. Everyone has the power to make a difference and even a small action can make a big difference.

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

In Camden, child poverty is high at 31.9% 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 more than a decade of funding reductions from central government, combined with increasing pressure on our services and the ongoing uncertainty created by Brexit and impact of the Covid-19 crisis and the cost of living 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.

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.

To achieve this Camden has adopted a Missions approach to service delivery. **Camden Missions** are the long-term goals for the future of our borough that were developed in collaboration with people across Camden. Camden has identified ten big issues facing the borough, which include four Camden Missions and six Camden Challenges.

The Missions evolved from the work of Camden's Renewal Commission. While the Renewal Commission came to an end in 2021, we embraced its recommendations to progress these Missions so they remain at the heart of our work as we look to the future. They are long-term goals which help to break down and tackle big, complex issues across Camden.

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.

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

The Four Missions that the Council has adopted are;

**Diversity Mission:** By 2030, those holding positions of power in Camden are as diverse as our community – and the next generation is ready to follow.

**Young People:** By 2025, every young person has access to economic opportunity that enables them to be safe and secure.

**Food Mission:** By 2030, everyone eats well every day with nutritious, affordable, sustainable food.

**Estates and Neighbourhoods:** By 2030, Camden's estates and their neighbourhoods are healthy, sustainable and unlock creativity.

More information is available at: [We Make Camden](#).

## Financial context

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

The Covid pandemic, Brexit, the war in Ukraine and other national and international factors have all contributed to the highest inflation rates for over 30 years. Camden along with other local authorities is in the frontline of the supporting households and businesses through what is now widely acknowledged as a cost of living emergency.

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 outcome based budgeted approach, was developed to address a projected deficit of between £35-£40m over the three year period. 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 to ensure the Council has resources in place to support the delivery of We Make Camden.

Due to the impact of the pandemic and the significant pressure placed on the Council to focus on the support of residents and businesses in the borough, the delivery of the savings projects for

the 2019-22 MTFS were extended into the 2022/23 to allow time for the projects to be delivered.

The Medium Term Finance Strategy is a key element of the Council's work to remain financially resilient and to ensure resources are in place to deliver the outcomes of We Make Camden.

## Key achievements from our capital investment

### Community Investment Programme (CIP)

The Community Investment Programme is now one of the largest and most successful municipal housebuilding programmes in London and across the country. Through CIP we are investing to ensure that Camden is a place for everyone. We've built the first council homes in a generation in Camden – and for the first time since the introduction of the right to buy, we have increased the number of social homes in the Borough. The CIP has built housing of all types and tenures, alongside new and improved schools, and community spaces where our vibrant communities can thrive.

Since the beginning of the Community Investment Programme we have directly built 1,520 new council homes helping to house people in new, bigger, safer, warmer homes.

In September 2022, the Council's Cabinet agreed to extend the programme's scale and ambition with a new target of 4,850 homes, including over 1,800 social rented homes being set.

In 2023 we have entered into contract and started on site on 376 new homes, including 194 genuinely affordable homes for Camden residents and 89 new temporary homes for families in need. Due to Camden's proven track record of housing delivery over recent years and with our in-house teams on the ground working closely with our

partners at the GLA, this has enabled CIP to secure £56m of investment for the people of Camden to support the building of genuinely affordable housing.

Over the lifetime of the Community Investment Programme We invested £165m into Camden's schools which includes new primary school buildings for Kingsgate, Netley and Edith Neville and the refurbishment of Parliament Hill and William Ellis.

Whilst CIP investment in building schools is now largely complete, we are still bringing forward a significant amount of community facilities and other non-residential buildings that will benefit Camden by enabling communities to come together in safe, attractive and warm spaces as well as increasing and enhancing employment opportunities and skills throughout the borough.

This year we have delivered new community facilities at Maitland Park and are close to completion at Highgate Newtown Community Centre, with construction underway at Central Somers Town where a high quality new Tenants' and Residents' Association (TRA) hall and community garden will be delivered.

In addition 2022/23 has seen the continuation of the Council's Temporary Accommodation Purchase Programme with the Council buying back ex-Right to Buy properties to use as Temporary Accommodation, reducing the cost of expensive nightly purchased temporary accommodation and providing good quality accommodation in the borough for homeless families. During 2022/23 the Council purchased 54 additional properties to use as temporary accommodation and refurbished a further 26 properties to bring them back into use.



## 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 2022/23 is set out below:

|                               | Net<br>Budget<br>£m | Outturn<br>£m | Variance<br>to Budget<br>£m |
|-------------------------------|---------------------|---------------|-----------------------------|
| <i>Directorates</i>           |                     |               |                             |
| Corporate services            | 41.9                | 42.5          | 0.6                         |
| Public Health                 | 23.8                | 23.8          | 0.0                         |
| Supporting Communities        | 105.8               | 107.1         | 1.4                         |
| Supporting People             | 175.4               | 171.2         | -4.2                        |
| <i>Cross-Cutting Budgets:</i> |                     |               |                             |
| Government Grants             | -69.8               | -70.2         | -0.4                        |
| Pensions                      | 15.8                | 15.8          | 0.0                         |
| Financing and Interest        | 1.2                 | -6.2          | -7.4                        |
| Housing benefit               | -0.1                | 0.9           | 1.0                         |
| Other Items and Adjustments   | -49.9               | -41           | 8.9                         |
| <b>Total</b>                  | <b>244.1</b>        | <b>244</b>    | <b>-0.1</b>                 |

The Council had a net revenue budget of £244.1m in 2022/23 and delivered a final outturn underspend after agreed transfer from reserves of £0.1m. The small underspend is indicating that the Council continues to be efficient in using its resources even with the impact as a result of the Covid pandemic.

Gross expenditure was funded from a variety of sources, including

- Government grants – £461m. This includes grants for specific functions, such as Dedicated Support Grant, as well as non-specific grant income.
- Rents, fees and other income - £154.3m
- Council tax - £126m
- Retained business rates - £95.8m

### 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 £224m. The main areas of investment were as follows:

- Property Management spent £80m making improvements to the council's existing buildings, a large proportion of the spend relates to the Better Homes programme, fire safety works and making improvements to existing schools.
- The Council spend £29.9m buying ex Council properties mainly to use as temporary accommodation to support homeless households.
- Development spent 75.5m 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 £21.3m 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 £159m in 2022/23 was financed from a number of sources including:

- £24.6m from capital receipts
- £59.2m from capital grants
- £41.9m from HRA reserves; and
- £33.7m from HRA prudential borrowing

### Housing Revenue Account

The Housing Revenue Accounts (HRA) is a ring-fenced landlord account for the running of the Council's housing stock. The Council is the main provider of social rented accommodation in Camden with 22,989 units at 31 March 2023. In 2022/23 average council rents (excluding service charges) were £118.33 per week.

In 2022/23, the HRA had a net deficit of £12.1m, which when taken to its existing reserves. In addition contribution to reserves of £22.1m were made mostly as a result of the £19m settlement in relation the Council's court case against the Chalcots Estate contractor, alongside a £3m planned contribution to reserves as part of the policy to increase the level of financial stability to the Housing Revenue Account. This resulted in £21.921m being carried forward as at 31 March 2023.

The main drivers of the overspend in the HRA were:

- £6.6m overspend on gas and power - due to the war in Ukraine and other global events, the price the Council paid for gas and electricity for the year to the end of September 2023 increased by 261% and 83% respectively. This overspend is after the planned drawdown from the heating pool reserve.

- £3.2m unbudgeted expenditure on tackling damp and mould. Full details of the Council's actions to tackle damp and mould can be found in the Cabinet Member for Better Homes' recent [Annual Report](#) in February 2023.
- £2.4m other repairs and voids overspends due to an increase in demand for
- £1.9m on unbudgeted staff pay award driven by higher than anticipated inflation during the year.

The cost pressures that the Council experienced in 2022/23 are likely to remain over the medium term as inflation remains high. The expected inflationary impacts on budgets were factored into the Council's Medium Term Financial Strategy and help to inform the level of savings needed in both the General Fund and the Housing Revenue Account in order to close the expected medium term budget gap

### 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 2022/23, we collected £156.77m from council tax, with a collection rate of 94% by the end of the financial year. In 2022/23, Camden's element of band D council tax was £1,396.34.

The amount of business rates Camden collects is one of the highest in the country. The amount collected in relation to 2022/23 was £620.03m, with a collection rate of 96.47%. The total amount collectable, less certain reliefs and deductions, is distributed between the Government, Greater London Authority and the Council. Between 2018/19 and 2020/21 Camden participated in a London-wide pilot scheme to pool and retain any growth over and above the business rates baseline across the capital. Given the current level of uncertainty regarding both the valuation of businesses and the tax base for business rates the Leaders Committee of London Councils took the decision to request a pause in the participation in the pilot scheme in 2021/22.

The Collection Fund closing position was £34.956m surplus – made up of £30.014m business rate surplus (to be distributed between Government, GLA and Camden), a £1.435m deficit for Business Rates Supplement and £6.377m council tax surplus.

### Pension Fund

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

In 2022/23 total contributions paid in were £55.4m, of which

- employers contributed £41.1m and
- employees contributed £14.3m.

Total Benefits paid out were £66.2m, this comprised of

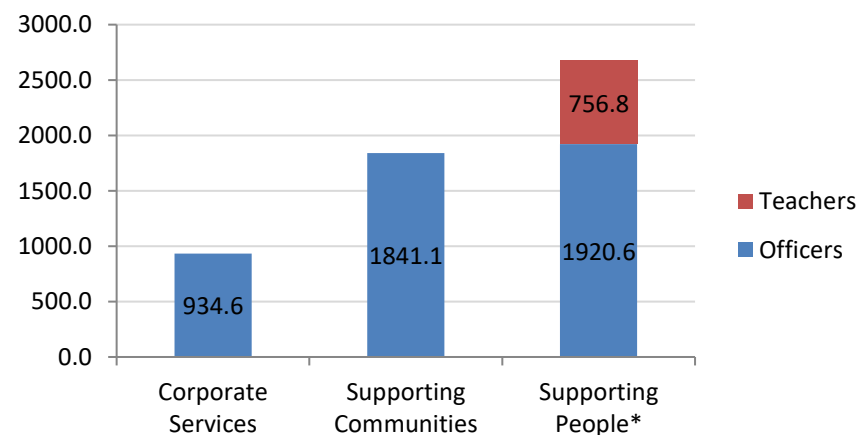
- £54.6m monthly pension payments,
- £9.4m of lump sum retirement grants and

- £2.2m in death grants

The value of investment assets decreased by 13% in the 2022/23 financial year to £1.90bn, as set out in the accounts. The Fund is assessed to be 113% funded as at the date of the last triennial actuarial valuation on 31 March 2022. Camden is one of the largest of the London Borough funds in terms of assets, and with over 22,000 members, 17 admitted bodies and 6 scheduled bodies.

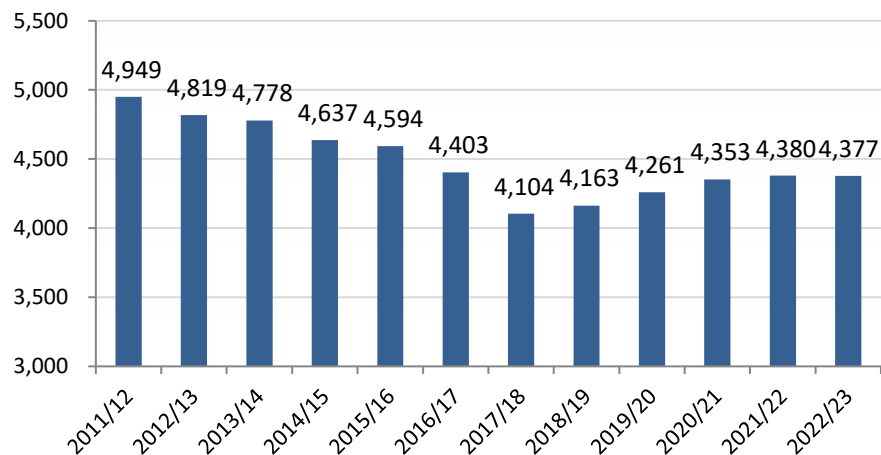
### Staffing trends over recent years

The graph below shows Camden's staff numbers in 2022/23 for each directorate, expressed in terms of the number of full-time equivalents in post in each category of employment at 31 March 2023. 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 572 (11.6%) over the period 2011/12 to 2022/23, but has increased by 273 (6.7%) from the low point of 2017/18.



## Outlook

The current economic situation, including the cost of living emergency and the impact of inflation on both the Council and on local residents and business is a major risk to the Council's ability to control its costs and collect income from local taxes and fees & charges. Against this the Council has a strong track record of living within our means and of delivering savings through successive Medium Term Financial Strategies.

Part of the Council's response to the more challenging medium term outlook that the Council is facing is to look to increase the general reserve balances held.

In support of the Council's financial resilience Members agreed to increase the Council's general reserve balance by £1m a year over the medium term.

## 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 2023. It shows the primary 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 2022/23, which in turn is underpinned by International Financial Reporting Standards.

**Comprehensive Income and Expenditure Statement** - This statement, as set out on page 18, 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 20, 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 planned and unplanned expenditure) 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 23, 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 25 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 Accounts

## 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 2022/23.

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; 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 2023 and of its income and expenditure for the year then ended. [TO BE APPROVED]

*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



The  
Shaw  
Theatre

BRITISH  
LIBRARY

# 2 Primary Financial Statements

# Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement (CIES) summarises the income it has generated during the year, such as from grants, fees and charges and taxation; the expenditure that the Council has incurred in providing services, and other gains and losses arising from changes in the value of assets and liabilities.

The Cost of Services is split according to the Council's hierarchical departmental structure and service area, with other operating income and expenditure not attributable to departments reported below.



## Comprehensive Income and Expenditure Statement

| 2021/22           |                  |                  |                                                                      | 2022/23           |                    |                  |
|-------------------|------------------|------------------|----------------------------------------------------------------------|-------------------|--------------------|------------------|
| Gross Expenditure | Gross Income     | Net Expenditure  |                                                                      | Gross Expenditure | Gross Income       | Net Expenditure  |
| £'000             | £'000            | £'000            |                                                                      | £'000             | £'000              | £'000            |
| 392,247           | (152,207)        | 240,040          | Supporting People                                                    | 342,953           | (142,103)          | 200,850          |
| 162,526           | (52,271)         | 110,255          | Supporting Communities                                               | 248,726           | (68,939)           | 179,787          |
| 207,382           | (280,012)        | (72,630)         | Corporate Services                                                   | 257,230           | (222,086)          | 35,144           |
| 25,761            | (3,890)          | 21,871           | Public Health                                                        | 26,827            | (2,239)            | 24,588           |
| 354               | (19)             | 335              | Cross Cutting                                                        | 1,424             | (752)              | 672              |
| 58,406            | (187,047)        | (128,641)        | Housing Revenue Account                                              | 256,971           | (221,868)          | 35,103           |
| 166,930           | (171,394)        | (4,464)          | Dedicated Schools Grant                                              | 172,253           | (178,307)          | (6,054)          |
| <b>1,013,606</b>  | <b>(846,840)</b> | <b>166,766</b>   | <b>Cost Of Services</b>                                              | <b>1,306,384</b>  | <b>(836,294)</b>   | <b>470,090</b>   |
| 68,096            | (86,962)         | (18,866)         | Other Operating Expenditure (Note 9)                                 | 36,490            | (71,301)           | (34,811)         |
| 44,592            | (44,003)         | 589              | Financing and Investment Income and Expenditure (Note 10)            | 94,895            | (68,954)           | 25,940           |
| 100,995           | (407,508)        | (306,513)        | Taxation and Non-Specific Grant Income (Note 11)                     | 108,462           | (438,508)          | (330,046)        |
| 1,227,289         | (1,385,313)      | <b>(158,024)</b> | <b>(Surplus) or Deficit on Provision of Services</b>                 | <b>1,546,231</b>  | <b>(1,415,057)</b> | <b>131,173</b>   |
|                   | (112,046)        | (112,046)        | (Surplus) or deficit on revaluation of Property, Plant and Equipment |                   | (72,693)           | (72,693)         |
|                   | (273,534)        | (273,534)        | (Actuarial gains) / losses on pension assets / liabilities           |                   | (669,932)          | (669,932)        |
|                   | 0                | 0                | Other (gains) and losses                                             |                   | 0                  | 0                |
|                   |                  | <b>(385,580)</b> | <b>Other Comprehensive Income and Expenditure</b>                    |                   |                    | <b>(742,625)</b> |
|                   |                  | <b>(543,604)</b> | <b>Total Comprehensive Income and Expenditure</b>                    |                   |                    | <b>(611,452)</b> |

# 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

| 2022/23                                                                            | 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 2022 brought forward</b>                                    | <b>(14,858)</b>      | <b>(3,003)</b>          | <b>(251,031)</b>   | <b>(68,346)</b>          | <b>(3,391)</b>        | <b>(13,597)</b>          | <b>(354,226)</b>      | <b>(3,492,326)</b>      | <b>(3,846,552)</b>       |
| (Surplus)/Deficit on provision of services                                         | 159,816              | (28,643)                |                    | 0                        | 0                     | 0                        | 131,173               | 0                       | 131,173                  |
| Other Comprehensive Income and Expenditure                                         | 0                    | 0                       |                    | 0                        | 0                     | 0                        | 0                     | (742,625)               | (742,625)                |
| <b>Total Comprehensive Income and Expenditure</b>                                  | <b>159,816</b>       | <b>(28,643)</b>         |                    | <b>0</b>                 | <b>0</b>              | <b>0</b>                 | <b>131,173</b>        | <b>(742,625)</b>        | <b>(611,452)</b>         |
| Adjustments between accounting basis & funding under regulations ( <i>Note 7</i> ) | (84,099)             | 6,102                   |                    | (26,456)                 | 201                   | (1,286)                  | (105,538)             | 105,538                 | 0                        |
| <b>Net (increase)/decrease before Transfers to Earmarked Reserves</b>              | <b>75,717</b>        | <b>(22,541)</b>         | <b>0</b>           | <b>(26,456)</b>          | <b>201</b>            | <b>(1,286)</b>           | <b>25,635</b>         | <b>(637,087)</b>        | <b>(611,452)</b>         |
| Transfer to or from Earmarked reserves                                             | (76,717)             | 13,535                  | 63,182             | 0                        | 0                     | 0                        | 0                     | 0                       | 0                        |
| <b>(Increase)/Decrease in Year</b>                                                 | <b>(1,000)</b>       | <b>(9,006)</b>          | <b>63,182</b>      | <b>(26,456)</b>          | <b>201</b>            | <b>(1,286)</b>           | <b>25,635</b>         | <b>(637,087)</b>        | <b>(611,452)</b>         |
| <b>Balance at 31 March 2023 carried forward</b>                                    | <b>(15,858)</b>      | <b>(12,009)</b>         | <b>(187,849)</b>   | <b>(94,802)</b>          | <b>(3,190)</b>        | <b>(14,883)</b>          | <b>(328,591)</b>      | <b>(4,129,413)</b>      | <b>(4,458,004)</b>       |

## Movement in Reserves Statement

| 2021/22                                                                            | General Fund Balance<br>£'000 | Housing Revenue Account<br>£'000 | Earmarked Reserves<br>£'000 | Capital Receipts Reserve<br>£'000 | Major Repairs Reserve<br>£'000 | Capital Grants Unapplied<br>£'000 | Total Usable Reserves<br>£'000 | Total Unusable Reserves<br>£'000 | Total Authority Reserves<br>£'000 |
|------------------------------------------------------------------------------------|-------------------------------|----------------------------------|-----------------------------|-----------------------------------|--------------------------------|-----------------------------------|--------------------------------|----------------------------------|-----------------------------------|
| <b>Balance at 31 March 2021 brought 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>(3,005,248)</b>               | <b>(3,302,949)</b>                |
| (Surplus)/Deficit on provision of services                                         | (17,892)                      | (140,131)                        |                             | 0                                 | 0                              | 0                                 | (158,023)                      | 0                                | (158,023)                         |
| Other Comprehensive Income and Expenditure                                         | 0                             | 0                                |                             | 0                                 | 0                              | 0                                 | 0                              | (385,580)                        | (385,580)                         |
| <b>Total Comprehensive Income and Expenditure</b>                                  | <b>(17,892)</b>               | <b>(140,131)</b>                 |                             | <b>0</b>                          | <b>0</b>                       | <b>0</b>                          | <b>(158,023)</b>               | <b>(385,580)</b>                 | <b>(543,603)</b>                  |
| Adjustments between accounting basis & funding under regulations ( <i>Note 7</i> ) | (35,996)                      | 148,927                          | 0                           | (4,392)                           | (3,391)                        | (3,650)                           | 101,498                        | (101,498)                        | 0                                 |
| <b>Net (increase)/decrease before Transfers to Earmarked Reserves</b>              | <b>(53,888)</b>               | <b>8,796</b>                     | <b>0</b>                    | <b>(4,392)</b>                    | <b>(3,391)</b>                 | <b>(3,650)</b>                    | <b>(56,525)</b>                | <b>(487,078)</b>                 | <b>(543,603)</b>                  |
| Transfer to or from Earmarked reserves                                             | 53,838                        | (7,433)                          | (46,405)                    | 0                                 | 0                              | 0                                 | 0                              | 0                                | 0                                 |
| <b>(Increase)/Decrease in Year</b>                                                 | <b>(50)</b>                   | <b>1,363</b>                     | <b>(46,405)</b>             | <b>(4,392)</b>                    | <b>(3,391)</b>                 | <b>(3,650)</b>                    | <b>(56,525)</b>                | <b>(487,078)</b>                 | <b>(543,603)</b>                  |
| <b>Balance at 31 March 2022 carried forward</b>                                    | <b>(14,858)</b>               | <b>(3,003)</b>                   | <b>(251,031)</b>            | <b>(68,347)</b>                   | <b>(3,391)</b>                 | <b>(13,596)</b>                   | <b>(354,226)</b>               | <b>(3,492,326)</b>               | <b>(3,846,552)</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-22          |                                                 |      | 31-Mar-23          |
|--------------------|-------------------------------------------------|------|--------------------|
| £'000              |                                                 | Note | £'000              |
| 4,536,004          | Property, Plant & Equipment                     | 12   | 4,606,109          |
| 841                | Heritage Assets                                 | 13   | 841                |
| 152,481            | Investment Property                             | 14   | 146,140            |
| 1,771              | Intangible Assets                               | 15   | 909                |
| 4,057              | Long Term Investments                           | 16   | 3,932              |
| 37,250             | Long Term Debtors                               | 16   | 27,632             |
| <b>4,732,404</b>   | <b>Long Term Assets</b>                         |      | <b>4,785,563</b>   |
| 109,861            | Short Term Investments                          | 16   | 335,004            |
| 9,522              | Assets held for sale                            | 19   | 17,820             |
| 371                | Inventories                                     |      | 440                |
| 278,361            | Short Term Debtors                              | 17   | 112,225            |
| 216,818            | Cash and Cash Equivalents                       | 18   | 99,017             |
| <b>614,933</b>     | <b>Current Assets</b>                           |      | <b>564,506</b>     |
| (10,112)           | Short Term Borrowing                            | 16   | (10,892)           |
| (388,091)          | Short Term Creditors                            | 20   | (341,672)          |
| (68,328)           | Short Term Grants Received in Advance - Capital | 36   | (49,340)           |
| (4,084)            | Short Term Provisions                           | 21   | (24,745)           |
| <b>(470,615)</b>   | <b>Current Liabilities</b>                      |      | <b>(426,649)</b>   |
| (9,699)            | Long Term Provisions                            | 21   | (11,699)           |
| (322,238)          | Long Term Borrowing                             | 16   | (314,965)          |
| (49,381)           | Other Long Term Liabilities                     | 16   | (47,543)           |
| (68,580)           | Long Term Grants Receipts in Advance - Capital  | 36   | (75,271)           |
| (580,272)          | Net Pensions Liability                          | 44   | (15,936)           |
| <b>(1,030,170)</b> | <b>Long Term Liabilities</b>                    |      | <b>(465,414)</b>   |
| <b>3,846,552</b>   | <b>Net Assets</b>                               |      | <b>4,458,006</b>   |
| (354,226)          | <b>Usable Reserves</b>                          | 22   | (328,591)          |
| (3,492,326)        | <b>Unusable Reserves</b>                        | 23   | (4,129,415)        |
| <b>(3,846,552)</b> | <b>Total Reserves</b>                           |      | <b>(4,458,006)</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.

| 2021/22<br>£'000 |                                                                                                                                            | 2022/23<br>£'000 |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| (158,024)        | Net surplus or (deficit) on the provision of services                                                                                      | 131,173          |
| 274,052          | Adjustment to surplus or deficit on the provision of services for noncash movements (note 23)                                              | 214,105          |
| (46,091)         | Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities (note 23) | (131,541)        |
| <b>69,937</b>    | <b>Net Cash flows from operating activities</b>                                                                                            | <b>213,737</b>   |
| (32,469)         | Net Cash flows from Investing Activities (note 24)                                                                                         | (383,105)        |
| 6,667            | Net Cash flows from Financing Activities (note 25)                                                                                         | 51,567           |
| <b>44,135</b>    | <b>Net increase or decrease in cash and cash equivalents</b>                                                                               | <b>(117,801)</b> |
| 172,683          | Cash and cash equivalents at the beginning of the reporting period                                                                         | 216,818          |
| <b>216,818</b>   | <b>Cash and cash equivalents at the end of the reporting period (note 18)</b>                                                              | <b>99,017</b>    |



3

# Notes to the Accounts

Note 1 Accounting Policies  
**Page 29**

Note 2 Accounting Standards issued  
but not yet adopted  
**Page 42**

Note 3 Critical judgements in applying  
accounting policies  
**Page 43**

Note 4 Assumptions made about the  
future and other major sources of  
estimation uncertainty  
**Page 44**

Note 5a Expenditure and Funding  
Analysis  
**Page 46**

Note 5b Expenditure and Income  
analysed by nature  
**Page 47**

Note 6 Events after the Balance Sheet  
Date  
**Page 48**

Note 7 Movement in Reserves  
Statement – adjustments between

accounting basis and funding basis  
under regulation  
**Page 48**

Note 8 Movement in Reserves  
Statement – Transfers to/from  
Earmarked Reserves  
**Page 52**

Note 9 Other operating expenditure  
**Page 57**

Note 10 Financing and Investment  
Income and Expenditure  
**Page 57**

Note 11 Taxation and Non-Specific  
Grant Income  
**Page 57**

Note 12 Property, Plant and  
Equipment  
**Page 58**

Note 13 Heritage Assets  
**Page 67**

Note 14 Investment Property  
**Page 69**

Note 15 Intangible Assets  
**Page 70**

Note 16 Financial Instruments  
**Page 71**

Note 17 Short-Term Debtors  
**Page 76**

Note 18 Cash and Cash Equivalents  
**Page 77**

Note 19 Assets held for sale  
**Page 77**

Note 20 Creditors  
**Page 77**

Note 21 Provisions  
**Page 78**

Note 22 Unusable Reserves  
**Page 79**

Note 23 Cash Flows from Operating  
Activities  
**Page 85**



Note 24 Cash Flows from Investing Activities

**Page 86**

Note 25 Cash Flows from Financing Activities

**Page 87**

Note 26 Reconciliation of Financial Liabilities

**Page 87**

Note 27 Expenditure and Funding Analysis Reconciliation (EFA)

**Page 88**

Note 28 Agency Services

**Page 92**

Note 29 Pooled Budgets

**Page 93**

Note 30 Members' Allowances

**Page 94**

Note 31 Officers' Remuneration

**Page 95**

Note 32 External Audit costs

**Page 99**

Note 33 Dedicated Schools Grant

**Page 100**

Note 34 Grant Income

**Page 101**

Note 35 Related Parties

**Page 104**

Note 36 Capital Expenditure and Capital Financing

**Page 108**

Note 37 Leases

**Page 109**

Note 38 Private Finance Initiatives and similar contracts

**Page 111**

Note 39 Termination Benefits

**Page 113**

Note 40 Pensions Schemes Accounted for as Defined Contribution Schemes

**Page 114**

Page 41 Defined Benefit Pension Schemes

**Page 115**

Note 42 Contingent Liabilities

**Page 124**

Note 43 Nature and extent of risks arising from Financial Instruments

**Page 125**

Note 44 Trust Funds and other accounts

**Page 130**

# Note 1 Accounting Policies

## 1. **CONCEPTS AND PRINCIPLES**

### 1.1. **General Principles**

The Statement of Accounts summarises the Council's transactions for the 2022/23 and 2023/24 financial years and its position at the financial years ending 31 March 2023 and 31 March 2024. The Statement of Accounts has been prepared in accordance with the Accounts and Audit Regulations 2015. These regulations require the accounts to be prepared in accordance with 'proper accounting practice'. These practices are set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and 2023/24, based on International Financial Reporting Standards and statutory guidance.

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

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

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.
- Goods and services are recorded as expenditure when they are consumed rather than purchased.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

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

Government grants and contributions, including those from non-government organisations, shall be 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.

If there are outstanding conditions the grants and contributions must be shown as liabilities on the balance sheet until the conditions are met. Once all conditions have been met, grants and contributions must be credited to the Comprehensive Income and Expenditure Statement and cannot be deferred.

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

Both debtors and creditors are recognised and measured at the contractual amounts due, less allowances for credit losses.

### 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 calculated on a prudent basis as determined by the Council in accordance with statutory guidance.

## 1.6. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. 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. 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 deficit 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.

## 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.

## **2. Non-Current Assets**

### **2.1. 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. 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.

## **2.2. 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.
- Vehicles, plant, and equipment – allocation over 10-20 years unless otherwise advised by a responsible qualified officer.
- Information technology assets – allocation over 5 years unless otherwise advised by an appropriate

person with knowledge of information technology.

- Infrastructure – straight-line allocation over 15 - 50 years, according to asset type.

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

Componentisation will not be applied retrospectively. Where Property, Plant or Equipment has been revalued or there has been significant enhancing expenditure it will be considered for componentisation where:

- The total cost of the component is significant both in terms of gross value and as a percentage of the overall value of the asset
- The pattern of depreciation or overall depreciable life of the component is significantly different to the useful economic life of the main asset.

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 are not charged against Council Tax.

### **2.3. 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.

### **2.4. 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 is 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.

### **2.5. The Council as Lessor**

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the

Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet. Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property - applied to write down the lease debtor (together with any premia received), and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

the Deferred Capital Receipts Reserve in the Movement in Reserves Statement.

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

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

## 2.6. 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 estimated useful 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.

## 2.7. 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.

## 2.8. 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 (5 years unless otherwise advised by a qualified professional), on a straight-line basis.

## 2.9. 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.

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

Proceeds 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 2013 (SI2013/476).

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 40% of the cost of the replacement homes within a 5 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.

## 2.11. 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.

### **3. Employee Benefits**

#### **3.1. 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.

##### *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.

#### **3.2. 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.

### **3.3. Post-Employment Benefits**

Employees of the Council can 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.

### 3.4. 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.
- 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*

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.

## **4. Financial Instruments**

### **4.1. 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 may hold 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).

#### *Expected Credit Losses*

The Council recognises expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis, where material. The expected credit loss model also applies to lease receivables and contract assets.

Only lifetime losses are recognised for trade receivables (debtors) held by the council.

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

### **4.2. 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.

## **5. Group Accounts**

### **5.1. 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) IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year).
- b) Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- c) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- d) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- e) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

There are no changes in accounting requirements for 2023/24 that are anticipated to have a material impact on the council's financial performance or financial position.



## 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:

### **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**

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.

| Item                                                | Uncertainty                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Affect if actual results differ from assumptions                                                                                                                                                                                                                                                                 |
|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <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. The total net liability arising from defined benefit obligations is £15.9m at 31 March 2023 (£580.3m at 31 March 2022). 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</p>                                                                                                                                                                                                                                                | <p>The total depreciation charge for PPE and Infrastructure for 2022/23 is £88.4m (£82.8m in 2021/22) on assets with total net book value of £4.6bn.</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> |

| Item                                                      | Uncertainty                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Affect if actual results differ from assumptions                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                           | maintenance over the medium term, thus bringing into doubt the useful lives assigned to assets.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>The margin of error in a change in depreciation due to a change in useful lives is not considered to be material.</li> <li>There are a range of other factors that might also result in a change in the estimate for depreciation such as new acquisitions, enhancements and improvements and revaluation of the assets.</li> </ul>                                                                                                                              |
| <b>Grant claims yet to be certified (Housing Benefit)</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 2022/23, the total claim for subsidy was for £139.2m (£144.6m; 2021/22). The subsidy received for the year was £141.7m and an accrual was made for £2.4m being the amount due to be repaid to Central Government by Camden Council.                                                                                                                                                                                                                                                              |
| <b>Valuation of Land and Buildings</b>                    | The Council's external valuers provide valuations for a proportion of Land and Buildings each year on a rolling annual basis.<br>The valuations are based on the market conditions prevailing at the valuation date and relevant adjustments made following an Impairment Review.                                                                                                                                                                                                                                                                                                                                    | A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement.<br>An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement. |

## 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.

| 2021/22                                                |                                                  |                                                                       |                                                                        | 2022/23                                                |                                                  |                                                                       |
|--------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------------------|
| 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                                                                 |
| 228,468                                                | 10,534                                           | 239,002                                                               | Supporting People                                                      | 183,178                                                | 17,672                                           | 200,850                                                               |
| 65,281                                                 | 44,974                                           | 110,255                                                               | Supporting Communities                                                 | 97,764                                                 | 81,997                                           | 179,761                                                               |
| (96,075)                                               | 23,446                                           | (72,629)                                                              | Corporate Services                                                     | (35,594)                                               | 70,792                                           | 35,198                                                                |
| 21,871                                                 | 0                                                | 21,871                                                                | Public Health                                                          | 24,578                                                 | 10                                               | 24,588                                                                |
| 335                                                    | 0                                                | 335                                                                   | Cross Cutting                                                          | 642                                                    | 30                                               | 672                                                                   |
| (4,518)                                                | (124,124)                                        | (128,642)                                                             | Housing Revenue Account                                                | (64,387)                                               | 99,462                                           | 35,075                                                                |
| (3,426)                                                | 0                                                | (3,426)                                                               | Dedicated Schools Grant                                                | (6,054)                                                | 0                                                | (6,054)                                                               |
| <b>211,936</b>                                         | <b>(45,170)</b>                                  | <b>166,766</b>                                                        | <b>Net Cost of Services</b>                                            | <b>200,127</b>                                         | <b>269,963</b>                                   | <b>470,090</b>                                                        |
| (257,028)                                              | (67,762)                                         | (324,790)                                                             | Other Income and Expenditure                                           | (200,996)                                              | (137,921)                                        | (338,917)                                                             |
| <b>(45,092)</b>                                        | <b>(112,932)</b>                                 | <b>(158,024)</b>                                                      | <b>(Surplus) or Deficit</b>                                            | <b>(869)</b>                                           | <b>132,042</b>                                   | <b>131,173</b>                                                        |
| <b>(223,800)</b>                                       |                                                  |                                                                       | <b>Opening General Fund and HRA Balance</b>                            | <b>(268,892)</b>                                       |                                                  |                                                                       |
| (45,092)                                               |                                                  |                                                                       | Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year | (869)                                                  |                                                  |                                                                       |
| <b>(268,892)</b>                                       |                                                  |                                                                       | <b>Closing General Fund and HRA Balance at 31 March</b>                | <b>(269,761)</b>                                       |                                                  |                                                                       |

Please see note 27 for further details.

## Note 5b Expenditure and Income analysed by Nature

The Authority income and expenditure is analysed as follows:

| 2021/22            |                                                      | 2022/23            |
|--------------------|------------------------------------------------------|--------------------|
| £'000              | Nature of Expenditure or Income                      | £'000              |
| 82,847             | Depreciation, amortisation, and impairment           | 88,401             |
| 494,388            | Employee benefit expenses                            | 514,121            |
| (25,325)           | (Gain) or loss on disposal on non-current assets     | (36,333)           |
| 68,392             | Interest payments and other financing charges        | 85,716             |
| 558,921            | Other service expenses                               | 613,724            |
| 4,739              | Payments to Housing Capital Receipts Pool            | 0                  |
| 102,714            | Precepts and levies                                  | 1,522              |
| (147,405)          | Revaluation                                          | 97,790             |
| <b>1,139,271</b>   | <b>Expenditure Total</b>                             | <b>1,364,941</b>   |
| (289,072)          | Fees charges and other service income                | (331,411)          |
| (669,910)          | Government grants and contributions                  | (661,146)          |
| (284,089)          | Income from council tax and non-domestic rates       | (173,162)          |
| (53,579)           | Interest and investment income                       | (67,428)           |
| (645)              | Recharges to external Bodies                         | (622)              |
| <b>(1,297,295)</b> | <b>Income Total</b>                                  | <b>(1,233,769)</b> |
| <b>(158,024)</b>   | <b>(Surplus) or deficit on provision of Services</b> | <b>131,172</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 XX [TO BE CONFIRMED]. 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.

| 2022/23                                                                              | General Fund Balance | Housing Revenue Account | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied | Movement in Unusable Reserves | Relevant Unusable Reserve               |
|--------------------------------------------------------------------------------------|----------------------|-------------------------|--------------------------|-----------------------|--------------------------|-------------------------------|-----------------------------------------|
|                                                                                      | £'000                | £'000                   | £'000                    | £'000                 | £'000                    | £'000                         |                                         |
| Reversal of items debited or credited to the CIES                                    |                      |                         |                          |                       |                          |                               |                                         |
| Depreciation, Amortisation and Impairments                                           | (47,140)             | (41,262)                | 0                        | 0                     | 0                        | 88,402                        | Capital Adjustment Account              |
| Revaluation gains on property, plant and equipment                                   | (30,742)             | (59,378)                | 0                        | 0                     | 0                        | 90,120                        |                                         |
| Movements in the market value of Investment Properties                               | (7,653)              | (17)                    | 0                        | 0                     | 0                        | 7,670                         |                                         |
| Revenue expenditure funded from capital under statute                                | (346)                | (2,315)                 | 0                        | 0                     | 0                        | 2,661                         |                                         |
| Non-current assets written out on disposal                                           | (7,466)              | (27,227)                | 0                        | 0                     | 0                        | 34,693                        |                                         |
| Grant income transferred to Capital Grants Unapplied                                 | 8,134                | 0                       | 0                        | 0                     | (8,134)                  | 0                             |                                         |
| Transfers between revenue and capital resources                                      |                      |                         |                          |                       |                          |                               |                                         |
| Transfer of sale proceeds from revenue to the Capital Receipts Reserve               | 21,341               | 49,960                  | (71,301)                 | 0                     | 0                        | 0                             | Capital Adjustment Account              |
| Administrative costs of non-current asset disposals                                  | 0                    | (275)                   | 275                      | 0                     | 0                        | 0                             |                                         |
| Transfer to/from the major repairs reserve                                           | 0                    | 41,262                  | 0                        | (41,262)              | 0                        | 0                             |                                         |
| Minimum Revenue Provision                                                            | 6,751                | 201                     | 0                        | 0                     | 0                        | (6,952)                       |                                         |
| Capital expenditure charged to revenue balances                                      | 8,227                | 0                       | 0                        | 0                     | 0                        | (8,227)                       |                                         |
| Adjustments to capital resources                                                     |                      |                         |                          |                       |                          |                               |                                         |
| Use of Capital Receipts to finance capital expenditure                               | 0                    | 0                       | 44,570                   | 0                     | 0                        | (44,570)                      | Capital Adjustment Account              |
| Use of Major Repairs Reserve to finance capital expenditure                          |                      |                         |                          | 41,963                |                          | (41,963)                      |                                         |
| Application of capital grants and other contributions to finance capital expenditure | 20,057               | 59,171                  | 0                        | (500)                 | 6,848                    | (85,576)                      |                                         |
| Adjustments between accounting and funding basis under regulations                   |                      |                         |                          |                       |                          |                               |                                         |
| Employers pension contributions payable in the year                                  | (91,399)             | (14,198)                |                          | 0                     | 0                        | 105,597                       | Pensions Reserve                        |
| Statutory adjustments in respect of financial instruments                            | 75                   | 0                       | 0                        | 0                     | 0                        | (75)                          | Financial Instrument Adjustment Account |
| Council Tax and NNDR                                                                 | 36,188               | 0                       | 0                        | 0                     | 0                        | (36,188)                      | Collection Fund Adjustment Account      |
| Holiday Pay                                                                          | (126)                | 180                     |                          | 0                     | 0                        | (54)                          | Accumulated Absences Account            |
| Total Adjustments                                                                    | (84,099)             | 6,102                   | (26,456)                 | 201                   | (1,286)                  | 105,538                       |                                         |

| 2021-22                                                                              | Useable Reserves     |                         |                          |                       |                          | Movement in Unusable Reserves<br>£'000 | Relevant Unusable Reserve               |
|--------------------------------------------------------------------------------------|----------------------|-------------------------|--------------------------|-----------------------|--------------------------|----------------------------------------|-----------------------------------------|
|                                                                                      | General Fund Balance | Housing Revenue Account | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied |                                        |                                         |
|                                                                                      | £'000                | £'000                   | £'000                    | £'000                 | £'000                    |                                        |                                         |
| Reversal of items debited or credited to the CIES                                    |                      |                         |                          |                       |                          |                                        |                                         |
| Depreciation, Amortisation and Impairments                                           | (44,861)             | (37,787)                | 0                        | 0                     | 0                        | 82,648                                 | Capital Adjustment Account              |
| Revaluation gains on property, plant and equipment                                   | (13,838)             | 135,703                 | 0                        | 0                     | 0                        | (121,865)                              |                                         |
| Movements in the market value of Investment Properties                               | 24,856               | 0                       | 0                        | 0                     | 0                        | (24,856)                               |                                         |
| Revenue expenditure funded from capital under statute                                | (1,610)              | (808)                   | 0                        | 0                     | 0                        | 2,418                                  |                                         |
| Non-current assets written out on disposal                                           | (30,044)             | (31,108)                | 0                        | 0                     | 0                        | 61,152                                 |                                         |
| Grant income transferred to Capital Grants Unapplied                                 | 8,888                | 0                       | 0                        | 0                     | (8,888)                  | 0                                      |                                         |
| Transfers between revenue and capital resources                                      |                      |                         |                          |                       |                          |                                        |                                         |
| Transfer of sale proceeds from revenue to the Capital Receipts Reserve               | 41,472               | 45,753                  | (87,225)                 | 0                     | 0                        | 0                                      | Capital Adjustment Account              |
| Administrative costs of non-current asset disposals                                  | 0                    | (263)                   | 263                      | 0                     | 0                        | 0                                      |                                         |
| Payments to the government housing receipts pool                                     | 0                    | (4,739)                 | 4,739                    | 0                     | 0                        | 0                                      |                                         |
| Transfer to/from the major repairs reserve                                           | 0                    | 37,854                  | 0                        | (37,854)              | 0                        | 0                                      |                                         |
| Minimum Revenue Provision                                                            | 6,752                | 129                     | 0                        | 0                     | 0                        | (6,881)                                |                                         |
| Capital expenditure charged to revenue balances                                      | 11,673               | 1,479                   | 0                        | 0                     | 0                        | (13,152)                               |                                         |
| Adjustments to capital resources                                                     |                      |                         |                          |                       |                          |                                        |                                         |
| Use of Capital Receipts to finance capital expenditure                               | 0                    | 0                       | 77,831                   | 0                     | 0                        | (77,831)                               | Capital Adjustment Account              |
| Use of Major Repairs Reserve to finance capital expenditure                          |                      |                         |                          | 34,463                |                          | (34,463)                               |                                         |
| Application of capital grants and other contributions to finance capital expenditure | 15,848               | 17,822                  | 0                        | 0                     | 5,238                    | (38,908)                               |                                         |
| Adjustments between accounting and funding basis under regulations                   |                      |                         |                          |                       |                          |                                        |                                         |
| Employers pension contributions payable in the year                                  | (96,078)             | (14,925)                |                          | 0                     | 0                        | 111,003                                | Pensions Reserve                        |
| Statutory adjustments in respect of financial instruments                            | 75                   | 0                       | 0                        | 0                     | 0                        | (75)                                   | Financial Instrument Adjustment Account |
| Council Tax and NNDR                                                                 | 39,783               | 0                       | 0                        | 0                     | 0                        | (39,783)                               | Collection Fund Adjustment Account      |
| Holiday Pay                                                                          | 1,088                | (183)                   |                          | 0                     | 0                        | (905)                                  | Accumulated Absences Account            |
| Total Adjustments                                                                    | (35,996)             | 148,927                 | (4,392)                  | (3,391)               | (3,650)                  | (101,498)                              |                                         |

## 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 2022/23.

|                                              | Balance at<br>31 March<br>2022<br>£'000 | Balance at<br>31 March<br>2023<br>£'000 |                           |                                      |                          |                           |                                      |
|----------------------------------------------|-----------------------------------------|-----------------------------------------|---------------------------|--------------------------------------|--------------------------|---------------------------|--------------------------------------|
| <b>General fund &amp; HRA Reserves</b>       |                                         |                                         |                           |                                      |                          |                           |                                      |
| Earmarked Reserves                           | (251,031)                               | (187,849)                               |                           |                                      |                          |                           |                                      |
| General Fund Balance                         | (14,858)                                | (15,858)                                |                           |                                      |                          |                           |                                      |
| HRA Balance                                  | (3,003)                                 | (12,009)                                |                           |                                      |                          |                           |                                      |
| Usable Capital Reserves                      | (85,334)                                | (112,875)                               |                           |                                      |                          |                           |                                      |
| <b>Total General Fund &amp; HRA Reserves</b> | <b>(354,226)</b>                        | <b>(328,591)</b>                        |                           |                                      |                          |                           |                                      |
|                                              | Balance at 31<br>March 2021<br>£'000    | Transfers<br>In<br>£'000                | Transfers<br>Out<br>£'000 | Balance at 31<br>March 2022<br>£'000 | Transfers<br>In<br>£'000 | Transfers<br>Out<br>£'000 | Balance at 31<br>March 2023<br>£'000 |
| <b>General Reserve Balances</b>              |                                         |                                         |                           |                                      |                          |                           |                                      |
| General Fund Balances                        | (14,808)                                | (125)                                   | 75                        | (14,858)                             | (1,000)                  | 0                         | (15,858)                             |
|                                              | (14,808)                                | (125)                                   | 75                        | (14,858)                             | (1,000)                  | 0                         | (15,858)                             |
| <b>Housing Revenue Account Balance</b>       |                                         |                                         |                           |                                      |                          |                           |                                      |
| Housing Revenue Account Balance              | (4,366)                                 | (4,035)                                 | 5,398                     | (3,003)                              | (22,000)                 | 12,994                    | (12,009)                             |
|                                              | (4,366)                                 | (4,035)                                 | 5,398                     | (3,003)                              | (22,000)                 | 12,994                    | (12,009)                             |

|                                                                           | Balance at<br>31 March<br>2021<br>£'000 | Transfers<br>In<br>£'000 | Transfers<br>out<br>£'000 | Balance at<br>31 March<br>2022<br>£'000 | Transfers<br>In<br>£'000 | Transfers<br>out<br>£'000 | Balance at<br>31 March<br>2023<br>£'000 | Purpose<br>of<br>Reserves |
|---------------------------------------------------------------------------|-----------------------------------------|--------------------------|---------------------------|-----------------------------------------|--------------------------|---------------------------|-----------------------------------------|---------------------------|
| <b>Reserves to support on-going revenue activity</b>                      |                                         |                          |                           |                                         |                          |                           |                                         |                           |
| Dedicated Schools Grant                                                   | (8,739)                                 | (4,464)                  | 0                         | (13,203)                                | (6,054)                  | 0                         | (19,257)                                | A                         |
| Schools Budgets (delegated)                                               | (15,753)                                | (1,718)                  | 0                         | (17,471)                                | (30)                     | 0                         | (17,501)                                | B                         |
| Multi Year Budget Reserve                                                 | (62,728)                                | (34,943)                 | 32,165                    | (65,506)                                | (11,915)                 | 17,858                    | (59,563)                                | C                         |
| Education Commission                                                      | (292)                                   | 0                        | 279                       | (13)                                    | 0                        | 13                        | 0                                       | D                         |
| Grant for various initiatives                                             | (811)                                   | 0                        | 0                         | (811)                                   | 0                        | 811                       | 0                                       | E                         |
|                                                                           | (88,323)                                | (41,125)                 | 32,444                    | (97,004)                                | (17,999)                 | 18,682                    | (96,321)                                |                           |
| <b>Reserves to support the council's service remodelling programme</b>    |                                         |                          |                           |                                         |                          |                           |                                         |                           |
| Workforce Remodelling/ Cost of Change                                     | (7,924)                                 | 0                        | 4,035                     | (3,889)                                 | 0                        | 2,892                     | (997)                                   | F                         |
| Camden Plan                                                               | (1,400)                                 | (1,024)                  | 808                       | (1,616)                                 | (1,000)                  | 262                       | (2,354)                                 | G                         |
|                                                                           | (9,324)                                 | (1,024)                  | 4,843                     | (5,505)                                 | (1,000)                  | 3,154                     | (3,351)                                 |                           |
| <b>Reserves to support on-going capital activity and asset management</b> |                                         |                          |                           |                                         |                          |                           |                                         |                           |
| Future Capital Schemes                                                    | (20,462)                                | (26,178)                 | 29,656                    | (16,984)                                | (15,576)                 | 11,642                    | (20,918)                                | H                         |
| Commercial and other property                                             | 0                                       | 0                        | 0                         | 0                                       | 0                        | 0                         | 0                                       | I                         |
| Haverstock School PFI Reserve                                             | (1,239)                                 | 0                        | 130                       | (1,109)                                 | 0                        | 130                       | (979)                                   | J                         |
| Schools PFI Equalisation Reserve                                          | (3,000)                                 | (167)                    | 0                         | (3,167)                                 | (726)                    | 0                         | (3,893)                                 | K                         |
| Building Schools for the Future                                           | (464)                                   | (350)                    | 0                         | (814)                                   | 0                        | 0                         | (814)                                   | L                         |
| Accommodation Strategy                                                    | (5,711)                                 | (932)                    | 0                         | (6,643)                                 | (1,120)                  | 38                        | (7,725)                                 | M                         |
|                                                                           | (30,876)                                | (27,627)                 | 29,786                    | (28,717)                                | (17,422)                 | 11,810                    | (34,329)                                |                           |



|                                                 | Balance at<br>31 March<br>2021<br>£'000 | Transfers<br>In<br>£'000 | Transfers<br>out<br>£'000 | Balance at<br>31 March<br>2022<br>£'000 | Transfers<br>In<br>£'000 | Transfers<br>out<br>£'000 | Balance at<br>31 March<br>2023<br>£'000 | Purpose<br>of<br>Reserves |
|-------------------------------------------------|-----------------------------------------|--------------------------|---------------------------|-----------------------------------------|--------------------------|---------------------------|-----------------------------------------|---------------------------|
| <b>HRA Earmarked Reserves</b>                   |                                         |                          |                           |                                         |                          |                           |                                         |                           |
| Future Cost Reserve HRA                         | (4,897)                                 | (12,566)                 | 0                         | (17,463)                                | 0                        | 0                         | (17,463)                                | S                         |
| HRA EMR DMC                                     | (144)                                   | (95)                     | 0                         | (239)                                   | (139)                    | 0                         | (378)                                   | T                         |
| HRA EMR Feasibility                             | (4,064)                                 | 0                        | 2,284                     | (1,780)                                 | 0                        | 405                       | (1,375)                                 | T                         |
| HRA EMR Cost of Change                          | (131)                                   | 0                        | 0                         | (131)                                   | 0                        | 124                       | (7)                                     | T                         |
| HRA EMR Lease Ends                              | (1,300)                                 | 0                        | 0                         | (1,300)                                 | 0                        | 0                         | (1,300)                                 | T                         |
| HRA EMR Legal Fees                              | (846)                                   | 0                        | 846                       | 0                                       | 0                        | 0                         | 0                                       | T                         |
| HRA EMR Insurance                               | (2,500)                                 | 0                        | 0                         | (2,500)                                 | (500)                    | 0                         | (3,000)                                 | T                         |
| HRA EMR Heating Pool Surplus                    | (3,418)                                 | 0                        | 0                         | (3,418)                                 | (439)                    | 3,857                     | 0                                       | T                         |
|                                                 | (17,300)                                | (12,661)                 | 3,130                     | (26,831)                                | (1,078)                  | 4,386                     | (23,523)                                |                           |
| <b>Reserves to mitigate future service risk</b> |                                         |                          |                           |                                         |                          |                           |                                         |                           |
| Self-Insurance Reserve                          | (2,500)                                 | 0                        | 0                         | (2,500)                                 | (500)                    | 0                         | (3,000)                                 | N                         |
| Business Rates Safety Net Reserve               | (30,309)                                | (49,131)                 | 11,040                    | (68,400)                                | (8,623)                  | 66,343                    | (10,680)                                | O                         |
| Future Cost Reserve GF                          | (22,063)                                |                          | 1                         | (22,062)                                | (430)                    | 5,859                     | (16,633)                                | P                         |
| Tax income guarantee                            | (3,915)                                 | 0                        | 3,915                     | 0                                       | 0                        | 0                         | 0                                       | Q                         |
|                                                 | (58,787)                                | (49,131)                 | 14,956                    | (92,974)                                | (9,553)                  | 72,202                    | (30,313)                                |                           |
| <b>Reserves to support charitable activity</b>  |                                         |                          |                           |                                         |                          |                           |                                         |                           |
| Mayors Charity Reserve                          | (14)                                    | 0                        | 2                         | (12)                                    | 0                        | 0                         | (12)                                    | R                         |
|                                                 | (14)                                    | 0                        | 2                         | (12)                                    | 0                        | 0                         | (12)                                    |                           |
| <b>Total Earmarked Reserves</b>                 | <b>(204,624)</b>                        | <b>(131,568)</b>         | <b>85,161</b>             | <b>(251,031)</b>                        | <b>(47,052)</b>          | <b>110,234</b>            | <b>(187,849)</b>                        |                           |

#### Capital Usable Reserves

|                          |                 |                  |                |                 |                  |                |                  |
|--------------------------|-----------------|------------------|----------------|-----------------|------------------|----------------|------------------|
| Capital Receipts Reserve | <b>(63,955)</b> | (87,736)         | 83,344         | <b>(68,347)</b> | (118,194)        | 91,739         | <b>(94,802)</b>  |
| Capital Grants Unapplied | <b>(9,946)</b>  | (8,888)          | 5,238          | <b>(13,596)</b> | (14,846)         | 13,559         | <b>(14,883)</b>  |
| Major Repairs Reserve    | <b>0</b>        | (75,872)         | 72,481         | <b>(3,391)</b>  | (121,724)        | 121,925        | <b>(3,190)</b>   |
|                          | <b>(73,901)</b> | <b>(172,496)</b> | <b>161,063</b> | <b>(85,334)</b> | <b>(254,764)</b> | <b>227,223</b> | <b>(112,875)</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 do not have conditions on their 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 council's 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.

| 2021/22         |                                                          | 2022/23         |
|-----------------|----------------------------------------------------------|-----------------|
| £'000           |                                                          | £'000           |
| 1,720           | Levies                                                   | 1,523           |
| 4,739           | Payments to the Government Housing Capital Receipts Pool | 0               |
| (25,325)        | (Gains)/losses on the disposal of non-current assets     | (36,333)        |
| <b>(18,866)</b> | <b>Total</b>                                             | <b>(34,810)</b> |

## Note 10 Financing and Investment Income and Expenditure

| 2021/22    |                                                                                             | 2022/23       |
|------------|---------------------------------------------------------------------------------------------|---------------|
| £'000      |                                                                                             | £'000         |
| 16,191     | Interest payable and similar charges                                                        | 17,147        |
| 15,431     | Net interest on the defined benefit liability                                               | 16,280        |
| (1,068)    | Interest receivable and similar income                                                      | (9,811)       |
| (29,965)   | Income and expenditure in relation to investment properties and changes in their fair value | 2,325         |
| <b>589</b> | <b>Total</b>                                                                                | <b>25,941</b> |

## Note 11 Taxation and Non-Specific Grant Income

| 2021/22          |                                                                             | 2022/23          |
|------------------|-----------------------------------------------------------------------------|------------------|
| £'000            |                                                                             | £'000            |
| (122,933)        | Council Tax Income (Precept & Prior Year Collection Fund (surplus)/deficit) | (121,807)        |
| (60,161)         | Contributions from NNDR Pool                                                | (51,355)         |
| (82,285)         | Non-ring-fenced government grants                                           | (69,521)         |
| (41,134)         | Capital grants and contributions                                            | (87,363)         |
| <b>(306,513)</b> | <b>Total</b>                                                                | <b>(330,046)</b> |

## 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 2022/23**

| <b>Cost or Valuation - Gross Book Value</b>                                                        | <b>Council Dwellings</b> | <b>Other Land and Buildings</b> | <b>Vehicles, Plant and Equipment</b> | <b>Community Assets</b> | <b>Surplus Assets</b> | <b>Assets Under Construction</b> | <b>Total PPE except infrastructure</b> |
|----------------------------------------------------------------------------------------------------|--------------------------|---------------------------------|--------------------------------------|-------------------------|-----------------------|----------------------------------|----------------------------------------|
|                                                                                                    | <b>£'000</b>             | <b>£'000</b>                    | <b>£'000</b>                         | <b>£'000</b>            | <b>£'000</b>          | <b>£'000</b>                     | <b>£'000</b>                           |
| <b>At 1 April 2022</b>                                                                             | <b>2,807,703</b>         | <b>1,267,653</b>                | <b>40,755</b>                        | <b>33,644</b>           | <b>8,927</b>          | <b>174,061</b>                   | <b>4,332,743</b>                       |
| Additions                                                                                          | 110,998                  | 9,254                           | 3,022                                | 4,382                   | 52                    | 69,601                           | 197,309                                |
| Accumulated depreciation / impairment written off on revaluation to gross book value               | (37,428)                 | (50,922)                        | 0                                    | 0                       | 0                     | 0                                | (88,350)                               |
| Revaluation increases/(decreases) recognised in the revaluation reserve                            | 4,524                    | 68,620                          | 0                                    | 2                       | 0                     | 0                                | 73,146                                 |
| Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services | (49,040)                 | (41,508)                        | 0                                    | 114                     | 0                     | 0                                | (90,434)                               |
| Derecognition (disposal)                                                                           | (3,926)                  | (1,074)                         | (10,858)                             | 0                       | (8,487)               | (2,868)                          | (27,213)                               |
| Derecognition (other)                                                                              | 0                        | (619)                           | 0                                    | (114)                   | 0                     | 0                                | (733)                                  |
| Assets reclassified (to)/from Held for Sale                                                        | (1,356)                  | (250)                           | 0                                    | (628)                   | (12)                  | (24,894)                         | (27,140)                               |
| Assets reclassified (to)/from Investment Property                                                  | 0                        | (207)                           | 0                                    | 0                       | 0                     | 0                                | (207)                                  |
| Other movements in cost or valuation                                                               | 11,140                   | 17,681                          | 0                                    | 0                       | 0                     | (28,820)                         | 1                                      |
| <b>At 31 March 2023</b>                                                                            | <b>2,842,615</b>         | <b>1,268,628</b>                | <b>32,919</b>                        | <b>37,400</b>           | <b>480</b>            | <b>187,080</b>                   | <b>4,369,122</b>                       |



| Accumulated Depreciation and Impairment                                 | 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 2022</b>                                                  | <b>(884)</b>      | <b>(49,585)</b>          | <b>(23,104)</b>               | <b>(3,024)</b>   | <b>(389)</b>   | <b>(983)</b>              | <b>(77,969)</b>                 |
| Depreciation charge                                                     | (37,918)          | (19,935)                 | (3,163)                       | (636)            | 0              | (1)                       | (61,653)                        |
| Accumulated depreciation written off on revaluation to gross book value | 37,428            | 50,587                   | 0                             | 0                | 0              | 0                         | 88,015                          |
| Accumulated impairment written off on revaluation to gross book value   | 0                 | 335                      | 0                             | 0                | 0              | 0                         | 335                             |
| Derecognition (disposal)                                                | 51                | 88                       | 10,858                        | 0                | 389            | 554                       | 11,940                          |
| Assets reclassified (to)/from Assets Held for Sale                      | 143               | 13                       | 0                             | 0                | 0              | 0                         | 156                             |
| Assets reclassified (to)/from Investment Property                       | 0                 | 0                        | 0                             | 0                | 0              | 0                         | 0                               |
| Other movements in depreciation or impairment                           | 163               | 1,680                    | 0                             | 0                | 0              | (1,844)                   | (1)                             |
| <b>At 31 March 2023</b>                                                 | <b>(1,017)</b>    | <b>(16,817)</b>          | <b>(15,409)</b>               | <b>(3,660)</b>   | <b>0</b>       | <b>(2,274)</b>            | <b>(39,177)</b>                 |
| <b>Net Book Value</b>                                                   |                   |                          |                               |                  |                |                           |                                 |
|                                                                         | £'000             | £'000                    | £'000                         | £'000            | £'000          | £'000                     | £'000                           |
| <b>At 1 April 2022</b>                                                  | <b>2,806,819</b>  | <b>1,218,068</b>         | <b>17,651</b>                 | <b>30,620</b>    | <b>8,538</b>   | <b>173,078</b>            | <b>4,254,774</b>                |
| <b>At 31 March 2023</b>                                                 | <b>2,841,598</b>  | <b>1,251,811</b>         | <b>17,510</b>                 | <b>33,740</b>    | <b>480</b>     | <b>184,806</b>            | <b>4,329,945</b>                |

**Comparative Movement on Balances 2021/22**

| <b>Cost or Valuation - Gross Book Value</b>                                                        | <b>Council Dwellings</b> | <b>Other Land and Buildings</b> | <b>Vehicles, Plant and Equipment</b> | <b>Community Assets</b> | <b>Surplus Assets</b> | <b>Assets Under Construction</b> | <b>Total PPE except infrastructure</b> |
|----------------------------------------------------------------------------------------------------|--------------------------|---------------------------------|--------------------------------------|-------------------------|-----------------------|----------------------------------|----------------------------------------|
|                                                                                                    | <b>£'000</b>             | <b>£'000</b>                    | <b>£'000</b>                         | <b>£'000</b>            | <b>£'000</b>          | <b>£'000</b>                     | <b>£'000</b>                           |
| <b>At 1 April 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>                       |
| Additions                                                                                          | (1)                      | 1,197                           | (50)                                 | 0                       | (1)                   | 1                                | 1,146                                  |
| Accumulated depreciation written off on revaluation to gross book value                            | 46,497                   | 6,834                           | 7,285                                | 2,922                   | 208                   | 87,511                           | 151,257                                |
| Revaluation increases/(decreases) recognised in the revaluation reserve                            | (36,941)                 | (13,540)                        | 0                                    | 0                       | 0                     | 0                                | (50,481)                               |
| Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services | 80,952                   | 31,094                          | 0                                    | 0                       | 0                     | 0                                | 112,046                                |
| Assets reclassified (to)/from Assets under Construction                                            | 139,317                  | (18,629)                        | 0                                    | 0                       | 0                     | 0                                | 120,688                                |
| Assets reclassified (to)/from Held for Sale                                                        | (5,820)                  | (3,790)                         | (12,428)                             | 0                       | (35,883)              | (1,086)                          | (59,007)                               |
| Assets reclassified (to)/from Investment Property                                                  | 0                        | 0                               | 0                                    | 0                       | (184)                 | (8,765)                          | (8,949)                                |
| Derecognition (disposal)                                                                           | 0                        | (15,475)                        | 0                                    | 0                       | (9)                   | (718)                            | (16,202)                               |
| Other movements in cost or valuation                                                               | 6,133                    | 8,347                           | 0                                    | 0                       | (218)                 | (14,754)                         | (492)                                  |
| <b>At 31 March 2022</b>                                                                            | <b>2,807,703</b>         | <b>1,267,653</b>                | <b>40,755</b>                        | <b>33,644</b>           | <b>8,927</b>          | <b>174,061</b>                   | <b>4,332,743</b>                       |

| Accumulated Depreciation and Impairment                                                      | Council Dwellings<br>£'000 | Other Land and Buildings<br>£'000 | Vehicles, Plant and Equipment<br>£'000 | Community Assets<br>£'000 | Surplus Assets<br>£'000 | Assets Under Construction<br>£'000 | Total PPE except infrastructure<br>£'000 |
|----------------------------------------------------------------------------------------------|----------------------------|-----------------------------------|----------------------------------------|---------------------------|-------------------------|------------------------------------|------------------------------------------|
| <b>At 1 April 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>                          |
| Opening Balance Adjustment                                                                   | 0                          | 1,035                             | 50                                     | 1                         | 1                       | 0                                  | 1,087                                    |
| Depreciation charge                                                                          | (34,947)                   | (19,485)                          | (2,096)                                | (529)                     | (33)                    | 0                                  | (57,090)                                 |
| Accumulated depreciation written off on revaluation to gross book value                      | 35,661                     | 13,150                            | 0                                      | 0                         | 0                       | 0                                  | 48,811                                   |
| Accumulated impairment written off on revaluation to gross book value                        | 1,280                      | 390                               | 0                                      | 0                         | 0                       | 0                                  | 1,670                                    |
| Impairment losses/(reversals) recognised in the surplus/deficit on the provision of services | 0                          | (6)                               | 0                                      | 0                         | 0                       | 0                                  | (6)                                      |
| Depreciation written out to the revaluation reserve                                          | 0                          | (99)                              | 0                                      | 0                         | 0                       | 0                                  | (99)                                     |
| Derecognition (disposals)                                                                    | 79                         | 925                               | 12,428                                 | 0                         | 3                       | 957                                | 14,392                                   |
| Assets reclassified (to)/from Investment Property                                            | 0                          | 0                                 | 0                                      | 0                         | 0                       | 0                                  | 0                                        |
| Other movements in depreciation and impairment                                               | (729)                      | (473)                             | 0                                      | 0                         | 0                       | 1,208                              | 6                                        |
| <b>At 31 March 2022</b>                                                                      | <b>(884)</b>               | <b>(49,585)</b>                   | <b>(23,104)</b>                        | <b>(3,024)</b>            | <b>(389)</b>            | <b>(983)</b>                       | <b>(77,969)</b>                          |
| <b>Net Book Value</b>                                                                        |                            |                                   |                                        |                           |                         |                                    |                                          |
|                                                                                              | £'000                      | £'000                             | £'000                                  | £'000                     | £'000                   | £'000                              | £'000                                    |
| <b>At 1 April 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>                         |
| <b>At 31 March 2022</b>                                                                      | <b>2,806,819</b>           | <b>1,218,068</b>                  | <b>17,651</b>                          | <b>30,620</b>             | <b>8,538</b>            | <b>173,078</b>                     | <b>4,254,774</b>                         |

| Infrastructure Assets             |                |                |
|-----------------------------------|----------------|----------------|
|                                   | 2021/22        | 2022/23        |
| Modified Historical Cost          | £'000          | £'000          |
| <b>Net Book Value at 1 April</b>  | <b>286,584</b> | <b>281,230</b> |
| Additions                         | 19,446         | 20,820         |
| Derecognition                     | 0              | 0              |
| Depreciation                      | (24,800)       | (25,886)       |
| Impairment                        | 0              | 0              |
| Other Movements in Cost           | 0              | 0              |
| <b>Net Book Value at 31 March</b> | <b>281,230</b> | <b>276,164</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 2022    | 31 March 2023    |
| Net Book Value                      | £'000            | £'000            |
| Infrastructure assets               | 281,230          | 276,164          |
| Other PPE assets                    | 4,254,774        | 4,329,945        |
| <b>Total PPE assets</b>             | <b>4,536,004</b> | <b>4,606,109</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

## Capital Commitments

At 31 March 2023, the Council has entered a number of contracts for the construction or enhancement of property, plant and equipment which will need to be paid in future years. The major commitments amounting to £1m or more are as follows:

| <b>Scheme</b>                                         | <b>£'000</b>  |
|-------------------------------------------------------|---------------|
| Chalcots Estate Fire Safety Works                     | 14,504        |
| Highgate Centre Redevelopment                         | 5,837         |
| Maitland Park Infills                                 | 5,656         |
| Tybalds Affordable Housing Development                | 3,578         |
| Agar Grove Estate Phase 1 Redevelopment               | 3,395         |
| Charlie Ratchford Centre Phase 2 Redevelopment        | 2,914         |
| Parliament Hill Secondary School Redevelopment        | 2,455         |
| Acland Burghley Secondary School Works                | 2,411         |
| Regents Park HS2 Replacement Housing                  | 2,286         |
| Edith Neville School Project                          | 2,054         |
| West End Project / Tottenham Court Road Two Way Works | 1,324         |
| Rhyl School Works                                     | 1,282         |
| Chester Road Hostel Accommodation                     | 1,248         |
| Town Hall Refurbishment                               | 1,039         |
| <b>Total</b>                                          | <b>49,983</b> |

## Revaluations

The Council carries out a rolling programme of valuations that ensures that all property, plant and equipment held under the valuation model rather than historic cost is revalued at least every five years. In 2022/23 valuations were carried by Royal Institution of Chartered Surveyors (RICS) qualified valuers from an external firm, Lamberth Smith Hampton (LSH).

The significant assumptions applied in estimating the valuations are:

- Operational Properties: valuations have been prepared on the basis of existing use value (EUV) in accordance with the RICS standards, unless there is insufficient market evidence in which case depreciated replacement cost (DRC) has been used.
- Non-Operational Properties: valuations have been prepared on the basis of fair value (FV) in accordance with the RICS standards.
- 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 2023 may have been affected by the Covid-19 pandemic. The outbreak of Covid-19 had a significant impact on property markets and therefore those property, plant and equipment assets valued as at 31 March 2020 and yet to be revalued within the five-year cycle are subject to greater uncertainty. Valuations prior to the pandemic may also be subject to greater uncertainty due to the changes in the market caused subsequently by the pandemic.
- 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 2023.

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

|                                                       |              | <b>Council<br/>Dwellings<br/>£'000</b> | <b>Other Land<br/>and<br/>Buildings<br/>£'000</b> | <b>Vehicles,<br/>Plant and<br/>Equipment<br/>£'000</b> | <b>Community<br/>£'000</b> | <b>Surplus<br/>Assets<br/>£'000</b> | <b>Assets<br/>Under<br/>Construction<br/>£'000</b> | <b>Total PPE<br/>except<br/>Infrastructure<br/>£'000</b> |
|-------------------------------------------------------|--------------|----------------------------------------|---------------------------------------------------|--------------------------------------------------------|----------------------------|-------------------------------------|----------------------------------------------------|----------------------------------------------------------|
| <b>Carried at historical cost</b>                     |              | 0                                      | 4,887                                             | 32,919                                                 | 37,284                     | 480                                 | 187,080                                            | 262,650                                                  |
| <b>Valued at current<br/>value as at 31<br/>March</b> | <b>2023</b>  | 2,756,153                              | 693,398                                           | 0                                                      | 116                        | 0                                   | 0                                                  | 3,449,667                                                |
|                                                       | <b>2022</b>  | 0                                      | 347,254                                           | 0                                                      | 0                          | 0                                   | 0                                                  | 347,254                                                  |
|                                                       | <b>2021</b>  | 0                                      | 119,675                                           | 0                                                      | 0                          | 0                                   | 0                                                  | 119,675                                                  |
|                                                       | <b>2020</b>  | 0                                      | 186,491                                           | 0                                                      | 0                          | 0                                   | 0                                                  | 186,491                                                  |
|                                                       | <b>2019</b>  | 0                                      | 3,385                                             | 0                                                      | 0                          | 0                                   | 0                                                  | 3,385                                                    |
|                                                       | <b>Total</b> | <b>2,756,153</b>                       | <b>1,355,090</b>                                  | <b>32,919</b>                                          | <b>37,400</b>              | <b>480</b>                          | <b>187,080</b>                                     | <b>4,369,122</b>                                         |

## Note 13 Heritage Assets

Heritage assets are held at historic cost and are not depreciated. There were no additions, disposals, or transfers to or from to the heritage assets portfolio during 2022/23.

| Movement on Balances 2022/23 |                    |                                |                |                   |                       |
|------------------------------|--------------------|--------------------------------|----------------|-------------------|-----------------------|
| Net Book Value               | Heritage Buildings | Mayoral Regalia and Silverware | Art Collection | Public Sculptures | Total Heritage Assets |
| Historic Cost or Valuation   | £'000              | £'000                          | £'000          | £'000             | £'000                 |
| 1 April 2022                 | 16                 | 382                            | 423            | 20                | 841                   |
| 31 March 2023                | 16                 | 382                            | 423            | 20                | 841                   |

| Comparative Movement on Balances 2021/22 |                    |                                |                |                   |                       |
|------------------------------------------|--------------------|--------------------------------|----------------|-------------------|-----------------------|
| Net Book Value                           | Heritage Buildings | Mayoral Regalia and Silverware | Art Collection | Public Sculptures | Total Heritage Assets |
| Historic Cost or Valuation               | £'000              | £'000                          | £'000          | £'000             | £'000                 |
| 1 April 2021                             | 16                 | 382                            | 423            | 20                | 841                   |
| 31 March 2022                            | 16                 | 382                            | 423            | 20                | 841                   |

### 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>.

## Art Collection and Public Sculptures

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 Sotheby's in 1986. A further valuation was undertaken by Sotheby'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                    | Artist          | Description         | Value (£) |
|------------|--------------------------|-----------------|---------------------|-----------|
| 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    |

## Mayoral Regalia and 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 £382,000. 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.

# 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:

|                                                            | 2021/22<br>£'000 | 2022/23<br>£'000 |
|------------------------------------------------------------|------------------|------------------|
| Rental income from investment property                     | (6,165)          | (6,855)          |
| Direct operating expenses arising from investment property | 1,056            | 1,526            |
| <b>Net (surplus)/deficit</b>                               | <b>(5,109)</b>   | <b>(5,329)</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 2022/23 and 2021/22 for comparison.

|                                                  | 2021/22<br>£'000 | 2022/23<br>£'000 |
|--------------------------------------------------|------------------|------------------|
| <b>Balance at 1 April</b>                        | <b>112,308</b>   | <b>152,481</b>   |
| Opening balance adjustment                       | (25)             | 0                |
| Acquisitions                                     | 0                | 0                |
| Enhancements                                     | 163              | 1,262            |
| Disposals                                        | (1,022)          | 0                |
| Net gains/(losses) from fair value adjustments   | 24,855           | (7,810)          |
| Transfers (to)/from Assets Held for Sale         | 0                | 0                |
| Transfers (to)/from Property Plant and Equipment | 16,202           | 207              |
| Other movements                                  | 0                | 0                |
| <b>Balance at 31 March</b>                       | <b>152,481</b>   | <b>146,140</b>   |

## Fair Value Measurement

There has been no change in the valuation techniques used by the Council's external Royal Institution of Chartered Surveyors (RICS) qualified valuer, Lambert Smith Hampton, 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 from active markets such as sales prices and rental incomes for similar properties 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

Intangible assets are identifiable non-monetary assets without physical form and the only type of intangible asset the Council currently accounts for is software. None of this software has been developed by the Council itself, also known as being 'internally generated'.

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 Council. Intangible assets are amortised on a straight-line basis across their useful life.

The movement on carrying values for intangible assets are set out below with the prior year's values included for comparison.

|                                             | 2021/22<br>£'000 | 2022/23<br>£'000 |
|---------------------------------------------|------------------|------------------|
| <b>Balance at start of year</b>             |                  |                  |
| Gross carrying amounts                      | 14,913           | 4,780            |
| Accumulated amortisation                    | (12,295)         | (3,009)          |
| <b>Net carrying amount at start of year</b> | <b>2,618</b>     | <b>1,771</b>     |
| Additions (purchases)                       | 11               | 0                |
| Amortisation for the period                 | (858)            | (862)            |
| <b>Net carrying amount at end of year</b>   | <b>1,771</b>     | <b>909</b>       |
| <b>Balances at end of year</b>              |                  |                  |
| Gross carrying amounts                      | 4,780            | 2,025            |
| Accumulated amortisation                    | (3,009)          | (1,116)          |

No individual intangible assets are material to the authority's financial statements and there are no material contractual commitments for the acquisition of intangible assets.

# Note 16 Financial Instruments

|                                                             | Non-current      |                  | Current          |                  |
|-------------------------------------------------------------|------------------|------------------|------------------|------------------|
|                                                             | 31-Mar-22        | 31-Mar-23        | 31-Mar-22        | 31-Mar-23        |
|                                                             | £'000            | £'000            | £'000            | £'000            |
| <b>Investments</b>                                          |                  |                  |                  |                  |
| Loans and receivables                                       | 4,057            | 3,932            | 109,861          | 335,004          |
| <b>Total Investments</b>                                    | <b>4,057</b>     | <b>3,932</b>     | <b>109,861</b>   | <b>335,004</b>   |
| <b>Debtors</b>                                              |                  |                  |                  |                  |
| Loans and receivables                                       | 37,250           | 27,632           | 0                | 0                |
| Financial assets carried at contract amounts                | 0                | 0                | 70,430           | 48,023           |
| <b>Total debtors</b>                                        | <b>37,250</b>    | <b>27,632</b>    | <b>70,430</b>    | <b>48,023</b>    |
| <b>Borrowing</b>                                            |                  |                  |                  |                  |
| Financial liabilities at amortised cost                     | (322,238)        | (314,965)        | (10,112)         | (10,892)         |
| Financial liabilities at fair value through profit and loss | 0                | 0                | 0                | 0                |
| Other borrowing                                             | 0                | 0                | 0                | 0                |
| <b>Total borrowing</b>                                      | <b>(322,238)</b> | <b>(314,965)</b> | <b>(10,112)</b>  | <b>(10,892)</b>  |
| <b>Other Long-Term Liabilities</b>                          |                  |                  |                  |                  |
| PFI and finance lease liabilities                           | (45,003)         | (42,747)         | (1,857)          | 2,255            |
| Other Long-Term liabilities                                 | (4,378)          | (4,796)          | 0                | 0                |
| <b>Total other long-term liabilities</b>                    | <b>(49,381)</b>  | <b>(47,543)</b>  | <b>(1,857)</b>   | <b>2,255</b>     |
| <b>Creditors</b>                                            |                  |                  |                  |                  |
| Financial liabilities at amortised cost                     | 0                | 0                | 0                | 0                |
| Financial liabilities carried at contract amount            | 0                | 0                | (176,631)        | (131,987)        |
| <b>Total creditors</b>                                      | <b>0</b>         | <b>0</b>         | <b>(176,631)</b> | <b>(131,987)</b> |



## Financial Assets

|                               | Non-Current  |              |               |               | Current        |                |                |                |
|-------------------------------|--------------|--------------|---------------|---------------|----------------|----------------|----------------|----------------|
|                               | Investments  |              | Debtors       |               | Investments    |                | Debtors        |                |
|                               | 31-Mar-22    | 31-Mar-23    | 31-Mar-22     | 31-Mar-23     | 31-Mar-22      | 31-Mar-23      | 31-Mar-22      | 31-Mar-23      |
|                               | £'000        | £'000        | £'000         | £'000         | £'000          | £'000          | £'000          | £'000          |
| Amortised Cost                | 4,057        | 3,932        | 37,250        | 27,632        | 109,861        | 335,004        | 70,430         | 48,023         |
| <b>Total financial assets</b> | <b>4,057</b> | <b>3,932</b> | <b>37,250</b> | <b>27,632</b> | <b>109,861</b> | <b>335,004</b> | <b>70,430</b>  | <b>48,023</b>  |
| Non-financial assets          | 0            | 0            | 0             | 0             | 0              | 0              | 207,931        | 64,202         |
| <b>Total</b>                  | <b>4,057</b> | <b>3,932</b> | <b>37,250</b> | <b>27,632</b> | <b>109,861</b> | <b>335,004</b> | <b>278,361</b> | <b>112,225</b> |

## Expected Credit Loss

Allowances for impairment losses have been calculated for amortised cost assets, applying the Expected Credit Losses model (ECL). Changes in loss allowances (including balances outstanding at the date of derecognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES. Camden and North London Waste Authority (NLWA)'s combined investments of £734m at 31<sup>st</sup> March 2022 had an expected credit loss of £43k. This amount is not material and as such no entry has been processed in Camden's Statement of Accounts 2022/23. This is down to the parameters contained in Camden's low risk investment strategy, which adheres to the statutory investment guidance of prioritising security and liquidity over yield.

## Financial Liabilities

|                                    | Non-Current      |                  |                 |                 | Current         |                 |                  |                  |
|------------------------------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
|                                    | Borrowings       |                  | Creditors       |                 | Borrowings      |                 | Creditors        |                  |
|                                    | 31-Mar-22        | 31-Mar-23        | 31-Mar-22       | 31-Mar-23       | 31-Mar-22       | 31-Mar-23       | 31-Mar-22        | 31-Mar-23        |
|                                    | £'000            | £'000            | £'000           | £'000           | £'000           | £'000           | £'000            | £'000            |
| Amortised Cost                     | (322,238)        | (314,965)        | (45,003)        | (42,747)        | (10,112)        | (10,892)        | (176,631)        | (131,987)        |
| <b>Total financial liabilities</b> | <b>(322,238)</b> | <b>(314,965)</b> | <b>(45,003)</b> | <b>(42,747)</b> | <b>(10,112)</b> | <b>(10,892)</b> | <b>(176,631)</b> | <b>(131,987)</b> |
| Non-financial liabilities          | 0                | 0                | (4,378)         | (4,796)         | 0               | 0               | (211,460)        | (210,115)        |
| <b>Total</b>                       | <b>(322,238)</b> | <b>(314,965)</b> | <b>(49,381)</b> | <b>(47,543)</b> | <b>(10,112)</b> | <b>(10,892)</b> | <b>(388,091)</b> | <b>(342,102)</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:

| 2022/23                             | Financial Liabilities<br>measured at<br>amortised cost<br>£'000 | Financial Assets:<br>Loans and<br>receivables<br>£'000 | Financial Assets:<br>Available-for-sale<br>assets<br>£'000 | Assets and<br>Liabilities at Fair<br>value through P&L<br>£'000 | Total<br>£'000 |
|-------------------------------------|-----------------------------------------------------------------|--------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------------|----------------|
| Interest expense                    | (17,013)                                                        | 0                                                      | 0                                                          | 0                                                               | (17,013)       |
| Interest income                     | 0                                                               | 9,811                                                  | 0                                                          | 0                                                               | 9,811          |
| Gains on derecognition              | 0                                                               | 0                                                      | 0                                                          | 0                                                               | 0              |
| <b>Net gain/(loss) for the year</b> | <b>(17,013)</b>                                                 | <b>9,811</b>                                           | <b>0</b>                                                   | <b>0</b>                                                        | <b>(7,202)</b> |

### Comparative figures for 2021/22

|                                     |                 |              |          |          |                 |
|-------------------------------------|-----------------|--------------|----------|----------|-----------------|
| Interest expense                    | (16,191)        | 0            | 0        | 0        | (16,191)        |
| Interest income                     | 0               | 1,068        | 0        | 0        | 1,068           |
| Gains on derecognition              | 0               | 0            | 0        | 0        | 0               |
| <b>Net gain/(loss) for the year</b> | <b>(16,191)</b> | <b>1,068</b> | <b>0</b> | <b>0</b> | <b>(15,123)</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-Mar-22        |                            | 31-Mar-23        |                  |
|------------------|----------------------------|------------------|------------------|
| Carrying amount  | Fair value                 | Carrying amount  | Fair value       |
| £'000            | £'000                      | £'000            | £'000            |
| (207,267)        | (261,026)                  | (198,238)        | (196,906)        |
| (125,083)        | (177,740)                  | (125,000)        | (123,510)        |
| <b>(332,350)</b> | <b>(438,766)</b>           | <b>(323,238)</b> | <b>(320,416)</b> |
| <b>(49,381)</b>  | <b>(49,381)</b>            | <b>(47,543)</b>  | <b>(47,543)</b>  |
|                  | <b>Long-term creditors</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-Mar-22       |                |                          | 31-Mar-23       |                |
|-----------------|----------------|--------------------------|-----------------|----------------|
| Carrying amount | Fair value     |                          | Carrying amount | Fair value     |
| £'000           | £'000          |                          | £'000           | £'000          |
| 216,818         | 216,818        | Cash & Cash Equivalents  | 99,017          | 99,017         |
| 109,862         | 109,862        | Investments              | 335,004         | 335,004        |
| <b>326,680</b>  | <b>326,680</b> | <b>Financial assets</b>  | <b>434,021</b>  | <b>434,021</b> |
| <b>37,250</b>   | <b>37,250</b>  | <b>Long-term debtors</b> | <b>27,632</b>   | <b>27,632</b>  |

The fair value of the assets is the same as the carrying amount at the balance sheet date. 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-22                             |                                             | 31-Mar-23      |
|---------------------------------------|---------------------------------------------|----------------|
| £'000                                 |                                             | £'000          |
| <b>Government and Public Bodies</b>   |                                             |                |
| 67,071                                | Central Government Bodies                   | 14,061         |
| 70,571                                | Other Local Authorities                     | 4,875          |
| 17,527                                | NHS Bodies                                  | 25,705         |
| <b>155,169</b>                        | <b>Government and Public Bodies Total</b>   | <b>44,641</b>  |
| <b>Other Entities and Individuals</b> |                                             |                |
| 22,080                                | Rent Arrears                                | 22,627         |
| 23,700                                | Council Taxpayers                           | 26,199         |
| 21,443                                | NNDR Debtors                                | 17,868         |
| 91,664                                | Other Entities and Individuals              | 71,128         |
| (60,842)                              | Less Impairment Allowance                   | (75,601)       |
| <b>98,045</b>                         | <b>Other Entities and Individuals Total</b> | <b>62,221</b>  |
| <b>253,214</b>                        | <b>Total Debtors</b>                        | <b>106,862</b> |
| 25,147                                | Payments in Advance                         | 5,363          |
| <b>278,361</b>                        | <b>Total Short-Term Debtors</b>             | <b>112,225</b> |

## Note 18 Cash & Cash Equivalents

| 31-Mar-22      |                                        | 31-Mar-23     |
|----------------|----------------------------------------|---------------|
| £'000          |                                        | £'000         |
| 26             | Cash held by the authority             | 26            |
| 35,586         | Bank current accounts                  | 13,803        |
| 181,206        | Money Market Funds                     | 85,187        |
| <b>216,818</b> | <b>Total cash and cash equivalents</b> | <b>99,016</b> |

## Note 19 Assets Held for Sale

The authority's assets held for sale are all held as current assets on the basis they are all expected to be sold within 12 months from classification of being held for sale.

| 31-Mar-22     |                                                     | 31-Mar-23     |
|---------------|-----------------------------------------------------|---------------|
| £'000         |                                                     | £'000         |
| <b>16,087</b> | <b>Balance outstanding at start of year</b>         | <b>9,522</b>  |
| 8,949         | Newly classified from property, plant and equipment | 26,984        |
| 0             | Revaluation gains/(losses)                          | 0             |
| 0             | Impairment losses                                   | 0             |
| 0             | Declassified to property, plant and equipment       | 0             |
| (15,514)      | Assets sold                                         | (18,686)      |
| 0             | Other movements                                     | 0             |
| <b>9,522</b>  | <b>Balance outstanding at year end</b>              | <b>17,820</b> |

## Note 20 Creditors

| 31-Mar-22        |                                | 31-Mar-23        |
|------------------|--------------------------------|------------------|
| £'000            |                                | £'000            |
| (169,686)        | Central Government Bodies      | (136,264)        |
| (41,774)         | Other Local Authorities        | (70,435)         |
| 0                | NHS Bodies                     | (3,416)          |
| (176,631)        | Other Entities and Individuals | (131,987)        |
| <b>(388,091)</b> | <b>Total Creditors</b>         | <b>(342,102)</b> |

# Note 21 Provisions

## Provisions for 2022/23

| Explanation:                          | Short Term Provisions |                        |                             | Long Term Provisions |              |                            |
|---------------------------------------|-----------------------|------------------------|-----------------------------|----------------------|--------------|----------------------------|
|                                       | Legal Claims          | Business Rates Appeals | Short-Term Provisions Total | Self-Insurance       | Utilities    | Long-Term Provisions Total |
|                                       | (1)<br>£'000          | (2)<br>£'000           | £'000                       | (3)<br>£'000         | (4)<br>£'000 | £'000                      |
| <b>Opening Balance 1 April 2022</b>   | <b>0</b>              | <b>4,084</b>           | <b>4,084</b>                | <b>5,999</b>         | <b>3,700</b> | <b>9,699</b>               |
| Additional provisions made in 2022/23 | 1,531                 | 43,162                 | 44,693                      | 2,000                | 0            | 2,000                      |
| Amounts used in 2022/23               | 0                     | (24,033)               | (24,033)                    | 0                    | 0            | 0                          |
| Unused amounts reversed in 2022/23    | 0                     | 0                      | 0                           | 0                    | 0            | 0                          |
| <b>Balance as at 31 March 2023</b>    | <b>1,531</b>          | <b>23,213</b>          | <b>24,744</b>               | <b>7,999</b>         | <b>3,700</b> | <b>11,699</b>              |

### (1) Legal Claims

Provision has been made for settlement costs of two claims on two property sites.

### (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.

### (3) Self-Insurance

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 2023, represents an estimate of the Council's insurance fund exposure to risks on reported claims.

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-Mar-22          |                                          | 31-Mar-23          |
|--------------------|------------------------------------------|--------------------|
| £'000              |                                          | £'000              |
| (582,537)          | Revaluation reserve                      | (644,595)          |
| (3,523,006)        | Capital adjustment account               | (3,497,385)        |
| 4,539              | Financial instruments adjustment account | 4,464              |
| 580,272            | Pensions reserve                         | 15,937             |
| 5,683              | Accumulated absences reserve             | 5,629              |
| 22,723             | Collection fund adjustment account       | (13,465)           |
| <b>(3,492,326)</b> | <b>Total Unusable Reserves</b>           | <b>(4,129,415)</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. 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 Revaluation 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-Mar-22        |                                                                                                 | 31-Mar-23        |  |
|------------------|-------------------------------------------------------------------------------------------------|------------------|--|
| £'000            |                                                                                                 | £'000            |  |
| <b>(488,564)</b> | <b>Balance at 1st April</b>                                                                     | <b>(582,537)</b> |  |
| <b>(345)</b>     | <b>Opening Balance Adjustment</b>                                                               | <b>254</b>       |  |
| (115,177)        | Upward revaluation of assets recognised in the Revaluation Reserve                              | (109,532)        |  |
| 3,610            | Downward revaluation of assets and impairment losses charged to the Revaluation Reserve         | 36,839           |  |
| <b>(111,567)</b> | <b>Surplus or deficit on revaluation of on-current assets posted to the Revaluation Reserve</b> | <b>(72,693)</b>  |  |
| 6,028            | Difference between fair value depreciation and historical cost depreciation                     | 6,221            |  |
| 11,911           | Accumulated gains on assets sold or scrapped                                                    | 4,160            |  |
| 17,939           | Amount written off to the capital adjustment account                                            | 10,381           |  |
| <b>(582,537)</b> | <b>Closing Balance</b>                                                                          | <b>(644,595)</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.

| 2021/22<br>£'000   |                                                                                                                                     | 2022/23<br>£'000   |
|--------------------|-------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| <b>(3,333,194)</b> | <b>Balance at 1 April</b>                                                                                                           | <b>(3,523,007)</b> |
| <b>0</b>           | <b>Opening Balance Adjustment</b>                                                                                                   | <b>(254)</b>       |
|                    | <b>Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement:</b> |                    |
| 82,648             | Depreciation, Amortisation, and Impairments                                                                                         | 88,402             |
| (122,001)          | Revaluation gains on property, plant, and equipment                                                                                 | 90,120             |
| 2,418              | Revenue expenditure funded from capital under statute                                                                               | 2,661              |
| 61,152             | Non-current assets written out on disposal                                                                                          | 34,693             |
| (24,856)           | Movements in the market value of Investment Properties                                                                              | 7,670              |
| (17,939)           | Adjusting amounts written out of the revaluation reserve                                                                            | (10,381)           |
| <b>(18,578)</b>    | <b>Net written out amount of the cost of non-current assets consumed in the year</b>                                                | <b>213,165</b>     |
|                    | <b>Capital financing applied in the year:</b>                                                                                       |                    |
| (77,831)           | Use of Capital Receipts to finance capital expenditure                                                                              | (44,570)           |
| (34,463)           | Use of Major Repairs Reserve to finance capital expenditure                                                                         | (41,963)           |
| (38,908)           | Application of capital grants and other contributions to finance capital expenditure                                                | (85,577)           |
| (6,881)            | Minimum Revenue Provision                                                                                                           | (6,952)            |
| (13,152)           | Capital expenditure charged to revenue balances                                                                                     | (8,227)            |
| <b>(171,235)</b>   |                                                                                                                                     | <b>(187,289)</b>   |
| <b>(3,523,007)</b> | <b>Balance at 31 March</b>                                                                                                          | <b>(3,497,385)</b> |

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

### The Financial Instruments Adjustment Account

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

| 2021/22<br>£'000 |                                                                                                                                                                                               | 2022/23<br>£'000 |
|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>4,614</b>     | <b>Balance at 1 April</b>                                                                                                                                                                     | <b>4,539</b>     |
| 0                | Opening Balance Adjustment                                                                                                                                                                    |                  |
| (75)             | 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 | (75)             |
| <b>4,539</b>     | <b>Balance at 31 March</b>                                                                                                                                                                    | <b>4,464</b>     |

### 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.

| 2021/22<br>£'000 |                                                                                                                                                                                                                                 | 2022/23<br>£'000 |
|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>62,506</b>    | <b>Balance at 1 April</b>                                                                                                                                                                                                       | <b>22,723</b>    |
| (39,783)         | 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 | (36,188)         |
| <b>22,723</b>    | <b>Balance at 31 March</b>                                                                                                                                                                                                      | <b>(13,465)</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.

| 2021/22        |                                                                                                                                                                                    | 2022/23        |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| £'000          |                                                                                                                                                                                    | £'000          |
| <b>742,802</b> | <b>Balance at 1 April</b>                                                                                                                                                          | <b>580,272</b> |
| (246,780)      | Remeasurement of the defined benefit liability                                                                                                                                     | (608,572)      |
| 5,732          | Impact of asset ceiling                                                                                                                                                            | 10,125         |
| 111,003        | 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 | 105,597        |
| (32,485)       | Employer's pensions contributions and direct payments to pensioners payable in the year                                                                                            | (71,485)       |
| <b>580,272</b> | <b>Balance at 31 March</b>                                                                                                                                                         | <b>15,937</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.

| 2021/22      |                                                                                                                                                                                                                         | 2022/23      |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| £'000        |                                                                                                                                                                                                                         | £'000        |
| <b>6,588</b> | <b>Balance at 1 April</b>                                                                                                                                                                                               | <b>5,683</b> |
| (6,588)      | Settlement or cancellation of accrual made at the end of the preceding year                                                                                                                                             | (5,683)      |
| 5,683        | Amounts accrued at the end of the current year                                                                                                                                                                          | 5,629        |
| (905)        | 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 | (54)         |
| <b>5,683</b> | <b>Balance at 31 March</b>                                                                                                                                                                                              | <b>5,629</b> |

## Note 23 Cash Flows from Operating Activities

The cash flows for operating activities include the following items:

| 2021/22  |                    | 2022/23  |
|----------|--------------------|----------|
| £'000    |                    | £'000    |
| 1,068    | Interest received  | 9,811    |
| (16,191) | Interest paid      | (17,147) |
| 0        | Dividends received | 0        |

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

| 2021/22        |                                                                                                  | 2022/23        |
|----------------|--------------------------------------------------------------------------------------------------|----------------|
| £'000          |                                                                                                  | £'000          |
| 82,648         | Depreciation, Amortisation and Impairment                                                        | 88,402         |
| (146,857)      | Revaluations                                                                                     | 97,790         |
| (556)          | Increase/(decrease) in impairment for bad debts                                                  | 14,759         |
| 81,337         | Increase/(decrease) in creditors                                                                 | 45,989         |
| 69,290         | (Increase)/decrease in debtors                                                                   | (160,995)      |
| 72             | (Increase)/decrease in inventories                                                               | (69)           |
| 111,003        | Movement in pension liability                                                                    | 105,597        |
| (5,452)        | Increase/(decrease) in provisions                                                                | 22,661         |
| 61,152         | Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised | 34,693         |
| 21,415         | Other non-cash items charged to the net surplus or deficit on the provision of services          | (34,722)       |
| <b>274,052</b> |                                                                                                  | <b>214,105</b> |



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

| 2021/22         |                                                                                                                                                                  | 2022/23          |
|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| £'000           |                                                                                                                                                                  | £'000            |
| 0               | Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries) | 0                |
| (87,225)        | Proceeds from the sale of property, plant and equipment, investment property and intangible assets                                                               | (71,301)         |
| 41,134          | Any other items for which the cash effects are investing or financing cash flows                                                                                 | (60,240)         |
| <b>(46,091)</b> |                                                                                                                                                                  | <b>(131,541)</b> |

## Note 24 Cash Flows from Investing Activities

| 2021/22         |                                                                                                    | 2022/23          |
|-----------------|----------------------------------------------------------------------------------------------------|------------------|
| £'000           |                                                                                                    | £'000            |
| (173,296)       | Purchase of property, plant and equipment, investment property and intangible assets               | (222,052)        |
| 68,725          | Purchase of short-term and long-term investments                                                   | (225,018)        |
| 87,225          | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | 71,031           |
| (15,123)        | Other receipts from investing activities                                                           | (7,336)          |
| <b>(32,469)</b> | <b>Net cash flows from investing activities</b>                                                    | <b>(383,105)</b> |

## Note 25 Cash Flows from Financing Activities

| 2021/22<br>£'000 |                                                                                                                          | 2022/23<br>£'000 |
|------------------|--------------------------------------------------------------------------------------------------------------------------|------------------|
| 1,970            | Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts | 1,838            |
| 0                | Repayments of short-term and long-term borrowing                                                                         | 6,493            |
| 4,697            | Other payments for financing activities                                                                                  | 43,236           |
| <b>6,667</b>     | <b>Net cash flows from financing activities</b>                                                                          | <b>51,567</b>    |

## Note 26 Reconciliation of Financial Liabilities from Financing Activities

|                                                    | 31-Mar-22<br>£'000 | Financing Cash Flows<br>£'000 | Other non-cash changes<br>£'000 | 31-Mar-23<br>£'000 |
|----------------------------------------------------|--------------------|-------------------------------|---------------------------------|--------------------|
| Long-term borrowings                               | (322,238)          | (730)                         | 8,273                           | (314,965)          |
| Short term borrowings                              | (10,112)           | 7,493                         | (8,273)                         | (10,892)           |
| Long-Term Lease & PFI liabilities                  | (49,381)           | 1,838                         | 0                               | (47,543)           |
| <b>Total Liabilities from financing activities</b> | <b>(381,731)</b>   | <b>8,601</b>                  | <b>0</b>                        | <b>(373,400)</b>   |

|                                                    | 31-Mar-21<br>£'000 | Financing Cash Flows<br>£'000 | Other non-cash changes<br>£'000 | 31-Mar-22<br>£'000 |
|----------------------------------------------------|--------------------|-------------------------------|---------------------------------|--------------------|
| Long-term borrowings                               | (334,133)          | 4,697                         | 7,198                           | (322,238)          |
| Short term borrowings                              | (2,914)            | 0                             | (7,198)                         | (10,112)           |
| Long-Term Lease & PFI liabilities                  | (51,351)           | 1,970                         | 0                               | (49,381)           |
| <b>Total Liabilities from financing activities</b> | <b>(388,398)</b>   | <b>6,667</b>                  | <b>0</b>                        | <b>(381,731)</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 2022/23. 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:

2022/23

| Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts                                                        | Adjustments for Capital Purposes | Net change for the Pensions Adjustments | Other Statutory Differences | Total of Capital, pension and Other Statutory Differences | Other Non-Statutory changes | Total Adjustments |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------------|-----------------------------|-----------------------------------------------------------|-----------------------------|-------------------|
|                                                                                                                                                              | (Note 1)                         | (Note 2)                                | (Note 3)                    |                                                           |                             |                   |
|                                                                                                                                                              | £'000                            | £'000                                   | £'000                       | £'000                                                     | £'000                       | £'000             |
| Supporting People                                                                                                                                            | (1,467)                          | 19,645                                  | (506)                       | 17,672                                                    | 0                           | 17,672            |
| Supporting Communities                                                                                                                                       | 76,338                           | 5,337                                   | 322                         | 81,997                                                    | 0                           | 81,997            |
| Corporate Services                                                                                                                                           | 3,357                            | 67,126                                  | 309                         | 70,792                                                    | 0                           | 70,792            |
| Public Health                                                                                                                                                | 0                                | 10                                      | 0                           | 10                                                        | 0                           | 10                |
| Cross Cutting                                                                                                                                                | 0                                | 30                                      | 0                           | 30                                                        | 0                           | 30                |
| Housing Revenue Account                                                                                                                                      | 102,472                          | (2,831)                                 | (179)                       | 99,462                                                    | 0                           | 99,462            |
| Dedicated Schools Grant                                                                                                                                      | 0                                | 0                                       | 0                           | 0                                                         | 0                           | 0                 |
| <b>Net Cost of Services</b>                                                                                                                                  | <b>180,700</b>                   | <b>89,317</b>                           | <b>(54)</b>                 | <b>269,963</b>                                            | <b>0</b>                    | <b>269,963</b>    |
| Other income and expenditure from the Expenditure and Funding Analysis                                                                                       | (46,638)                         | 16,280                                  | (36,262)                    | (66,620)                                                  | (71,301)                    | (137,921)         |
| <b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b> | <b>134,062</b>                   | <b>105,597</b>                          | <b>(36,316)</b>             | <b>203,343</b>                                            | <b>(71,301)</b>             | <b>132,042</b>    |

2021/22

| Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts                                                        | Adjustments for Capital Purposes (Note 1)<br>£'000 | Net change for the Pensions Adjustments (Note 2)<br>£'000 | Other Statutory Differences (Note 3)<br>£'000 | Total of Capital, pension and Other Statutory Differences<br>£'000 | Other Non-Statutory changes<br>£'000 | Total Adjustments<br>£'000 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------|--------------------------------------------------------------------|--------------------------------------|----------------------------|
| Supporting People                                                                                                                                            | 10,810                                             | 0                                                         | (276)                                         | 10,534                                                             | 0                                    | 10,534                     |
| Supporting Communities                                                                                                                                       | 45,512                                             | 0                                                         | (538)                                         | 44,974                                                             | 0                                    | 44,974                     |
| Corporate Services                                                                                                                                           | (19,219)                                           | 82,722                                                    | (40,057)                                      | 23,446                                                             | 0                                    | 23,446                     |
| Public Health                                                                                                                                                | 0                                                  | 0                                                         | 0                                             | 0                                                                  | 0                                    | 0                          |
| Cross Cutting                                                                                                                                                | 0                                                  | 0                                                         | 0                                             | 0                                                                  | 0                                    | 0                          |
| Housing Revenue Account                                                                                                                                      | (137,157)                                          | 12,850                                                    | 183                                           | (124,124)                                                          | 0                                    | (124,124)                  |
| Dedicated Schools Grant                                                                                                                                      | 0                                                  | 0                                                         | 0                                             | 0                                                                  | 0                                    | 0                          |
| <b>Net Cost of Services</b>                                                                                                                                  | <b>(100,054)</b>                                   | <b>95,572</b>                                             | <b>(40,688)</b>                               | <b>(45,170)</b>                                                    | <b>0</b>                             | <b>(45,170)</b>            |
| Other income and expenditure from the Expenditure and Funding Analysis                                                                                       | 4,106                                              | 15,431                                                    | (75)                                          | 19,462                                                             | (87,224)                             | (67,762)                   |
| <b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b> | <b>(95,948)</b>                                    | <b>111,003</b>                                            | <b>(40,763)</b>                               | <b>(25,708)</b>                                                    | <b>(87,224)</b>                      | <b>(112,932)</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 other income and expenditure for below the line items.

## Net Change for the Pensions Adjustments

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

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For other 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 other income and expenditure, the other differences column recognises adjustments to the General Fund for the timing differences for premia and discounts and represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

## Note 28 Agency Services

The Council provides agency services such as payroll on behalf of the North London Waste Authority, Camden Living and Camden Learning. These disclosures are made as part of Note 35 Related Parties.

No further material income has been derived or expenditure incurred in respect of providing agency services.



## Note 29 Pooled Budgets

The Better Care Fund (BCF) is the result of an s75 agreement between the Council and Camden Clinical Commissioning Group (CCCG) to enable further integrated working between the Authority and the NHS. Under the 22/23 s75 pooled budget agreement, the Council contributed £1.047m capital, £1.071m of discharge funding and £12.874m revenue funds. The CCCG contributed £30.224m, with a further £1m funding agreed but retained by the CCCG as part of a risk share agreement. The CCCG contribution includes £8m for district nurses on behalf of the CCCG.

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

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

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

|                                                                              | 2021/22<br>£000 | 2022/23<br>£000 |
|------------------------------------------------------------------------------|-----------------|-----------------|
| Contributions to the pool:                                                   |                 |                 |
| - Camden Council                                                             | (13,543)        | (14,992)        |
| - Clinical Commissioning Group                                               | (24,095)        | (31,224)        |
|                                                                              | (37,638)        | (46,216)        |
| Expenditure to be met from the pool:                                         |                 |                 |
| - Camden Council                                                             | 23,139          | 24,428          |
| - Clinical Commissioning Group                                               | 9,928           | 12,817          |
|                                                                              | 33,067          | 37,245          |
| <b>Net (surplus) arising on the pooled budget in year</b>                    | <b>(4,571)</b>  | <b>(8,971)</b>  |
| Camden Council share of the (surplus) / deficit arising on the pooled budget | (323)           | (755)           |
| CCG share of the (surplus) / deficit arising on the pooled budget*           | (4,248)         | (8,216)         |

\*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 2022/23, allowances were paid to Members of the authority (councillors) as follows:

| 2021/22<br>£'000 |              | 2022/23<br>£'000 |
|------------------|--------------|------------------|
| 1,022            | Allowances   | 1,054            |
| 2                | Expenses     | 14               |
| <b>1,024</b>     | <b>Total</b> | <b>1,068</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:

2022/23

| 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)                                               | 194,490                     | 10,815                    | -                                | -                                   | 43,389                           | <b>248,694</b> |
| Executive Director Supporting People and Deputy Chief Executive (Martin Pratt) | 166,030                     | 9,815                     | 6,904                            | -                                   | 36,566                           | <b>219,315</b> |
| Executive Director Corporate Services (Jon Rowney)                             | 154,844                     | 9,084                     | -                                | -                                   | 34,958                           | <b>198,886</b> |
| Executive Director Supporting Communities (Gillian Marston)                    | 154,844                     | 8,424                     | -                                | -                                   | 32,980                           | <b>196,248</b> |
| Borough Solicitor                                                              | 139,001                     | 5,478                     | -                                | -                                   | 30,768                           | <b>175,247</b> |
| Director of Adult Social Care                                                  | 113,659                     | 6,855                     | -                                | -                                   | 24,344                           | <b>144,857</b> |
| Director of People and Inclusion                                               | 107,245                     | 6,244                     | -                                | -                                   | 22,925                           | <b>136,414</b> |
| Director of Public Health                                                      | 10,348                      | -                         | -                                | -                                   | 1,488                            | <b>11,836</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.

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.

The Director of Public Health transferred to Camden Council on 1st March 2023 and the figures listed above represents the salary paid to date.

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

In the financial year 2022 / 2023 we had the Local Borough Elections and one by-election for which payments were made to the Chief Executive for her role as Borough Returning Officer and payments made via her to other senior officers who acted as Deputy Returning Officer. Other staff both those who are employed by Camden and those who are not were paid various fees for roles in the elections. These payments were accounted for separately back to the election itself and pursuant to the separate from the Council legal status of the Returning Officer." For the previous financial year, payments to senior employees were as follows:

#### 2021/22

| 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                     | 10,815                    | -                                | -                                   | 39,482                           | <b>230,547</b> |
| Executive Director Supporting People and Deputy Chief Executive (Martin Pratt) | 168,676                     | 9,815                     | -                                | -                                   | 35,163                           | <b>213,654</b> |
| Executive Director Corporate Services (Jon Rowney)                             | 151,391                     | 9,084                     | -                                | -                                   | 33,385                           | <b>193,860</b> |
| Executive Director Supporting Communities                                      | 140,400                     | 8,424                     | -                                | -                                   | 29,318                           | <b>178,142</b> |
| Borough Solicitor                                                              | 136,947                     | 5,478                     | -                                | -                                   | 29,579                           | <b>172,004</b> |
| Director of Adult Social Care                                                  | 114,240                     | 6,855                     | -                                | -                                   | 22,505                           | <b>143,600</b> |
| Director of People and Inclusion                                               | 104,051                     | 6,244                     | -                                | -                                   | 21,728                           | <b>132,023</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.

## **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, excluding those officers named in the earlier part of this note. These figures include staff in community schools.

Remuneration excludes employer's pension contributions as these are paid directly to the pension scheme 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.

| Pay band            | 2021/22     |                   |               | 2022/23     |                   |               |
|---------------------|-------------|-------------------|---------------|-------------|-------------------|---------------|
|                     | Non-schools | Community Schools | Overall Total | Non-schools | Community Schools | Overall Total |
| £ 50,000 - £ 54,999 | 232         | 128               | 360           | 364         | 120               | 484           |
| £ 55,000 - £ 59,999 | 110         | 98                | 208           | 217         | 99                | 316           |
| £ 60,000 - £ 64,999 | 91          | 55                | 146           | 101         | 68                | 169           |
| £ 65,000 - £ 69,999 | 29          | 32                | 61            | 96          | 34                | 130           |
| £ 70,000 - £ 74,999 | 37          | 23                | 60            | 24          | 29                | 53            |
| £ 75,000 - £ 79,999 | 15          | 18                | 33            | 42          | 12                | 54            |
| £ 80,000 - £ 84,999 | 14          | 8                 | 22            | 16          | 16                | 32            |
| £ 85,000 - £ 89,999 | 16          | 5                 | 21            | 11          | 6                 | 17            |
| £ 90,000 - £ 94,999 | 4           | 4                 | 8             | 12          | 7                 | 19            |
| £ 95,000 - £ 99,999 | 6           | 3                 | 9             | 5           | 3                 | 8             |
| £100,000 - £104,999 | 3           | 2                 | 5             | 8           | 0                 | 8             |
| £105,000 - £109,999 | 3           | 2                 | 5             | 4           | 1                 | 5             |
| £110,000 - £114,999 | 2           | 2                 | 4             | 3           | 4                 | 7             |
| £115,000 - £119,999 | 2           | 2                 | 4             | 4           | 0                 | 4             |
| £120,000 - £124,999 | 1           | 1                 | 2             | 2           | 2                 | 4             |
| £125,000 - £129,999 | 1           | 3                 | 4             | 3           | 2                 | 5             |
| £130,000 - £134,999 | 0           | 0                 | 0             | 2           | 1                 | 3             |
| £135,000 - £139,999 | 1           | 0                 | 1             | 1           | 1                 | 2             |
| £140,000 - £144,999 | 0           | 0                 | 0             | 1           | 0                 | 1             |
| £145,000 - £149,999 | 1           | 0                 | 1             | 1           | 0                 | 1             |
| £150,000 - £154,999 | 0           | 0                 | 0             | 0           | 0                 | 0             |
| £155,000 - £159,999 | 0           | 0                 | 0             | 0           | 0                 | 0             |
| £160,000 - £164,999 | 0           | 0                 | 0             | 0           | 0                 | 0             |
| £165,000 - £169,999 | 0           | 0                 | 0             | 0           | 0                 | 0             |
| £170,000 - £174,999 | 0           | 0                 | 0             | 0           | 0                 | 0             |
| £175,000 - £179,999 | 0           | 0                 | 0             | 0           | 0                 | 0             |
| £180,000 - £184,999 | 0           | 0                 | 0             | 0           | 0                 | 0             |
| £185,000 - £189,999 | 0           | 0                 | 0             | 0           | 0                 | 0             |
| £190,000 - £194,999 | 0           | 0                 | 0             | 0           | 0                 | 0             |
| £200,000 - £204,999 | 0           | 0                 | 0             | 0           | 0                 | 0             |
| £205,000 - £209,999 | 1           | 0                 | 1             | 0           | 0                 | 0             |
| <b>Total</b>        | <b>569</b>  | <b>386</b>        | <b>955</b>    | <b>917</b>  | <b>405</b>        | <b>1,322</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:

| 2021/22<br>£'000 |                                                                                                                          | 2022/23<br>£'000 |
|------------------|--------------------------------------------------------------------------------------------------------------------------|------------------|
| 153              | Fees payable to the external auditor regarding external audit services carried out by the appointed auditor for the year | 153              |
| 0                | Additional Variation Fees payable for prior year audits*                                                                 | 92               |
| 20               | Fees payable to the external auditor for the certification of grant claims and returns for the year                      | 45               |
| 0                | Fees for non-audit services                                                                                              | 0                |
| <b>173</b>       | <b>Total</b>                                                                                                             | <b>290</b>       |

\*The fees payable to Mazars are estimated fees that have been accrued in year and 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:

| 2021/22                         |                 |                  |                                                        | 2022/23                         |                 |                  |
|---------------------------------|-----------------|------------------|--------------------------------------------------------|---------------------------------|-----------------|------------------|
| Central<br>Expenditure<br>£'000 | ISB<br>£'000    | Total<br>£'000   |                                                        | Central<br>Expenditure<br>£'000 | ISB<br>£'000    | Total<br>£'000   |
|                                 |                 | <b>184,991</b>   | Final DSG for the financial year                       |                                 |                 | <b>191,408</b>   |
|                                 |                 | <b>(13,020)</b>  | Academy figures recouped                               |                                 |                 | <b>(13,101)</b>  |
|                                 |                 | <b>(8,739)</b>   | Brought forward from the previous year                 |                                 |                 | <b>13,203</b>    |
|                                 |                 | <b>8,739</b>     | Carry forward to next financial year agreed in advance |                                 |                 | <b>(13,203)</b>  |
| (26,585)                        | (145,386)       | <b>(171,971)</b> | Agreed budgeted distribution in the year               | (26,519)                        | (151,788)       | <b>(178,307)</b> |
| 25                              | 552             | <b>577</b>       | In year adjustment                                     | 806                             | (806)           | <b>0</b>         |
| (26,560)                        | (144,834)       | <b>(171,394)</b> | Final budget distribution for year                     | (25,713)                        | (152,594)       | <b>(178,307)</b> |
| 26,611                          | 0               | <b>26,611</b>    | Actual central expenditure                             | 27,325                          | 0               | <b>27,325</b>    |
| 0                               | 140,319         | <b>140,319</b>   | Actual ISB deployed to schools                         | 0                               | 144,928         | <b>144,928</b>   |
| 51                              | (4,515)         | <b>(4,464)</b>   | Carry forward to DSG in next financial year            | 1,612                           | (7,666)         | <b>(6,054)</b>   |
| 0                               | (8,739)         | <b>(8,739)</b>   | (Carry forward)/Drawdown of DSG this year              | 0                               | (13,203)        | <b>(13,203)</b>  |
| <b>51</b>                       | <b>(13,254)</b> | <b>(13,203)</b>  | <b>Total DSG carry forward</b>                         | <b>1,612</b>                    | <b>(20,869)</b> | <b>(19,257)</b>  |

# Note 34 Grant Income

The authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statements in 2022/23

| 2021/22         | Credited to taxation and non-specific grant income    | 2022/23         |
|-----------------|-------------------------------------------------------|-----------------|
| £'000           |                                                       | £'000           |
| (2,277)         | New Homes Bonus                                       | (3,227)         |
| (1,817)         | Housing and Council Tax Benefits Administration Grant | (1,265)         |
| (589)           | Independent Living Fund                               | (786)           |
| (1,289)         | Business Rates collection grant                       | 0               |
| (22,807)        | Revenue support grant                                 | (23,511)        |
|                 | <b>Non ringfenced grants</b>                          |                 |
| (38,933)        | S31 Grants*                                           | (40,731)        |
| (9,042)         | Covid-19 LA Support Grant                             | 0               |
| (5,531)         | Sales Fees and Charges Support Grant                  | 0               |
| <b>(82,285)</b> | <b>Total Revenue Grants</b>                           | <b>(69,520)</b> |

## Note 34 Grant Income continued

| 2021/22          | Credited to Services (I&E Statement)                                 | 2022/23          |
|------------------|----------------------------------------------------------------------|------------------|
| £'000            |                                                                      | £'000            |
| (144,298)        | Housing Benefit Subsidy                                              | (138,569)        |
| (171,394)        | Dedicated Schools Grant (DSG)                                        | (178,117)        |
| (27,613)         | Public Health Grant                                                  | (28,388)         |
| (4,459)          | Covid 19 Grants                                                      | 0                |
| (12,506)         | Young People's Learning Agency                                       | (10,912)         |
| (6,886)          | Pupil Premium Grant                                                  | (9,463)          |
| (11,080)         | Other Grants                                                         | (13,189)         |
| 0                | Other Grants and Contributions                                       | (4,689)          |
| 0                | Business Rates collection grant                                      | (1,271)          |
| (1,232)          | Lower Tier Services Grant                                            | (1,323)          |
| (8,461)          | PFI Grants                                                           | (8,461)          |
| (4,968)          | Tax income compensation scheme                                       | 0                |
| (12,496)         | Improved Better Care Fund                                            | (12,874)         |
| (24,095)         | Better Care Fund                                                     | (30,034)         |
| 0                | Services Grant                                                       | (6,307)          |
| (3,196)          | Homelessness Prevention Grant                                        | (3,140)          |
| (9,871)          | Adult Social Care Support Grant                                      | (13,472)         |
| (1,865)          | Asylum Seeking Unaccompanied Children                                | (3,305)          |
| (11,672)         | Additional DfE Grants (not DSG)                                      | (16,018)         |
| (264)            | Teachers pension Grant                                               | (723)            |
| (1,855)          | Other Grants Covid-19                                                | 0                |
| (904)            | Troubled Families Earned Autonomy Grant                              | (904)            |
| (93)             | Teachers Pay Grant                                                   | 0                |
| (2,333)          | Contain Outbreak Management Fund                                     | 0                |
| (2,010)          | Community Learning Disability Service Clinical Staffing              | 0                |
| (4,660)          | Learning Disability Continuing Care                                  | 0                |
| (3,942)          | Rough Sleeping                                                       | (3,551)          |
| (497)            | Community Discharge Grant                                            | (115)            |
| (1,394)          | Community Learning Grant                                             | (771)            |
| (768)            | Local Authority Covid-19 Test and Trace Service Support Grant        | (12)             |
| (6,453)          | Afghan Resettlement and Schemes Grant                                | (1,315)          |
| (1,891)          | Household Support Grant                                              | (2,134)          |
| (3,577)          | Local Council Tax Support Schemes Grant                              | 0                |
| (1,814)          | Leaving Care Grant                                                   | (1,107)          |
| (432)            | New Burdens Grant                                                    | (705)            |
| (246)            | Respite Rooms Programme                                              | (246)            |
| (1,996)          | Workforce Recruitment and Retention Fund grant for Adult Social Care | 0                |
| (891)            | Youth Justice Grant                                                  | (1,033)          |
| <b>(492,112)</b> | <b>Total</b>                                                         | <b>(492,148)</b> |

## Note 34 Grant Income continued

| 2021/22         | Capital Grants & Contributions Applied | 2022/23         |
|-----------------|----------------------------------------|-----------------|
| £'000           |                                        | £'000           |
| (5,597)         | S106 Recognised in I&E                 | (15,485)        |
| (3,801)         | Transport for London                   | (3,662)         |
| 0               | HS2 Grants                             | (2,546)         |
| (2,814)         | Other small grants & Contributions     | (5,185)         |
| (3,898)         | Education Grants                       | (1,647)         |
| (15,626)        | GLA Grants                             | (50,703)        |
| (510)           | Disabled Facilities Grant              | 0               |
| (8,888)         | Community Infrastructure Levy          | (8,134)         |
| <b>(41,134)</b> | <b>Total</b>                           | <b>(87,362)</b> |

| 2021/22                                   | Capital Grant Receipts in Advance                     | 2022/23         |
|-------------------------------------------|-------------------------------------------------------|-----------------|
| £'000                                     |                                                       | £'000           |
| <b>Included in Short Term Liabilities</b> |                                                       |                 |
| (3,619)                                   | HS2 Mitigation Measures                               | (1,345)         |
| (4,638)                                   | Standards Fund Capital Grant                          | (14,089)        |
| (5,839)                                   | S106 12 Smyrna Road Hampstead                         | (1,944)         |
| (594)                                     | Other Capital Grants less than £200k                  | 0               |
| (876)                                     | GLA - Future Neighbourhoods"                          | (727)           |
| (1,104)                                   | Social Housing Decarbonisation Fund (BEIS)            | (684)           |
| (1,566)                                   | Brownfield Land Release Funding (BLRF)                | (1,566)         |
| (47,061)                                  | GLA - Building Council Homes for Londoners 07/01/2022 | (26,454)        |
| (3,031)                                   | UK Online Phase 1                                     | (2,531)         |
| <b>(68,328)</b>                           | <b>Total</b>                                          | <b>(49,340)</b> |
| <b>Included in Long Term Liabilities</b>  |                                                       |                 |
| (68,580)                                  | Section 106                                           | (75,271)        |
| <b>(68,580)</b>                           | <b>Total</b>                                          | <b>(75,271)</b> |

## Note 35 Related Parties

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

### Central Government

Central government has effective control over the general operations of the Council; it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants, and prescribes the terms of many of the transactions that the Council has with other parties, for example on housing benefit payments. Details of key transactions with government departments are set out in other notes to the accounts, such as grants received.

### Members

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

Members are required by law and the Members' Code of Conduct to disclose the interests of themselves and their spouses or partners in other organisations.

The following table sets out those organisations not referred to elsewhere in this note, where a Member is judged to have significant influence or control over those other organisations, and the Council has total transactions with them in 2022/23 over £50,000.

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

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

The total amount of allowances paid to Members in 2022/23 is shown in Note 30.

The Council has been purchasing housing to use as temporary accommodation as part of an ongoing project to improve the stock of temporary accommodation and reduce the costs of using private sector properties. During 2022/23, the Council purchased 56 such homes, including a unit formerly owned by Councillor Tom Simon and his family. The transaction was conducted at market value and within the ordinary course of the project parameters and as such the Council does not consider that Councillor Simon's position had any bearing on the transaction.

| Organisation                                     | 2021/22       |                   | 2022/23       |                   |
|--------------------------------------------------|---------------|-------------------|---------------|-------------------|
|                                                  | Payments Made | Payments Received | Payments Made | Payments Received |
|                                                  | £000s         | £000s             | £000s         | £000s             |
| Abacus Belsize Primary School                    | 42            | 102               | 128           | 102               |
| Camden and Islington NHS Foundation Trust        | -             | -                 | -             | -                 |
| Camden Arts Centre                               | -             | -                 | 159           | -                 |
| Camden Chinese Community Centre                  | -             | -                 | 153           | -                 |
| Camden Community Law Centre                      | 172           | 13                | 155           | 45                |
| Camden Society                                   | -             | -                 | 646           | 50                |
| Camden Town Unlimited                            | 624           | -                 | 1,274         | 14                |
| Canal and River Trust                            | 140           | 3                 | -             | -                 |
| Collingham Gardens Nursery                       | 186           | -                 | -             | -                 |
| Community Association for West Hampstead         | -             | -                 | 62            | -                 |
| Co-operative Group Ltd                           | 52            | 2                 | -             | -                 |
| Covent Garden Dragon Hall Trust                  | 78            | 0                 | 118           | -                 |
| Euston Town Limited                              | 440           | 9                 | -             | -                 |
| Friends of Coram's Fields                        | 466           | 15                | 247           | 5                 |
| Healthwatch Camden                               | 187           | 20                | -             | -                 |
| Highgate Newtown Community Centre                | 178           | -                 | 168           | -                 |
| Holborn Community Association                    | 149           | -                 | -             | -                 |
| King's Cross Brunswick Neighbourhood Association | 113           | 65                | 170           | 18                |
| Labtech London Limited                           | -             | 161               | -             | -                 |
| Lee Valley Regional Park Authority               | -             | -                 | 449           | -                 |
| London School of Economics and Political Science | 37            | 36                | -             | -                 |
| London School of Mosaic                          | 12            | 50                | 87            | 50                |
| Maiden Lane Community Centre                     | -             | 3                 | 236           | -                 |
| New Horizon Youth Centre                         | 221           | 37                | -             | -                 |
| Primrose Hill Community Library                  | -             | -                 | 108           | -                 |
| Royal Academy of Dramatic Art                    | -             | -                 | 164           | 25                |
| Sidings Community Centre                         | 325           | 32                | 316           | 32                |

|                                   |              |              |              |              |
|-----------------------------------|--------------|--------------|--------------|--------------|
| The Conservation Volunteers (TCV) | -            | -            | 55           | -            |
| The Roundhouse Trust              | -            | -            | 100          | 2            |
| The Royal Bank of Scotland        | -            | -            | 164          | -            |
| The Working Men's College         | -            | -            | 1            | 52           |
| Third Age Project                 | 51           | 24           | -            | -            |
| UCL Academy                       | 632          | 1,528        | 439          | 1,779        |
| Voluntary Action Camden           | -            | -            | 340          | -            |
| West Euston Partnership           | 48           | 8            | -            | -            |
| Working Men's College             | 4            | 52           | -            | -            |
| <b>Total</b>                      | <b>4,157</b> | <b>2,160</b> | <b>5,738</b> | <b>2,174</b> |

### Chief Officers

Chief officers also have significant control and influence over the Council's financial and operating policies. Other than as disclosed elsewhere in this note and pay as per Note 31 Officers' Remuneration, there are no material related party transactions to be disclosed for 2022/23.

### London Councils

London Councils is a collective body for all London boroughs and the City of London Corporation to allow for collaborative working and provision of some pan-London schemes including Freedom Passes, Taxicards and grants programmes. In 2022/23, the Council paid £2.04m to London Councils (£1.88m in 2021/22). The majority of this was £1.17m in parking, Taxicards and other

concessionary transport fees, £0.43m in memberships and subscriptions and £0.44m in other grants and contributions.

The Chair of London Councils during 2022/23 was a Camden councillor but this is not considered to have impacted on transactions with London Councils taking their normal course.

### Greater London Authority

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

One Camden councillor was a member of the Greater London Assembly during 2022/23 but there is considered to no impact from this on the normal course of transactions with the Greater London Authority.

### NHS Local Trusts and Clinical Commissioning Groups

The Council received £46.88m from NHS bodies (£41.56m in 2021/22) - notably trusts and clinical commissioning groups - during the year for the provision of combined health and community care services.

## North London Waste Authority

The North London Waste Authority (NLWA) is a public body with powers to make arrangements for the disposal of waste produced in seven north London boroughs including Camden. Each borough appoints two councillors to sit on the NLWA. In 2022/23, Camden paid the NLWA £7.77m for waste disposal services (£7.49m in 2021/22).

Camden is the lead borough for the NLWA with the Council's Chief Executive acting as the NLWA's Clerk, the Executive Director Corporate Services being the NLWA's Financial Advisor, and the Borough Solicitor serving as the NLWA's Legal Advisor. In 2022/23, Camden received £3.39m from the NLWA for provision of services (£2.84m in 2021/22).

At 31 March 2023, the Council held £533.72m of cash and cash equivalents on behalf of NLWA (£607.74m at 31 March 2022). This has been excluded from the Council's balance sheet.

## Camden Living

Camden Living is a wholly-owned Council company which rents housing in the borough on intermediate and private rental basis so as to provide a wider local

housing offer. At 31 March 2023, the company had acquired 65 units on long-term leases from the Council to be let at intermediate rent and leased 48 units from the Council on shorter leases to be let on private rental terms.

At 31 March 2023, loans totalling £5.086m had been provided by the Council to Camden Living and share premium of £3.449m had been injected by the Council. At that date, other amounts owed to the Council by the company, for example for lease payments and accrued interest, totalled £0.123m (£1.273m 2021/22). The Council did not owe any money to the company at that date (£1.203m 2021/22).

The Council's Executive Director Corporate Services was a company director during 2022/23. Other Council officers have been appointed to the board of Camden Living, but are not chief officers within the meaning of this note.

## Camden Learning

Camden Learning is an entity created as a partnership between Camden Council and schools in Camden to foster collaboration and provide services to schools with the aim of improving education outcomes in the borough.

The Cabinet Member with responsibility for schools sits on the board of Camden Learning as does the Executive Director Supporting People. The Council's membership of and voting rights on the board is limited under the articles of association to a maximum of 19.9% and do not trigger local authority associated person influenced status.

In 2022/23, the Council commissioned services from Camden Learning and made payments of £3.41m (£3.58m in 2021/22) and received £3.75m (£3.29m in 2021/22) for provision of seconded staff and other services. The Council has agreed to commission services from Camden Learning through to at least August 2026.



# 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.

| 2021/22<br>£'000           |                                                       | 2022/23<br>£'000 |
|----------------------------|-------------------------------------------------------|------------------|
| <b>594,975</b>             | <b>Opening Capital Financing Requirement</b>          | <b>597,035</b>   |
| <b>Capital investment:</b> |                                                       |                  |
| 170,703                    | Property, plant and equipment                         | 218,129          |
| 163                        | Investment properties                                 | 1,262            |
| 11                         | Intangible assets                                     | 0                |
| 2,419                      | Revenue expenditure funded from capital under statute | 2,661            |
| <b>173,296</b>             | <b>Total</b>                                          | <b>222,052</b>   |
| <b>Sources of finance:</b> |                                                       |                  |
| 77,831                     | Capital receipts                                      | 44,570           |
| 38,908                     | Government grants and other contributions             | 85,576           |
| 13,153                     | Direct revenue contributions                          | 8,227            |
| 34,463                     | Major Repairs Reserve                                 | 41,963           |
| 6,881                      | Minimum Revenue Provision (MRP)                       | 6,952            |
| <b>171,236</b>             | <b>Total</b>                                          | <b>187,288</b>   |
| <b>597,035</b>             | <b>Closing Capital Financing Requirement</b>          | <b>631,799</b>   |
| <b>2,060</b>               | <b>Change in CFR</b>                                  | <b>34,764</b>    |

| 2021/22<br>£'000                        |                                                                                                        | 2022/23<br>£'000 |
|-----------------------------------------|--------------------------------------------------------------------------------------------------------|------------------|
| <b>Explanation of movements in year</b> |                                                                                                        |                  |
| 8,941                                   | Increase / (decrease) in underlying need to borrowing (unsupported by government financial assistance) | 41,716           |
| (5,188)                                 | Minimum Revenue Provision (MRP)                                                                        | (4,898)          |
| (1,693)                                 | MRP in relation to Private Finance Initiatives                                                         | (1,853)          |
| <b>2,060</b>                            | <b>Increase/(decrease) in Capital Financing Requirement</b>                                            | <b>34,764</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<br>2022<br>£'000                      | 31 March<br>2023<br>£'000 |
|------------------------------------------------|---------------------------|
| Vehicles, Plant, furniture and<br>67 equipment | 0                         |
| 67                                             | 0                         |

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<br>2022<br>£'000                                                   | 31 March<br>2023<br>£'000 |
|-----------------------------------------------------------------------------|---------------------------|
| Finance lease liabilities (net present<br>value of minimum lease payments): |                           |
| 4 - current                                                                 | 0                         |
| 0 - non-current                                                             | 0                         |
| Finance costs payable in future years                                       |                           |
| 4 Minimum lease payments                                                    | 0                         |

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

|                                                      | Minimum Lease<br>Payments |                  | Finance Lease<br>Liabilities |                  |
|------------------------------------------------------|---------------------------|------------------|------------------------------|------------------|
|                                                      | 2021/22<br>£'000          | 2022/23<br>£'000 | 2021/22<br>£'000             | 2022/23<br>£'000 |
| Not later than one year                              | 4                         | 0                | 4                            | 0                |
| Later than one year and<br>not later than five years | 0                         | 0                | 0                            | 0                |
| Later than five years                                | 0                         | 0                | 0                            | 0                |
|                                                      | 4                         | 0                | 4                            | 0                |

Payments incurred in respect of finance leases are shown below:

| 31 March<br>2022<br>£'000    | 31 March<br>2023<br>£'000 |
|------------------------------|---------------------------|
| 0 Financing Costs            | 0                         |
| 11 Finance Lease Liabilities | 4                         |
| 11                           | 4                         |

### Operating Leases

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

| 31 March<br>2022<br>£'000 |                                                   | 31 March<br>2023<br>£'000 |
|---------------------------|---------------------------------------------------|---------------------------|
| 102                       | Not later than one year                           | 56                        |
| 27                        | Later than one year and not later than five years | 122                       |
| 0                         | Later than five years                             | 2                         |
| 129                       | Minimum lease payments                            | 180                       |

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

| 31 March<br>2022<br>£'000 |                        | 31 March<br>2023<br>£'000 |
|---------------------------|------------------------|---------------------------|
| 110                       | Minimum lease payments | 146                       |
| 0                         | Contingent rents       | 0                         |
| 110                       |                        | 146                       |

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.

### 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<br>2022<br>£'000 |                                                   | 31 March<br>2023<br>£'000 |
|---------------------------|---------------------------------------------------|---------------------------|
| 9,151                     | Not later than one year                           | 10,549                    |
| 26,057                    | Later than one year and not later than five years | 25,357                    |
| 25,004                    | Later than five years                             | 16,744                    |
| 60,212                    |                                                   | 52,650                    |

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

### Haverstock School PFI

In 2003/04 Camden signed 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 expenditure incurred is as follows:

| 2021/22<br>£000 |                                 | 2022/23<br>£000 |
|-----------------|---------------------------------|-----------------|
| 9,087           | Balance outstanding at 1 April  | 8,518           |
| (569)           | Payments during the year        | (559)           |
| 8,518           | Balance outstanding at 31 March | 7,959           |

|                                   | Payment for<br>Services<br>£000 | Reimbursement of<br>Capital Expenditure<br>£000 | Interest<br>£000 | Total<br>£000 |
|-----------------------------------|---------------------------------|-------------------------------------------------|------------------|---------------|
| Payable in 2023/24                | 1,504                           | 714                                             | 670              | 2,888         |
| Payable between two to five years | 5,957                           | 3,948                                           | 1,998            | 11,903        |
| Payable between six to ten years  | 3,687                           | 3,298                                           | 500              | 7,486         |
| <b>Total</b>                      | <b>11,149</b>                   | <b>7,959</b>                                    |                  | <b>22,277</b> |

### Swiss Cottage SEN School and UCL Academy PFI

In 2011/12 the council signed 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:

| 2021/22<br>£000 |                                 | 2022/23<br>£000 |
|-----------------|---------------------------------|-----------------|
| 39,461          | Balance outstanding at 1 April  | 38,337          |
| (1,124)         | Payments during the year        | (1,294)         |
| 38,337          | Balance outstanding at 31 March | 37,042          |

|                                                 | Payment for<br>Services<br>£000 | Reimbursement<br>of Capital<br>Expenditure<br>£000 | Interest<br>£000 | Total<br>£000 |
|-------------------------------------------------|---------------------------------|----------------------------------------------------|------------------|---------------|
| Payable in 2023/24                              | 3,118                           | 1,541                                              | 3,533            | 8,193         |
| Payable between two to five years               | 14,436                          | 6,534                                              | 12,672           | 33,642        |
| Payable between six to ten years                | 20,244                          | 12,382                                             | 11,558           | 44,184        |
| Payable between eleven to fifteen years         | 21,530                          | 16,585                                             | 4,649            | 42,765        |
| Payable between sixteen to twenty years         | 0                               | 0                                                  | 0                | 0             |
| Payable between twenty-one to twenty-five years | 0                               | 0                                                  | 0                | 0             |
| Total                                           | 59,328                          | 37,042                                             | 32,413           | 128,782       |

## Note 39 Termination Benefits

The Council continued to engage in salary savings activity in the financial year 2022-23, where it undertakes service transformation as part of its Medium-Term Financial Strategy. 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 2022-23, the Council has charged to the Comprehensive Income and Expenditure Statement a total of £2.07m for

the termination of contracts that have occurred during 2022-23. This is for the termination of 55 employee contracts spread across the full range of Council services.

The table below provides an analysis of the exit packages approved during 2022-23. 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 2022-23.
- 'other departures': wherever possible, redundancies have been minimised through the use of a variety of measures including the use of voluntary redundancy in 2022-23.

|                     | Number of compulsory redundancies |           | Number of other departures agreed |           | Total departures per band |           | Cost of compulsory redundancies |                  | Cost of other departures agreed |                  | Total cost of exit packages per band |                  |
|---------------------|-----------------------------------|-----------|-----------------------------------|-----------|---------------------------|-----------|---------------------------------|------------------|---------------------------------|------------------|--------------------------------------|------------------|
|                     | 2021/22                           | 2022/23   | 2021/22                           | 2022/23   | 2021/22                   | 2022/23   | 2021/22<br>£'000                | 2022/23<br>£'000 | 2021/22<br>£'000                | 2022/23<br>£'000 | 2021/22<br>£'000                     | 2022/23<br>£'000 |
| £0 - £20,000        | 22                                | 10        | 51                                | 11        | 73                        | 21        | 184                             | 100              | 519                             | 93               | 703                                  | 193              |
| £20,001 - £40,000   | 12                                | 3         | 30                                | 13        | 42                        | 16        | 341                             | 83               | 830                             | 372              | 1,171                                | 455              |
| £40,001 - £60,000   | 2                                 | 1         | 8                                 | 3         | 10                        | 4         | 100                             | 46               | 392                             | 140              | 492                                  | 187              |
| £60,001 - £80,000   | 4                                 | 3         | 4                                 | 3         | 8                         | 6         | 280                             | 203              | 276                             | 209              | 556                                  | 413              |
| £80,001 - £100,000  | 0                                 | 4         | 0                                 | 2         | 0                         | 6         | 0                               | 358              | 0                               | 186              | 0                                    | 544              |
| £100,001 - £150,000 | 0                                 | 0         | 2                                 | 1         | 2                         | 1         | 0                               | 151              | 217                             | 130              | 217                                  | 282              |
| £150,001 - £200,000 | 0                                 | 1         | 1                                 | 0         | 1                         | 1         | 0                               | 0                | 189                             | 0                | 189                                  | 0                |
| <b>Total</b>        | <b>40</b>                         | <b>22</b> | <b>96</b>                         | <b>33</b> | <b>136</b>                | <b>55</b> | <b>905</b>                      | <b>942</b>       | <b>2,423</b>                    | <b>1,131</b>     | <b>3,328</b>                         | <b>2,073</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 2022/23 the Council paid £15.291m to Teachers' Pensions in respect of teachers' retirement benefits (£14.688m in 2021/22), representing 23.7% of pensionable pay

(also 23.7% in 2021/22). As a proportion of the total contributions into the Teachers' Pension Scheme during the year ending 31 March 2023, the Council's own contributions equate to approximately 70.2%.

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 Scheme's actuaries determine the employer's contribution rate based on triennial actuarial valuations. The contributions paid in 2022/23 were set in the 2019 triennial valuation report. The following triennial review was undertaken as at 31 March 2022, setting the contribution rates from 2023/24 to 2025/26.

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 2022/23 was nil (nil in 2021/22).

## 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<br>£'000                                                                             | 2021/22<br>LPFA<br>£'000 | Total<br>£'000   |                                                                                                     | Camden<br>£'000  | 2022/23<br>LPFA<br>£'000 | Total<br>£'000   |
|---------------------------------------------------------------------------------------------|--------------------------|------------------|-----------------------------------------------------------------------------------------------------|------------------|--------------------------|------------------|
| <b>Comprehensive Income &amp; Expenditure Statement</b>                                     |                          |                  |                                                                                                     |                  |                          |                  |
| Cost of Services:                                                                           |                          |                  |                                                                                                     |                  |                          |                  |
| 90,128                                                                                      | 3,861                    | <b>93,989</b>    | - current service cost                                                                              | 87,279           | 160                      | <b>87,439</b>    |
| 986                                                                                         | 36                       | <b>1,022</b>     | - past service costs/(gains)                                                                        | 1,335            | 0                        | <b>1,335</b>     |
| 544                                                                                         | 17                       | <b>561</b>       | - settlement and curtailments                                                                       | 527              | 16                       | <b>543</b>       |
|                                                                                             |                          | <b>0</b>         | Financing and Investment Income and Expenditure                                                     |                  |                          | <b>0</b>         |
| 15,401                                                                                      | 30                       | <b>15,431</b>    | - net interest cost                                                                                 | 16,277           | 3                        | <b>16,280</b>    |
| <b>107,059</b>                                                                              | <b>3,944</b>             | <b>111,003</b>   | <b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b> | <b>105,418</b>   | <b>179</b>               | <b>105,597</b>   |
| Other Post-employment Benefit Charged to The Comprehensive Income and Expenditure Statement |                          |                  |                                                                                                     |                  |                          |                  |
| <i>Re-measurement of the net defined benefit liability comprising:</i>                      |                          |                  |                                                                                                     |                  |                          |                  |
| (89,965)                                                                                    | (5,890)                  | <b>(95,855)</b>  | - Return on plan assets (excluding the amount included in the net interest charge)                  | 123,424          | 8                        | <b>123,432</b>   |
| (2,683)                                                                                     | (1,328)                  | <b>(4,011)</b>   | - re-measurement of the defined benefit liability arising on changes in demographic assumptions     | (15,507)         | 0                        | <b>(15,507)</b>  |
| (149,026)                                                                                   | (542)                    | <b>(149,568)</b> | - re-measurement of the defined benefit liability arising on changes in financial assumptions       | (880,111)        | (13,099)                 | <b>(893,210)</b> |
| 7,448                                                                                       | 3,896                    | <b>11,344</b>    | - Other                                                                                             | 144,419          | 3,552                    | <b>147,971</b>   |
| <b>(127,167)</b>                                                                            | <b>80</b>                | <b>(127,087)</b> | <b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>  | <b>(522,357)</b> | <b>(9,360)</b>           | <b>(531,717)</b> |

| 2021/22         |               |                  | Movement in Reserves Statement                                                                                                                  | 2022/23         |               |                  |
|-----------------|---------------|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------|------------------|
| Camden<br>£'000 | LPFA<br>£'000 | Total<br>£'000   |                                                                                                                                                 | Camden<br>£'000 | LPFA<br>£'000 | Total<br>£'000   |
| (107,059)       | (3,944)       | <b>(111,003)</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 | (105,418)       | (179)         | <b>(105,597)</b> |
|                 |               |                  | Actual amount charged against the General Fund Balance for Pensions in the year                                                                 |                 |               |                  |
| 35,267          | 177           | <b>35,444</b>    | Employers' contributions payable to scheme                                                                                                      | 42,380          | 186           | <b>42,566</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:

| 2021/22          |               |                  | Pensions Assets and Liabilities recognised in the Balance Sheet | 2022/23         |               |                  |
|------------------|---------------|------------------|-----------------------------------------------------------------|-----------------|---------------|------------------|
| Camden<br>£'000  | LPFA<br>£'000 | Total<br>£'000   |                                                                 | Camden<br>£'000 | LPFA<br>£'000 | Total<br>£'000   |
| (2,450,555)      | (45,940)      | (2,496,495)      | Present Value of the defined benefit obligation                 | (1,808,615)     | (35,452)      | (1,844,067)      |
| 1,898,746        | 53,267        | <b>1,952,013</b> | Fair value of plan assets                                       | 1,817,421       | 52,465        | <b>1,869,886</b> |
| 0                | (6,849)       | (6,849)          | Impact of asset ceiling                                         | 0               | (16,975)      | (16,975)         |
| (28,246)         | (695)         | (28,941)         | Present Value of the unfunded liabilities                       | (24,124)        | (657)         | (24,781)         |
| <b>(580,055)</b> | <b>(217)</b>  | <b>(580,272)</b> | <b>Net liability arising from defined benefit obligation</b>    | <b>(15,318)</b> | <b>(619)</b>  | <b>(15,937)</b>  |

| 2021/22          |               |                  | Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets              | 2022/23          |               |                  |
|------------------|---------------|------------------|----------------------------------------------------------------------------------------|------------------|---------------|------------------|
| Camden           | LPFA          | Total            |                                                                                        | Camden           | LPFA          | Total            |
| £'000            | £'000         | £'000            |                                                                                        | £'000            | £'000         | £'000            |
| <b>1,805,218</b> | <b>51,594</b> | <b>1,856,812</b> | <b>Opening Fair Value of Employer Assets</b>                                           | <b>1,898,746</b> | <b>53,267</b> | <b>1,952,013</b> |
| (544)            | (17)          | <b>(561)</b>     | Administration Expenses                                                                | (527)            | (16)          | <b>(543)</b>     |
| 35,915           | 855           | <b>36,770</b>    | Interest Income                                                                        | 51,110           | 1,357         | <b>52,467</b>    |
|                  |               |                  | Re-measurement gain/(loss):                                                            |                  |               |                  |
| 89,965           | 6,957         | <b>96,922</b>    | - the return on plan assets, excluding the amount included in the net interest expense | (123,424)        | (8)           | <b>(123,432)</b> |
| 33,397           | 177           | <b>33,574</b>    | Contributions from employer                                                            | 40,507           | 186           | <b>40,693</b>    |
| (15,845)         | (3,636)       | <b>(19,481)</b>  | Other                                                                                  | 0                | 0             | <b>0</b>         |
| 11,784           | 36            | <b>11,820</b>    | Contributions from employees into the scheme                                           | 13,522           | 31            | <b>13,553</b>    |
| (61,144)         | (2,699)       | <b>(63,843)</b>  | Benefits Paid                                                                          | (62,513)         | (2,352)       | <b>(64,865)</b>  |
| <b>1,898,746</b> | <b>53,267</b> | <b>1,952,013</b> | <b>Closing Fair Value of Employer Assets</b>                                           | <b>1,817,421</b> | <b>52,465</b> | <b>1,869,886</b> |

| 2021/22  |              |              | Reconciliation of Asset Ceiling        | 2022/23  |               |               |
|----------|--------------|--------------|----------------------------------------|----------|---------------|---------------|
| Camden   | LPFA         | Total        |                                        | Camden   | LPFA          | Total         |
| £'000    | £'000        | £'000        |                                        | £'000    | £'000         | £'000         |
| <b>0</b> | <b>1,098</b> | <b>1,098</b> | <b>Opening Impact of Asset Ceiling</b> | <b>0</b> | <b>6,849</b>  | <b>6,849</b>  |
| 0        | 5,732        | 5,732        | Actuarial losses / (gains)             | 0        | 9,948         | <b>9,948</b>  |
| 0        | 19           | 19           | Interest on Asset Ceiling              | 0        | 178           | <b>178</b>    |
| <b>0</b> | <b>6,849</b> | <b>6,849</b> | <b>Closing Impact of Asset Ceiling</b> | <b>0</b> | <b>16,975</b> | <b>16,975</b> |

| 2021/22          |               |                  | Reconciliation of defined benefit obligation                                                    | 2022/23          |               |                  |
|------------------|---------------|------------------|-------------------------------------------------------------------------------------------------|------------------|---------------|------------------|
| Camden           | LPFA          | Total            |                                                                                                 | Camden           | LPFA          | Total            |
| £'000            | £'000         | £'000            |                                                                                                 | £'000            | £'000         | £'000            |
| <b>2,547,707</b> | <b>50,810</b> | <b>2,598,517</b> | <b>Opening Defined Benefit Obligation</b>                                                       | <b>2,478,801</b> | <b>46,635</b> | <b>2,525,436</b> |
| 90,672           | 225           | 90,897           | Current Service Cost                                                                            | 87,806           | 160           | <b>87,966</b>    |
| 51,316           | 866           | 52,182           | Interest cost                                                                                   | 67,387           | 1,182         | <b>68,569</b>    |
| 11,784           | 36            | 11,820           | Contributions from scheme participants                                                          | 13,522           | 31            | <b>13,553</b>    |
|                  |               |                  | Re-measurement (gains) and losses:                                                              |                  |               |                  |
| (2,683)          | (1,328)       | (4,011)          | - re-measurement of the defined benefit liability arising on changes in demographic assumptions | (15,507)         | 0             | <b>(15,507)</b>  |
| (149,026)        | (542)         | (149,568)        | - re-measurement of the defined benefit liability arising on changes in financial assumptions   | (880,111)        | (13,099)      | <b>(893,210)</b> |
| (8,397)          | (769)         | (9,166)          | - Other                                                                                         | 144,419          | 3,552         | <b>147,971</b>   |
| 986              | 36            | 1,022            | Past service cost                                                                               | 1,335            | 0             | <b>1,335</b>     |
| (63,558)         | (2,699)       | (66,257)         | Benefits Paid                                                                                   | (64,913)         | (2,352)       | <b>(67,265)</b>  |
| <b>2,478,801</b> | <b>46,635</b> | <b>2,525,436</b> | <b>Closing Defined Benefit Obligation</b>                                                       | <b>1,832,739</b> | <b>36,109</b> | <b>1,868,848</b> |

Local Government Pension Scheme assets comprised:

| Asset Category                   | Period Ended 31 March 2022               |                                              |                  |                   | Period Ended 31 March 2023               |                                              |                  |                   |
|----------------------------------|------------------------------------------|----------------------------------------------|------------------|-------------------|------------------------------------------|----------------------------------------------|------------------|-------------------|
|                                  | Quoted prices in active markets<br>£'000 | Quoted prices not in active markets<br>£'000 | Total<br>£'000   | % of Total Assets | Quoted prices in active markets<br>£'000 | Quoted prices not in active markets<br>£'000 | Total<br>£'000   | % of Total Assets |
| Real Estate:                     |                                          |                                              |                  |                   |                                          |                                              |                  |                   |
| UK Property                      | 95,071                                   | 0                                            | <b>95,071</b>    | 5%                | 90,999                                   | 0                                            | <b>90,999</b>    | 5%                |
| Overseas Property                | 0                                        | 78,174                                       | <b>78,174</b>    | 4%                | 0                                        | 74,825                                       | <b>74,825</b>    | 4%                |
| Investment Fund and Unit Trusts: |                                          |                                              |                  |                   |                                          |                                              |                  |                   |
| Equities                         | 1,198,136                                | 32,516                                       | <b>1,230,652</b> | 65%               | 1,146,818                                | 31,124                                       | <b>1,177,942</b> | 65%               |
| Bonds                            | 200,124                                  | 0                                            | <b>200,124</b>   | 11%               | 191,552                                  | 0                                            | <b>191,552</b>   | 11%               |
| Hedge Funds                      | 64,808                                   | 0                                            | <b>64,808</b>    | 3%                | 62,033                                   | 0                                            | <b>62,033</b>    | 3%                |
| Other                            | 203,424                                  | 0                                            | <b>203,424</b>   | 11%               | 194,711                                  | 0                                            | <b>194,711</b>   | 11%               |
| Cash and Cash Equivalents:       |                                          |                                              |                  |                   |                                          |                                              |                  |                   |
| All                              | 26,493                                   | 0                                            | <b>26,493</b>    | 1%                | 25,359                                   | 0                                            | <b>25,359</b>    | 1%                |
| <b>Total Assets</b>              | <b>1,788,056</b>                         | <b>110,690</b>                               | <b>1,898,746</b> | <b>100%</b>       | <b>1,711,472</b>                         | <b>105,949</b>                               | <b>1,817,421</b> | <b>100%</b>       |

LPFA assets comprised:

|                         | Period Ended 31 March 2022 |             | Period Ended 31 March 2023 |             |
|-------------------------|----------------------------|-------------|----------------------------|-------------|
|                         | £'000                      | %           | £'000                      | %           |
| Equities                | 30,016                     | 56%         | 30,197                     | 58%         |
| Target Return Portfolio | 11,374                     | 21%         | 9,548                      | 18%         |
| Infrastructure          | 5,624                      | 11%         | 6,498                      | 12%         |
| Property                | 4,709                      | 9%          | 5,043                      | 10%         |
| Cash                    | 1,544                      | 3%          | 1,179                      | 2%          |
| <b>Total</b>            | <b>53,267</b>              | <b>100%</b> | <b>52,465</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 information is 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:

| 2021/22         |               | Mortality                                                         | 2022/23         |               |
|-----------------|---------------|-------------------------------------------------------------------|-----------------|---------------|
| Camden<br>Years | LPFA<br>Years |                                                                   | Camden<br>Years | LPFA<br>Years |
|                 |               | Average future life expectancies at age 65 for current pensioners |                 |               |
| 21.8            | 19.9          | Males                                                             | 21.5            | 19.9          |
| 24.5            | 23.8          | Females                                                           | 24.3            | 23.9          |
|                 |               | Average future life expectancies at age 65 for future pensioners  |                 |               |
| 23.2            | 21.8          | Males                                                             | 22.8            | 22.0          |
| 26.1            | 25.7          | Females                                                           | 25.9            | 25.8          |

| 2021/22          |                | Financial Assumptions | 2022/23          |                |
|------------------|----------------|-----------------------|------------------|----------------|
| Camden<br>% p.a. | LPFA<br>% p.a. |                       | Camden<br>% p.a. | LPFA<br>% p.a. |
| 3.20%            | 3.45%          | Pension Increase Rate | 3.00%            | 2.90%          |
| 3.70%            | 4.45%          | Salary Increase Rate  | 3.50%            | 3.90%          |
| 2.70%            | 2.60%          | Discount Rate         | 4.75%            | 4.80%          |

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 current actuarial valuation (31 March 2019).

## Sensitivity analysis

### Local Government Pension Scheme

| Change in assumptions at 31 March 2023           | Approximate % Increase to Employer Liability | Approximate monetary amount (£000) |
|--------------------------------------------------|----------------------------------------------|------------------------------------|
| 0.1% decrease in Real Discount Rate              | 2%                                           | 30,541                             |
| 1 year increase in member life expectancy        | 4%                                           | 73,310                             |
| 0.1% increase in the Salary Increase Rate        | 0%                                           | 2,433                              |
| 0.1% increase in the Pension Increase Rate (CPI) | 2%                                           | 28,562                             |

## LPFA

|                                                          | 2022/23<br>£,000 | £,000  | £,000   |
|----------------------------------------------------------|------------------|--------|---------|
| Adjustment to discount rate                              | +0.10%           | 0.00%  | -0.10%  |
| Present Value of total Obligation                        | 35,759           | 36,109 | 36,465  |
| Projected Service Cost                                   | 92               | 94     | 96      |
| Adjustment to long term salary increase                  | +0.10%           | 0.00%  | -0.10%  |
| Present Value of Total Obligation                        | 36,120           | 36,109 | 36,098  |
| Projected Service Cost                                   | 94               | 94     | 94      |
| Adjustment to pension increases and deferred revaluation | +0.10%           | 0.00%  | -0.10%  |
| Present Value of Total Obligation                        | 36,460           | 36,109 | 35,763  |
| Projected Service Cost                                   | 96               | 94     | 92      |
| Adjustment to mortality age rating assumption            | +1 year          | None   | -1 year |
| Present Value of Total Obligation                        | 38,127           | 36,109 | 34,206  |
| Projected Service Cost                                   | 98               | 94     | 91      |

## Scheme's Funding Policy

The Council, on agreement with the actuary, decided to pre-pay the 3 years' past service deficit payments for 2020/21, 2021/22 and 2022/23 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. No pre-payment of deficit payments is planned for 2023/24.

The total expected contributions for 2023/24 are £57.484m for the council's scheme and £0.048m for the LPFA scheme.

### Weighted Average Duration

The discount rate should reflect the term of the benefit obligation. For this a weighted average duration of the benefit obligation has been calculated. This is defined as the weighted average time until payment of all expected future discounted cash flows, determined based on membership and the financial and demographic assumptions at a particular time. The shorter the duration the more 'mature' the employer. The weighted average duration of the defined benefit obligation for the council scheme members is 17 years (20 years 2021/22) and 10 years for LPFA scheme members (12 years 2021/22).

### 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 to 1% of pay per year. 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.

The latest triennial valuation was carried out as at 31 March 2022, with results and contribution rates to be implemented from 2023/24.

On the basis of extensive modelling carried out for the 2022 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, will remain at 20.2% for financial years up to 2025/26.
- "past service" deficit repair payments expressed in monetary terms, being £19.666m in 2023/24 reducing to £17.666m in 2024/25 and £16.166m in 2025/26.
- The combined future and past service contributions broadly equate to annual decreases of 1% of payroll projected into future years.

As set out above, the Council's share of the pension assets within the London Pension Fund Authority (LPFA) as at 31 March 2023 was £52.465m (£53.267m at 31 March 2022). Within the LPFA's pension assets are £20.986m of unquoted (level 3) investments (£19.176m at 31 March 2022).



## 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 £1.9m (£1.8m at 31-Mar-2022).

| 31-Mar-22                                          |                                                                                        | 31-Mar-23                                          |
|----------------------------------------------------|----------------------------------------------------------------------------------------|----------------------------------------------------|
| Estimated value of<br>contingent liability<br>£000 | Details of contingent liabilities                                                      | Estimated value of<br>contingent liability<br>£000 |
|                                                    | <b>Litigations</b>                                                                     |                                                    |
|                                                    | Civil/Housing/Employment related litigations                                           |                                                    |
|                                                    | The council is currently in dispute on a number of issues, which are summarised below: |                                                    |
| 905                                                | Disrepair of property                                                                  | 760                                                |
| 0                                                  | Dilapidations/Disrepair                                                                | 500                                                |
| 500                                                | Planning related                                                                       | 400                                                |
| 160                                                | Procurement/contracting disputes                                                       | 110                                                |
| 0                                                  | Planning Enforcement related                                                           | 100                                                |
| 25                                                 | Various employment related litigations                                                 | 0                                                  |
| 2                                                  | Car parking related services                                                           | 0                                                  |
| 25                                                 | Leaseholder related services                                                           | 0                                                  |
| 170                                                | Housing                                                                                | 0                                                  |
| 5                                                  | Service charges                                                                        | 0                                                  |
| <b>1,792</b>                                       | <b>Total for Litigations</b>                                                           | <b>1,870</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.

# 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 (Credit Default Swaps) 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 2023 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.

### Loans to Subsidiaries

Loans are subject to internal credit rating, based on an assessment of the audited accounts. A significant increase in credit risk since initial recognition arises when a loan's categorisation changes adversely.

The investment with Camden Living (£5.1m), the council's subsidiary company, is above the carrying value of the assets of the company (£3.6m). To protect its position in this regard, Camden Council has a share premium (£3.4m) in the Company and is a majority shareholder. The council does not anticipate any credit losses arising on the loan to Camden Living as all interest payments are up to date as of 31<sup>st</sup> March 2023.

### 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-22        |                          | 31-Mar-23        |
|------------------|--------------------------|------------------|
| £'000            |                          | £'000            |
| (205,436)        | Public Works Loans Board | (198,238)        |
| (124,000)        | Market Debt              | (125,000)        |
| <b>(329,436)</b> | <b>Total</b>             | <b>(323,238)</b> |
| 0                | Less than one year       | (8,273)          |
|                  | <u>Between:</u>          |                  |
| (7,198)          | one and two years        | (20,684)         |
| (28,957)         | two and five years       | (13,410)         |
| (12,410)         | five and ten years       | 0                |
| (280,871)        | More than 10 years       | (280,871)        |
| <b>(329,436)</b> |                          | <b>(323,238)</b> |

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

Camden's financial liabilities with maturity dates after more than 10 years are as follows:

| Lender                      |               |               |                |                |
|-----------------------------|---------------|---------------|----------------|----------------|
| Number of years to maturity | DCL           | DEPFA         | PWLB           | Grand Total    |
|                             | £'000         | £'000         | £'000          | £'000          |
| 12                          | 0             | 0             | 10,000         | 10,000         |
| 14                          | 0             | 0             | 32,410         | 32,410         |
| 15                          | 0             | 0             | 10,000         | 10,000         |
| 16                          | 0             | 0             | 15,000         | 15,000         |
| 17                          | 0             | 0             | 15,000         | 15,000         |
| 21                          | 0             | 0             | 8,273          | 8,273          |
| 25                          | 0             | 15,000        | 0              | 15,000         |
| 25                          | 0             | 25,000        | 0              | 25,000         |
| 30                          | 0             | 10,000        | 0              | 10,000         |
| 31                          | 45,000        | 29,000        | 0              | 74,000         |
| 33                          | 0             | 0             | 41,367         | 41,367         |
| 37                          | 0             | 0             | 24,820         | 24,820         |
| <b>Grand Total</b>          | <b>45,000</b> | <b>79,000</b> | <b>156,871</b> | <b>280,871</b> |

## 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 2023, 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                                                                                                                     | 0        |
| 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                                                                                                                   | 0        |
| Share of overall impact debited to the HRA                                                                                                                                  | 0        |
| 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) | (36,272) |

\* 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<br>31-Mar-22<br>£ | Receipts<br>£    | Payments<br>£  | Balance at<br>31-Mar-23<br>£ |
|-------------------------------|------------------------------|------------------|----------------|------------------------------|
| Education                     | (9,676)                      | (201)            |                | (9,877)                      |
| Social Services               | (39,593)                     | (822)            |                | (40,415)                     |
| Other Funds                   | (172,292)                    | (3,581)          | 6              | (175,867)                    |
| Waterlow Park                 | (792,762)                    | (879,398)        | 867,739        | (804,421)                    |
| Lauderdale House Charity      | (755,036)                    | (5,242)          | 28,425         | (731,853)                    |
| Emmanuel Vincent Harris Trust | (4,023,210)                  | (83,480)         |                | (4,106,690)                  |
| Neighbourhood Forum Funds     | (1,851)                      | (194)            | 156            | (1,889)                      |
| <b>Total</b>                  | <b>(5,794,420)</b>           | <b>(972,918)</b> | <b>896,326</b> | <b>(5,871,012)</b>           |

Assets and liabilities on the funds as at 31 March 2023 were:

| 2021/22<br>£     |                                   | 2022/23<br>£     |
|------------------|-----------------------------------|------------------|
| 1,547,798        | Fixed Assets                      | 1,536,274        |
| 4,246,622        | Investments                       | 4,334,738        |
| <b>5,794,420</b> |                                   | <b>5,871,012</b> |
| <b>5,794,420</b> | <b>Represented by Trust Funds</b> | <b>5,871,012</b> |

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





4

# Housing Revenue Account



# Housing Revenue Account

HRA Comprehensive Income and Expenditure Statement  
**Page 133**

Note 1 Gross Rent Income  
**Page 136**

Note 2 Housing Stock  
**Page 136**

Note 3 Rent Arrears  
**Page 139**

Note 4 Interest Charges  
**Page 139**

Note 5 HRA Contributions to the Pension Reserve  
**Page 139**

Note 6 Statement of Movement on the HRA Balance  
**Page 140**

Note 7 HRA Capital Programme  
**Page 141**

# HRA Comprehensive Income and Expenditure Statement

The Housing Revenue Account (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

2021/22

2022/23

| £'000         |                                                                                                              | Notes   | £'000          |
|---------------|--------------------------------------------------------------------------------------------------------------|---------|----------------|
|               | <b>Expenditure</b>                                                                                           |         |                |
| 69,125        | Repairs and maintenance                                                                                      |         | 70,332         |
| 20,010        | Supervision and management                                                                                   |         | 33,822         |
| 41,876        | – Special services                                                                                           |         | 44,977         |
| 0             | PFI Costs                                                                                                    |         | 0              |
| 9,180         | Rents, rates and other charges                                                                               |         | 9,477          |
| 1,471         | Increased/(decreased) provision for bad debts                                                                |         | 2,816          |
| 37,854        | Depreciation                                                                                                 | 6       | 41,262         |
| 0             | Impairment                                                                                                   |         | 0              |
| (135,771)     | Revaluation (gain)/loss charged to income & expenditure                                                      | 6       | 59,395         |
| 0             | Debt Management Expenses                                                                                     |         | 0              |
| 12,850        | Employers contributions payable to the pension funds and retirement benefits payable direct to pensioners    |         | (7,719)        |
| 808           | REFCUS                                                                                                       |         | 2,315          |
| <b>57,403</b> | <b>Total expenditure</b>                                                                                     |         | <b>256,677</b> |
|               | <b>Income</b>                                                                                                |         |                |
| (134,139)     | Dwelling rents                                                                                               | 1,2,3,4 | (139,797)      |
| (13,831)      | Non-dwelling rents                                                                                           |         | (14,037)       |
| (24,245)      | Charges for services and facilities                                                                          |         | (26,754)       |
| (14,171)      | Leaseholder charges – revenue                                                                                |         | (17,156)       |
| 0             | Leaseholder charges – capital                                                                                |         | (5,035)        |
| (292)         | Covid Grants                                                                                                 |         | (438)          |
| 0             | Chalcot Settlement                                                                                           |         | (19,000)       |
| (186,678)     | Total Income                                                                                                 |         | (222,217)      |
| (129,275)     | Net Cost of HRA Services per whole Authority Comprehensive Income and Expenditure Statement                  |         | 34,460         |
| 634           | HRA services share of Corporate and Democratic Core                                                          |         | 643            |
| (128,641)     | Net (Income)/Expenditure for HRA Services per whole Authority Comprehensive Income and Expenditure Statement |         | 35,103         |

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

| 2021/22<br>£'000 |                                                                                                           | Notes | 2022/23<br>£'000 |
|------------------|-----------------------------------------------------------------------------------------------------------|-------|------------------|
| (14,381)         | (Gain) or loss on sale of HRA non-current assets                                                          |       | (22,458)         |
| 4,739            | Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve) |       | 0                |
| 13,992           | Interest payable and similar charges                                                                      | 5     | 17,338           |
| (93)             | Investment Income                                                                                         |       | (1,644)          |
| (17,822)         | Capital Grants and Contributions Receivable                                                               |       | (59,171)         |
| 2,075            | Pensions interest cost and expected return on pensions assets                                             | 8     | 2,189            |
| <b>(140,131)</b> | <b>(Surplus) or deficit for the year on HRA services</b>                                                  |       | <b>(28,643)</b>  |

**Statement of Movement on the HRA Balance**

| 2021/22<br>£'000 |                                                                                                         | Notes | 2022/23<br>£'000 |
|------------------|---------------------------------------------------------------------------------------------------------|-------|------------------|
| (4,366)          | Balance on HRA at the end of the previous year                                                          |       | (3,003)          |
| (140,131)        | (Surplus) or deficit for the year on the HRA Income and Expenditure Statement                           |       | (28,643)         |
| 148,927          | Adjustments between accounting basis and funding basis under statute                                    | 8     | 13,939           |
| 8,796            | HRA Balance                                                                                             |       | (14,704)         |
| (7,433)          | Transfer to / (from) Earmarked Reserves                                                                 |       | 5,698            |
| 1,363            | (Increase) or decrease in year on the HRA                                                               |       | (9,006)          |
| <b>(3,003)</b>   | <b>Balance on the HRA at the end of the current year after transfers to / (from) Earmarked Reserves</b> |       | <b>(12,009)</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 4.10% of properties used for permanent accommodation were vacant (4.84% in 2021/22). The average rent for all stock excluding service charges was £118.33 per week in 2022/23, an increase of 4.42% from the 2021/22 level of £113.32.

# HRA Note 2 Housing Stock and Fixed Assets

The Council was responsible at 31 March 2023 for managing self-contained and shared dwellings.

The Council has made an adaption to the methodology used for this disclosure compared to prior years, leading to a correction to the base adjustment in 2022/23. The stock was as follows:

| Property type                          | 2021/22         | 2022/23         |
|----------------------------------------|-----------------|-----------------|
|                                        | Number of units | Number of units |
| Bedsit / 1 Bed Accommodation           | 9,422           | 9,332           |
| 2 Bed Accommodation                    | 7,415           | 7,273           |
| 3 Bed Accommodation                    | 4,815           | 4,810           |
| 4 Bed + Accommodation                  | 1,394           | 1,394           |
| Self-contained temporary accommodation | 0               | 137             |
| Shared units                           | 99              | 255             |
| <b>Total</b>                           | <b>23,145</b>   | <b>23,201</b>   |

| Movements in year  | Number of units |
|--------------------|-----------------|
| Correction to Base | (13)            |
| Acquisitions       | 58              |
| New Builds         | 51              |
| Demolitions        | 0               |
| Right to Buy sales | (40)            |
| Other disposals    | 0               |
| Conversions        | 0               |
| <b>Total</b>       | <b>56</b>       |

The below table shows the movements on balances for fixed asset classes in the HRA. The following asset classes are not reported as the Council does not hold any assets in its HRA in those classes:

- Vehicles / Plant / Equipment
- Community
- Infrastructure

#### HRA Property, Plant and Equipment Balances 2022/23

| Net Book Value | Council Dwellings | Other Land and Buildings | Surplus Assets | Assets Under Construction | Total     |
|----------------|-------------------|--------------------------|----------------|---------------------------|-----------|
|                | £'000             | £'000                    | £'000          | £'000                     | £'000     |
| 1 April 2022   | 2,806,819         | 168,787                  | 2,445          | 90,329                    | 3,068,380 |
| 31 March 2023  | 2,841,598         | 194,016                  | 480            | 73,231                    | 3,109,325 |

| Comparative Balances 2021/22 |                   |                          |                |                           |           |
|------------------------------|-------------------|--------------------------|----------------|---------------------------|-----------|
| Net Book Value               | Council Dwellings | Other Land and Buildings | Surplus Assets | Assets Under Construction | Total     |
|                              | £'000             | £'000                    | £'000          | £'000                     | £'000     |
| 1 April 2021                 | 2,575,337         | 175,705                  | 10,520         | 49,932                    | 2,811,494 |
| 31 March 2022                | 2,806,819         | 168,787                  | 2,445          | 90,329                    | 3,068,380 |

The total vacant possession value of dwelling properties held in the HRA at 31 March 2023 was £11.1bn (£11.0bn at 31 March 2022).

The difference between the vacant possession and the balance sheet value represents the economic cost of providing social housing at less than open market rents and is calculated by discounting the vacant possession value down to 25% of the market value.

There were no impairment charges to the HRA in 2022/23 and depreciation charges were as follows:

|                          | 2021/22<br>£'000 | 2022/23<br>£'000 |
|--------------------------|------------------|------------------|
| Council Dwellings        | 34,947           | 37,918           |
| Other Land and Buildings | 2,907            | 3,344            |
| <b>Total</b>             | <b>37,854</b>    | <b>41,262</b>    |

### HRA Investment Properties

Opening and closing balances for investment properties held in the HRA were as follows:

|          | 2021/22<br>£'000 | 2022/23<br>£'000 |
|----------|------------------|------------------|
| 1 April  | 0                | 0                |
| 31 March | 0                | 544              |

## HRA Note 3 Rent Arrears

The arrears at 31 March 2023 were £17.515m (£14.121m 31 March 2022). Amounts written off during the year totalled £0.735m (£0.946m 31 March 2022) and a provision for bad debts at the year-end totalled £15.773m (£12.200m 31 March 2022).

## 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 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 6 Statement of Movement on the HRA Balance

| 2021/22<br>Net Expenditure<br>£'000 | Notes                                                                                                                                                                               | 2022/23<br>Net Expenditure<br>£'000 |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
|                                     | Items included in the HRA Comprehensive Income and Expenditure Statement but excluded from the movement on the HRA Balance for the year                                             |                                     |
| 14,381                              | Gain/loss on sales of HRA fixed assets                                                                                                                                              | 22,458                              |
| (4,739)                             | Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)                                                                           | 0                                   |
| (808)                               | Revenue Expenditure Funded from Capital Under Statute                                                                                                                               | (2,315)                             |
| 135,771                             | Revaluation changes on non-current assets recognised in I&E                                                                                                                         | (59,395)                            |
| (183)                               | Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements (employee accrual)                                   | 180                                 |
| (14,925)                            | Net charges made for retirement benefits in accordance with IAS19                                                                                                                   | (14,198)                            |
| <b>129,497</b>                      | <b>Total</b>                                                                                                                                                                        | <b>(53,270)</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 |                                     |
| 129                                 | Repayment of debt (transfer to the Capital Adjustment Account)                                                                                                                      | 201                                 |
| 0                                   | Revenue Contribution to Capital Outlay – Leaseholder contributions                                                                                                                  | 0                                   |
| 0                                   | Employers contributions payable to the pension funds and retirement benefits payable direct to pensioners                                                                           | 0                                   |
| 1,479                               | Transfer from earmarked Reserves                                                                                                                                                    | 7,837                               |
| 17,822                              | Application of capital Grants to finance capital expenditure                                                                                                                        | 59,171                              |
| <b>19,430</b>                       | <b>Total</b>                                                                                                                                                                        | <b>67,209</b>                       |
| <b>148,927</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>13,939</b>                       |

# HRA Note 7 HRA Capital Programme

Total capital expenditure on Land, Houses and other property within the HRA was £158.614 m in 2022/23 (£94.321m in 2021/22). The expenditure was funded from the following resources:

| 2021/22<br>£'000 |                       | 2022/23<br>£'000 |
|------------------|-----------------------|------------------|
| 4,197            | Borrowing             | 33,708           |
| 36,359           | Capital Receipts      | 24,592           |
| 1,480            | Revenue Contributions | 0                |
| 34,463           | Major Repairs Reserve | 41,963           |
| 17,822           | Grants                | 59,171           |
| <b>94,321</b>    |                       | <b>159,434</b>   |

| 2021/22<br>£'000 |                                                | 2022/23<br>£'000 |
|------------------|------------------------------------------------|------------------|
| 45,753           | Capital Receipts received within the year were | 49,960           |
| (41,014)         | Useable                                        | (49,960)         |
| <b>4,739</b>     | <b>Paid to Government</b>                      | <b>0</b>         |



# 5 Collection Fund Account

Housing Revenue Account | Annual Financial Report 2022/23

14

# Collection Fund Account

Collection Fund Revenue Account  
**Page 145**

Note 1 General  
**Page 147**

Note 2 Council Tax  
**Page 147**

Note 3 Council Demand  
**Page 147**

Note 4 Council Tax Bands  
**Page 148**

Note 5 Council Tax – Uncollectable amounts  
**Page 149**

Note 6 Collection of National Non-Domestic Rates  
**Page 149**

Note 7 Business Rate Supplement  
**Page 150**

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.



# Collection Fund Revenue Account

| 2021/22              |                  |                 |                  | Income and Expenditure Account                          | 2022/23              |                  |                 |                  |
|----------------------|------------------|-----------------|------------------|---------------------------------------------------------|----------------------|------------------|-----------------|------------------|
| Council Tax<br>£'000 | NNDR<br>£'000    | BRS<br>£'000    | Total<br>£'000   |                                                         | Council Tax<br>£'000 | NNDR<br>£'000    | BRS<br>£'000    | Total<br>£'000   |
|                      |                  |                 |                  | <b>Income</b>                                           |                      |                  |                 |                  |
| (156,902)            | (519,884)        | (16,715)        | <b>(693,501)</b> | Income collectable from taxpayers                       | (164,465)            | (557,684)        | (18,304)        | <b>(740,453)</b> |
| (330)                |                  |                 | <b>(330)</b>     | Discretionary reliefs                                   | (309)                |                  |                 | <b>(309)</b>     |
| <b>(157,232)</b>     | <b>(519,884)</b> | <b>(16,715)</b> | <b>(693,831)</b> | <b>Total Income</b>                                     | <b>(164,774)</b>     | <b>(557,684)</b> | <b>(18,304)</b> | <b>(740,762)</b> |
|                      |                  |                 |                  | <b>Expenditure</b>                                      |                      |                  |                 |                  |
|                      |                  |                 |                  | <b>Precepts &amp; Council demand</b>                    |                      |                  |                 |                  |
| 119,507              | 193,578          |                 | <b>313,085</b>   | LB Camden                                               | 126,002              | 151,657          |                 | <b>277,659</b>   |
| 32,048               | 238,746          | 16,719          | <b>287,513</b>   | Greater London Authority (GLA)                          | 35,690               | 187,043          | 19,705          | <b>242,438</b>   |
|                      | 212,936          |                 | <b>212,936</b>   | Central Government                                      |                      | 166,823          |                 | <b>166,823</b>   |
|                      | 1,546            |                 | <b>1,546</b>     | Transitional protection payments to CLG                 |                      | 6,580            |                 | <b>6,580</b>     |
|                      |                  |                 |                  | <b>Contribution for prior year's (Deficit)/Surplus:</b> |                      |                  |                 |                  |
| (4,970)              | (63,809)         |                 | <b>(68,779)</b>  | LB Camden                                               | (3,180)              | (45,743)         |                 | <b>(48,923)</b>  |
| (1,278)              | (79,254)         | (1,183)         | <b>(81,715)</b>  | Greater London Authority                                | (831)                | (56,417)         | (37)            | <b>(57,285)</b>  |
|                      | (70,670)         |                 | <b>(70,670)</b>  | Central Government                                      |                      | (50,318)         |                 | <b>(50,318)</b>  |
|                      |                  |                 |                  | <b>Charges to the Fund</b>                              |                      |                  |                 |                  |
|                      | 1,289            | 34              | <b>1,323</b>     | Cost of collection allowance                            |                      | 1,270            | 34              | <b>1,304</b>     |
| 1,157                | 902              |                 | <b>2,059</b>     | Allowance for impairment                                | 8,384                | 18,836           |                 | <b>27,220</b>    |
| 0                    | (1,422)          |                 | <b>(1,422)</b>   | Write offs                                              |                      | (9,820)          |                 | <b>(9,820)</b>   |
|                      | (19,578)         |                 | <b>(19,578)</b>  | Provision for appeals                                   |                      | 63,763           |                 | <b>63,763</b>    |
| <b>146,464</b>       | <b>414,264</b>   | <b>15,570</b>   | <b>576,298</b>   | <b>Total Expenditure</b>                                | <b>166,065</b>       | <b>433,674</b>   | <b>19,702</b>   | <b>619,441</b>   |
| <b>(10,768)</b>      | <b>(105,620)</b> | <b>(1,145)</b>  | <b>(117,533)</b> | <b>Deficit/(Surplus) In-year</b>                        | <b>1,291</b>         | <b>(124,010)</b> | <b>1,398</b>    | <b>(121,321)</b> |

# Collection Fund Revenue Account (continued)

| 2021/22                 |               |              |                  | Income and Expenditure Account<br>(Continued)   | 2022/23                 |                 |              |                  |
|-------------------------|---------------|--------------|------------------|-------------------------------------------------|-------------------------|-----------------|--------------|------------------|
| Council<br>Tax<br>£'000 | NNDR<br>£'000 | BRS<br>£'000 | Total<br>£'000   |                                                 | Council<br>Tax<br>£'000 | NNDR<br>£'000   | BRS<br>£'000 | Total<br>£'000   |
|                         |               |              |                  | <b>Movement on Balances</b>                     |                         |                 |              |                  |
| 3,100                   | 199,658       | 1,182        | <b>203,940</b>   | Deficit/(Surplus) at 1 April                    | (7,668)                 | 93,996          | 37           | <b>86,365</b>    |
| (10,768)                | (105,620)     | (1,145)      | <b>(117,533)</b> | Deficit/(Surplus) In-year                       | 1,291                   | (124,010)       | 1,398        | <b>(121,321)</b> |
| <b>(7,668)</b>          | <b>94,038</b> | <b>37</b>    | <b>86,407</b>    | <b>Deficit/(Surplus) at 31 March</b>            | <b>(6,377)</b>          | <b>(30,014)</b> | <b>1,435</b> | <b>(34,956)</b>  |
|                         |               |              |                  | <b>Deficit/(Surplus) allocation at 31 March</b> |                         |                 |              |                  |
| (5,884)                 | 28,619        | -            | <b>22,735</b>    | London Borough of Camden                        | (4,868)                 | (8,596)         |              | <b>(13,464)</b>  |
| (1,784)                 | 34,972        | 37           | <b>33,225</b>    | Greater London Authority                        | (1,509)                 | (10,928)        | 1,435        | <b>(11,002)</b>  |
| -                       | 30,447        | -            | <b>30,447</b>    | Central Government                              |                         | (10,490)        |              | <b>(10,490)</b>  |
| <b>(7,668)</b>          | <b>94,038</b> | <b>37</b>    | <b>86,407</b>    | <b>Total Deficit/(Surplus) at 31 March</b>      | <b>(6,377)</b>          | <b>(30,014)</b> | <b>1,435</b> | <b>(34,956)</b>  |

## Note 1 General

The Collection Fund was established on 1 April 1990 under the provisions of the Local Government Finance Act 1988. It accounts for all transactions on council tax, business rates and residual community charge. As an agency account it is kept separate from the Council's Comprehensive Income and Expenditure Statement, although Camden's share of the income and balances are brought into the CIES and 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. The total value is known as the Tax Base and expressed as a Band D equivalent.

## 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

| Band                                          | Fraction 2022/23 | Tax base for tax setting |
|-----------------------------------------------|------------------|--------------------------|
| A                                             | 6/9              | 1,462                    |
| B                                             | 7/9              | 5,200                    |
| C                                             | 8/9              | 11,240                   |
| D                                             | 9/9              | 17,618                   |
| E                                             | 11/9             | 17,496                   |
| F                                             | 13/9             | 14,491                   |
| G                                             | 15/9             | 18,541                   |
| H                                             | 18/9             | 8,897                    |
|                                               |                  | <b>94,945</b>            |
| Allowance for non-collection and Armed Forces |                  | (4,726)                  |
| <b>Tax Base</b>                               |                  | <b>90,219</b>            |

By law, the tax for each band is set as a fraction of the band D charge. The Band D Council Tax for 2022/23 for Camden and the GLA is:

| 2021/22<br>£    | Preceptor                | 2022/23<br>£    |
|-----------------|--------------------------|-----------------|
| 1,355.81        | Camden                   | 1,396.34        |
| 363.66          | Greater London Authority | 395.59          |
| <b>1,719.47</b> | <b>Total</b>             | <b>1,791.93</b> |

## Note 5 Council Tax – Collectable amounts

The in-year collection rate was set at 95% for 2022/23 (95% for 2021/22). The actual amount collected by the 31 March 2023 was 94.0%, down from 94.2% for 2021/22. Outstanding debt will continue to be chased in future years. The provision to cover bad debts stood at £22.2m on 31 March 2023 (£15.0m at 31 March 2022). This represents 78% of the outstanding arrears (49% on 31 March 2021).

## Note 6 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 2022/23 was 51.2p and 49.9p for small business, unchanged from 2021/22. Local businesses pay business rates 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 2023, the non-domestic rateable value of the borough was £1,560.3m (£1,570.5m, 31 March 2022). The actual in-year collection rate was 96.5%, up from 96.3% in 2021/22 and above the target set at the beginning of the year of 95%. The level of provision held for non-collection of debt stands at £34.1m and represents 59% of all debt outstanding, an increase of £14.7m from 2021/22.

### Income due from business ratepayers:

| 2021/22        |                                            | 2022/23        |  |
|----------------|--------------------------------------------|----------------|--|
| £'000          |                                            | £'000          |  |
| 755,965        | Non-domestic rate charge                   | 765,779        |  |
| (236,081)      | Supplement & Reliefs                       | (208,095)      |  |
| <b>519,884</b> | <b>Income due from business ratepayers</b> | <b>557,684</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 2022/23 was 2p on non-domestic properties with a rateable value of over £70,000 in London.





# 6 Pension Fund Accounts

# Pension Fund Accounts

Pension Fund Explanatory Forward  
**Page 154**

Pension Fund Account  
**Page 161**

Pension Fund Net Assets Statement  
**Page 162**

Note 1 Basis of preparation of financial statements  
**Page 163**

Note 2 Summary of significant accounting policies  
**Page 164**

Note 3 Critical judgements in applying accounting policies  
**Page 167**

Note 4 Assumptions made about the future and other major sources of uncertainty  
**Page 168**

Note 5 Contributions receivable  
**Page 169**

Note 6 Benefits payable  
**Page 170**

Note 7 Payments to and on account of leavers  
**Page 171**

Note 8 Management expenses  
**Page 172**

Note 9 Investment income  
**Page 174**

Note 10 Analysis of Investments  
**Page 175**

Note 11 Fund manager valuations  
**Page 176**

Note 12 Reconciliation of movements in investments  
**Page 177**

Note 13 Analysis of derivatives  
**Page 179**

Note 14a Fair value – basis of valuation  
**Page 180**

Note 14b Transfers between the Levels  
**Page 183**

Note 14c Classification of financial instruments  
**Page 183**

Note 15 Net gains and losses on financial instruments  
**Page 184**

Note 16 Nature & extent of risks arising from financial instruments  
**Page 184**

Note 17 Actuarial present value of promised retirement benefits  
**Page 190**

Note 18 Current assets  
**Page 192**

Note 19 Current liabilities  
**Page 192**

Note 20 Additional voluntary  
contributions

**Page 193**

Note 21 Related party transactions

**Page 194**

Note 22 Contingent liabilities &  
contractual commitments

**Page 195**

Note 23 Events after the reporting  
period

**Page 195**



# Pension Fund Explanatory Foreword

## Introduction

The Council is the Administering Authority for the London Borough of Camden Pension Fund. The Fund, which is part of the Local Government Pension Scheme (LGPS), is governed by the Public Service Pensions Act 2013 and 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 Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (issued by CIPFA) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

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

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

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, benefits payable are now based on career average revalued pay and the number of years of eligible service. Pensions are increased annually in line with the Consumer Prices Index.

The following description of the Fund is a summary only. For further detail, reference should be made to the 2022/23 London Borough of Camden Pension Fund Annual Report and the underlying statutory powers underpinning the scheme. The Pension Fund Annual Report can be found on the Pension Fund [website](#).

## Investment management arrangements

The day-to-day management of the Fund's investments is carried out by professional fund managers appointed by the Council. As at 31 March 2023 there were 10 managers investing on behalf of the Fund:

- Aviva plc (via London LGPS CIV Ltd)
- Baillie Gifford & Co (via London LGPS CIV Ltd)
- CB Richard Ellis Global Investment Partners Ltd
- CQS (UK) LLP (via London LGPS CIV Ltd)
- HarbourVest Partners LLP
- Harris Associates LP
- Legal & General Investment Management Ltd
- Partners Group Management II S.A.R.L.
- PIMCO Europe Limited (via London LGPS CIV Ltd)
- Stepstone Group LP (via London LGPS CIV Ltd)

The Council has placed assets under management with London LGPS CIV Ltd, the organisation set up in 2015 by London Local Authorities to run pooled LGPS investments in London. The London LGPS CIV Ltd is authorised and regulated by the Financial Conduct Authority and represents the pooled investments of 32 Local Authority Pension Funds. The London Borough of Camden Pension Fund holds investments in the LCIV Multi Asset Credit Fund (underlying managers CQS (UK) LLP and PIMCO Europe Limited), the LCIV Diversified Growth Fund (underlying manager Baillie Gifford & Co), the LCIV Real Estate Long Income Fund (underlying manager Aviva plc), the LCIV Infrastructure Fund (underlying manager Stepstone Group LP) and the LCIV Global Alpha Growth Paris-Aligned Fund (underlying manager Baillie Gifford).

Each fund 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 2022/23, 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)
- Isio Group Limited (Investment Consultancy)
- Karen Shackleton (Independent Investment Advisor)
- Pensions & Investment Research Consultants Limited (PIRC) (Corporate Governance Services)



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

The market value of the assets (including cash & income receivable) held by the fund managers, the custodian and the Council as at 31 March 2023 is as follows:

| 31 March 2022    |             | Fund manager/Custodian                      | 31 March 2023    |             |
|------------------|-------------|---------------------------------------------|------------------|-------------|
| £'000            | %           |                                             | £'000            | %           |
|                  |             | <b>Managed by LCIV regional asset pool:</b> |                  |             |
| 494,440          | 22.2%       | Baillie Gifford & Co (London CIV)           | 311,008          | 16.2%       |
| 52,919           | 2.4%        | CQS & PIMCO (London CIV)                    | 224,543          | 11.7%       |
| 45,325           | 2.0%        | Stepstone (London CIV)                      | 78,084           | 4.1%        |
| 92,903           | 4.2%        | Aviva (London CIV)                          | 75,191           | 3.9%        |
| 76,019           | 3.4%        | Ruffer (London CIV)                         | 0                | 0.0%        |
| 761,606          | 34.2%       |                                             | 688,826          | 35.9%       |
|                  |             | <b>Managed outside regional asset pool:</b> |                  |             |
| 787,307          | 35.4%       | Legal & General                             | 750,496          | 39.0%       |
| 181,198          | 8.1%        | Harris Associates                           | 185,304          | 9.5%        |
| 110,113          | 4.9%        | CBRE                                        | 96,023           | 5.0%        |
| 90,375           | 4.1%        | Partners Group                              | 87,508           | 4.5%        |
| 57,532           | 2.6%        | HarbourVest                                 | 50,276           | 2.6%        |
| 99,734           | 4.5%        | Insight                                     | 0                | 0.0%        |
| 150              | 0.0%        | Council                                     | 150              | 0.0%        |
| 138,652          | 6.2%        | JP Morgan Custodian cash account            | 67,087           | 3.5%        |
| 1,465,062        | 65.8%       |                                             | 1,236,844        | 64.1%       |
| <b>2,226,667</b> | <b>100%</b> |                                             | <b>1,925,670</b> | <b>100%</b> |

## Funding Arrangements

The Fund is subject to actuarial valuation every three years at which time, 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 latest completed actuarial valuation of the Fund was carried out as at 31 March 2022 and the revised contribution rates will be effective from 1 April 2023. The next formal actuarial valuation is due as at 31 March 2025 with new contribution rates for employers then taking effect from 1 April 2026. The full 2022 valuation report can be accessed [here](#).

The market value of the Fund's assets at the 31 March 2022 valuation date was £1.973bn and the actuarial value of the Fund's accrued liabilities, allowing for future pay increases, was £1.741bn. There was therefore, a surplus of assets over liabilities of £232m and the Fund was said to be 113% funded.

Liabilities were calculated using the projected unit actuarial method and the main actuarial assumptions were as follows:

| Financial assumptions       |               |               |
|-----------------------------|---------------|---------------|
| Year ended                  | 31 March 2019 | 31 March 2022 |
| Pension increase rate (CPI) | 2.30% p.a.    | 2.70% p.a.    |
| Salary increase rate        | 2.70% p.a.    | 3.20% p.a.    |
| Discount rate               | 4.50% p.a.    | 4.40% p.a.    |

In the 31 March 2019 actuarial valuation, which specifies the employers' contribution rates for 2022/23, assets were valued using a discount rate derived from a 70% likelihood that the Fund's investments will return at least 4.5% over the next 20 years (based on stochastic asset projection). For 31 March 2022, the discount rate was derived from a 70% likelihood that the Fund's investments will return at least 4.4% over the next 20 years based on similar stochastic asset projection.

At 31 March 2019, the assets were sufficient to meet 103% of the liabilities and at 31 March 2022, the actuary estimates, assuming reasonable future investment returns, the Fund is 113% funded. The average employee contributions rate is 7% of pensionable pay (2022: 7%) and the total contributions expected to be received over the next triennial cycle, years 2023/24, 2024/25 and 2025/26, will be similar to the 2019-2022 cycle. After consultation with the actuary, the Fund has agreed a contribution strategy with a cap of 1% on increases (and decreases) to main employer contribution rates. In 2022/23 the expected overall contribution rate (primary plus secondary) for the Administering Authority was 31.5% (2021/22: 32.3%).

## Fund Portfolio and Diversification

LGPS Regulations require that the Members of the Pension Committee and appointed 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 are contained in the Annual Report on the Pension Fund [website](#):

## Admitted and Scheduled Bodies

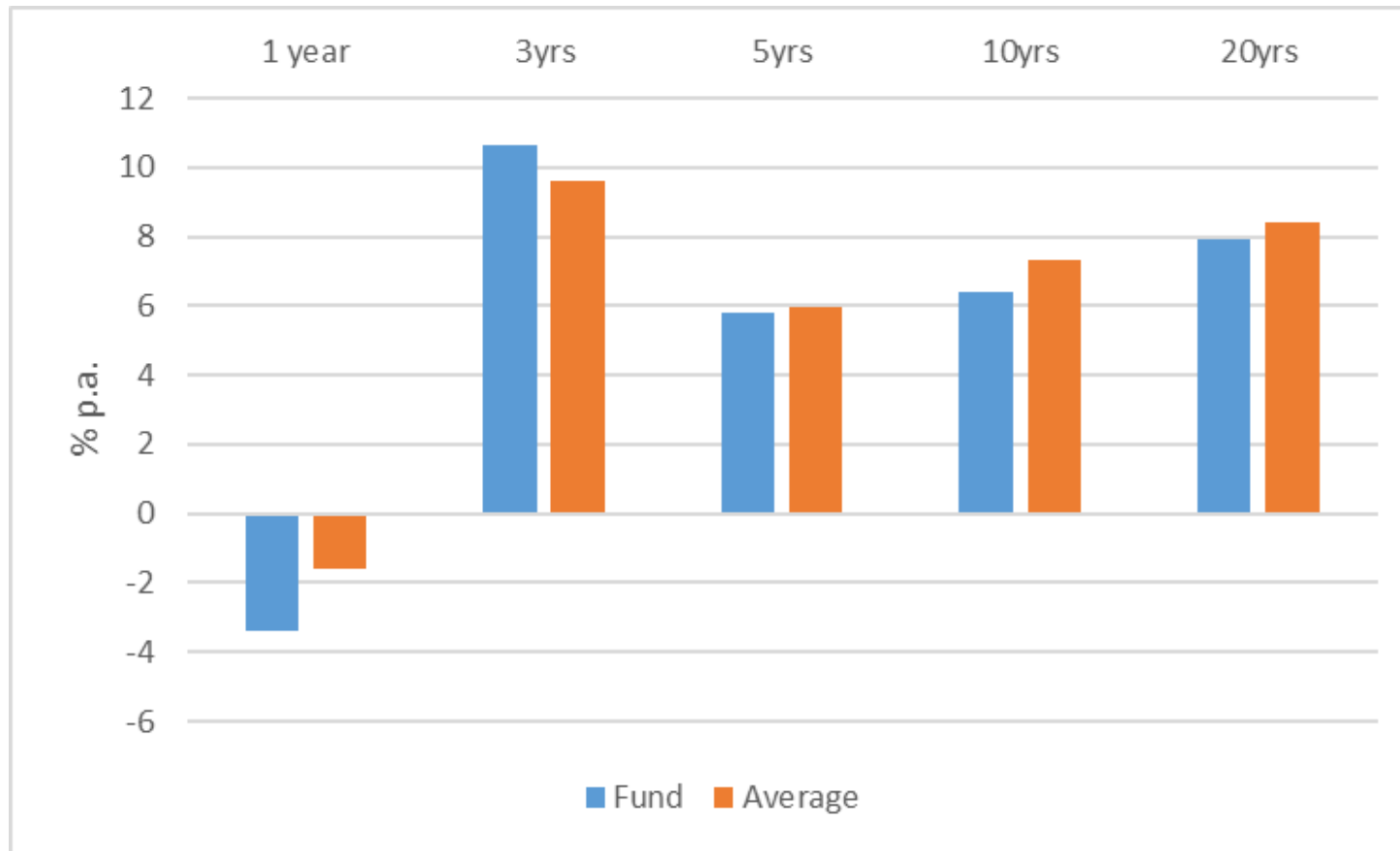
The Admitted and Scheduled bodies which made contributions to the Fund in 2022/23 were as follows:

| Admitted Bodies                         |                                            |
|-----------------------------------------|--------------------------------------------|
| Abbey Road Housing Co-op                | Westminster Society - Central              |
| Agar Grove Housing Co-op                | Westminster Society - North                |
| Age UK Camden                           |                                            |
| Camden Citizens Advice Bureau           |                                            |
| Coram Family                            |                                            |
| Caterlink Ltd                           |                                            |
| Greenwich Leisure Ltd                   |                                            |
| Home Connections                        |                                            |
| LGIU                                    |                                            |
| MiHomecare Ltd                          | Scheduled Bodies                           |
| MITIE PFI                               | Abacus Belsize School                      |
| National Association for Local Councils | Children's Hospital School                 |
| NSL Ltd                                 | King's Cross Academy                       |
| Pendergate (Ridgecrest) Cleaning        | St Luke's School                           |
| Veolia                                  | UCL Academy                                |
| Voluntary Action Camden                 | The ArtsXchange (formerly WAC Arts School) |

## Returns

The investments of the Camden Pension Fund have delivered a return of 6.4% per annum during the last ten years. The diagram below provides a comparison between the performance of the Camden 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 period relative to the average. The comparative information is provided by Pensions & Investment Research Consultants Limited (PIRC).

In the latest year the Fund performed in the 55th percentile (100th means the worst performing and 1st the best). It is well ahead of its peers over the last three years but continues to trail over the longer term.



## Membership

Total membership of the Fund at 31 March 2023 was 22,639 (31 March 2022: 22,020):

|                   | 31 March 2022         | 31 March 2023         |
|-------------------|-----------------------|-----------------------|
| Employees         | 5,437                 | 5,563                 |
| Deferred benefits | 6,555                 | 6,708                 |
| Pensioners        | 7,466                 | 7,656                 |
| Dependents        | <i>Included above</i> | <i>Included above</i> |
| Undecided         | 730                   | 817                   |
| Frozen benefits   | 1,832                 | 1,895                 |
| <b>Total</b>      | <b>22,020</b>         | <b>22,639</b>         |

## Benefits

Pension Benefits under the LGPS based on pensionable pay and length of service up until 31 March 2023 are summarised below:

|                                                   | Pension                                                                                                                                                                    | Lump Sum                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Service Pre-1 April 2008</b>                   | Each year worked is worth 1/80 x final pensionable 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 – 31 March 2014</b> | Each year worked is worth 1/60 x final pensionable 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 for 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

| 2021/22<br>£'000   |                                                                                         | Notes | 2022/23<br>£'000   |
|--------------------|-----------------------------------------------------------------------------------------|-------|--------------------|
|                    | <b>Dealings with members, employers and others directly involved in the fund:</b>       |       |                    |
| (48,192)           | Members Contributions                                                                   | 5     | (55,477)           |
| (7,065)            | Transfers in from other pension funds                                                   |       | (6,700)            |
| <b>(55,257)</b>    |                                                                                         |       | <b>(62,177)</b>    |
| 64,499             | Benefits                                                                                | 6     | 67,703             |
| 10,703             | Payments to and on account of leavers:                                                  | 7     | 211,740            |
| <b>75,202</b>      |                                                                                         |       | <b>279,443</b>     |
| <b>19,945</b>      | <b>Net (additions)/withdrawals from dealings with members</b>                           |       | <b>217,266</b>     |
| 19,264             | Management Expenses                                                                     | 8     | 16,773             |
| <b>39,209</b>      | <b>Net (additions)/withdrawals including fund management expenses</b>                   |       | <b>234,039</b>     |
|                    | <b>Returns on investments</b>                                                           |       |                    |
| (13,281)           | Investment income                                                                       | 9     | (24,168)           |
| 680                | Tax deducted from investment income                                                     |       | 128                |
| (148,856)          | Profit and losses on disposal of investments and changes in the value of investments    | 12    | 81,634             |
| <b>(161,457)</b>   | <b>Net return on investments</b>                                                        |       | <b>57,594</b>      |
| <b>(122,248)</b>   | <b>Net (increase)/decrease in the net assets available for benefits during the year</b> |       | <b>291,633</b>     |
| (2,072,393)        | Opening net assets of the fund 1 April                                                  |       | (2,194,641)        |
| <b>(2,194,641)</b> | <b>Closing net assets of the fund on 31 March</b>                                       |       | <b>(1,903,008)</b> |

# Pension Fund Net Assets Statement

| 31-Mar-22<br>£'000 |                                                                                  | Notes    | 31-Mar-23<br>£'000 |
|--------------------|----------------------------------------------------------------------------------|----------|--------------------|
| 177,513            | Equities                                                                         | 10,12    | 178,192            |
| 1,555,745          | Pooled funds                                                                     | 10,12    | 1,364,131          |
| 344,673            | Other investments                                                                | 10,12    | 298,744            |
| 150,709            | Other assets                                                                     | 10,12    | 84,826             |
| <b>2,228,640</b>   |                                                                                  |          | <b>1,925,893</b>   |
| (1,972)            | Investments liabilities                                                          | 10,13,16 | (223)              |
| <b>2,226,668</b>   | <b>Total net Investments</b>                                                     |          | <b>1,925,670</b>   |
|                    |                                                                                  |          |                    |
| 907                | Current assets                                                                   | 18       | 1165               |
| (32,934)           | Current liabilities                                                              | 19       | (23,827)           |
| <b>2,194,641</b>   | <b>Net assets of the fund available to fund benefits at the reporting period</b> |          | <b>1,903,008</b>   |

The Net Asset Statement includes all assets and liabilities of the Fund as at 31 March 2023 but excludes long-term liabilities to pay pensions and benefits in future years.

# Note 1 Basis of preparation of financial statements

The Statement of Accounts summarises the Fund's transactions for the 2022/23 financial year and its financial position at 31 March 2023. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2022/23* (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the Net Assets Statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Fund has opted to disclose this information in note 17.

The Pension Fund's Statement of Accounts have been prepared on a going concern basis with the assumption that the functions of the administering authority will continue in operational existence for the foreseeable future.

## 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 standards will have no significant impact on amounts reported in this year's Pension Fund accounts:

- a) Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- b) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- d) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.



# Note 2 Summary of significant accounting policies

## Fund Account – Revenue recognition

### a) Contribution income

Normal contributions from members and employers are accounted for on an accruals basis for the payroll month to which they relate at rates as specified in the Actuarial Valuation rates and adjustments certificate.

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

Employer's augmentation and pension strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid is classed as a current financial asset.

### b) Transfers to and from other schemes

Transfer values represent 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 as this is normally when the member liability is accepted or discharged. Bulk transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

### c) Investment income

Income due from equities is accounted for on the date the stocks are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

Interest income is recognised in the fund account as it accrues using the effective interest rate of the financial instrument as at the date of acquisition or origination.

## Fund Account – Expense items

### d) Benefits payable

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. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

### e) Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. 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. As the Council is the administering authority for the Fund, VAT input tax is recoverable on all Fund activities including expenditure on investment expenses.

Members are entitled to request the Pension Fund to pay their tax liabilities in respect of annual and lifetime allowance tax in exchange for a reduction in final benefits. Where the Fund pays member tax liabilities direct to HMRC they are treated as an expense and charged through the Fund Account in the year in which the payment occurs.

### f) Management expenses

All investment management expenses are accounted for on an accruals basis. Fees of the external investment fund managers and custodian are agreed in the respective mandates governing their appointments. Generally, fees are based on the market value of the investments under their management and therefore increase or reduce as the value of those investments change.

In the interests of greater transparency, the Council discloses its Fund management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016). The profit and loss on disposal of investments and changes in the market value of investments also takes account of the fees which have been deducted at source.

Costs of administration are charged directly to the Fund partly by the Administering Authority, the London Borough of Camden and, partly by the Pensions Shared Service which administers benefits on behalf of the London Boroughs of Camden, Wandsworth, Richmond, Waltham Forest and Merton.

## Net Assets Statement

### g) Financial assets

Financial assets are included in the net assets statement either on a fair value or amortised cost basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date, any gains or losses arising from changes in the fair value of the asset are recognised in the fund account. The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 16). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

Investments are shown in the net assets statement at fair value in accordance with the requirements of IFRS 13. Valuations are provided by the Fund's Custodian, JP Morgan (JPM), and are based on bid values as at the date of the net assets statement. Values of unlisted assets for which the JPM Pricing team cannot source values independently are priced using the latest accounting reports provided by the relevant fund manager. If this valuation point is not at year end, the net asset value is adjusted to take account of any drawdowns at cost in the intervening period.

### h) Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. Spot market exchange rates at the end of the financial year are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

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

### i) Cash and cash equivalents

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.

### j) Financial liabilities

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

### k) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the Fund's actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a supporting note to the accounts (Note 17).

### l) Additional voluntary contributions

The Fund provides two additional voluntary contribution (AVC) schemes for its members. Assets are invested separately from those of the Pension Fund. The Fund has appointed Prudential Assurance Company Limited and Phoenix Life Limited as its AVC providers. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (Note 20).

## Note 3 Critical judgements in applying accounting policies

It has not been necessary to make any critical judgements in applying the accounting policies in 2022/23.

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

The preparation of the Statement of Accounts involves making judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for the income and expenditure during the year. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

Items for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

| Item                                                               | Uncertainties                                                                                                                                                                                                                                                                                                                                                                              | Effect if actual results differ from assumptions                                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actuarial present value of promised retirement benefits (note 17). | 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 Fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied. | The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £31m. A 0.1% increase in assumed earnings would increase the value of liabilities by £2m and an increase of one year in assumed life expectancy would increase the liability by £74m. |

## Note 5 Contributions receivable

Employee contributions are calculated on a sliding scale based on a percentage of their pensionable pay. The Council and scheduled and admitted bodies are required to make contributions determined by the Fund's actuary to maintain the solvency of the Fund.

| 2021/22<br>£'000 |                         | 2022/23<br>£'000 |
|------------------|-------------------------|------------------|
|                  | <b>By category</b>      |                  |
|                  | Employer contributions: |                  |
| (34,590)         | Normal                  | (40,077)         |
| (403)            | Deficit recovery        | (244)            |
| (678)            | Augmentation            | (862)            |
| <b>(35,671)</b>  |                         | <b>(41,183)</b>  |
| (12,521)         | Employee contributions  | (14,294)         |
| <b>(48,192)</b>  | <b>Total</b>            | <b>(55,477)</b>  |

| 2021/22<br>£'000 |                            | 2022/23<br>£'000 |
|------------------|----------------------------|------------------|
|                  | <b>By type of employer</b> |                  |
| (46,403)         | Administering authority    | (54,041)         |
| (714)            | Scheduled bodies           | (580)            |
| (1,075)          | Admitted bodies            | (856)            |
| <b>(48,192)</b>  | <b>Total</b>               | <b>(55,477)</b>  |

Augmentations are pension strain contributions from employers to make up for funding shortfall following early retirement or ill health retirement.

## Note 6 Benefits payable

| 2021/22<br>£'000 |                                                          | 2022/23<br>£'000 |
|------------------|----------------------------------------------------------|------------------|
|                  | <b>By category</b>                                       |                  |
| 54,136           | Pensions                                                 | 54,131           |
| 9,022            | Commutation of pensions and lump sum retirement benefits | 10,415           |
| 1,341            | Lump sum death benefits                                  | 2,807            |
| <b>64,499</b>    | <b>Total</b>                                             | <b>67,353</b>    |

| 2021/22<br>£'000 |                            | 2022/23<br>£'000 |
|------------------|----------------------------|------------------|
|                  | <b>By type of employer</b> |                  |
| 56,558           | Administering authority    | 59,918           |
| 354              | Scheduled bodies           | 336              |
| 7,587            | Admitted bodies            | 7,099            |
| <b>64,499</b>    | <b>Total</b>               | <b>67,353</b>    |

## Note 7 Payments to and on account of leavers

| 2021/22<br>£'000 |                                    | 2022/23<br>£'000 |
|------------------|------------------------------------|------------------|
| (165)            | Refunds to members leaving service | 165              |
| 0                | Group transfers                    | 201,841          |
| 10,868           | Individual transfers               | 9,734            |
| <b>10,703</b>    | <b>Total</b>                       | <b>211,740</b>   |

There was a group transfer out of the Fund during 2022/23. The Improvement and Development Agency (which participated in the Fund as an Admitted body) had applied to the Secretary of State for permission to transfer the administration of its pension obligations under the LGPS to another LGPS Fund. In April 2022, the Camden Pension Fund made a payment of £201.8m to Merseyside Pension Fund representing the final transfer of assets, liabilities and membership to that Fund.



## Note 8 Management Expenses

| 2021/22<br>£'000 |                                | 2022/23<br>£'000 |
|------------------|--------------------------------|------------------|
| 954              | Administrative costs           | 891              |
| 267              | Oversight and governance costs | 185              |
| 18,043           | Investment management expenses | 15,697           |
| <b>19,264</b>    | <b>Total</b>                   | <b>16,773</b>    |

Investment management expenses have been grossed up to include fees of £14.1m deducted from fund assets at source in line with the CIPFA guidance *Accounting for LGPS Management Expenses (2016)*.

Administrative and oversight and governance costs can be further broken down as follows:

### Administrative costs

| 2021/22<br>£'000 |                              | 2022/23<br>£'000 |
|------------------|------------------------------|------------------|
| 460              | Pensions administration fees | 537              |
| 323              | Systems management           | 224              |
| 166              | Council officers' salaries   | 130              |
| 5                | Legal services               | 0                |
| <b>954</b>       | <b>Total</b>                 | <b>891</b>       |

### Oversight and governance costs

| 2021/22<br>£'000 |                         | 2022/23<br>£'000 |
|------------------|-------------------------|------------------|
| 134              | Actuarial advice        | 109              |
| 70               | Investment consultancy  | 15               |
| 16               | External audit fees     | 6                |
| 29               | Corporate governance    | 45               |
| 2                | Other                   | 4                |
| 16               | Performance measurement | 6                |
| <b>267</b>       | <b>Total</b>            | <b>185</b>       |

Regulations permit the Council to charge administrative costs to the scheme. A proportion of relevant Council officers' salaries, including on-costs, have been charged to the Fund on the basis of time estimated to have been spent on scheme administration and investment related business.

Included in the oversight and governance costs above are external audit fees for the Fund of £16k (2021/22: £16k).

## Note 8a Investment management expenses

Investment management expenses can be further analysed as follows:

| 2021/22<br>£'000 |                                          | 2022/23<br>£'000 |
|------------------|------------------------------------------|------------------|
| 8,195            | Management fees                          | 7,049            |
| 6,547            | Performance related fees                 | (4,124)          |
| 1,400            | Custody & investment administration fees | 5,401            |
| 1,569            | Transaction costs                        | 5,895            |
| 0                | Property expenses                        | 841              |
| 297              | Other costs                              | 596              |
| 35               | Custody fees                             | 40               |
| <b>18,043</b>    | <b>Total</b>                             | <b>15,698</b>    |

Transaction costs are incremental costs that are directly attributable to the acquisition or disposal of an investment financial asset or liability. An incremental cost is one that would not have been incurred if the Fund had not acquired or disposed of the financial instrument. Transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, anti-dilution levies, levies by regulatory agencies and securities exchanges and transfer taxes and duties.

## Note 9 Investment Income

The table below shows a breakdown of the investment income for the year:

| <b>2021/22</b><br><b>£'000</b> |                                              | <b>2022/23</b><br><b>£'000</b> |
|--------------------------------|----------------------------------------------|--------------------------------|
| (236)                          | Dividends from UK equities                   | (171)                          |
| (4,780)                        | Dividends from overseas equities             | (3,520)                        |
| (3,332)                        | Income from pooled property investments      | (3,989)                        |
| (4,801)                        | Income from other pooled investment vehicles | (15,141)                       |
| (132)                          | Income from cash deposits                    | (1,347)                        |
| <b>(13,281)</b>                | <b>Total income before taxes</b>             | <b>(24,168)</b>                |

# Note 10 Analysis of Investments at Market Value

| 31 March 2022<br>£'000 |                                              | 31 March 2023<br>£'000 |
|------------------------|----------------------------------------------|------------------------|
|                        | <b>Equities (UK)</b>                         |                        |
| 9,454                  | Quoted                                       | 11,159                 |
| 150                    | Unquoted                                     | 150                    |
|                        | <b>Equities (Overseas)</b>                   |                        |
| 167,909                | Quoted                                       | 166,883                |
| <b>177,513</b>         |                                              | <b>178,192</b>         |
|                        | <b>Pooled Investment Vehicles (UK)</b>       |                        |
| 152,653                | Fixed income                                 | 224,543                |
| 100,315                | Public sector index linked                   | 69,786                 |
| 172,294                | Diversified growth funds                     | 88,136                 |
| 196,766                | Property                                     | 160,960                |
| 45,325                 | Infrastructure                               | 78,084                 |
| <b>667,353</b>         |                                              | <b>621,509</b>         |
|                        | <b>Pooled Investment Vehicles (Overseas)</b> |                        |
| 1,085,158              | Equities                                     | 903,582                |
| 90,375                 | Property                                     | 87,508                 |
| 57,532                 | Private equity                               | 50,276                 |
| <b>1,233,065</b>       |                                              | <b>1,041,366</b>       |
|                        | <b>Other Assets</b>                          |                        |
| 656                    | Forward currency contracts                   | 0                      |
| 146,415                | Cash deposits                                | 80,820                 |
| 3,214                  | Investment income due                        | 3,703                  |
| 424                    | Amounts receivable from sales                | 303                    |
| <b>150,709</b>         |                                              | <b>84,826</b>          |
| <b>2,228,640</b>       | <b>Total investment assets</b>               | <b>1,925,893</b>       |
|                        | <b>Other Liabilities</b>                     |                        |
| (657)                  | Forward currency contracts                   | (1)                    |
| (1,315)                | Amounts payable for purchases                | (222)                  |
| <b>(1,972)</b>         | <b>Total investment liabilities</b>          | <b>(223)</b>           |
| <b>2,226,668</b>       | <b>Net investment assets</b>                 | <b>1,925,670</b>       |

## Note 11 Fund manager valuations

| 2021/22<br>£'000                                               | 2022/23<br>£'000 | 2021/22<br>£'000                                         | 2022/23<br>£'000                    |
|----------------------------------------------------------------|------------------|----------------------------------------------------------|-------------------------------------|
| <b>CB Richard Ellis Collective Investors Ltd</b>               |                  | <b>London CIV Ltd (Baillie Gifford)</b>                  |                                     |
| 102,245 - Property - managed funds                             | 82,835           | 96,275 - Pooled investment vehicles - diversified growth | 88,136                              |
| 1,618 - Property - unit trusts                                 | 2,935            | 398,165 - Pooled investment vehicles - global equities   | 222,872                             |
| 7,409 - Cash                                                   | 10,127           | <b>494,440</b>                                           | <b>311,008</b>                      |
| (1,315) - Amounts payable for purchases                        | 0                | <b>London CIV Ltd (Ruffer)</b>                           |                                     |
| 156 - Income receivable                                        | 127              | 76,019 - Pooled investment vehicles - diversified growth | 0                                   |
| <b>110,113</b>                                                 | <b>96,024</b>    | <b>76,019</b>                                            | <b>0</b>                            |
| <b>HarbourVest</b>                                             |                  | <b>London CIV Ltd (CQS &amp; PIMCO)</b>                  |                                     |
| 57,532 - Pooled investment vehicles - private equity           | 50,276           | 52,919 - Pooled investment vehicles - fixed interest     | 224,543                             |
| <b>57,532</b>                                                  | <b>50,276</b>    | <b>52,919</b>                                            | <b>224,543</b>                      |
| <b>Harris Associates L.P.</b>                                  |                  | <b>London CIV Ltd (Stepstone)</b>                        |                                     |
| 9,454 - UK equities                                            | 11,159           | 45,325 - Pooled investment vehicles - infrastructure     | 78,084                              |
| 167,909 - Overseas equities                                    | 166,883          | <b>45,325</b>                                            | <b>78,084</b>                       |
| 656 - Derivative contracts: forward FX assets                  | 0                | <b>London CIV Ltd (Aviva)</b>                            |                                     |
| 1,915 - Income receivable                                      | 2,230            | 92,903 - Pooled investment vehicles - property           | 75,191                              |
| 1,496 - Cash                                                   | 4,951            | <b>92,903</b>                                            | <b>75,191</b>                       |
| 424 - Amounts receivable from sales                            | 303              | <b>Partners Group (UK) Ltd</b>                           |                                     |
| (657) - Derivative contracts: forward FX liabilities           | 0                | 90,375 - Pooled investment vehicles – global property    | 87,508                              |
| 0 - Amounts payable for purchases                              | (222)            | <b>90,375</b>                                            | <b>87,508</b>                       |
| <b>181,198</b>                                                 | <b>185,304</b>   | <b>JPM Custodian Cash Account</b>                        |                                     |
| <b>Insight Investment</b>                                      |                  | 137,510 - Cash                                           | 65,741                              |
| 99,734 - Pooled investment vehicles - fixed interest           | 0                | 1,142 - Income receivable                                | 1,346                               |
| <b>99,734</b>                                                  | <b>0</b>         | <b>138,652</b>                                           | <b>67,087</b>                       |
| <b>Legal &amp; General Assurance Ltd</b>                       |                  | <b>London Borough of Camden Council*</b>                 |                                     |
| 100,315 - Pooled investment vehicles - index linked securities | 69,786           | 150 - UK unquoted equity                                 | 150                                 |
| 686,993 - Pooled investment vehicles - global equities         | 680,709          | <b>150</b>                                               | <b>150</b>                          |
| <b>787,308</b>                                                 | <b>750,495</b>   | <b>2,226,668</b>                                         | <b>TOTAL MARKET VALUE 1,925,670</b> |

\* The Council holds unquoted equities in London CIV Ltd (the organisation set up to run pooled LGPS investments in London) valued at cost, i.e. transaction price of £150,000. The inputs available to the Fund to calculate fair value are limited and the Fund believes that the original transaction price represents an appropriate estimate of fair value.

# Note 12 Reconciliation of movements in investments

2022/23

|                                             | 31-Mar-22        | Purchases<br>and<br>derivative<br>payments | Sales<br>and<br>derivative<br>receipts | Realised<br>gains and<br>(losses) | Unrealised<br>gains and<br>(losses) | Change in<br>Market<br>Value | 31-Mar-23        |
|---------------------------------------------|------------------|--------------------------------------------|----------------------------------------|-----------------------------------|-------------------------------------|------------------------------|------------------|
|                                             | £'000            | £'000                                      | £'000                                  | £'000                             | £'000                               | £'000                        | £'000            |
| Pooled investment vehicles:                 |                  |                                            |                                        |                                   |                                     |                              |                  |
| - Fixed interest securities                 | 152,653          | 186,670                                    | (100,089)                              | 444                               | (15,135)                            | (14,691)                     | 224,543          |
| - Index linked securities                   | 100,315          | 0                                          | 0                                      | 0                                 | (30,529)                            | (30,529)                     | 69,786           |
| - Global equities                           | 1,085,158        | 1,165                                      | (157,248)                              | 69,733                            | (95,226)                            | (25,493)                     | 903,582          |
| - Private equity                            | 57,532           | 0                                          | (11,301)                               | 1,406                             | 2,639                               | 4,045                        | 50,276           |
| - Property*                                 | 287,141          | 1,383                                      | (10,285)                               | 1,455                             | (31,226)                            | (29,771)                     | 248,468          |
| - Diversified growth fund                   | 172,294          | 1,545                                      | (75,908)                               | 15,712                            | (25,507)                            | (9,795)                      | 88,136           |
| - Infrastructure                            | 45,325           | 24,285                                     | 0                                      | 0                                 | 8,474                               | 8,474                        | 78,084           |
|                                             | <b>1,900,418</b> | <b>215,048</b>                             | <b>(354,831)</b>                       | <b>88,750</b>                     | <b>(186,510)</b>                    | <b>(97,760)</b>              | <b>1,662,875</b> |
| Directly owned assets:                      |                  |                                            |                                        |                                   |                                     |                              |                  |
| UK equities*                                | 9,604            | 3,433                                      | (1,850)                                | 496                               | (374)                               | 122                          | 11,309           |
| Overseas equities                           | 167,909          | 53,816                                     | (55,293)                               | (667)                             | 1,118                               | 451                          | 166,883          |
|                                             | <b>177,513</b>   | <b>57,249</b>                              | <b>(57,143)</b>                        | <b>(171)</b>                      | <b>744</b>                          | <b>573</b>                   | <b>178,192</b>   |
| Derivatives – Forward currency contracts    | (1)              | 588                                        | (157)                                  | (431)                             | (0)                                 | (431)                        | (1)              |
| <b>Total</b>                                | <b>2,077,930</b> | <b>272,885</b>                             | <b>(412,131)</b>                       | <b>88,148</b>                     | <b>(185,766)</b>                    | <b>(97,618)</b>              | <b>1,841,066</b> |
| Cash deposits                               | 146,415          |                                            |                                        |                                   |                                     | 1,971                        | 80,820           |
| Amounts receivable for sales of investments | 424              |                                            |                                        |                                   |                                     | (80)                         | 303              |
| Investment income due                       | 3,214            |                                            |                                        |                                   |                                     |                              | 3,703            |
| Amounts payable for investment purchases    | (1,315)          |                                            |                                        |                                   |                                     |                              | (222)            |
| Gross up of fees deducted at source         |                  |                                            |                                        |                                   |                                     | 14,093                       |                  |
| <b>Net investment assets</b>                | <b>2,226,668</b> |                                            |                                        |                                   |                                     | <b>(81,634)</b>              | <b>1,925,670</b> |

\* Reclassification at 31 March 2022 of £1.618m from UK Equities to Pooled Property.

## Note 12 Reconciliation of Movements in Investments (cont'd)

2021/22

|                                             | 31-Mar-21        | Purchases<br>and<br>derivative<br>payments | Sales<br>and<br>derivative<br>receipts | Realised<br>gains and<br>(losses) | Unrealised<br>gains and<br>(losses) | Change in<br>Market<br>Value | 31-Mar-22        |
|---------------------------------------------|------------------|--------------------------------------------|----------------------------------------|-----------------------------------|-------------------------------------|------------------------------|------------------|
|                                             | £'000            | £'000                                      | £'000                                  | £'000                             | £'000                               | £'000                        | £'000            |
| Pooled investment vehicles:                 |                  |                                            |                                        |                                   |                                     |                              |                  |
| - Fixed interest securities                 | 149,885          | 1,790                                      | 0                                      | 0                                 | 978                                 | 978                          | 152,653          |
| - Index linked securities                   | 43,632           | 57,000                                     | (1)                                    | 0                                 | (316)                               | (316)                        | 100,315          |
| - UK equities                               | 134,815          | 0                                          | (141,851)                              | 33,605                            | (26,569)                            | 7,036                        | 0                |
| - Global equities                           | 907,873          | 428,368                                    | (284,778)                              | 153,924                           | (120,229)                           | 33,695                       | 1,085,158        |
| - Private equity                            | 42,435           | 0                                          | (11,299)                               | (47)                              | 26,443                              | 26,396                       | 57,532           |
| - Property                                  | 171,035          | 99,562                                     | (13,091)                               | 1,932                             | 26,085                              | 28,017                       | 285,523          |
| - Diversified growth fund                   | 250,034          | 96,029                                     | (182,648)                              | 40,960                            | (32,081)                            | 8,879                        | 172,294          |
| - Infrastructure                            | 25,095           | 18,315                                     | 0                                      | 0                                 | 1,915                               | 1,915                        | 45,325           |
|                                             | <b>1,724,804</b> | <b>701,064</b>                             | <b>(633,668)</b>                       | <b>230,374</b>                    | <b>(123,774)</b>                    | <b>106,600</b>               | <b>1,898,800</b> |
| Directly owned assets:                      |                  |                                            |                                        |                                   |                                     |                              |                  |
| UK equities                                 | 29,598           | 1,555                                      | (23,699)                               | 5,128                             | (1,360)                             | 3,768                        | 11,222           |
| Overseas equities                           | 283,082          | 111,662                                    | (249,972)                              | 52,121                            | (28,984)                            | 23,137                       | 167,909          |
|                                             | <b>312,680</b>   | <b>113,217</b>                             | <b>(273,671)</b>                       | <b>57,249</b>                     | <b>(30,344)</b>                     | <b>26,905</b>                | <b>179,131</b>   |
| Derivatives – Forward currency contracts    | (1)              | 714                                        | (842)                                  | 128                               | (0)                                 | 128                          | (1)              |
| <b>Total Investments</b>                    | <b>2,037,483</b> | <b>814,995</b>                             | <b>(908,181)</b>                       | <b>287,751</b>                    | <b>(154,118)</b>                    | <b>133,633</b>               | <b>2,077,930</b> |
| Cash                                        | 51,949           |                                            |                                        |                                   |                                     | 541                          | 146,415          |
| Amounts receivable for sales of investments | 887              |                                            |                                        |                                   |                                     |                              | 424              |
| Investment income due                       | 2,708            |                                            |                                        |                                   |                                     |                              | 3,214            |
| Amounts payable for investment purchases    | (291)            |                                            |                                        |                                   |                                     | (557)                        | (1,315)          |
| Gross up of fees deducted at source         |                  |                                            |                                        |                                   |                                     | 15,239                       |                  |
| <b>Fund Total</b>                           | <b>2,092,736</b> |                                            |                                        |                                   |                                     | <b>148,856</b>               | <b>2,226,668</b> |

## Note 13 Analysis of Derivatives

Outstanding forward currency contracts are as follows:

| Settlement                                       | Currency bought | Local Value | Currency sold | Local Value | Asset Value<br>£'000 | Liability Value<br>£'000 |
|--------------------------------------------------|-----------------|-------------|---------------|-------------|----------------------|--------------------------|
| Up to one month                                  | EUR             | 114         | USD           | (124)       |                      | 0                        |
| Up to one month                                  | USD             | 286         | CHF           | (262)       |                      | (1)                      |
| Up to one month                                  | USD             | 88          | CHF           | (80)        |                      | 0                        |
| Up to one month                                  | EUR             | 86          | USD           | (93)        | 0                    |                          |
| Open forward currency contracts at 31 March 2023 |                 |             |               |             | 0                    | (1)                      |
| Net forward currency contracts at 31 March 2023  |                 |             |               |             |                      | (1)                      |
| <b>2021/22 Comparator</b>                        |                 |             |               |             |                      |                          |
| Open forward currency contracts at 31 March 2022 |                 |             |               |             | 0                    | (1)                      |
| Net forward currency contracts at 31 March 2022  |                 |             |               |             |                      | (1)                      |



## Note 14a Fair value – basis of valuation

The valuation of financial instruments has been classified into three levels according to the quality and reliability of information used to determine fair values.

### Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as Level 1 comprise quoted equities, quoted fixed interest 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 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 valuation basis for each category of investment asset is set out below:

| Description of asset                                   | Valuation Hierarchy | Basis of Valuation                                                                                            | Observable and unobservable inputs                                        | Key sensitivities affecting the valuations provided |
|--------------------------------------------------------|---------------------|---------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|-----------------------------------------------------|
| Market quoted investments- equities                    | Level 1             | Published bid market price at end of the accounting period                                                    | Not required                                                              | Not required                                        |
| Cash                                                   | Level 1             | Carrying value is deemed to be fair value                                                                     | Not required                                                              | Not required                                        |
| Investment receivables and payables                    | Level 1             | Carrying value is deemed to be fair value because of the short term nature of these financial instruments     | Not required                                                              | Not required                                        |
| Cash Equivalents                                       | Level 2             | Closing bid price where bid and offer prices are published; closing single price where single price published | NAV per share                                                             | Not required                                        |
| Pooled Funds                                           | Level 2             | Closing bid price where bid and offer prices are published; closing single price where single price published | 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: Pooled Property and Infrastructure | Level 2             | Closing bid price where bid and offer prices are published; closing single price where single price published | NAV published, cashflow transactions i.e., distributions or capital calls | Not required                                        |

The following tables provide 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.

The Pension Fund is a shareholder in London LGPS CIV Limited (the organisation set up to run pooled LGPS investments in London). This unquoted equity holding is carried in the Net Assets Statement at cost, £150,000, and classified as Level 3 in the tables below.

| Values at 31 March 2023            | Quoted market price<br>Level 1<br>£'000 | Using observable inputs<br>Level 2<br>£'000 | With significant unobservable inputs<br>Level 3<br>£'000 | Total<br>£'000   |
|------------------------------------|-----------------------------------------|---------------------------------------------|----------------------------------------------------------|------------------|
| <b>Assets:</b>                     |                                         |                                             |                                                          |                  |
| Alternatives assets                |                                         | 196,949                                     |                                                          | 196,949          |
| Cash & currencies                  | 23,636                                  |                                             |                                                          | 23,636           |
| Cash equivalents                   |                                         | 57,184                                      |                                                          | 57,184           |
| Equities                           | 180,976                                 |                                             | 150                                                      | 181,126          |
| Pooled funds                       |                                         | 1,462,992                                   |                                                          | 1,462,992        |
| Receivables                        | 4,484                                   |                                             |                                                          | 4,484            |
| <b>Total Financial Assets</b>      | <b>209,096</b>                          | <b>1,717,125</b>                            | <b>150</b>                                               | <b>1,926,371</b> |
| <b>Liabilities:</b>                |                                         |                                             |                                                          |                  |
| Payables                           | (701)                                   |                                             |                                                          | (701)            |
| <b>Total Financial Liabilities</b> | <b>(701)</b>                            | <b>0</b>                                    | <b>0</b>                                                 | <b>(701)</b>     |
| <b>Grand Total</b>                 | <b>208,395</b>                          | <b>1,717,125</b>                            | <b>150</b>                                               | <b>1,925,670</b> |

| Values at 31 March 2022            | Quoted market price<br>Level 1<br>£'000 | Using observable inputs<br>Level 2<br>£'000 | With significant unobservable inputs<br>Level 3<br>£'000 | Total<br>£'000   |
|------------------------------------|-----------------------------------------|---------------------------------------------|----------------------------------------------------------|------------------|
| <b>Assets:</b>                     |                                         |                                             |                                                          |                  |
| Alternative assets                 |                                         | 222,136                                     |                                                          | 222,136          |
| Cash & currencies                  | 13,180                                  |                                             |                                                          | 13,180           |
| Cash equivalents                   |                                         | 133,235                                     |                                                          | 133,235          |
| Equities                           | 178,981                                 |                                             | 150                                                      | 179,131          |
| Pooled funds                       |                                         | 1,676,664                                   |                                                          | 1,676,664        |
| Receivables                        | 4,294                                   |                                             |                                                          | 4,294            |
| <b>Total Financial Assets</b>      | <b>196,455</b>                          | <b>2,032,035</b>                            | <b>150</b>                                               | <b>2,228,640</b> |
| <b>Liabilities:</b>                |                                         |                                             |                                                          |                  |
| Payables                           | (1,972)                                 |                                             |                                                          | (1,972)          |
| <b>Total Financial Liabilities</b> | <b>(1,972)</b>                          | <b>0</b>                                    | <b>0</b>                                                 | <b>(1,972)</b>   |
| <b>Grand Total</b>                 | <b>194,483</b>                          | <b>2,032,035</b>                            | <b>150</b>                                               | <b>2,226,668</b> |

## Note 14b Transfers between the Levels

There were no transfers between the Levels during the year.

## Note 14c Classification of financial instruments

|                               | 31 March 2022                             |                                   |                                        | 31 March 2023                             |                                   |                                        |
|-------------------------------|-------------------------------------------|-----------------------------------|----------------------------------------|-------------------------------------------|-----------------------------------|----------------------------------------|
|                               | Fair value through profit & loss<br>£'000 | Assets at amortised cost<br>£'000 | Liabilities at amortised cost<br>£'000 | Fair value through profit & loss<br>£'000 | Assets at amortised cost<br>£'000 | Liabilities at amortised cost<br>£'000 |
| <b>Financial Assets</b>       |                                           |                                   |                                        |                                           |                                   |                                        |
| Equities                      | 1,262,670                                 |                                   |                                        | 1,081,774                                 |                                   |                                        |
| Fixed income                  | 252,968                                   |                                   |                                        | 294,329                                   |                                   |                                        |
| Diversified growth funds      | 172,294                                   |                                   |                                        | 88,136                                    |                                   |                                        |
| Pooled property funds         | 287,141                                   |                                   |                                        | 248,468                                   |                                   |                                        |
| Private equity                | 57,533                                    |                                   |                                        | 50,276                                    |                                   |                                        |
| Pooled infrastructure funds   | 45,325                                    |                                   |                                        | 78,084                                    |                                   |                                        |
| Forward currency contracts    | 656                                       |                                   |                                        | 0                                         |                                   |                                        |
| Cash deposits - investments   |                                           | 146,415                           |                                        |                                           | 80,820                            |                                        |
| Investment income due         |                                           | 3,214                             |                                        |                                           | 3,703                             |                                        |
| Amounts receivable from sales |                                           | 424                               |                                        |                                           | 303                               |                                        |
| Debtors                       |                                           | 907                               |                                        |                                           | 472                               |                                        |
| Cash at bank                  |                                           | 0                                 |                                        |                                           | 693                               |                                        |
|                               | <b>2,078,587</b>                          | <b>150,960</b>                    | <b>0</b>                               | <b>1,841,067</b>                          | <b>85,991</b>                     | <b>0</b>                               |
| <b>Financial Liabilities</b>  |                                           |                                   |                                        |                                           |                                   |                                        |
| Forward currency contracts    | (657)                                     |                                   |                                        | (1)                                       |                                   |                                        |
| Amounts payable for purchases |                                           |                                   | (1,315)                                |                                           |                                   | (222)                                  |
| Creditors                     |                                           |                                   | (32,572)                               |                                           |                                   | (23,827)                               |
| Cash at bank                  |                                           |                                   | (362)                                  |                                           |                                   | 0                                      |
| <b>Total</b>                  | <b>2,077,930</b>                          | <b>150,960</b>                    | <b>(34,249)</b>                        | <b>1,841,066</b>                          | <b>85,991</b>                     | <b>(24,049)</b>                        |

## Note 15 Net gains and losses on financial instruments

All realised (gains) and losses arise from the sale or disposal of financial assets that have been derecognised in the financial statements.

| 2021/22<br>£'000 |                                    | 2022/23<br>£'000 |
|------------------|------------------------------------|------------------|
|                  | Financial assets                   |                  |
| (148,744)        | Fair value through profit and loss | 83,094           |
| 16               | Assets at amortised cost           | (1,891)          |
|                  | Financial liabilities              |                  |
| (128)            | Fair value through profit and loss | 431              |
| <b>(148,856)</b> | <b>Total</b>                       | <b>81,634</b>    |

## Note 16 Nature & extent of risks arising from financial instruments

### Risk and risk management

The Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members). The aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price, currency and interest rate risks) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows.

The Fund manages these investment risks as part of its overall Fund risk management programme. Responsibility for the Fund's risk management strategy rests with the Pension Committee. Risk management policies are established to identify and analyse the risks faced by the Fund and these are regularly reviewed to reflect changes in Fund activities and market conditions.

### Market risk

Market risk is the risk of a loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities particularly through any equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and asset mix. In general, excessive volatility in market risk is managed through diversification of the portfolio in terms of asset class, geographical and industry sectors and individual securities. Regular monitoring of market conditions and analysis is undertaken by the Pension Committee to mitigate market risk whilst optimising return.

The table below shows the estimated change in the net assets available to pay benefits if market prices were to increase or decrease by 10%. The analysis excludes cash and working capital the valuations of which are not directly subject to market risk.

|                     | Value     | Value on<br>10% price<br>increase | Value on<br>10% price<br>decrease |
|---------------------|-----------|-----------------------------------|-----------------------------------|
|                     | £'000     | £'000                             | £'000                             |
| As at 31 March 2023 | 1,841,066 | 2,025,174                         | 1,656,960                         |
| As at 31 March 2022 | 2,077,930 | 2,285,723                         | 1,870,137                         |

## Currency Risk

Currency risk represents the risk that the fair value or 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 (the functional currency). A strengthening/weakening of Sterling against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits. To estimate the potential impacts of currency risk, the currency exchange rate volatility (i.e. % change relative to Sterling) of individual currencies is used as provided by ratesfx.com. For holdings in pooled investment vehicles, the effects of a 10% increase or 10% decrease in the value of sterling are calculated as a proxy.

The following table summarises the Fund's currency exposure based on its holdings of overseas equities and property as at 31 March 2023:

| Currency                       | Value at 31<br>March 2023<br>£'000 | Potential<br>change<br>% | Value on<br>increase<br>£'000 | Value on<br>decrease<br>£'000 |
|--------------------------------|------------------------------------|--------------------------|-------------------------------|-------------------------------|
| Euro                           | 66,200                             | 3.8%                     | 68,742                        | 63,658                        |
| Japanese Yen                   | 23                                 | 7.2%                     | 24                            | 21                            |
| South Korean Won               | 7,942                              | 5.9%                     | 8,414                         | 7,471                         |
| Swiss Franc                    | 11,823                             | 5.1%                     | 12,424                        | 11,221                        |
| US Dollar                      | 85,342                             | 6.4%                     | 90,770                        | 79,914                        |
| Danish Krone                   | 1,852                              | 3.8%                     | 1,921                         | 1,782                         |
| Hong Kong Dollar               | 5,397                              | 6.3%                     | 5,737                         | 5,057                         |
| Global Basket                  | 903,582                            | 10.0%                    | 993,940                       | 813,224                       |
| <b>Total Overseas Equity</b>   | <b>1,082,161</b>                   |                          | <b>1,181,972</b>              | <b>982,348</b>                |
| Overseas private equity (US\$) | 50,276                             | 6.4%                     | 53,473                        | 47,078                        |
| Overseas Property (€)          | 9,916                              | 3.8%                     | 10,297                        | 9,535                         |
| Overseas Property (US\$)       | 77,592                             | 6.4%                     | 82,527                        | 72,657                        |
| <b>Total Currency</b>          | <b>1,219,945</b>                   |                          | <b>1,328,269</b>              | <b>1,111,618</b>              |

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

*Increases and decreases calculated to two decimal places.*

For comparison, the following table summarises the Fund's currency exposure as at 31 March 2022:

| Currency                       | Value at 31<br>March 2022<br>£'000 | Potential<br>change<br>% | Value on<br>increase<br>£'000 | Value on<br>decrease<br>£'000 |
|--------------------------------|------------------------------------|--------------------------|-------------------------------|-------------------------------|
| Euro                           | 57,169                             | 5.0%                     | 60,016                        | 54,322                        |
| Japanese Yen                   | 1,110                              | 9.0%                     | 1,209                         | 1,010                         |
| South Korean Won               | 5,217                              | 7.5%                     | 5,607                         | 4,827                         |
| Swiss Franc                    | 17,209                             | 5.3%                     | 18,113                        | 16,306                        |
| US Dollar                      | 88,087                             | 7.5%                     | 94,667                        | 81,507                        |
| Hong Kong Dollar               | 4,692                              | 7.4%                     | 5,040                         | 4,345                         |
| Global Basket                  | 802,682                            | 10.0%                    | 882,950                       | 722,414                       |
| <b>Total Overseas Equity</b>   | <b>976,166</b>                     |                          | <b>1,067,602</b>              | <b>884,731</b>                |
| Overseas private equity (US\$) | 57,532                             | 7.5%                     | 61,829                        | 53,235                        |
| Overseas Property (€)          | 13,213                             | 5.0%                     | 13,871                        | 12,554                        |
| Overseas Property (US\$)       | 77,163                             | 7.5%                     | 82,927                        | 71,399                        |
| <b>Total Currency</b>          | <b>1,124,074</b>                   |                          | <b>1,226,229</b>              | <b>1,021,919</b>              |

### Credit Risk

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

In essence the Fund's entire investment portfolio is exposed to some form of credit risk however, the 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 with the custodian are swept into JP Morgan's money market funds which have an AAA credit rating from Fitch and Standard & Poor agencies.



## 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 operates controls to ensure that the Fund always has adequate cash resources to meet its commitments:

- 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 in addition to those within the Pension Fund bank account or at the custodian.

## Single Investment Risk

The following singular investments represent more than 5% of the net assets of the Fund. Each of the investments below is a pooled investment vehicle constituted from a large number of underlying assets. None of the underlying assets represent more than 5% of the Fund.

| Investment                                       | Value at 31<br>March 2022<br>£'000 | % of Total<br>Fund | Value at 31<br>March 2023<br>£'000 | % of Total<br>Fund |
|--------------------------------------------------|------------------------------------|--------------------|------------------------------------|--------------------|
| Legal & General Future World Global Equity Index | 282,475                            | 12.7%              | 279,641                            | 14.5%              |
| Legal & General North America Equity Index Fund  | 254,269                            | 11.4%              | 247,878                            | 12.9%              |
| LCIV Multi Asset Credit Fund                     | 52,919                             | 2.4%               | 224,543                            | 11.7%              |
| LCIV Global Alpha Paris-Aligned Fund             | 235,513                            | 10.6%              | 222,872                            | 11.6%              |
| LCIV Global Alpha Fund                           | 162,652                            | 7.3%               | -                                  | -                  |

## 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 estimating the potential impacts a 1% change in interest rates would have on the net assets available to pay benefits.

### 31 March 2023

| Assets exposed to interest rate risk | Value at 31 March 2023 | Potential movement on 1% change in interest rates | Value on increase | Value on decrease |
|--------------------------------------|------------------------|---------------------------------------------------|-------------------|-------------------|
|                                      | £'000                  | £'000                                             | £'000             | £'000             |
| Cash deposits                        | 80,820                 | 0                                                 | 80,820            | 80,820            |
| Fixed income                         | 257,136                | 7,354                                             | 249,782           | 264,490           |
| Index linked securities              | 69,786                 | 13,608                                            | 56,178            | 83,394            |
| <b>Total</b>                         | <b>407,742</b>         | <b>20,962</b>                                     | <b>386,780</b>    | <b>428,704</b>    |

### 31 March 2022

| Assets exposed to interest rate risk | Value at 31 March 2022 | Potential movement on 1% change in interest rates | Value on increase | Value on decrease |
|--------------------------------------|------------------------|---------------------------------------------------|-------------------|-------------------|
|                                      | £'000                  | £'000                                             | £'000             | £'000             |
| Cash deposits                        | 146,415                | 0                                                 | 146,415           | 146,415           |
| Fixed income                         | 152,653                | 598                                               | 152,055           | 153,251           |
| Index linked securities              | 100,315                | 22,671                                            | 77,644            | 122,986           |
| <b>Total</b>                         | <b>399,383</b>         | <b>23,269</b>                                     | <b>376,114</b>    | <b>422,652</b>    |

## Note 17 Actuarial present value of promised retirement benefits

In addition to the triennial valuation, the Fund's Actuary, Hymans Robertson LLP, also undertakes a valuation of the pension fund liabilities every year using assumptions in line with IAS 19 to provide an estimate of the actuarial present value of promised retirement benefits. As an actuarial valuation has not been prepared at the date of these financial statements, the promised retirement benefits at 31 March 2023 have been projected using a roll forward approximation from the latest formal funding valuation at 31 March 2022.

The Actuary estimated the defined benefit obligation to be £1,852m as at 31 March 2023.

| Present value of promised retirement benefits |               |               |
|-----------------------------------------------|---------------|---------------|
| Year ended                                    | 31 March 2022 | 31 March 2023 |
| Active members (£m)                           | 1,097         | 589           |
| Deferred members (£m)                         | 758           | 422           |
| Pensioners (£m)                               | 906           | 841           |
| <b>Total (£m)</b>                             | <b>2,761</b>  | <b>1,852</b>  |

These figures are prepared only for the purposes of providing the information required by IAS26, they are not relevant for calculations undertaken for funding purposes. The key assumptions used are:

| Financial assumptions       |               |               |
|-----------------------------|---------------|---------------|
| Year ended                  | 31 March 2022 | 31 March 2023 |
| Pension increase rate (CPI) | 3.20% p.a.    | 3.00% p.a.    |
| Salary increase rate        | 3.70% p.a.    | 3.50% p.a.    |
| Discount rate               | 2.70% p.a.    | 4.75% p.a.    |

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund. Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

| Demographic assumptions                                                |            |             |
|------------------------------------------------------------------------|------------|-------------|
|                                                                        | Males      | Females     |
| Current pensioners                                                     | 21.5 years | 24.3 years. |
| Future pensioners (assumed to be aged 45 at the latest valuation date) | 22.8 years | 25.9 years  |

All other demographic assumptions are unchanged from 2022 and as per the latest funding valuation of the Fund.

## Note 18 Current assets

| 31 March 2022<br>£'000 |                                      | 31 March 2023<br>£'000 |
|------------------------|--------------------------------------|------------------------|
| 0                      | Pension Fund bank account            | 693                    |
| 449                    | Contributions receivable – employers | 84                     |
| 36                     | Contributions receivable - employees | 19                     |
| 422                    | Debtors                              | 369                    |
| <b>907</b>             | <b>Total</b>                         | <b>1,165</b>           |

## Note 19 Current liabilities

| 31 March 2022<br>£'000 |                                            | 31 March 2023<br>£'000 |
|------------------------|--------------------------------------------|------------------------|
| (362)                  | Pension Fund bank account                  | 0                      |
| (1,537)                | Creditors                                  | (945)                  |
| 0                      | Benefits payable                           | (1,446)                |
| (31,035)               | Net amount due to London Borough of Camden | (21,436)               |
| <b>(32,934)</b>        | <b>Total</b>                               | <b>(23,827)</b>        |

## Note 20 Additional voluntary contributions

Additional voluntary contributions (AVCs) are not included in the Pension Fund Accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. The Fund has appointed Phoenix Life Limited and Prudential Assurance Company Limited as its AVC providers. Phoenix Life operates two funds, the deposit fund and the managed fund and employees can contribute to either. Prudential Assurance offers a choice from nineteen funds catering for risk appetites ranging from minimal to higher risk. Members have the option to choose a combination of these funds or 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 member moves closer to retirement. The values and transaction summaries of the AVC funds are shown below. Note, the Phoenix Life accounts are produced on a calendar year basis so their numbers below are for the years ended 31 December 2021 and 31 December 2022.

|                                    | Prudential<br>£'000 |                                    | Prudential<br>£'000 |
|------------------------------------|---------------------|------------------------------------|---------------------|
| <b>Value at 1 April 2021</b>       | <b>2,095</b>        | <b>Value at 1 April 2022</b>       | <b>2,421</b>        |
| Contributions & transfers received | 731                 | Contributions & transfers received | 971                 |
| Investment return                  | 83                  | Investment return                  | (18)                |
| Paid out                           | (488)               | Paid out                           | (455)               |
| <b>Value at 31 March 2022</b>      | <b>2,421</b>        | <b>Value at 31 March 2023</b>      | <b>2,919</b>        |

|                                    | Phoenix Life<br>Ltd<br>£'000 |                                    | Phoenix<br>Life Ltd<br>£'000 |
|------------------------------------|------------------------------|------------------------------------|------------------------------|
| <b>Value at 1 January 2021</b>     | <b>824</b>                   | <b>Value at 1 January 2022</b>     | <b>817</b>                   |
| Contributions & transfers received | 13                           | Contributions & transfers received | 9                            |
| Investment return                  | 38                           | Investment return                  | (42)                         |
| Paid out                           | (58)                         | Paid out                           | (116)                        |
| <b>Value at 31 December 2021</b>   | <b>817</b>                   | <b>Value at 31 December 2022</b>   | <b>668</b>                   |

## Note 21 Related party transactions

The London Borough of Camden Pension Fund is administered by the London Borough of Camden Council and consequently, there is a strong relationship between the Council and the Pension Fund. The Council is the single largest employer of members of the Pension Fund with contributions as presented in Note 5.

In 2022/23 £130k was paid to the Council for finance and accountancy services (£166k in 2021/22), and £537k was paid to the Pension Shared Service located at Wandsworth Council for providing the pensions administration service (£460k in 2021/22).

At 31 March 2023, there was a net amount of £21.4m due from the Pension Fund to the Council (31 March 2022: £31m).

The Council, via the Pension Fund, is a shareholder in London LGPS CIV Limited and the Net Assets Statement includes unquoted shares at cost £150k (31 March 2022: £150k). Fees invoiced to the Fund by LCIV for the year were £451,662 (2021/22: £312,568).

### Governance

Councillors are no longer permitted to participate in LGPS schemes but may be deferred or pensioner members. Each member of the Pension Fund Committee is required to declare their interests at each meeting.

### Key Management Personnel

The Head of Treasury and Financial Services held a key position in the management of the Pension Fund for the year to 31 March 2023.

No other material transactions with related parties of the Fund during 2022/23 were identified.

## Note 22 Contingent liabilities & contractual commitments

### Property

The Fund has undrawn contractual capital commitments in relation to three unquoted limited partnership funds in global property; one Euro denominated Luxembourg 'SICAR' and two US Dollar denominated Guernsey Limited Partnerships. These are drawn down in tranches over time as and when the manager needs the cash to invest in underlying investments. The Euro fund had £2.226m of undrawn contractual capital outstanding as at 31 March 2023 (£2.137m as at 31 March 2022), the US Dollar funds had a total of £46.715m of undrawn contractual capital outstanding as at 31 March 2023 (£45.346m as at March 2022). These amounts 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 £16.053m of commitments outstanding as at 31 March 2023 (£15.092m as at 31 March 2022). This amount is not required to be included in the Pension Fund accounts.

### Infrastructure

The Fund made a commitment of £106m to the London Collective Investment Vehicle's Infrastructure Fund on 31 October 2019. At 31 March the commitment outstanding was £37m (£61.3m outstanding at 31 March 2022).

There are no contingent liabilities to report.

## Note 23 Events after the reporting period

The Fund has carried out a review and can confirm there were no significant events occurring after the reporting period that require disclosure in these accounts.





7

# 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. Mazars are 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 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

DLUHC

Department for Levelling Up, Housing and Communities

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

His 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 primary 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](https://camden.gov.uk).

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