

London Borough of Camden Summary Accounts for the Financial Year 2024–25

Executive Summary

This report summarises the London Borough of Camden's Statement of Financial Position for the financial year 2024-25. It aims to provide a concise and more digestible version of the final set of accounts for 2024-25, by providing key information on the Council's financial performance and overall position for 2024-25.

These summary accounts help users understand:

- How the accounts reflect the net costs of key services provided by the Council; and
- How the Council has performed against its 2024-25 budget
- The council's balance sheet health and overall financial position

The report also illustrates how the balance sheet conveys:

- The Council's assets, including property, plant, and equipment
- The current reserves position and their intended purposes
- The Council's liabilities, both short-term (such as amounts owed to third-party suppliers) and long-term (for example, obligations to members of the local government pension scheme)

Financial Review

Local government in London is facing acute financial strain, with boroughs warning that pressures are becoming unsustainable. London Councils forecasts a funding gap of over £4bn across London by 2028–29, despite significant savings and maximum council tax rises. These challenges are rooted in more than a decade of real-terms government underfunding, rapidly rising demand linked to demographic change, and the prolonged impact of high inflation, all of which have combined to erode councils' financial resilience. Homelessness is now the most severe pressure, costing boroughs over £90m a month, while demand for adult and children's social care, already taking up around two-thirds of many councils' core budgets continues to grow.

Within this wider context, the Council closed 2024/25 with a £22.8m General Fund overspend, driven primarily by pressures in Homelessness and Temporary Accommodation and Children's Social Care, which together account for the majority of the variance. School Reserves were drawn down by £5.78m to fund additional expenditure in schools, alongside a further £3.41m drawdown from the Dedicated Schools Grant reserve, largely reflecting the need to fund pressures within the High Needs Block.

The Housing Revenue Account recorded an overspend of £3.2m, reflecting rising repairs demand, fire safety works, responses to damp and mould, and an increase in disrepair cases. These pressures were identified early and have been factored into the 2025/26 budget, although many of the underlying drivers are expected to persist.

Finally, the Council made a net planned contribution of £1.4m to Earmarked Reserves, resulting in a net drawdown of £33.821m from Earmarked Reserves overall.

The cost-of-living crisis and ongoing inflation continue to affect both service demand and the Council's ability to collect income. In response, the Council has expanded in-house provision, invested in temporary accommodation, approved £11.1m to increase children's placements, and strengthened contingencies for 2025/26. Within the HRA, the Council has adopted a £670m Housing Investment Strategy to address rising costs and maintain housing stock, though high interest rates continue to limit borrowing capacity for regeneration and new homes.

Despite these challenges, as demonstrated by the balance sheet position, the council's overall financial resilience remains strong. This is supported by strong internal controls and proactive management, including close monitoring of income, debt levels, and the impact of inflation and the cost-of-living crisis on both expenditure and revenue.

Robust oversight of MTFS savings delivery takes place across all levels of the organisation, with regular reporting through to Cabinet, while sustained lobbying of central government, both directly and through bodies such as London Councils continues to highlight the exceptional pressures facing local authorities. This is underpinned by an approach that facilitates early planning for long-term pressures and developing an MTFS that aligns deliverable savings with purposeful investment, helping ensure that the organisation remains financially stable while continuing to focus on improved outcomes for residents.

Comprehensive Income and Expenditure Statement (CIES) and Expenditure and Funding Analysis Statement (EFA)

The CIES is one of the council's main financial statements. It works in a similar way to a profit-and-loss account in the private sector and shows the full economic cost of running services for both the General Fund and the Housing Revenue Account. Because it follows international accounting rules (IFRS), it includes a range of technical accounting entries that reflect the true long-term cost of using assets, borrowing, pensions, and other financial commitments.

However, the figures shown in the CIES are **not the same** as the council's actual spending position for the year. This is because councils are legally required to remove many of these technical IFRS adjustments when working out the final General Fund and HRA outturn. These adjustments are instead moved to specific reserves in the balance sheet so they do not affect council tax or rent levels.

In practice, this means councils follow full IFRS rules for transparency but then apply statutory adjustments to make sure only the real, day-to-day costs—such as the Minimum Revenue Provision and actual pension contributions—impact the budget. This ensures the accounts meet professional accounting standards while the General Fund reflects only the costs that councils are legally required to fund through council tax.

2023/24

2024/25

Day to day next expenditure within General Fund and HRA	Technical accounting Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement		Day to day next expenditure within General Fund and HRA	Technical accounting Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
148,468	(2,341)	146,127	Adults and Health	164,297	2,030	166,328
82,395	4,837	87,232	Children & Learning	106,872	9,243	116,115
(8,012)	(5,449)	(13,461)	Corporate Services	(33,570)	(527)	(34,097)
1,513	(21)	1,492	Chief Executive	1,653	(16)	1,637
86,127	46,394	132,521	Supporting Communities	105,993	49,623	155,616
(62,017)	51,352	(10,665)	Housing Revenue Account	(65,426)	256,529	191,103
(3,088)	0	(3,088)	Dedicated Schools Grant	(3,413)		(3,413)
245,386	94,772	340,158	Net Cost of Services	276,406	316,882	593,288
(285,658)	(191,732)	(477,390)	Other Income and Expenditure	(239,613)	(142,611)	(382,224)
(40,273)	(96,960)	(137,232)	(Surplus) or Deficit	36,793	174,271	211,064
(215,716)			Opening General Fund and HRA Balance	(255,991)		
(40,273)			Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year	36,793		
(255,989)			Closing General Fund and HRA Balance at 31 March	(219,198)		

Balance Sheet Analysis

The balance sheet dated 31 March 2025 shows the Council's assets, liabilities, and reserves, giving an overall picture of its financial position at that point in time. Long-term assets are resources the Council expects to use or benefit from over many years, while current assets are those that will be used, sold, or turned into cash within the next 12 months.

In the same way, long-term liabilities are obligations the Council will settle over a number of years, whereas current liabilities are amounts that must be paid within the next year.

The table below sets out the main categories within the balance sheet and compares them with the previous financial year, highlighting the most significant changes.

31/03/2024 £'000	Balance Sheet	31/03/2025 £'000	Movement £'000
4,829,477	Property, Plant & Equipment & Heritage Assets	4,656,806	(172,671)
210,921	Investment Property	213,013	2,092
4,452	Other long-term assets	4,553	101
13,063	Long Term Debtors	7,963	(5,100)
5,057,913	Long Term Assets	4,882,335	(175,578)
243,964	Short Term Investments	130,682	(113,282)
4,559	Other Current Assets	18,559	14,000
143,040	Short Term Debtors	129,266	(13,774)
65,447	Cash and Cash Equivalents	79,692	14,245
457,010	Current Assets	358,199	(98,811)
(94,938)	Other Current Liabilities	(77,860)	17,078
(242,738)	Short Term Creditors	(261,650)	(18,912)
(337,676)	Current Liabilities	(339,510)	(1,834)

31/03/2024 £'000	Balance Sheet	31/03/2025 £'000	Movement £'000
(436,335)	Other Long-term Liabilities	(490,676)	(54,340)
(226,929)	Net Pensions Liability	(195,291)	31,638
(663,264)	Long Term Liabilities	(685,967)	(22,702)
4,513,982	Net Assets	4,215,057	(298,925)
(376,462)	Usable Reserves	(298,359)	78,103
(4,137,520)	Unusable Reserves	(3,916,698)	220,822
(4,513,982)	Total Reserves	(4,215,057)	298,925

Analysis of Net Assets

The Council's net assets have decreased by £298m, mainly due to a £175m decrease in long-term assets and a £98m decrease in the Council's current assets and a £22m decrease in the Council's long-term liabilities.

Long-term Assets (represents the value of assets held including Property, Plant and Equipment (PPE), Heritage assets, Investment Properties and Intangible Assets)

The Council's long-term assets decreased by £175m, primarily due to a £173m decrease in Property, Plant and Equipment.

PPE includes assets within the General Fund (GF) and Housing Revenue Account (HRA) portfolios, as well as capital investments from Camden's wide-ranging capital programme. HRA schemes typically involve structural improvements such as fire safety works, heating systems, and kitchen/bathroom upgrades, while GF schemes cover schools, libraries, highways, and similar infrastructure.

PPE values decline over time through depreciation, calculated under IFRS standards to reflect the economic cost of using assets over their useful life. It does not reflect the cost of the assets' wear and tear over their life.

The council can dispose of its Property, Plant and Equipment to generate capital receipts to support future schemes within its capital programme or repay any external debt that is used to finance these schemes.

The £173m decrease is primarily due to annual depreciation and the planned disposal of newly constructed private dwellings in 2024–25. These dwellings have been reclassified as "Assets Held for Sale" under current assets, in line with IFRS, reflecting the intention to sell them within 12 months to fund future capital schemes.

Current Assets (represent money owed to the council plus cash and investments held)

Current assets have decreased by £99m, primarily due to a £113m decrease in short-term investments and a £14m increase in other current assets.

The £113m reduction in short-term investments was primarily driven due to cash outflows that the council had to make, for example, Camden had to repay £61m to the Ministry of Housing, Local Government and Communities (MHCLG) at year-end end. This amount was originally paid to the Council in previous years 'on account' to fund potential grant payments to businesses. The criteria for the grant payments was set by the government and the repayment back to the government reflects the unspent amount once all businesses who met the grant criteria had been paid. This has meant that Camden had less working capital at 31st March 2025 compared with 31st March 2024 and therefore, less cash allocated to short-term investments.

Other current assets increased by £14m, primarily due to the reclassification of newly constructed dwellings as assets held for sale. These assets are intended for disposal within the next 12 months.

In 2024–25, the Council completed the construction of private dwellings as part of its capital programme. During construction, the related capital investment was recorded under Property, Plant and Equipment within long-term assets on the balance sheet. Following completion, the Council decided to sell these properties. In line with IFRS requirements, the assets have been reclassified as "Assets Held for Sale," reflecting the intention to dispose of them within the next year to generate capital receipts to fund future projects within its Capital Programme.

Long Term Liabilities (represents money owed by the council)

Long-term liabilities increased by £23m in 2024-25. This was largely driven by the other long-term liabilities increasing by £54m, which was partially offset by the Council's Pension Fund's Pension liability dropping by £32m.

The increase is mainly due to local authorities having to adopt a new accounting standard known as **IFRS 16** from 2024–25 onwards. This accounting standard changes how we record **operating leases**. These are agreements where the Council rents an asset (like a building or equipment) but doesn't own it.

Previously, these leases were treated as simple rental costs in the accounts. Under IFRS 16, we now have to show them on the balance sheet as if we had **borrowed money to purchase the asset**. This means:

- We record a '**right to use**' **asset** for the leased item.
- We also record a **liability**, similar to a loan, for the future lease payments.

Because of this change, the Council's **Other Long-Term Liabilities** have gone up by **£53m** to reflect these lease commitments.

The Council's Pension Fund liability, which is calculated by actuaries, is based on several key assumptions:

- Demographic Changes:** Reflect shifts in the workforce, influencing the timing of benefit payments.
- Financial Assumptions:** Determine the value of benefits owed, incorporating factors such as pension and salary inflation rates.
- Investment Returns:** Depend on broader economic conditions, such as rising interest rates, improving investment returns and economic shocks that impact investor confidence, which affect the performance of pension fund investments.

Actuaries review these assumptions annually, adjusting them to reflect changes in the economic environment and workforce dynamics.

Camden's Capital Programme and sources of financing

Below is a summary of the Council's 2024–25 capital programme, outlining the types of assets the Council has invested in through its capital schemes. The Council owns a wide range of assets, which it categorises according to their purpose and use. These categories include Property, Plant and Equipment (PPE), Investment Properties, and Intangible Assets. PPE covers the assets that support the delivery of essential services—for example, affordable housing dwellings, libraries, and other facilities for children and the wider community. Investment Properties are assets held primarily to generate income or achieve capital gains. Intangible Assets refer to non-physical resources such as software systems that enable the efficient operation of Council services.

The Council remains committed to ensuring that the capital programme directly supports frontline operations. In 2024–25, 99% (£252m) of capital investment was directed into PPE. The programme was financed through a balanced mix of external funding sources, including capital receipts and capital grants, with borrowing limited to 17%. This approach has enabled the Council to maintain a sustainable and responsibly financed capital programme.

Capital Investment	2024/25	2024/25
Property, plant and equipment	252,643	99%
Investment properties	911	0%
Intangible assets	361	0%
Revenue expenditure funded from capital under statute	2,314	1%
Reversals of prior capital additions	0	0%
Total	256,229	100%

Sources of Financing	2024/25 £'000	2024/25 %
Capital receipts	76,433	30%
Government grants and other contributions	62,780	25%
Direct revenue contributions	11,051	4%
Major Repairs Reserve	54,996	21%
Minimum Revenue Provision (MRP)	8,285	3%
Borrowing	42,684	17%
Total	256,229	100%

Analysis of Reserves

Local authorities have two types of reserves – useable reserves and unusable reserves. Camden has the following useable reserves – General Fund, Housing Revenue Account, Earmarked Reserves, Capital Receipts Reserve and the Capital Grants Unapplied Reserve. It is important to note that the Capital Receipts Reserve captures capital receipts from the disposal of long-term fixed assets. These can be used to finance capital expenditure or repay borrowings of the Council. The Capital Grants Unapplied reserve captures capital grants that Camden has received for which conditions have been met.

Earmarked Reserves

The Council has Earmarked reserves for the General fund and Housing Revenue Account. Earmarked Reserves are used for the following:

1. Managing external risks such as resource levels, interest rates risks, demand pressures and the likelihood of incidents such as flooding
2. Internal risks such as the ability to deliver savings, the overall financial standing of the authority and the financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments
3. Future investment needs, for example, in major transformation projects
4. To hold revenue grant funding to fund specific projects or schemes where conditions of use and application have been met and there is no risk of repayment to grant provider.

The use of general and earmarked revenue reserves cannot be regarded as a sustainable long-term strategy to fill the gap from core funding reductions and budget pressures. This is because a usable reserve is a finite cash balance, which can only be used once whereas the reduction in core funding and budget pressures is a permanent year-on-year loss to the Council's base budget.

Therefore, it is essential for a local authority to maintain a healthy balance of Earmarked Reserves to ensure it can maintain a stable and sustainable financial position over the long term and to establish strong resilience to external shocks, such as rising temporary accommodation costs due to the cost-of-living crisis.

In support of the Council's financial resilience Members agreed to increase the Council's general reserve balance by £1.5m a year over the medium term. This means that the general reserve balance is forecast to increase to £21.4m by 2027 which is estimated to be 5.9% of net service expenditure. The need to increase general reserve balances to support the Council's financial resilience has been driven by three compounding issues:

1. As a sector, local government has seen significant cuts to its funding over the past fourteen years. This leads to additional pressure and if the Council doesn't build up resilience this could impact its ability to serve its residents and communities
2. The financial outlook over the medium term also remains uncertain, with the Council yet to receive its settlement allocations for 2026/27-2028/29, which will reflect the outcome of reforms to local government funding. The level of demand and price inflation across

statutory services such as children's social care and Temporary Accommodation is also uncertain and likely to have a significant impact on the Council's medium term position

3. The long-term impact the Cost-of-Living crisis and the war in Ukraine means the Council continues to experience an unprecedented level of uncertainty over the medium term

Conclusion and Outlook for 2024-25

The 2024–25 financial year was a period of significant pressure for the London Borough of Camden, marked by rising service demands, persistent inflation, and the continuing effects of the cost-of-living crisis. Despite these challenges, the Council has taken decisive steps to protect essential services while maintaining a sustainable financial position. Overspends in both the General Fund and the Housing Revenue Account have been responsibly managed through the use of earmarked reserves, and the Council has acted proactively to strengthen future resilience by increasing budget contingencies and expanding in-house capacity in key areas such as temporary accommodation and children's social care.

At the same time, substantial investment has been committed to improving and safeguarding the borough's housing stock, supported by the new Housing Investment Strategy. Although high interest rates and cost pressures continue to limit financial flexibility, the Council remains focused on responsible financial management, long-term planning, and targeted investment to support Camden's residents.

Overall, the Council's financial position for 2024–25 reflects both the challenges of the external environment and the strength of its strategic response, providing a stable foundation for the delivery of services in 2025–26 and beyond.