

# Annual Financial Report

## London Borough of Camden

### 2017/18



5 Pancras Square



Camden Lock

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# Foreword

# Narrative Report



**Jon Rowney**

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

I am pleased to present the Council's 2017/18 Annual Financial Report. This foreword provides a guide to the most significant matters reported in the Council's accounts. Camden's financial statements for 2017/18 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 2017/18 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, which, in turn, is based on International Financial Reporting Standards.

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

- Introduction to Camden and the Camden Plan, which sets out the Council's key priorities
- Overview of the financial context the Council operates in and summary of the Council's Medium Term Financial Strategy
- Commentary and review of the Council's key achievements during 2017/18
- 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 number over recent years
- Explanation of the key financial statements

## Introduction to Camden

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

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

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

## Camden Plan

In June 2012, we launched the Camden Plan. It is an ambitious plan for how we want to make Camden a better borough, despite a challenging financial climate. The Camden Plan set out five strategic objectives. These are:

1. Providing democratic and strategic leadership fit for changing times.
2. Developing new solutions with partners to reduce inequality.
3. Creating conditions for and harnessing the benefits of economic growth.
4. Investing in our communities to ensure sustainable neighbourhoods.
5. Delivering value for money services by getting it 'right first time'.

Page 10 covers further details on the successor Camden 2025 plan.

## Financial context

The Council continues to face the challenge of significant annual cuts to Government funding, which alongside other spending pressures such as continual increases in the cost of living and an ageing population, have left the council with substantial budget pressures. Although faced with many difficult choices, we are delivering strongly against the financial strategy, which is set to see budget reductions of £76m by 2018/19, on top of the £93m savings delivered in the four years to 2014/15.

Through Outcome Based Budgeting, we developed a financial strategy designed to ensure the Council's reducing resources are invested in the things that have most impact on the delivery of Camden Plan outcomes and make the biggest difference to the lives of the residents of the Borough. We feel that long term planning, updated by in-year Medium Term Financial Strategy (MTFS) reports is the most transparent and effective way to manage finances. The purpose of this is to provide confidence to residents, our staff and elected members and give the opportunity for challenge.

After extracting £73m from our budgets in the past three years, we are implementing more budget reductions - £3m in 2018/19, the fourth and final year of the current MTFS programme.

The multi-year Local Government Finance Settlement confirmed that annual cuts to core government funding will continue year on year for the duration of the parliament up to 2021/22. Due to the Council's decisions to set a comprehensive medium-term financial strategy the council was able to set a balanced budget for 2018/19.

As our funding continues to reduce and we have to manage a range of demographic and inflationary pressures, we have already started making plans for balancing our budgets beyond the delivery of the current financial strategy and we will continue to keep our residents informed about any developments.

Alongside this, the Housing Revenue Account is facing revenue pressures which are largely driven by the government mandated 1% reduction in rents for each year from 2016/17 to 2019/20. We now have a medium term savings and income generation strategy in place for 2017/18 to 2019/20 to meet the anticipated budget pressures.

The tragic events at Grenfell Tower may have a profound impact on council housing finances into the future. The council had to take swift and costly action to ensure the safety of residents on the Chalcots estate. Whilst the council is actively pursuing ways to mitigate the costs of additional fire safety works - including issues of legal liability and speaking to the government to explore opportunities for financial aid, for prudence we must financially plan on the basis that additional funds may not become available and that the council will need to resource the significant costs.

## Key achievements

### Rebuilding Capital Investment – Community Investment Programme

CIP is our 15 year programme to invest money in schools, homes and community facilities. Strong progress has been made and delivery will accelerate over the next few years with many schemes under construction. CIP was conceived to help address a critical capital funding gap and we have raised a significant amount of money for reinvestment from the sale of outdated, not fit for purpose, underused and difficult to access Council property. This money alongside receipts from sale of private housing is being used to improve the physical infrastructure of Camden's schools and children's centres, community facilities and housing stock. CIP is a large part of our overall capital regeneration programme, which overall stands at £1.6bn. Only 2% of this investment will be financed by government or GLA grant.

### Council homes

664 new homes have been built to the end of 2017/18, of which 230 are Council rented homes and a further 78 intermediate affordable homes. 356 private homes have been built, with every pound raised from the sale of these homes re-invested back into the programme.

Over half of the homes completed to date were delivered in this financial year. Overall, we're aiming to build 3,050 mixed tenure homes (of which 1,100 are council homes, 300 intermediate affordable and 1,650 homes for sale). We expect to complete a further 198 homes by the end of 2018/19.

### Schools

As well as building new homes we are investing in schools and community facilities. We have invested £93.5m to the end of 2017/18 through CIP to improve 48 schools and children's centres. A new building for Netley School was completed in 2015 and Kingsgate Primary School was expanded in 2017/18 to create capacity for up to 420 new school places at a new site on Liddell Road (now known as Liddell Place) in the North-West of the borough, where demand for reception places has been highest. Work has also commenced on Parliament Hill / William Ellis which will see new and improved accommodation and facilities in the two schools and a purpose built sixth-form centre for the shared sixth form and wider La Swap community. Overall £117m will be invested into 48 schools and children's centres

## Community Facilities

1,365 square metres of community floorspace has been completed to date and a further 620 square metres of low cost employment space at Maiden Lane. Progress so far includes the St Pancras Community Centre on Plender Street: a bright, welcoming new building with flexible space for meetings, workshops, sports, childcare and other events. It is a transformational improvement on the old centre that will allow the Community Association to thrive, serving the local community for years to come. 2018/19 will see the delivery of a new community resource centre at Greenwood Place, which will include a user-led centre that will lead the way in delivering a range of services and support that promotes and enables independence, health, wellbeing and inclusion in the local community. Overall, we are building and refurbishing 9,000 square metres of improved community facilities across Camden - the equivalent of 35 tennis courts.

## **Housing Revenue Account**

The HRA is facing revenue pressures which are largely driven by the government mandated 1% reduction in rents for each year from 2016/17 to 2019/20 contained in the Welfare and Work Reform Act (2016). This pressure, combined with ongoing cost pressures such as inflation on salaries, supplies and services budgets and particularly on repair costs, results in an estimated budget deficit of £17.9m by 2019/20. After savings were identified for 2016/17, there was a £13.5m budget gap by 2019/20 to be addressed as part of a medium term finance strategy. The Cabinet approved a medium term savings and income generation strategy for 2017/18 to 2019/20 to meet the anticipated budget pressures for the next three years. Detailed savings proposals are set out in the report titled Housing Revenue Account (HRA) Budget and Rent Review 2017/18 and Medium Term Financial Strategy.

## Camden 2025 & Our Camden Plan

### Camden 2025

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

To develop this vision, we came together with communities in new ways to discuss Camden's strengths, challenges, and ideas for how we could work together to tackle some of the borough's most long-standing issues. The results of these conversations were then given to Camden's cabinet members (councillors with responsibility for different areas of the council's work) to help them develop a new vision for the borough.

What's really come across through our conversations with residents is that there is great energy and spirit in Camden, and a desire to meet future challenges head on.

With the input and critical challenge from so many Camden citizens, we now have a set of bold ambitions for the future and a shared understanding of how we need to

work together in a radically different way. Our ambitions are realistic.

Camden 2025 ambitions:

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

Camden 2025 is a call to action. We know that achieving the vision is beyond the grasp of any one organisation. Developing the vision is only the first step. Making a real impact will involve changing individual and organisational behaviours, and require creativity, ambition, and expertise.

### Our Camden Plan

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

The previous Camden Plan was bold and ambitious, and we have achieved a lot. We have done this at a time of unprecedented reductions in our budget.

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

The council will respond strongly to the ambitions and calls to action set out in Camden 2025. The themes emerging from engagement are ones which everyone who works for Camden can rally and take pride in working towards. What citizens have said strongly reflects what staff have told us should be the council's priorities. Under each theme we have set out at a high level what the council will do and how we will do it, focusing on the next four years (2018-2022).

More information is available on:

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

## New General Fund Medium Term Financial Strategy

The success of the current MTFS has enabled the council to set balanced budgets each year despite diminishing resources. Through the outcomes focussed and multi-year approach, Camden has been able to identify, protect and often enhance the services and interventions that residents most value and need. Thanks to delivery of 97% of the current strategy the council has also been able to set a balanced budget in 2018/19 – a year beyond the original scope of the strategy.

However, from 2019/20 a new deficit is expected to open up as costs increase while government funding continues to fall. This pressure is currently forecast to reach £40m by 2021/22, with a £23m budget gap in 2019/20.

The Council is aiming to build on the success of the outcomes focussed approach by developing opportunities that will continue to focus on the delivery of the council's strategic objectives in an increasingly challenging budget framework.

After almost a decade of budget reductions, the significance of the challenge should not be underestimated, and the financial strategy is likely to involve difficult decisions and include a combination of cost reductions, efficiencies, and increased income where achievable. The strategy is being developed in alignment with Our Camden Plan and Camden 2025.

## Summary of Financial Performance

### General Fund

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

The Council's actual spend compared with its updated budget for 2017/18 is set out below:

	Net Budget £m	Outturn £m	Variance to Budget £m
<i>Directorates</i>			
Corporate services	(10.0)	(6.8)	3.2
Public Health	22.6	22.6	0.0
Supporting Communities	45.1	46.5	1.4
Supporting People	191.3	189.3	(2.0)
<i>Cross-Cutting Budgets:</i>			
Government Grants	(54.0)	(54.0)	0.0
Pensions	15.7	15.4	(0.3)
Over-recovery from HRA recharge	1.9	0.0	(1.9)
Financing and Interest	3.4	4.2	0.8
Other Items	19.9	18.2	(1.7)
<b>Total</b>	<b>235.9</b>	<b>235.4</b>	<b>(0.5)</b>

The Council had a net revenue budget of £235.9m in 2017/18 and delivered a final outturn underspend after agreed transfers to reserves of £(0.5)m. The underspend is around 0.2% of the net budget. This is significantly less than underspends in previous years, reflecting the fact that large amounts of budget reductions have been made and the Council is increasingly efficient in using its resources.

This expenditure was funded from a variety of sources, including

- Government grants – £473.3m. This includes grants for specific functions, such as Dedicated Support Grant, as well as non-specific grant income, most notably the Revenue Support Grant.
- Fees and charges - £80.0m
- Council tax - £101.9m
- Business rates (see 'Collection Fund' section below) - £83.6m

## Capital

The Council has a large capital programme with planned expenditure running through to 2026/27. 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 £189.8m, compared with a budget of £202.7m. The main areas of investment were as follows:

- Development spent £108.6m on the Community Investment Programme and Estate Regeneration projects, which are helping to provide improved housing and school facilities for residents of Camden.
- Property Management spent £61.8m making improvements to the council's existing buildings, a large proportion of which relates to the Better Homes programme, and making improvements to existing schools.
- Place Management spent £11.7m helping to improve transportation links across the borough with numerous traffic flow improvement schemes, and major investments for sustainability improvements relating to our energy use.

The total capital spend of £189.8m in 2017/18 was financed from a number of sources including:

- £36.2 from HRA reserves
- £103.2m from capital receipts
- £10.4m from capital grants
- £1.3m from General Fund prudential borrowing
- £10.2m from revenue contributions (General Fund)
- £15.1m from Section 106 and other contributions and
- £13.4m from HRA prudential borrowing

## Housing Revenue Account

The Housing Revenue Accounts (HRA) is a ring fenced landlords' account for the running of the Council's housing stock. The Council is the main provider of rented accommodation in Camden with 23,515 units at 31 March 2018. In 2017/18, average council rents (excluding service charges) were £113.03 per week.

In 2017/18, the HRA had a net deficit of £7.3m, which when taken to its existing reserves of £38.4m resulted in £31.1m being carried forward as at 31 March 2018.

The overspend in the HRA is the result of one-off extra-ordinary items of expenditure, due to defects being discovered on council assets that meant that the buildings did not meet current safety standards. The buildings are in use as social housing and are under the management of a company set up to regenerate and manage the buildings for a fifteen-year period under a Private Finance Initiative contract. On advice from the fire brigade, the buildings were evacuated for a period of four weeks while the defects were rectified. The revenue costs of evacuation, including the re-homing of residents and remedial repair work was £20m.

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

- Dwelling Rents £131.2m,
- Commercial and Non Dwelling Rents £11.7m and
- Charges for Services £43.8m

	Budget	Outturn	Variance to Budget
	£m	£m	£m
Subsidy	(6.8)	(6.8)	0.0
Dwelling Rent	(131.5)	(131.2)	0.3
Other Rents	(10.4)	(11.1)	(0.7)
Charges for Services	(42.8)	(43.7)	(0.9)
Interest on Balances	(0.3)	(0.4)	(0.1)
<b>Total Income</b>	<b>(191.8)</b>	<b>(193.2)</b>	<b>(1.4)</b>
Repairs & Improvement	47.6	53.5	5.9
Housing Management	54.0	66.8	12.8
Housing Needs	5.2	5.3	0.1
Housing Development	2.7	3.0	0.3
Capital and Corporate Funding	82.3	71.8	(10.5)
<b>Total Expenditure</b>	<b>191.8</b>	<b>200.4</b>	<b>8.6</b>
<b>Housing Revenue Account Total</b>	<b>0.0</b>	<b>7.2</b>	<b>7.2</b>

## Collection Fund

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

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

In 2017/18, we collected £125.8m from council tax, with a collection rate of over 96%. In 2017/18, Camden's element of band D council tax was £1,137.44.

The amount of business rates Camden collects is one of the highest in the country and had a collection rate of over 99%. The total amount collectable, less certain reliefs and deductions, is distributed between the Government, Greater London Authority and the London Borough of Camden. However, due to additional losses on appeals and unexpected refurbishments and demolitions of large buildings, the amount of business rates collected was £33.5m less than expected, bringing Camden's share to £1.8m below the Government baseline in 2017/18.

The Collection fund closing position was £40.6m deficit – made up of £40.8m business rate deficit and £0.2m 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 2017/18 total contributions paid in were £59.2m, of which

- employers contributed £48.2m and
- employees contributed £11.0m.

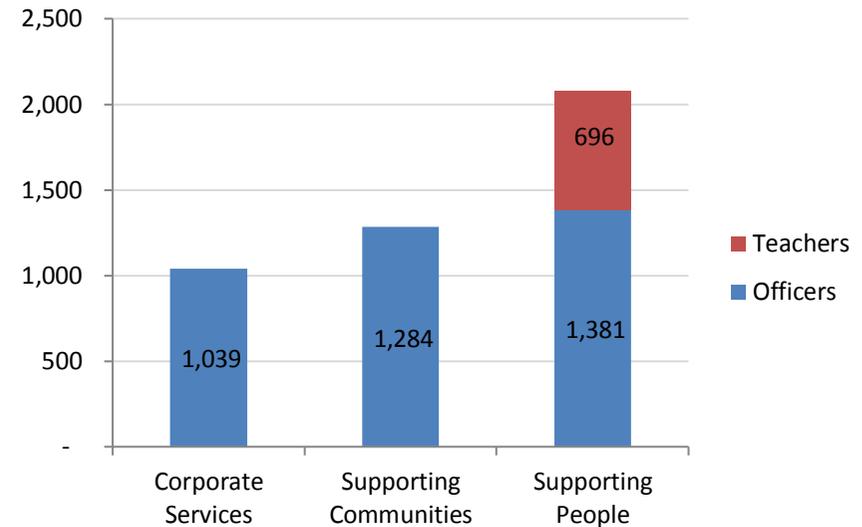
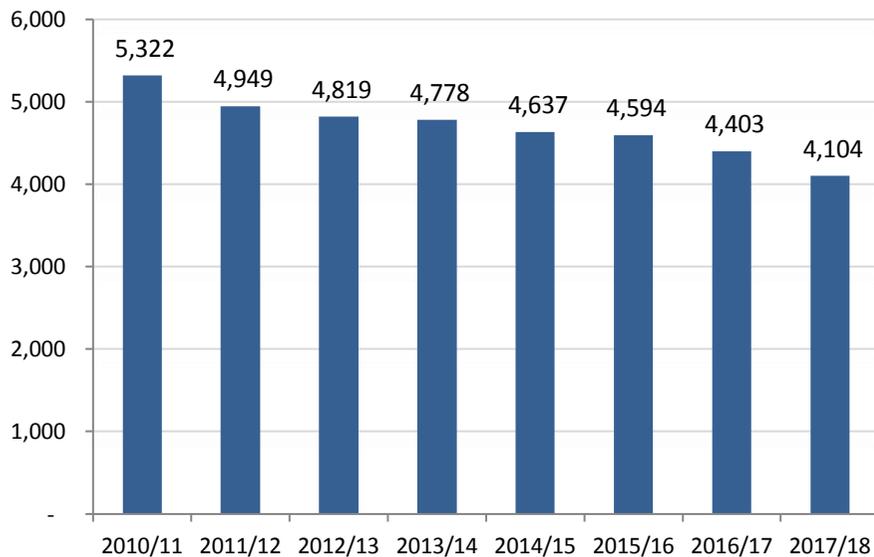
Total Benefits paid out were £58.2m, this comprised of

- £47.9m monthly pension payments,
- £9.5m of lump sum retirement grants and
- £0.9m in death grants

The value of Fund assets increased by 4.1% in the 2017/18 financial year to £1.58bn, as set out in the accounts. The Fund is assessed to be 76.2% funded as at the date of the last actuarial valuation on 31 March 2016. Camden is one of the largest of the London Borough funds in terms of assets, with over 20,000 members, 24 admitted bodies and 6 scheduled bodies.

## Staffing trends over recent years

The graph on the right shows Camden's staff numbers in 2017/18 for each directorate, expressed in terms of the number of full-time equivalents in post in each category of employment at 31 March 2018. The figures include staff providing services to housing tenants, but exclude voluntary aided schools.



The graph on the left shows how Camden staff numbers (excluding teachers and voluntary aided schools' teachers and staff) have changed over recent years. Total FTE staffing decreased by 299 (7%) between 2016/17 and 2017/18.

## Explanation of the key financial statements

The Statement of Accounts presents the Council's income and expenditure for the year, and its financial position at 31 March 2018. It shows the core statement as well as notes to the statements. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, which in turn is underpinned by International Financial Reporting Standards.

**Movement in Reserves Statement** - This Statement, as set out on page 30, shows the movement in the year on the different reserves held by Camden, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or (deficit) on the provision of services line shows the true economic cost of providing Camden's services, more details of which are shown in the Comprehensive Income and Expenditure Summary (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The 'Net increase/decrease before transfers to Earmarked Reserves line shows the statutory General Fund Balance before

any discretionary transfers to or from earmarked reserves undertaken by Camden.

**Comprehensive Income and Expenditure Statement** - This statement, as set out on page 28, shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

**Balance Sheet** - The Balance Sheet, as set out on page 33, 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 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 COUNCIL REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Opinion**

We have audited the financial statements of London Borough of Camden ('the Authority') for the year ended 31 March 2018 which comprise the Authority's Comprehensive Income and Expenditure Statement, the Authority's Balance Sheet, the Authority's Movement in Reserves Statement, the Authority's Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund, the Fund Account and Net Assets Statement for the Authority's Pension Fund and the related notes, including the accounting policies in note one and the Pension Fund accounting policies in note one of the pension fund accounts.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2018 and of the Authority's expenditure and income for the year then ended;
- give a true and fair view of the financial transactions of the London Borough of Camden's Pension Fund during the year ended 31 March 2018 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2018; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Authority in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Other information published with the financial statements**

The Executive Director Corporate Services and Responsible Financial Officer is responsible for the other information published with the financial statements, including the Narrative Statement and the Annual Governance Statement. Our opinion on the financial statements does

not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. In our opinion the other information published with the financial statements for the financial year is consistent with the financial statements.

### **Executive Director Corporate Services and Responsible Financial Officer's responsibilities**

As explained more fully in the statement set out on page 22, the Executive Director Corporate Services and Responsible Financial Officer is responsible for: the preparation of the Authority's financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18; 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; assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

## **REPORT ON OTHER LEGAL AND REGULATORY MATTERS**

### **Report on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

#### **Conclusion**

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2017, we are satisfied that, in all significant respects, London Borough of Camden put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

### **Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether London Borough of Camden had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether London Borough of Camden put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

### **Statutory reporting matters**

The Code of Audit Practice requires us to report to you if:

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit;
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014;
- an application has been made to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- an advisory notice has been issued under Section 29 of the Local Audit and Accountability Act 2014; or
- an application for judicial review has been made under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

### **THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES**

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state

to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

## **CERTIFICATE OF COMPLETION OF THE AUDIT**

### **Due to work on the WGA Return not being completed by the 31 July 2018**

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

### **Due to the Pension Fund Annual Report not being prepared by 31 July 2018**

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

### **Due to matters brought to our attention by a local authority elector**

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

Neil Thomas  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada square  
London  
E14 5GL

30 July 2018

# Statement of responsibilities for the Statement of Account

## The Authority's responsibilities

The Council is required to:

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

## The Chief Financial Officer's responsibilities

The Chief Financial Officer is responsible for the preparation of the Statement of Accounts (which includes the financial statements) in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority

Accounting in the United Kingdom ('the Code') and of its pension fund statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

In preparing this Statement of Accounts, the Chief Financial Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Authority's [and the Group's] ability to continue as a going

concern, disclosing, as applicable, matters related to going concern;

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

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Authority at 31 March 2018 and of its income and expenditure for the year then ended.

Jon Rowney, CPFA  
Executive Director Corporate Services and  
Chief Financial Officer  
July 2018

# Chair's approval of Statement of Accounts

This is the Annual Financial Report, incorporating the Statement of Accounts with all audit activities completed. The Audit and Corporate Governance Committee of the London Borough of Camden at its meeting on 26 July 2018 authorised the Chair to approve the Statement of Accounts.

Chair, Audit and Corporate Governance Committee



The Shaw Theatre

# 2 Core Financial Statements

# Expenditure and Funding Analysis

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

2016/17			2017/18		
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
190,234	7,880	198,114	189,093	7,666	196,759
50,842	26,552	77,394	46,537	13,973	60,510
(11,705)	6,271	(5,434)	(6,820)	8,678	1,858
(2,601)	0	(2,601)	22,614	(27,499)	(4,885)
12,445	(12,753)	(308)	(15,767)	16,779	1,012
(53,107)	6,971	(46,136)	7,277	56,601	63,878
2,990	0	2,990	0	3,570	3,570
<b>189,098</b>	<b>34,921</b>	<b>224,019</b>	<b>242,934</b>	<b>79,768</b>	<b>322,702</b>
		<b>Net Cost of Services</b>			

(167,668)	(113,729)	(281,397)	Other Income and Expenditure	(246,705)	(41,687)	(288,392)
<b>21,430</b>	<b>(78,808)</b>	<b>(57,378)</b>	<b>(Surplus) or Deficit</b>	<b>(3,771)</b>	<b>38,081</b>	<b>34,310</b>
(165,260)			<b>Opening General Fund and HRA Balance</b>	<b>(143,830)</b>		
21,430			Less/Plus (Surplus) or Deficit on General Fund	(3,771)		
<b>(143,830)</b>			<b>Closing General Fund and HRA Balance at 31 March</b>	<b>(147,602)</b>		

The figure for Supporting People is different from the narrative report figure by £200,000 due to a transfer to reserves being included in the out-turn figure and having to be removed for the purposes of this statement.

The figure for Cross Cutting is different from the narrative report figure by £10,850,000 due to the transfer to reserves figure being included in the out-turn figure and having to be removed for the purposes of this statement.

Please see Note 27 for further details

# Comprehensive Income and Expenditure Statement

2016/17				2017/18		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
314,051	(115,937)	198,114	Supporting People	320,208	(123,449)	196,759
128,078	(50,684)	77,394	Supporting Communities	106,984	(46,474)	60,510
231,116	(236,550)	(5,434)	Corporate Services	230,577	(228,719)	1,858
26,427	(29,028)	(2,601)	Public Health	23,503	(28,388)	(4,885)
6,174	(6,482)	(308)	Cross Cutting	3,006	(1,994)	1,012
157,564	(203,700)	(46,136)	Housing Revenue Account	248,140	(184,262)	63,878
161,432	(158,442)	2,990	Dedicated Schools Grant	164,567	(160,997)	3,570
<b>1,024,842</b>	<b>(800,823)</b>	<b>224,019</b>	<b>Cost Of Services</b>	<b>1,096,985</b>	<b>(774,283)</b>	<b>322,702</b>

2016/17			2017/18		
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000	£'000	£'000	£'000
		390			(38,428)
		(774)			18,023
		(281,013)			(267,987)
		<b>(57,378)</b>			<b>34,310</b>
		(25,259)			(80,980)
		19,985			(51,107)
		0			0
		<b>(5,274)</b>			<b>(132,087)</b>
		<b>(62,652)</b>			<b>(97,777)</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 authority's services, more details of which are shown in the comprehensive income and expenditure statement.

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

## Movement in Reserves Statement

2017/18	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2017 brought forward	<b>(105,443)</b>	<b>(38,387)</b>	<b>(35,608)</b>	<b>(5,677)</b>	<b>(11,868)</b>	<b>(196,983)</b>	<b>(3,049,993)</b>	<b>(3,246,976)</b>
Movements in Reserves during 2017/18								
(Surplus)/Deficit on provision of services	12,729	21,581	0	0	0	34,310	0	34,310
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(132,087)	(132,087)
<b>Total Comprehensive Income and Expenditure</b>	<b>12,729</b>	<b>21,581</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>34,310</b>	<b>(132,087)</b>	<b>(97,777)</b>
Adjustments between accounting basis & funding under regulations (Note 7)	(23,779)	(14,304)	(5,498)	(13,091)	78	(56,594)	56,594	0
<b>(Increase)/Decrease in Year</b>	<b>(11,050)</b>	<b>7,277</b>	<b>(5,498)</b>	<b>(13,091)</b>	<b>78</b>	<b>(22,284)</b>	<b>(75,493)</b>	<b>(97,777)</b>
<b>Balance at 31 March 2018 carried forward</b>	<b>(116,493)</b>	<b>(31,110)</b>	<b>(41,106)</b>	<b>(18,768)</b>	<b>(11,790)</b>	<b>(219,267)</b>	<b>(3,125,486)</b>	<b>(3,344,753)</b>

## Movement in Reserves Statement

2016/17	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2016 brought forward	<b>(126,095)</b>	<b>(39,165)</b>	<b>(22,997)</b>	<b>(6,659)</b>	<b>(7,384)</b>	<b>(202,300)</b>	<b>(2,982,019)</b>	<b>(3,184,319)</b>
Movements in Reserves during 2016/17								
Surplus/Deficit on provision of services	4,755	(62,133)	0	0	0	(57,378)	0	(57,378)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(5,274)	(5,274)
<b>Total Comprehensive Income and Expenditure</b>	<b>4,755</b>	<b>(62,133)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(57,378)</b>	<b>(5,274)</b>	<b>(62,652)</b>
Adjustments between accounting basis & funding under regulations (Note 7)	15,897	62,911	(12,611)	982	(4,484)	62,695	(62,695)	0
<b>(Increase)/Decrease in Year</b>	<b>20,652</b>	<b>778</b>	<b>(12,611)</b>	<b>982</b>	<b>(4,484)</b>	<b>5,317</b>	<b>(67,969)</b>	<b>(62,652)</b>
Balance at 31 March 2017 carried forward	<b>(105,443)</b>	<b>(38,387)</b>	<b>(35,608)</b>	<b>(5,677)</b>	<b>(11,868)</b>	<b>(196,983)</b>	<b>(3,049,993)</b>	<b>(3,246,976)</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 is usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts reserve that may only be used to fund capital expenditure or repay debt).

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

## Balance Sheet

31 March 2017		Note	31 March 2018
£'000			£'000
3,984,446	Property, Plant & Equipment	12	4,017,666
840	Heritage Assets	13	841
262,278	Investment Property	14	261,588
5,686	Intangible Assets	15	4,572
667	Long Term Investments	16	3,882
1,787	Long Term Debtors	16	6,526
<b>4,255,704</b>	<b>Long Term Assets</b>		<b>4,295,046</b>
114,212	Short Term Investments	16	184,529
30,815	Assets held for sale (less than a year)	19	59,856
365	Inventories		361
61,202	Short Term Debtors	17	108,662
112,179	Cash and Cash Equivalents	18	34,081
<b>318,773</b>	<b>Current Assets</b>		<b>387,489</b>
(3,161)	Short Term Borrowing	16	(16,756)
(144,580)	Short Term Creditors	20	(179,607)
	Grants Receipts in Advance:		
(1,061)	- Revenue	36	(1,084)
(3,269)	- Capital	36	(4,645)
(9,020)	Short Term Provisions	21	(18,299)
<b>(161,091)</b>	<b>Current Liabilities</b>		<b>(220,391)</b>

## Balance Sheet

31 March 2017		Note	31 March 2018
£'000			£'000
(8,625)	Long Term Provisions	21	(6,335)
(347,898)	Long Term Borrowing	16	(334,327)
(69,418)	Other Long Term Liabilities	16	(62,890)
	Grants Receipts in Advance:		
0	- Revenue		0
(101,527)	- Capital	36	(100,822)
(638,942)	Net Pensions Liability	44	(613,015)
<b>(1,166,410)</b>	<b>Long Term Liabilities</b>		<b>(1,117,390)</b>
<b>3,246,976</b>	<b>Net Assets</b>		<b>3,344,753</b>
196,983	<b>Usable reserves</b>	22	219,266
3,049,993	<b>Unusable Reserves</b>	23	3,125,487
<b>3,246,976</b>	<b>Total Reserves</b>		<b>3,344,753</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 authority's future service delivery.

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

31 March 2017 £'000		31 March 2018 £'000
57,378	Net surplus or (deficit) on the provision of services	(37,040)
105,037	Adjustment to surplus or deficit on the provision of services for noncash movements (note 24)	235,526
(102,854)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities (note 24)	(152,278)
<b>59,561</b>	<b>Net Cash flows from operating activities</b>	<b>46,208</b>
<hr/>		
(4,333)	Net Cash flows from Investing Activities (note 25)	(123,005)
(12,318)	Net Cash flows from Financing Activities (note 26)	(1,301)
<b>42,910</b>	<b>Net increase or decrease in cash and cash equivalents</b>	<b>(78,098)</b>
69,269	Cash and cash equivalents at the beginning of the reporting period	112,179
<b>112,179</b>	<b>Cash and cash equivalents at the end of the reporting period</b> (note 18)	<b>34,081</b>



# Notes to the Accounts 3

# Note 1 Accounting Policies

## CONCEPTS AND PRINCIPLES

### 1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2017/18 financial year and its position at the year-end of 31 March 2018. 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 2017/18 and Service Reporting Code of Practice 2017/18, supported by International Financial Reporting Standards and statutory guidance.

The accounting convention adopted in Statement of Accounts is principally historical costs, modified by the revaluation of certain categories of non-current assets and financial instruments. The accounts have been designed to present a 'true and fair' view of the financial position of the council and comparative figures for the previous financial years, have been provided.

Changes in Accounting Policies - These may arise due to the changes instigated by the council or changes prescribed in the code. For any other changes, the changes to the current period and each prior period presented and the amount of the adjustment will be disclosed. If under any circumstances, retrospective application is not possible, the circumstances that led to the existence of that condition and description of how and from when the change in accounting policy has been applied will be disclosed.

### 1.2 Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until

conditions attached to the grant or contribution have been satisfied.

Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

### Capital Grants/Contributions

Where conditions initially remain outstanding at the Balance Sheet date, the grant or contribution will be recognised as part of the Capital Grant: Receipts in Advance (CGRA). Once the condition has been met, the grant or contribution will be transferred from the CGRA and recognised as income in the Comprehensive Income and Expenditure Statement.

Where no conditions remain outstanding and the capital grant or contribution (or part thereof) has been recognised in the Comprehensive Income and Expenditure Statement and the expenditure has been incurred at the Balance Sheet date, the grant or contribution shall be transferred from the General Fund (or HRA) to the Capital Adjustment Account reflecting the

application of capital resources to finance expenditure (this transfer will be reported in the Movement in Reserves Statement).

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

### **1.3 Debtors**

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

### **1.4 Creditors**

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

### 1.5 Adjustment between Accounting basis and funding basis

Expense	Accounting Basis in CIES	Funding in MIRs	Adjustment Account
Property plant and equipment	Depreciation & Revaluation/Impairment Losses	Revenue provisions to cover historical cost determined in accordance with 2003 Regulations.	Capital Adjustment Account
Intangible Assets	Amortisation and Impairment		Capital Adjustment Account
Investment properties	Movement in Fair Value		Capital Adjustment Account
REFCUS	Expenditure incurred in year		Capital Adjustment Account
Capital Grants and Contributions	Grants that become unconditional in year or were received in year without conditions	Credited to Movement in Reserves Statement (MiRs)	Capital Grants unapplied reserve(unapplied at 31 March) Capital Adjustment Account
Non-current asset disposals	Gain or loss based on sale proceeds less carrying amount of the asset	No charge or credit in MiRs	Capital Adjustment Account (carrying amount) Capital receipts reserve
Financial Instruments	Premia payable & discounts receivable on early repayment of borrowing in 17/18 Losses on soft loans and interest receivable on amortised cost basis	Deferred debits/credits of premia/discounts from earlier years Interest due to be received on soft loans	Financial instruments Adjustment Account
Pension costs	Movement in pension assets and liabilities	Employers pension contributions payable and direct payment made by council to pensioners	Pension reserve
Council Tax & Business	Accrued income from 2017/18 bills.		Collection Fund Adjustment Account.

### **1.6 Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SeRCoP) for Local Authorities 2017/18. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the council’s status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

### **1.7 Charges to Revenue for non-current assets**

Services, support services and trading accounts are debited with the following charges to record the cost of holding non-current assets during the year:

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

- Amortisation of intangible fixed assets attributable to the service.

### **1.8 Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure. The category of unusable reserves includes those reserves which are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council. These reserves are explained in the relevant notes.

### **1.9 Council Tax Income**

Council Tax income included in the Comprehensive Income and Expenditure Statement for the year will be the accrued income for that year. Each major preceptor’s share of the accrued Council

Tax income is available from the information required to be produced in order to prepare the Collection Fund Statement. Since the collection of Council Tax is in substance an agency arrangement, the cash collected by the billing authority from Council Tax debtors belongs proportionately to the billing authority and the major preceptors. There will therefore be a debtor/ creditor position between the billing authority and each major preceptor to be recognised since the net cash paid to each major preceptor in the year will not be its share of cash collected from Council taxpayers. If the net cash paid to a major preceptor in the year is more than its proportionate share of net cash collected from council tax debtors/creditors in the year, the billing authority will recognise a debit adjustment for the amount overpaid to the major preceptor in the year and the major preceptor will recognise a credit adjustment for the same amount to the debtor/creditor position between them brought forward from the previous year. The Cash Flow Statement includes within operating activities only the Council’s own share of council tax net cash collected from council tax debtors in the year; and the amount included for precepts paid excludes amounts paid to the Greater London Authority (GLA). The difference between the GLA’s share of the net cash collected from council tax debtors and net

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

### **1.10 Business Rates/Business Rates Retention Scheme**

Following the introduction of Business Rate Localisation, with effect from 1 April 2013 local authorities are responsible for collecting and distributing 50% of the income from the business rates they collect rather than simply acting wholly in an agency capacity for the MHCLG NNDR Pool as they had done until 31 March 2013. The financial reporting requirements for this are articulated in International Public Sector Accounting Standards Board (IPSAS) 23 Revenue from Non-Exchange

Transactions (Taxes and Transfers) – so that 50% remaining agency element is not accounted for within the council's Comprehensive Income and Expenditure Statement.

### **1.11 Value Added Tax**

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

### **1.12 Fair Value Measurement**

Where applicable, the Council measures its assets and liabilities and provide disclosures in accordance with IFRS 13 Fair Value Measurement. This is a new requirement introduced by the 2016/17 code, and is relevant to the measurement and disclosure of financial instruments, surplus assets and investment properties. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

- in the principal market for the asset or liability, or

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

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

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

### 1.13 Events After the Balance Sheet Date

These are events that occur between the end of the reporting period and the date when the Financial Statements are authorised for issue. The Council will report these in the following way if it is determined that the event has had a material effect on the Council's financial position.

- Events which provide evidence of conditions that existed at the end of the reporting period will be adjusted and included within the figures in the accounts; and
- Events that are indicative of conditions that arose after the reporting will be reported in the narrative notes to the accounts.

### 1.14 Cash and Cash Equivalents

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

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

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

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

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

### NON CURRENT ASSETS

#### 1.16 Property, Plant & Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one

financial year are classified as Property, Plant and Equipment.

#### Initial Recognition

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

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

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

### Measurement after Recognition

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

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

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

### Revaluation Gains and Losses

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. In addition, each class of PPE will be fully revalued within a reasonable

period in order to avoid selective revaluations. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service).

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

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

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

### Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications

exist and possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.
- where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for the depreciation that would have been charged if the loss had not been recognised.

### **1.17 Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e.

freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Buildings – straight-line allocation over the useful life of the property as estimated by a qualified valuer;
- HRA dwellings are depreciated based on advice of our external valuation firm, this is currently 51 years.
- Vehicles, plant and equipment – allocation over 10 years unless otherwise advised by a responsible qualified officer. Information technology assets – allocation over 5 years unless otherwise advised by ICT.
- Infrastructure – straight-line allocation over 40 years.

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

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

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

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

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

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

#### **1.18 Minimum Revenue Provision**

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

Adjustment Account in the Movement in Reserves Statement for the difference between the two.

#### **1.19 Lease and Lease Type Transactions**

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

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

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

#### **The Council as Lessee**

##### Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor.

Initial direct costs of the Council are added to the carrying amount of the asset. Premia paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. Lease payments are apportioned between:

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

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

The Council is not required to use Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with the MRP policy. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an

adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

#### Operating Leases

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

#### **The Council as Lessor**

##### Finance Leases

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

Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet. Lease rentals receivable are apportioned between:

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

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

capital receipts are transferred to the Capital Receipts Reserve.

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

#### Operating Leases

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

#### **1.20 Service Concession Arrangements**

Service concession arrangements (formerly classed as PFI and similar contracts) are contractual arrangements

between the Council and an operator where responsibility for providing public services, using assets provided either by the operator or the Council, passes to the operator for a specified period of time.

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

- Ownership of the property, plant and equipment pass to the Council at the end of the contracts for no additional charge, or
- The service concession is for the whole life of the assets used, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

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

Where the Council either:

- Does not control or regulate the services, or
- The assets do not revert back to the council at the end of the concession, no assets are recognised on the Balance

Sheet and the expenditure is debited to the relevant service within the Comprehensive Income and Expenditure Statement.

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

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

### 1.21 Investment Properties

Investment properties are those that are used solely to earn rental income and/or for capital appreciation. The definition does not apply if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

#### Initial Recognition

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

#### Measurement after Recognition

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

#### Revaluation Gains and Losses

A gain or loss arising from a change in the fair value of Investment Property shall be recognised in the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. These are not permitted by statute to impact on the General Fund Balance. Therefore these gains or losses are reversed out of the General Fund Balance in the Movement

on Reserves and posted to the Capital Adjustment Account.

#### Depreciation

Depreciation is not charged on Investment Properties.

Rental Income received in relation to investment properties is credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### 1.22 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by

being able to sell or use the asset.

Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase e.g. research expenditure cannot be capitalised.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

#### Initial Recognition

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

#### Measurement after Recognition

Amounts are only re-valued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost.

#### Revaluation Gains and Losses

As above, this does not happen in practice.

#### Depreciation

The depreciable amount of an intangible asset is amortised over its useful life (3 years unless otherwise advised by a qualified professional) to the relevant

service line in the Comprehensive Income and Expenditure Statement.

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

### **1.23 Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a noncurrent asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where

the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account reverses out the amounts charged so that there is no impact on the level of council tax.

### **1.24 Disposals and Non-Current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to Non-Current assets and valued at the lower of their carrying amount before they were

classified as Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Assets Held for Sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or is decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government (up to a maximum ceiling). The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be

used for new capital investment or set aside to reduce the HRA's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

### **1.25 Heritage Assets**

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

#### Initial Recognition

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

#### Measurement after Recognition

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

#### Revaluation Gains and Losses

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

#### Depreciation

As Heritage Assets are deemed to have indeterminate lives and high residual value, the Council does not deem it appropriate to charge depreciation for these assets.

Buildings heritage assets (currently solely The Tollgate House in Hampstead) are recognised at valuation and will be depreciated over the life of the building in line with the Council's policy on Property, Plant and Equipment.

## **EMPLOYEE BENEFITS**

### **1.26 Benefits Payable During Employment**

**Benefits payable during employment include:**

Shorter-term employee benefits

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

- wages, salaries and social security contributions.
- short-term compensated absences
- bonuses and similar payments
- non-monetary benefits

All such benefits will be estimated at cost to the council. The council has undertaken this work based on an estimate.

Other longer-term employee benefits

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

- long term compensated absences (long service or sabbatical leave)
- long-service benefits
- long-term disability benefits
- bonuses payable
- deferred compensation paid

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

### **1.27 Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. Termination benefits are charged on an accruals basis at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General

Fund balance to be charged with the amount payable by the Council to the Pension Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

**1.28 Post-Employment Benefits  
Employees of the council can access three separate pension schemes:**

- The Teachers’ Pension Scheme, administered by Capita Teachers’ Pensions on behalf of the Department for Children, Schools and Families (DCSF). The employer’s pension cost charged to the accounts is fixed by the contribution rate set by the DCSF on the basis of a notional fund. This is unchanged from last year.
- Ex ILEA – This is a funded scheme administered by the London Pensions Fund Authority (LPFA). The amount paid to LPFA is fixed by the contribution rate set by their actuaries in accordance with the Local Government Pension Scheme.
- Other Employees – Other employees, subject to certain qualifying criteria, are

eligible to join the Local Government Pension Scheme. The amounts paid to the fund are fixed by a rate set by the Council’s actuary at the triennial valuation.

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

**1.29 The Local Government Pension Scheme**

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

1. The liabilities of the Camden pension scheme attributable to the council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates,

- etc., and projections of projected earnings for current employees.
2. Liabilities are discounted to their value at current prices, using a range of financial assumptions as determined by the council’s actuary.
  3. The assets of the Camden pension fund and the London Pension Fund Authority (LPFA) attributable to the council are included in the Balance Sheet at their fair value:
    - Quoted securities – current bid price
    - Unquoted securities – professional estimate
    - Unitised securities – current bid price
    - Property – market value.
  4. The change in the net pension liability is analysed into the following components:

Service cost comprising:

- Current service cost - the increase in liabilities as a result of years of service earned this year. This is allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
- Past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. This is debited to the Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

- Net interest on the net defined liability, i.e. net interest expense for the authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Remeasurement comprising:

- The return on plan assets - excluding amounts charged in net interest on the net defined benefit liability. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This is debited to Other Comprehensive Income and Expenditure.
- Contributions paid to the Camden pension fund and LPFA - the cash paid as employer's contributions to the pension fund.

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

#### Discretionary Benefits

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

## FINANCIAL INSTRUMENTS

### **1.30 Financial Instruments**

#### Financial Liabilities

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

### Financial Assets

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market; and
- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

The valuation applied to fixed term cash deposits is their carrying value, as these assets cannot be sold and hence there is no market valuation. Loans and Receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. They are initially measured at fair value and are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for that particular instrument.

For most of the loans which the Council has made, the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement in the year is the amount which the loan agreement identified as receivable. In

addition, the Council has made a number of loans to voluntary organisations at less than market rates which are referred to as soft loans. When such loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet.

Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a past event and there is a likelihood that payments due under the contract will not be made, the asset is

written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

### Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the

Comprehensive Income and Expenditure Statement when it becomes receivable by the Council. Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- Instruments with quoted market prices – the market price;
- Other instruments with fixed and determinable payments – discounted cash flow analysis; and
- Equity shares with no quoted market prices – professional estimate.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/ loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and

Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation). Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

## **LIABILITIES**

### **1.31 Provision and Contingent Liabilities**

#### **Provisions**

Provisions are charged to the relevant service account in the Comprehensive Income and Expenditure Statement in the year the council becomes aware of the obligation. When the obligation is settled,

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

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

#### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

### **Contingent Asset**

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

### **Exceptional items**

Exceptional items are material amounts of income or expenditure which occur infrequently in the course of the Council's normal business and are not expected to arise at regular intervals. When these items of income or expense are material, their nature and amount will be disclosed separately, either on the face on

Comprehensive Income and Expenditure Statement or notes in the accounts depending on how significant the items are to an understanding of the Council's financial performance.

## **GROUP ACCOUNTS**

### **1.32 Interests in Companies and Other Entities**

The Council has fully reviewed the various IFRS standards relating to group relationships and after consideration of all the criteria the Council has determined that the consolidation of all related organisations would not have a material effect on the Council's financial position.

Consequently, no group accounts have been prepared.

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

## Note 2 Accounting Standards issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2017/18 Code:

The standards relevant for additional disclosures, in respect of accounting changes that are introduced in the 2018/19 Code are:

- *IAS 7 Statement of Cash Flows – improved disclosures about liabilities from financing activities*
- *IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15 Clarifications to IFRS 15 Revenue from Contracts with Customers*
- *IFRS 9 Financial Instruments*
- *IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses*

Other narrow scope amendments and IFRIC

- *IAS 40 Investment Property: Transfers of Investment Property*
- *Annual Improvements to IFRS Standards 2014-2016 Cycle*

- *IFRIC 22 Foreign Currency Transactions and Advance Consideration*

The Code requires implementation from 1 April 2018 and therefore there is no impact on the 2017/18 Statement of Accounts.

## Note 3 Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

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

- The PFI schemes that the council considers fall within the requirements of “service concessions” are those of the Chalcots Council Dwellings Refurbishment, Swiss Cottage SEN and school and Haverstock School development, all of which are fully disclosed later in the statement of accounts. The net book value of the

assets held, as at the 31st March 2018 are £52.774m for Chalcots, £18.394m for Haverstock and £17.763m for Swiss Cottage (£54.128m for Chalcots, £18.891m for Haverstock and £18.318m for Swiss Cottage as at 31st March 2017).

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

	2016/17 £m		2017/18 £m
	14.3	Land	13.1
	1.5	Buildings	2.5
	<b>15.8</b>	<b>Total</b>	<b>15.7</b>

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

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

The items in the Authority's Balance Sheet at 31 March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainty	Affect if actual results differ from assumptions
Arrears	As at 31 March 2018 the Authority had Sundry Debtors of £107.566m (£61.202m 31 March 2017). The Council does not have a single policy for the bad debt provision in order to reflect the risks associated with the type of debt, and appropriately robust to ensure that debts are reflective of "recoverability".	Considering the current economic climate and the introduction of universal benefits in the near future, it is possible that the bad debt provision for council tenant rents is too low.
NNDR	The Authority must meet its relevant share of backdated business rate appeals. A provision has been made within the accounts, utilising Valuation Office data, previous experience, facts and intelligence gathered, as at the end of the reporting period, including the number of appeals lodged as at 31 <sup>st</sup> March 2018.	It is possible that the estimate provided may not be sufficient to meet claims arising e.g. through greater success rates than previously experienced.
Creditors	At 31 March 2018, the council had a creditor balance of £179.607m (£144.580m 31 March 2017). This balance is the aggregate of a number of various creditor balances, including employees and trade creditors.	If the estimations for accruals in March 2018 turn out to be higher than the actual payments made, then expenditure will have been overstated in 17/18 and will be understated in 18/19.

Item	Uncertainty	Affect if actual results differ from assumptions
<b>Provisions</b>	<p>The Council has estimated its long term insurance provisions based on the value of outstanding claims. As at 31st March 2018 the balance of insurance provisions held amounted to £6.099m, a decrease of £2.290m from 2016/17.</p>	<p>If the provision is not enough, then there will be additional pressures on the Council's in year budget.</p>
<b>Pensions Liability</b>	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries has been engaged to provide the Authority with expert advice about the assumptions to be applied for both the:</p> <p>London Borough of Camden Pension Fund, and</p> <p>London Borough of Camden pension element of the London Pension Fund Authority</p>	<p>The net Pensions liability is £613.015m in 2017/18 (£638.942m, 2016/17).</p>

Item	Uncertainty	Affect if actual results differ from assumptions
<b>Property, Plant and Equipment (Depreciation)</b>	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Although the council has a capital programme that is well managed, proactively monitored and reported to management, the current economic climate makes it uncertain that the council will be able to sustain its current spending on repairs and maintenance over the medium term, thus bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It should be recognised that: <ul style="list-style-type: none"> <li>• The margin of error in a change in depreciation due to a change in useful lives is not considered to be material.</li> <li>• There are a range of other factors that might also result in a change in the estimate for depreciation such as new acquisitions, enhancements and improvements and revaluation of the assets.</li> </ul>
<b>Grant Claims yet to be Certified</b>	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 2017/18, the council estimated that it would require £184.96m (£189.22m; 2016/17) in subsidy, but the total claim was for £181.84m (£189.60m; 2016/17), thus central government is owed by the council £3.119m, which represents 1.7% of the original estimate (£0.08m debtor, 0.04%; 2016/17). This creditor figure is reflected in the accounts. Considering the current economic climate, if the actual amount of benefit claims had increased by only 5%, this would have resulted in a total subsidy claimable of £194.21m (£198.68m; 2016/17), thus exceeding that estimated by £9.25m (£9.46m; 2016/17).

## Note 5 Material Items of Income and Expense

The primary purpose of this note is to disclose those material items of income and expenditure that are not part of the ordinary course of business or events of the council (i.e. extraordinary). During 2017/18 the Council had to evacuate residents from the Chalcot's estate, more

information is shown in the Housing Revenue Account.

## Note 6 Events after the Balance Sheet Date

The Annual Financial Report, incorporating the Statement of Accounts, was authorised for issue by the Executive Director Corporate Services on 31 May 2018. Events taking place after this date are not reflected in the financial statements or notes.

There are no post balance sheet events to report.

The financial statements and notes have not been adjusted for events which took place after 31 March 2018.

## Note 7

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

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

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

### General Fund Balance

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

### Housing Revenue Account Balance

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

### Major Repairs Reserve

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

### Capital Receipts Reserve

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

### Capital Grants Unapplied

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

2017/18	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
<b>Adjustments to the Revenue Resources</b>						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements						
Pension cost (transferred to (or from) the Pensions Reserve)	(20,829)	(4,350)	0	0	0	(25,179)
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	27	0	0	0	0	27
Council tax and NDR (transfers to or from the Collection Fund)	(10,084)	0	0	0	0	(10,084)
Holiday pay (transferred to the Accumulated Absences reserve)	(885)	(58)	0	0	0	(943)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(29,534)	(155,570)	0	0	78	(185,026)
<b>Total Adjustments to Revenue Resources</b>	<b>(61,305)</b>	<b>(159,978)</b>	<b>0</b>	<b>0</b>	<b>78</b>	<b>(221,205)</b>
<b>Adjustments between Revenue and Capital Resources</b>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	27,196	91,529	(118,725)	0	0	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	0	0	0	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(4,739)	0	4,739	0	0	0
Posting of HRA resource from revenue to the Major Repairs Reserve	0	34,767	0	(34,767)	0	0

Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	0
<b>2017/18</b>	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	4,950	4,846	0	0	0	9,796
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	10,119	14,532	0	0	0	24,651
<b>Total Adjustments to Revenue Resources</b>	<b>(23,708)</b>	<b>(14,302)</b>	<b>(113,986)</b>	<b>(34,767)</b>	<b>78</b>	<b>(186,755)</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	108,488	0	0	108,488
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	21,676	0	21,676
Application of capital grants to finance capital expenditure	0	0	0	0	0	0
Cash payments in relation to deferred capital receipts	0	0	0	0	0	0
<b>Total Adjustments to Revenue Resources</b>	<b>0</b>	<b>0</b>	<b>108,488</b>	<b>21,676</b>	<b>0</b>	<b>130,164</b>
<b>Total Adjustments</b>	<b>(23,779)</b>	<b>(14,304)</b>	<b>(5,498)</b>	<b>(13,091)</b>	<b>78</b>	<b>(56,594)</b>

2016/17 Comparatives	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments to the Revenue Resources</b>						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements						
Pension cost (transferred to (or from) the Pensions Reserve)	(11,767)	(1,992)	0	0	0	(13,759)
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	61	0	0	0	0	61
Council tax and NDR (transfers to or from the Collection Fund)	10,831	0	0	0	0	10,831
Holiday pay (transferred to the Accumulated Absences reserve)	846	0	0	0	0	846
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(22,697)	(53,146)	0	0	0	(75,843)
<b>Total Adjustments to Revenue Resources</b>	<b>(22,726)</b>	<b>(55,138)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(77,864)</b>
<b>Adjustments between Revenue and Capital Resources</b>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	24,039	42,586	(66,625)	0	0	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	0	0	0	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(5,023)	0	5,023	0	0	0
Posting of HRA resource from revenue to the Major Repairs Reserve	0	35,079	0	(35,079)	0	0

Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(10)	0	0	0	0	(10)
2016/17 Comparatives	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	3,214	4,526	0	0	0	7,740
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	11,909	25,858	0	0	0	37,767
<b>Total Adjustments to Revenue Resources</b>	<b>34,139</b>	<b>108,049</b>	<b>(61,602)</b>	<b>(35,079)</b>	<b>0</b>	<b>45,507</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	48,991	0	0	48,991
Use of the Major Repairs Reserve to finance new capital expenditure	0	10,000	0	36,061	0	46,061
Application of capital grants to finance capital expenditure	4,484	0	0	0	(4,484)	0
Cash payments in relation to deferred capital receipts	0	0	0	0	0	0
<b>Total Adjustments to Revenue Resources</b>	<b>4,484</b>	<b>10,000</b>	<b>48,991</b>	<b>36,061</b>	<b>(4,484)</b>	<b>95,052</b>
<b>Total Adjustments</b>	<b>15,897</b>	<b>62,911</b>	<b>(12,611)</b>	<b>982</b>	<b>(4,484)</b>	<b>62,695</b>

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

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2017/18.

	Balance at 31 March 2016 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2017 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2018 £'000	Purpose of Reserves
<b>Reserves to support on-going revenue activity</b>								
Dedicated Schools Grant	9,780	(2,441)	0	7,339	(3,020)	0	4,319	A
Support for Schools in Difficulty	434	(434)	0	0	0	0	0	B
Homes for Older People Reserve	1,240	(1,240)	0	0	0	0	0	C
Schools Budgets (delegated)	16,371	(316)	0	16,055	0	404	16,459	D
Multi Year Budget Reserve	12,980	(6,124)	2,019	8,875	(7,180)	15,534	17,230	E
Education Commission	1,181	(233)	0	948	0	0	948	F
Grant for various initiatives	6,566	(3,996)	0	2,570	0	0	2,570	G
	<b>48,552</b>	<b>(14,784)</b>	<b>2,019</b>	<b>35,787</b>	<b>(10,200)</b>	<b>15,938</b>	<b>41,526</b>	

	Balance at 31 March 2016 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2017 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2018 £'000	Purpose of Reserves
<b>Reserves to support the council's service remodelling programme</b>								
Workforce Remodelling/ Cost of Change	11,198	(7,837)	2,317	5,678	(3,783)	4,348	6,243	H
Camden Plan	2,387	(331)	0	2,056	(905)	3,000	4,151	I
	<b>13,585</b>	<b>(8,168)</b>	<b>2,317</b>	<b>7,734</b>	<b>(4,688)</b>	<b>7,348</b>	<b>10,395</b>	

<b>Reserves to support on-going capital activity and asset management</b>								
Future Capital Schemes	20,487	(12,448)	16,345	24,384	(10,948)	7,278	20,714	J
Commercial and other property	776	0	0	776	0	0	776	K
Haverstock School PFI Reserve	1,889	(130)	0	1,759	(130)	0	1,629	L
Schools PFI Equalisation Reserve	1,063	0	437	1,500	0	351	1,851	M
Building Schools for the Future	488	(24)	0	464	0	0	464	N
Accommodation Strategy	3,710	(160)	0	3,550	(272)	0	3,278	O
	<b>28,413</b>	<b>(12,762)</b>	<b>16,782</b>	<b>32,433</b>	<b>(11,350)</b>	<b>7,629</b>	<b>28,711</b>	

	Balance at 31 March 2016 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2017 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2018 £'000	Purpose of Reserves
<b>Reserves to mitigate future service risk</b>								
Self-Insurance Reserve	6,977	(1,500)	0	5,477	0	0	5,477	P
Contingency Reserve	1,512	0	0	1,512	0	0	1,512	Q
Business Rates Safety Net Reserve	13,402	(11,665)	7,143	8,880	0	6,373	15,253	R
	<b>21,891</b>	<b>(13,165)</b>	<b>7,143</b>	<b>15,869</b>	<b>0</b>	<b>6,373</b>	<b>22,242</b>	
<b>Reserves to support charitable activity</b>								
Mayors Charity Reserve	34	(34)	0	0	0	0	0	S
	<b>34</b>	<b>(34)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total General Fund Earmarked Reserves</b>	<b>112,475</b>	<b>(48,913)</b>	<b>28,261</b>	<b>91,823</b>	<b>(26,238)</b>	<b>37,288</b>	<b>102,873</b>	
Total transfers out		(48,913)			(26,238)			
Total transfers in			28,261			37,288		
Net Movement in Earmarked Reserves		<b>(20,652)</b>			<b>11,050</b>			

## Purpose of Reserve

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

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

## Note 9 Other operating expenditure

2016/17 £'000		2017/18 £'000
7,176	Levies	7,022
5,023	Payments to the Government Housing Capital Receipts Pool	4,739
(11,809)	(Gains)/losses on the disposal of non-current assets	(50,189)
<b>390</b>	<b>Total</b>	<b>(38,428)</b>

## Note 10 Financing and Investment Income and Expenditure

2016/17 £'000		2017/18 £'000
25,812	Interest payable and similar charges	19,859
20,896	Net interest on the defined benefit liability	16,756
(942)	Interest receivable and similar income	(755)
(46,540)	Changes in the fair value of investment properties	(17,837)
<b>(774)</b>	<b>Total</b>	<b>18,023</b>

## Note 11 Taxation and Non Specific Grant Income

2016/17 £'000		2017/18 £'000
(94,205)	Council Tax Income (Precept & Prior Year Collection Fund (surplus)/deficit)	(100,982)
(86,681)	Contributions from NNDR Pool	(83,676)
(71,639)	Non-ring fenced government grants	(59,728)
(28,488)	Capital grants and contributions	(23,601)
<b>(281,013)</b>	<b>Total</b>	<b>(267,987)</b>

# Note 12 Property, Plant and Equipment

## Movement on balances in 2017/18

2017/18	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infra-structure assets	Community assets	Surplus assets	Assets under construction	Total Property, Plant and Equipment	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>									
At 1 April 2017	<b>2,565,084</b>	<b>967,677</b>	<b>43,473</b>	<b>314,456</b>	<b>24,244</b>	<b>696</b>	<b>206,602</b>	<b>4,122,232</b>	<b>95,547</b>
Additions	55,458	17,114	1,291	15,155	1,598	0	85,708	176,323	10,440
Reclassification (movement between PPE asset groups)	24,674	24,306	0	0	0	0	(48,980)	0	0
Reclassification (movement between other asset groups)	0	(20,438)	0	0	0	0	(60,807)	(81,246)	0
Accumulated Dep. Written off on revaluation to gross book value	(34,540)	(10,688)	0	0	0	0	0	(45,228)	(1,354)
Revaluation increases/(decreases) recognised in the revaluation reserve	(10,269)	91,249	0	0	0	0	0	80,980	(230)
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(75,715)	(2,013)	0	0	0	0	0	(77,728)	(9,777)
De-recognition – disposals	(4,088)	0	(3,505)	0	0	0	0	(7,593)	0
De-recognition – other	0	0	0	0	0	0	0	0	0
At 31 March 2018	<b>2,520,606</b>	<b>1,067,205</b>	<b>41,258</b>	<b>329,610</b>	<b>25,842</b>	<b>696</b>	<b>182,522</b>	<b>4,167,740</b>	<b>94,625</b>

2017/18	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infra-structure assets	Community assets	Surplus assets	Assets under construction	Total Property, Plant and Equipment	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2017	<b>(597)</b>	<b>(40,042)</b>	<b>(23,172)</b>	<b>(73,043)</b>	<b>(933)</b>	<b>0</b>	<b>0</b>	<b>(137,788)</b>	<b>(4,209)</b>
Depreciation charge	(35,083)	(15,111)	(3,614)	(6,918)	(296)	0	0	<b>(61,021)</b>	(2,406)
Accumulated Dep. Written off on revaluation to gross book value	34,540	10,688	0	0	0	0	0	<b>45,228</b>	1,354
Depreciation written out to the revaluation reserve	0	0	0	0	0	0	0	<b>0</b>	0
De-recognition – disposal	0	0	3,505	0	0	0	0	<b>3,505</b>	0
Eliminated on reclassification to assets held for sale	0	0	0	0	0	0	0	<b>0</b>	0
Other movements in depreciation and impairment	0	1	0	0	0	0	0	<b>1</b>	0
At 31 March 2018	<b>(1,140)</b>	<b>(44,463)</b>	<b>(23,281)</b>	<b>(79,961)</b>	<b>(1,229)</b>	<b>0</b>	<b>0</b>	<b>(150,074)</b>	<b>(5,261)</b>
<b>Net Book Value</b>									
At 1 April 2017	2,564,486	927,637	20,301	241,413	23,311	696	206,602	3,984,446	91,339
At 31 March 2018	<b>2,519,466</b>	<b>1,022,742</b>	<b>17,978</b>	<b>249,650</b>	<b>24,612</b>	<b>696</b>	<b>182,522</b>	<b>4,017,666</b>	<b>89,364</b>

## Comparative Movement on balances in 2016/17

2016/17	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infra-structure assets	Community assets	Surplus assets	Assets under construction	Total Property, Plant and Equipment	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>									
At 1 April 2016	<b>2,560,726</b>	<b>952,370</b>	<b>35,405</b>	<b>299,456</b>	<b>22,901</b>	<b>696</b>	<b>158,048</b>	<b>4,029,602</b>	<b>95,453</b>
Additions	55,364	15,904	12,261	15,000	1,343	0	74,943	174,815	0
Reclassification (movement between PPE asset groups)	167	24,776	0	0	0	0	(24,943)	0	0
Reclassification (movement between other asset groups)	(12,428)	(10,369)	0	0	0	0	0	(22,797)	0
Accumulated Dep. Written off on revaluation to gross book value	(35,588)	(5,930)	0	0	0	0	0	(41,518)	(1,784)
Revaluation increases/(decreases) recognised in the revaluation reserve	10,343	14,916	0	0	0	0	0	25,259	24
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(2,430)	(16,321)	0	0	0	0	0	(18,751)	1,854
De-recognition – disposals	(11,070)	(7,669)	(4,193)	0	0	0	0	(22,932)	0
De-recognition – other	0	0	0	0	0	0	(1,446)	(1,446)	0
<b>At 31 March 2017</b>	<b>2,565,084</b>	<b>967,677</b>	<b>43,473</b>	<b>314,456</b>	<b>24,244</b>	<b>696</b>	<b>206,602</b>	<b>4,122,232</b>	<b>95,547</b>

2016/17	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Total Property, Plant and Equipment	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Accumulated Depreciation and Impairment</b>									
At 1 April 2016	<b>(560)</b>	<b>(33,278)</b>	<b>(24,443)</b>	<b>(66,500)</b>	<b>(695)</b>	<b>0</b>	<b>0</b>	<b>(125,476)</b>	<b>(3,156)</b>
Depreciation charge	(35,773)	(12,947)	(2,922)	(6,543)	(238)	0	0	<b>(58,423)</b>	(2,836)
Accumulated Dep. Written off on revaluation to gross book value	35,588	5,930	0	0	0	0	0	<b>41,518</b>	1,784
Depreciation written out to the revaluation reserve	0	0	0	0	0	0	0	<b>0</b>	0
De-recognition – disposal	147	253	4,193	0	0	0	0	<b>4,593</b>	0
Eliminated on reclassification to assets held for sale	0	2	0	0	0	0	0	<b>2</b>	0
Other movements in depreciation and impairment	0	0	0	0	0	0	0	<b>0</b>	0
At 31 March 2017	<b>(598)</b>	<b>(40,040)</b>	<b>(23,172)</b>	<b>(73,043)</b>	<b>(933)</b>	<b>0</b>	<b>0</b>	<b>(137,786)</b>	<b>(4,208)</b>
<b>Net Book Value</b>									
At 1 April 2016	2,560,166	919,092	10,962	232,956	22,206	696	158,048	3,904,126	92,297
At 31 March 2017	<b>2,564,486</b>	<b>927,637</b>	<b>20,301</b>	<b>241,413</b>	<b>23,311</b>	<b>696</b>	<b>206,602</b>	<b>3,984,446</b>	<b>91,339</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 – 10–50 years
- Vehicles, Plant, Furniture & Equipment – 3-15 years (includes components)
- Infrastructure – 40 years

## Capital Commitments

At 31 March 2018, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2017/18 and future years. The major commitments amounting to £1m or more are as follows:

Scheme	£'000
Edith Neville School/Central Somers Town	21,822
Kiln Place	2,764
<b>Total</b>	<b>24,586</b>

## Revaluations

The Authority carries out a rolling programme of valuations that ensures that all Property, Plant and Equipment required to be measured at fair value is re-valued at least every five years. In 2017/18 valuations were carried by external valuers. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

The significant assumptions applied in estimating the fair values are:

### •Operational Properties

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

### •Non-Operational Properties

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

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

•The valuations are based on the market conditions prevailing at the valuation date and relevant adjustments to values have been made following an Impairment Review. No further adjustments have been made for any fall in value, which may have taken place since this date or for the prospects of future growth.

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

•The following work was undertaken in the period to 31 March 2018;

	Council Dwellings £'000	Other Land and building £'000	Vehicles, Plant, Furniture and Equipment £'000	Surplus Assets £'000	Total £'000
Carried at historical cost	0	0	20,300	0	<b>20,300</b>
Valued at fair value as at 31 March					
2018	2,483,186	391,877	0	0	<b>2,875,063</b>
2017	23,726	35,862	0	0	<b>59,588</b>
2016	2,554	69,825	0	0	<b>72,379</b>
2015	10,000	124,186	0	0	<b>134,186</b>
2014	0	397,846	0	0	<b>397,846</b>
Total Cost / Value	<b>2,519,466</b>	<b>1,019,596</b>	<b>20,300</b>	<b>0</b>	<b>3,559,362</b>

# Note 13 Heritage Assets

	Buildings £'000	Mayoral Regalia & Silverware £'000	Art Collection £'000	Public Sculptures £'000	Total Assets £'000
<b>Cost or Valuation:</b>					
<b>At 1 April 2017</b>	<b>6</b>	<b>382</b>	<b>432</b>	<b>20</b>	<b>840</b>
Additions	1	0	0	0	1
Disposals	0	0	0	0	0
Revaluations	0	0	0	0	0
Depreciation	0	0	0	0	0
<b>At 31 March 2018</b>	<b>7</b>	<b>382</b>	<b>432</b>	<b>20</b>	<b>841</b>
<b>Cost or Valuation:</b>					
<b>At 1 April 2016</b>	<b>6</b>	<b>382</b>	<b>432</b>	<b>20</b>	<b>840</b>
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Revaluations	0	0	0	0	0
Depreciation	0	0	0	0	0
<b>At 31 March 2017</b>	<b>6</b>	<b>382</b>	<b>432</b>	<b>20</b>	<b>840</b>

## Buildings

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

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

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

## Mayoral Regalia & Silverware

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

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

### Art Collection

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

<http://www.camden.gov.uk/ccm/content/leisure/arts-music--culture/arts-and-tourism-service/arts-projects-and-programmes/swiss-cottage-gallery>

The collection has come together over many years; mainly from either the amalgamation of the collections held by pre-London Borough of Camden councils or from donations. The collection includes a small number of substantial items. The works were catalogued and valued by Sotherby's in 1986. A further valuation was undertaken by Sotherby's in October 2010 of 18 pieces considered more valuable, that gave a total valuation of £334,690. In March 2012 Bonham's carried out valuation of the collection which came to £432,499 – the minimum value achievable in auction. This valuation has been applied to the financial accounts. For illustrative purposes, shown below are those items where their estimated value is over £10,000.

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

### Additions and Disposals of Heritage Assets

There have not been any additions to the Heritage Assets portfolio during 2017/18. There have not been any recorded disposals of Heritage Assets during 2017/18.

## Note 14 Investment Property

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

2016/17 £'000		2017/18 £'000
(13,306)	Rental Income from Investment Property	(16,172)
1,750	Direct Operating expenses arising from investment property	1,297
<b>(11,556)</b>	<b>Net (gain)/loss</b>	<b>(14,875)</b>

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

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

2016/17 £'000		2017/18 £'000
<b>229,081</b>	<b>Balance at start of year</b>	<b>262,279</b>
	Additions:	
199	- Subsequent expenditure	3,612
(1,397)	Disposals	(6,798)
34,395	Net gains/(losses) from fair value adjustments	2,467
<b>262,278</b>	<b>Balance at end of year</b>	<b>261,558</b>

### Fair Value Hierarchy

Where revalued, all the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes by our independent valuation provider (see Note 1 Accounting Policies 1.12 for an explanation of the fair value levels).

## Note 15 Intangible Assets

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

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

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £1.926m for 2017/18 (£1.857m for 2016/17) was charged to revenue (the IT administration cost centre) and then absorbed as an overhead across all the service headings in the net expenditure of services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

				2016/17			2017/18		
Internally Generated Assets £'000	Other Assets £'000	Total £'000		Internally Generated Assets £'000	Other Assets £'000	Total £'000			
<b>Balance at start of year:</b>									
398	15,143	15,541	-	398	17,127	17,525	-	Gross carrying amounts	
(398)	(9,584)	(9,982)	-	(398)	(12,237)	(12,635)	-	Accumulated amortisation	
<b>0</b>	<b>5,559</b>	<b>5,559</b>		<b>0</b>	<b>4,890</b>	<b>4,890</b>		<b>Net carrying amount at start of year</b>	
Additions:									
0	1,984	1,984	-	0	812	812	-	Purchases	
0	(1,857)	(1,857)		0	(1,926)	(1,926)		Amortisation for the period	
<b>0</b>	<b>5,686</b>	<b>5,686</b>		<b>0</b>				<b>Net carrying amount at end of year</b>	
Comprising:									
0	17,127	17,127	-	0	17,939	17,939	-	Gross carrying amounts	
0	(11,441)	(11,441)	-	0	(13,367)	(13,367)	-	Accumulated amortisation	
<b>0</b>	<b>5,686</b>	<b>5,686</b>		<b>0</b>	<b>4,572</b>	<b>4,572</b>			

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

## Note 16 Financial Instruments

	Long – Term		Current	
	31 March 2017 £'000	31 March 2018 £'000	31 March 2017 £'000	31 March 2018 £'000
<b>Investments</b>				
Loans and receivables (restated)	667	0	99,185	134,323
Available for sale financial assets (restated)	0	0	15,027	50,169
Financial assets at Fair value through Profit and Loss	0	0	0	0
<b>Total Investments</b>	<b>667</b>	<b>0</b>	<b>114,212</b>	<b>184,529</b>
<b>Debtors</b>				
Loans and receivables	156	4,992	0	0
Financial assets carried at contract amounts	0	0	36,199	51,655
<b>Total debtors</b>	<b>156</b>	<b>4,992</b>	<b>36,199</b>	<b>51,655</b>
<b>Borrowing</b>				
Financial liabilities at amortised cost	347,898	334,326	2,983	16,576
Financial liabilities at fair value through profit and loss	0	0	0	0
Other borrowing			5,155	180
<b>Total borrowing</b>	<b>347,898</b>	<b>334,326</b>	<b>8,138</b>	<b>16,756</b>
<b>Other Long Term Liabilities</b>				
PFI and finance lease liabilities	69,293	62,801		
Other Long Term liabilities	125	89		
<b>Total other long term liabilities</b>	<b>69,418</b>	<b>62,890</b>		
<b>Creditors</b>				
Financial liabilities at amortised cost	0	0	0	0
Financial liabilities carried at contract amount	0	0	110,462	123,648
<b>Total creditors</b>	<b>0</b>	<b>0</b>	<b>110,462</b>	<b>123,648</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:

2017/18	Financial Liabilities measured at amortised cost £'000	Financial Assets: Loans and receivables £'000	Financial Assets: Available-for-sale assets £'000	Assets and Liabilities at Fair value through P&L £'000	Total £'000
Interest expense	(16,608)	0	0	0	(16,608)
Interest income	0	913	209	0	1,122
Gains on derecognition	0	0	0	0	0
<b>Net gain/(loss) for the year</b>	<b>(16,608)</b>	<b>913</b>	<b>209</b>	<b>0</b>	<b>(15,486)</b>

### Comparative figures for 2016/17

Interest expense	(16,586)	0	0	0	(16,586)
Interest income (restated)	0	1,440	69	0	1,509
Gains on derecognition	0	0	0	0	0
<b>Net gain/(loss) for the year</b>	<b>(16,586)</b>	<b>1,440</b>	<b>69</b>	<b>0</b>	<b>(15,077)</b>

## Fair Value of Assets and Liabilities

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

## Finance Assets Measured at Fair Value

Some of the authority's financial assets are measured in the balance sheet at fair value on a recurring basis. The authority held a number of Certificates of Deposit at the balance sheet date, the fair value of which has been derived using the bid price for identical instruments in the Sterling Certificate of Deposit market.

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	31 March 2017	31 March 2018
			£'000	£'000
Available for sale: Other financial instruments classified as Available for Sale	Level 1	Unadjusted quoted prices in active markets for identical instruments	15,027	50,169
<b>Total</b>			<b>15,027</b>	<b>50,169</b>

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

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

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

The fair values are calculated as follows;

31 March 2017			31 March 2018	
Carrying amount	Fair value		Carrying amount	Fair value
£'000	£'000		£'000	£'000
220,941	298,593	PWLB – maturity	220,958	286,193
0	0	PWLB – annuity	0	0
125,047	191,417	LOBOs	125,053	186,680
<b>345,987</b>	<b>490,010</b>	<b>Financial liabilities</b>	<b>346,011</b>	<b>472,873</b>
<b>0</b>	<b>0</b>	<b>Long-term creditors</b>	<b>0</b>	<b>0</b>

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

The fair value of PWLB loans of £286.193m 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 would not be paid. The exit price for the PWLB loans including the penalty charge would be £338.443m.

31 March 2017			31 March 2018	
Carrying amount	Fair value		Carrying amount	Fair value
£'000	£'000		£'000	£'000
105,910	105,910	Cash	36,260	36,260
99,185	99,239	Deposits with banks and building societies	134,322	134,322
<b>205,095</b>	<b>205,149</b>	<b>Financial assets</b>	<b>170,582</b>	<b>170,582</b>
<b>1,787</b>	<b>1,787</b>	<b>Long-term debtors</b>	<b>6,526</b>	<b>6,526</b>

The fair value of the assets with a maturity of less than 12 months is taken to be the carrying amount. Short term debtors and creditors are carried at cost as this is a fair approximation of their value. Long term debtors includes loans to Camden Living valued at £4.75m. The interest charged on these loans is variable and therefore cost is used as a fair approximation of their value.

## Note 17 Short-Term Debtors

31 March 2017 £'000		31 March 2018 £'000
<b>Government and Public Bodies</b>		
19,342	Central Government Bodies	19,558
9,573	Other Local Authorities	1,793
2,032	NHS Bodies	23,217
<b>30,947</b>	<b>Government and Public Bodies (net)</b>	<b>44,568</b>
<b>Other entities and individuals</b>		
9,262	- Rent Arrears	8,371
2,257	- Council Tax Payers	2,972
60,353	Gross Other entities and individual	93,292
(50,563)	Less Impairment Allowance	(48,179)
<b>21,309</b>	<b>Other entities and individuals (net)</b>	<b>56,456</b>
<b>52,256</b>	<b>Total Debtors</b>	<b>101,024</b>
8,946	Payments in Advance	7,638
<b>61,202</b>	<b>Total Short-Term Debtors</b>	<b>108,662</b>

## Note 18 Cash and Cash Equivalents

31 March 2017		31 March 2018
£'000		£'000
<b>67</b>	Cash held by the authority	<b>67</b>
<b>6,237</b>	Bank current accounts	<b>(2,246)</b>
<b>105,875</b>	Money Market Funds	<b>26,260</b>
<b>112,179</b>	Total cash and cash equivalents	<b>34,081</b>

## Note 19 Assets held for sale

	31 March	31 March
	2017	2018
	£'000	£'000
Balance outstanding at start of year	42,917	30,815
Assets newly classified as held for sale:		
- property, plant and equipment	22,794	17,327
Assets sold	(35,075)	(58,257)
Enhancements	179	69,971
Balance outstanding at year end	<b>30,815</b>	<b>59,856</b>

## Note 20 Creditors

31 March 2017		31 March 2018
£'000		£'000
22,346	Central government bodies	24,333
11,641	Other local authorities	19,421
1,313	NHS bodies	11,450
342	Public Corporations	755
108,938	Other entities and individuals	123,648
<b>144,580</b>	<b>Total creditors</b>	<b>179,607</b>

# Note 21 Provisions

Explanation:	Short Term Provision			Long Term Provision		Total
	Termination Benefits	Carbon Reduction Commitment	Business Rates Appeals	Self-Insurance	Miscellaneous	
	(1)	(2)	(3)	(4)	(5)	
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2017	<b>286</b>	<b>80</b>	<b>8,654</b>	<b>8,389</b>	<b>236</b>	<b>17,645</b>
Additional provisions made in 2017/18	124	89	18,202	4,430	0	22,845
	410	169	26,856	12,819	236	40,490
Amounts used in 2017/18	(128)	0	(8,929)	(6,720)	0	(15,777)
Unused amounts reversed in 2017/18	(80)	0	0	0	0	(80)
<b>Balance at 31 March 2018</b>	<b>202</b>	<b>169</b>	<b>17,927</b>	<b>6,099</b>	<b>236</b>	<b>24,633</b>
			<b>Short Term</b>		<b>Long Term</b>	<b>Total</b>
			<b>18,298</b>		<b>6,335</b>	<b>24,633</b>

## 1. Termination Benefits

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

## 2. Carbon Reduction Commitment

The carbon reduction commitment is a mandatory carbon trading scheme and

aims to incentivise carbon emissions reductions in large public and private sector organisations by focusing on their energy efficiency. The provision arises at the point at which the energy is consumed and carbon dioxide emitted. This obligation will need to be recognised on the basis of the participating authority's liability to purchase and surrender the allowances. It is based on the best estimate of the expenditure required to settle the present obligation at the reporting date.

## 3. Business Rate Appeals

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

#### 4. Self-Insurance

##### General

Since 1993, the Council has been self-insuring various property, public liabilities and motor losses, with the current level of self-insurance at £0.5m for property & liability claims, £1M for tree root related subsidence claims & £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 internal insurance. The balance of the provision, shown as at the 31 March 2018, represents an estimate of the Council's insurance fund exposure to risks on reported claims.

##### Tree Root

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

#### 5. Miscellaneous Provision

Provision has also been made for pending litigations from past events that would lead to probable transfer of economic benefits. The provision is the estimate of any amount to be settled.

## Note 22 Usable Reserves

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

## Note 23 Unusable Reserves

31 March 2017 £'000		31 March 2018 £'000
336,868	Revaluation reserve	358,555
3,364,337	Capital adjustment account	3,403,217
(4,891)	Financial instruments adjustment account	(4,830)
61	Available for Sale Financial Instruments	27
(638,943)	Pensions reserve	(613,016)
(1,974)	Collection fund adjustment account	(12,058)
(5,465)	Accumulating absences account	(6,408)
<b>3,049,993</b>	<b>Total Unusable Reserves</b>	<b>3,125,487</b>

### Revaluation Reserve

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

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

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

31 March 2017 £'000		31 March 2018 £'000
<b>345,403</b>	<b>Balance at 1st April</b>	<b>336,868</b>
25,259	Upward revaluation of assets recognised in the Revaluation Reserve	90,622
0	Downward revaluation of assets and impairment losses charged to the Revaluation Reserve	(9,642)
<b>25,259</b>	<b>Surplus or deficit on revaluation of on-current assets posted to the Revaluation Reserve</b>	<b>80,980</b>
(3,105)	Difference between fair value depreciation and historical cost depreciation	(4,016)
(30,689)	Accumulated gains on assets sold or scrapped	(55,277)
<b>(33,794)</b>	<b>Amount written off to the capital adjustment account</b>	<b>(59,293)</b>
<b>336,868</b>	<b>Closing Balance</b>	<b>358,555</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.

2016/17 £'000		2017/18 £'000
<b>3,265,822</b>	<b>Balance at 1 April</b>	<b>3,364,337</b>
	<b>Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement:</b>	
(58,424)	- charges for depreciation and impairment of non-current assets	(61,160)
(18,751)	- revaluation gains on property, plant and equipment	(77,728)
(1,857)	- amortisation of intangible assets	(1,926)
(395)	- revenue expenditure funded from capital under statute	(1,819)
(54,811)	- amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the comprehensive income and expenditure statement	(68,536)
33,794	- adjusting amounts written out of the revaluation reserve	59,292
<b>(100,444)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(151,877)</b>
	<b>Capital financing applied in the year:</b>	
48,991	- use of capital receipts reserve to finance new capital expenditure	103,169
46,061	- use of the major repairs reserve to finance new capital expenditure	21,675
24,005	- capital grants and contributions credited to the comprehensive income and expenditure statements that have been applied to capital financing	23,679
0	- use of capital receipts reserve to finance	5,319
7,740	- statutory provision for the financing of capital investment charged against the general fund and HRA balances	9,797
37,767	- capital expenditure charged against the general fund and HRA balances	24,651
<b>164,564</b>		<b>188,290</b>
34,395	Movements in the market value of investment properties debited or credited to the comprehensive income and expenditure statement	2,467
<b>3,364,337</b>	<b>Balance at 31 March</b>	<b>3,403,217</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.

Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserves shows the movement in the fair value of the assets during the year.

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.

<b>(4,957)</b>	<b>Balance at 1 April</b>	<b>(4,891)</b>
66	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	61
<b>(4,891)</b>	<b>Balance at 31 March</b>	<b>(4,830)</b>

2016/17 £'000		2017/18 £'000
<b>65</b>	<b>Balance at 1 April</b>	<b>61</b>
(4)	Movement in the fair value of the Available for Sale Financial Instruments during the year which are taken to the Available for Sale Financial Instrument Reserve	(34)
<b>61</b>	<b>Balance at 31 March</b>	<b>27</b>

2016/17 £'000		2017/18 £'000
<b>(12,805)</b>	<b>Balance at 1 April</b>	<b>(1,974)</b>
10,831	Amount by which council tax and non-domestic rates income credited to the comprehensive income and expenditure statement is different from council tax income calculated for the year in accordance with statutory requirements	10,084
<b>(1,974)</b>	<b>Balance at 31 March</b>	<b>(12,058)</b>

2016/17  
£'000

Pensions Reserve

2017/18  
£'000

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.

<b>(605,198)</b>	<b>Balance at 1 April</b>	<b>(638,942)</b>
(19,984)	Actuarial gains or (losses) on pensions assets and liabilities	51,107
(51,329)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement	(70,860)
37,569	Employer's pensions contributions and direct payments to pensioners payable in the year	45,679
<b>(638,942)</b>	<b>Balance at 31 March</b>	<b>(613,016)</b>

2016/17  
£'000

Accumulated Absences Account

2017/18  
£'000

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

2016/17 £'000		2017/18 £'000
<b>(6,311)</b>	<b>Balance at 1 April</b>	<b>(5,465)</b>
6,311	Settlement or cancellation of accrual made at the end of the preceding year	5,465
<b>(5,465)</b>	<b>Amounts accrued at the end of the current year</b>	<b>(6,408)</b>
846	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	(943)
<b>(5,465)</b>	<b>Balance at 31 March</b>	<b>(6,408)</b>

## Note 24 Cash Flows from Operating Activities

The cash flows for operating activities include the following items:

31 March 2017		31 March 2018
£'000		£'000
(942)	Interest received	(755)
25,812	Interest paid	19,859
0	Dividends received	0

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

31 March 2017		31 March 2018
£'000		£'000
58,424	Depreciation	61,160
(15,644)	Impairment and downward valuations	75,261
1,857	Amortisation	1,926
8,703	Increase/(decrease) in impairment for bad debts	2,384
(41,506)	Increase/(decrease) in creditors	42,140
36,939	(Increase)/decrease in debtors	(49,843)
(48)	(Increase)/decrease in inventories	4
13,760	Movement in pension liability	27,909
54,811	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	68,536
(12,259)	Other non-cash items charged to the net surplus or deficit on the provision of services	6,049
<b>105,037</b>		<b>235,526</b>

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

31 March 2017 £'000		31 March 2018 £'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
(66,625)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(118,725)
(36,229)	Any other items for which the cash effects are investing or financing cash flows	(33,553)
<b>(102,854)</b>		<b>(152,278)</b>

## Note 25 Cash Flows from Investing Activities

31 March 2017 £'000		31 March 2018 £'000
(170,609)	Purchase of property, plant and equipment, investment property and intangible assets	(194,388)
0	Purchase of short-term and long-term investments	(70,317)
0	Other payments for investing activities	0
66,625	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	118,725
55,200	Proceeds from short-term and long-term investments	0
44,451	Other receipts from investing activities	22,975
<b>(4,333)</b>	<b>Net cash flows from investing activities</b>	<b>(123,005)</b>

## Note 26 Cash Flows from Financing Activities

31 March 2017 £'000		31 March 2018 £'000
0	Cash receipts of short-term and long-term borrowings	0
0	Other receipts from financing activities	0
	Cash payments for the reduction of outstanding liabilities	
(31)	relating to finance leases and on-Balance-Sheet PFI contracts	0
(12,770)	Repayments of short-term and long-term borrowing	0
483	Other payments for financing activities	(1,301)
<b>(12,318)</b>	<b>Net cash flows from financing activities</b>	<b>(1,301)</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 2017/18. 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:

2017/18

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £'000	Net change for the Pensions Adjustments (Note 2) £'000	Other Statutory Differences (Note 3) £'000	Total of Other Statutory Differences £'000	Other Non-Statutory changes £'000	Total of Non-Statutory Changes £'000	Total Adjustments £'000
Supporting People	8,879	4,251	649	13,779	(6,113)	(6,113)	7,666
Supporting Communities	17,221	1,884	204	19,309	(5,336)	(5,336)	13,973
Corporate Services	3,859	(54)	32	3,837	4,841	4,841	8,678
Public Health	0	0	0	0	(27,499)	(27,499)	(27,499)
Cross Cutting	0	622	0	622	16,157	16,157	16,779
Housing Revenue Account	112,674	1,720	58	114,452	(57,851)	(57,851)	56,601
Dedicated Schools Grant	0	0	0	0	3,570	3,570	3,570
<b>Net Cost of Services</b>	<b>142,633</b>	<b>8,423</b>	<b>943</b>	<b>151,999</b>	<b>(72,231)</b>	<b>(72,231)</b>	<b>79,768</b>
Other income and expenditure from the Expenditure and Funding Analysis	(140,732)	16,756	10,057	(113,919)	72,231	72,231	(41,688)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>1,901</b>	<b>25,179</b>	<b>11,000</b>	<b>38,810</b>	<b>0</b>	<b>0</b>	<b>38,080</b>

2016/17

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £'000	Net change for the Pensions Adjustments (Note 2) £'000	Other Differences (Note 3) £'000	Total of Other Statutory Differences £'000	Other Non-Statutory changes £'000	Total of Non-Statutory Changes £'000
Supporting People	5,519	2,361	0	7,880	0	7,880
Supporting Communities	24,699	1,853	0	26,552	0	26,552
Corporate Services	3,558	2,713	0	6,271	0	6,271
Public Health	0	0	0	0	0	0
Cross Cutting	0	(12,753)	0	(12,753)	0	(12,753)
Housing Revenue Account	5,668	1,303	0	6,971	0	6,971
Dedicated Schools Grant	0	0	0	0	0	0
<b>Net Cost of Services</b>	<b>39,444</b>	<b>(4,523)</b>	<b>0</b>	<b>34,921</b>	<b>0</b>	<b>34,921</b>
Other income and expenditure from the Expenditure and Funding Analysis	(134,563)	20,896	(62)	(113,729)	0	(113,729)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(95,119)</b>	<b>16,373</b>	<b>(62)</b>	<b>(78,808)</b>	<b>0</b>	<b>(78,808)</b>

## Adjustments for Capital Purposes

1) Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

## Net Change for the Pensions Adjustments

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

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

## Other Differences

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

- For **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premia and discounts.
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

## Note 28 Acquired and Discontinued Operations

No operations were acquired or discontinued in the year to 31 March 2018. On 1 April 2013 the Council acquired responsibility for a range of local public health functions from the NHS. This included commissioning and an overall duty to take appropriate steps to improve the health of the local population which remain the Council's responsibility.

## Note 29 Trading Operations

The Authority has established various trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the authority or other organisations. Details of those units in 2017/18 are as follows:

2016/17 £'000		2017/18 £'000
	Building Control Service	
(879)	Turnover	(786)
1,088	Expenditure	1,956
<b>209</b>	(Surplus)/Deficit	<b>1,170</b>
	Commercial Waste Service	
(6,785)	Turnover	(6,234)
6,703	Expenditure	7,485
<b>(82)</b>	(Surplus)/Deficit	<b>1,251</b>
	Street Markets	
(931)	Turnover	(1,146)
1,183	Expenditure	1,084
<b>252</b>	(Surplus)/Deficit	<b>62</b>
	On-Street Parking	
(38,681)	Turnover	(35,643)
11,885	Expenditure	16,217
<b>(26,796)</b>	(Surplus)/Deficit	<b>(19,426)</b>
	Camden Transport Services	
(22)	Turnover	(21)
19	Expenditure	16
<b>(3)</b>	(Surplus)/Deficit	<b>(5)</b>
<b>(26,420)</b>	Net (surplus)/deficit on trading operations	<b>(17,073)</b>

### Building Control Service

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

### Commercial Waste Service

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

Camden's Commercial Waste Service is a trading operation offering the collection of commercial waste and recycling services to all businesses within Camden. Local businesses and organisations have a huge role to play in making Camden a greener place, and can reap real benefits from improving their environmental performance. Camden's commercial waste service supports businesses by providing cost effective waste and recycling options.

This is in line with policy objectives of encouraging businesses and institutions to play a leading role in reducing carbon emissions and waste as set out in "Green Action for Change" (Camden's environmental sustainability plan 2011-2020).

### Street Markets

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

### On-Street Parking

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

### Camden Transport Services

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

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

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

## Note 30 Agency Services

Camden provides various services for the North London Waste Authority (NLWA) under SLA agreements. The services provided include Finance, Human Resources and Information Technology and the council received in 2017/18 a net payment from the NLWA of £1.890m (£1.993m in 2016/17).

## Note 31 Pooled Budgets

Better Care Fund (BCF) is the result of an s75 agreement between the Council and Camden Clinical Commissioning Group (CCCG) to enable further integrated working between the Authority and the NHS. Under the 17/18 s75 pooled budget agreement, the Council contributed £0.791m capital and £7.384m revenue funds. The CCCG agreed to make revenue contribution of a maximum of £18.371m. The CCCG planned contribution of £18.371m included £1m risk share payment, which was withheld by CCCG.

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

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

	2016/17 £'000	2017/18 £'000
<b>Contributions to the pool:</b>		
-The Authority	(727)	(7,384)
-Camden Clinical Commissioning Group	(17,067)	(17,371)
	(17,794)	(24,755)
<b>Expenditure to be met from the pool:</b>		
-The Authority	10,357	15,825
-Camden Clinical Commissioning Group	6,852	8,234
	17,209	24,059
<b>Net (Surplus)/Deficit arising on the pooled budget in year</b>	<b>(585)</b>	<b>(696)</b>
Authority Share of the (surplus) / deficit arising on the pooled budget	(139)	(8)
CCCG Share of the (surplus) / deficit arising on the pooled budget	(446)	(688)

\*\*The £8K is the surplus from the council's capital grant contribution.

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

In 2017/18, the Authority transferred £3.840m (2016/17: £3.485m) to CIFT.

## Note 32 Members' Allowances

2016/17		2017/18
£'000		£'000
872	Allowances	864
0	Expenses	0
872	Total	864

## Note 33 Officers' Remuneration

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

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.

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

2017/18 Pay band £	Non-schools		Community Schools		VA Schools		Total
	Employed at 31.03.18	Left before 31.03.18	Employed at 31.03.18	Left before 31.03.18	Employed at 31.03.18	Left before 31.03.18	
£ 50,000 - £ 54,999	156	3	86	3	51	4	303
£ 55,000 - £ 59,999	63	0	71	2	45	0	181
£ 60,000 - £ 64,999	15	1	31	2	11	2	62
£ 65,000 - £ 69,999	27	1	20	1	14	0	63
£ 70,000 - £ 74,999	15	0	18	0	6	0	39
£ 75,000 - £ 79,999	15	3	9	0	5	1	33
£ 80,000 - £ 84,999	15	1	8	0	10	0	34
£ 85,000 - £ 89,999	1	0	3	0	1	0	5
£ 90,000 - £ 94,999	1	0	3	0	1	0	5
£ 95,000 - £ 99,999	3	1	3	1	0	0	8
£100,000 - £104,999	4	0	0	0	1	0	5
£105,000 - £109,999	1	0	2	0	2	0	5
£110,000 - £114,999	2	0	1	0	0	0	3
£115,000 - £119,999	3	1	0	0	0	0	4
£120,000 - £124,999	1	1	0	0	0	0	2
£125,000 - £129,999	0	0	0	0	0	0	0
£130,000 - £134,999	2	0	1	0	0	0	3
£135,000 - £139,999	0	1	0	0	0	0	1
£140,000 - £144,999	0	1	0	0	1	0	2
£145,000 - £149,999	0	0	0	0	0	0	0
£150,000 - £154,999	1	0	0	0	0	0	1
£155,000 - £159,999	0	0	0	0	0	0	0
£160,000 - £164,999	1	0	0	0	0	0	1
£165,000 - £174,999	0	0	0	0	0	0	0
£175,000 - £179,999	1	0	0	0	0	0	1

£180,000 - £184,999	0	0	0	0	0	0	0	0
£185,000 - £189,999	1	0	0	0	0	0	0	1
<b>Total</b>	<b>328</b>	<b>14</b>	<b>256</b>	<b>9</b>	<b>148</b>	<b>7</b>	<b>762</b>	

2016/17 Pay band £	Non-schools		Community Schools	
	Employed at 31.03.17	Left before 31.03.17	Employed at 31.03.17	Left before 31.03.17
£ 50,000 - £ 54,999	128	2	92	9
£ 55,000 - £ 59,999	57	0	72	5
£ 60,000 - £ 64,999	18	0	30	0
£ 65,000 - £ 69,999	26	2	17	1
£ 70,000 - £ 74,999	12	0	15	0
£ 75,000 - £ 79,999	23	1	7	2
£ 80,000 - £ 84,999	10	1	7	0
£ 85,000 - £ 89,999	5	1	3	0
£ 90,000 - £ 94,999	4	0	6	0
£ 95,000 - £ 99,999	1	0	1	0
£100,000 - £104,999	0	0	0	0
£105,000 - £109,999	2	0	2	1
£110,000 - £114,999	3	1	1	0
£115,000 - £119,999	0	0	0	0
£120,000 - £124,999	1	0	0	0
£125,000 - £129,999	1	0	1	0
£130,000 - £134,999	0	0	1	0
£135,000 - £139,999	0	0	0	0
£140,000 - £144,999	0	0	0	0
£145,000 - £149,999	0	0	0	0
£150,000 - £154,999	1	0	0	0
£155,000 - £159,999	0	0	0	0
£160,000 - £164,999	2	0	0	0
£165,000 - £169,999	0	0	0	0
£170,000 - £174,999	0	0	0	0

£175,000 - £179,999	0	0	0	0
£180,000 - £184,999	0	0	0	0
£185,000 - £189,999	0	1	0	0

2017/18

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

No	Name	Job Title	Actual Pay £	Variable Pay* £	Fees, Allowances & other pay £	Loss of Office Payment £	Total Pay** £
1	Cooke M	Chief Executive	£179,000	£6,000			£185,000
2	O'Donnell M^	Executive Director of Corporate Services and Section 151 Officer [part year]	£153,487	£7,677			£161,164
		Executive Director of Special Projects [part year]	£10,339		£4,397		£14,736
3	Pratt M	Executive Director of Supporting People	£153,015	£9,090			£162,105
4	Rowlands J	Executive Director of Supporting Communities	£150,000	£4,833			£154,833

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

No	Job Title	Actual Pay £	Variable Pay* £	Fees, Allowances & Other pay £	Loss of Office Payment £	Total Pay** £
5	Deputy Director of Finance and Procurement / Director of Finance [part year]	£78,750	£5,509	£13,500		£97,759
	Executive Director of Corporate Services and Section 151 Officer [part year]	£33,427		£194		£33,621

6	Director of Adult Social Care	£116,150	£2,875	£119,025
7	Director of Human Resources	£95,000	£4,286	£99,286

2017/18

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

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

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

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

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

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

In 2017/18 there was one Statutory Election, two Local Council By-elections and one Local Referendum for which the Chief Executive received payments for work as the Returning / Counting officer.

These are not shown in the figures above. The Parliamentary Election in June 2017 led to a number of senior officers receiving payments for work on behalf of the Returning / Counting Officer. As payments for work on behalf of the Returning Officer for this election are not made by the Council itself, these payments are not part of the Council's remuneration payments to senior officers. Payments for work on the Local Council Ward By-elections are paid by the Council on behalf of the Returning / Counting Officer and Local Referendum payments are funded by Central Government.

2016/17

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

No	Name	Job Title	Actual Pay £	Variable Pay* £	Fees, Allowances & other pay £	Loss of Office Payment £	Total Pay** £
1	Cooke M	Chief Executive	£163,350				£163,350
2	Stopard R	Executive Director of Supporting Communities (A) [part year]	£121,642	£4,886		£58,788	£185,316
3	O'Donnell M	Executive Director of Corporate Services and Section 151 Officer	£154,660	£7,677			£162,337
4	Pratt M	Executive Director of Supporting People	£151,500	£2,876			£154,376

No	Name	Job Title	Employer's Pension contribution – Payable to pension scheme £
1	Cooke M	Chief Executive	£28,096
2	Stopard R	Executive Director of Supporting Communities (A) [part year]	£21,763
3	O'Donnell M	Executive Director of Corporate Services and Section 151 Officer	£27,923
4	Pratt M	Executive Director of Supporting People	£26,553

2016/17

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

No	Job Title	Actual Pay £	Variable Pay* £	Fees, Allowances & Other pay £	Loss of Office Payment £	Total Pay** £
5	Executive Director of Supporting Communities (B) [part year]	£96,667				£96,667
6	Director of Adult Social Care [part year]	£65,806				£65,806
7	Assistant Director of Human Resources	£85,713				£85,713

No	Job Title	Employer's Pension contribution – Payable to pension scheme £
5	Executive Director of Supporting Communities (B) [part year]	£16,627
6	Director of Adult Social Care [part year]	£11,319
7	Assistant Director of Human Resources	£14,743

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

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

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

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

In 2016/17 there were two Statutory Elections, and one Local Referendum for which the Chief Executive received payments for work as the Returning / Counting officer. These are not shown in the figures above. The Greater London Authority elections in May 2016 and the EU Referendum in June led to a number of senior officers receiving payments for work on behalf of the Returning / Counting Officer. As payments for work on behalf of the Returning Officer for both elections are not made by the Council itself, these payments are not part of the Council's remuneration payments to senior officers. Payments for work on the Local Referendum are paid by the Council on behalf of the Counting Officer and are funded by Central Government.

## Note 34 External Audit costs

	2016/17 £'000		2017/18 £'000
The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors:	164	Fees payable to the external auditor with regard to external audit services carried out by the appointed auditor for the year	164
	34	Fees payable to the external auditor for the certification of grant claims and returns for the year	13
	<b>198</b>	<b>Total</b>	<b>177</b>

In addition there are 2 grant claims and certifications for 2017/18 where the fees have not been agreed and are undertaken later in the year. The total of these fees are expected to be around £6,000.

## Note 35 Dedicated Schools Grant

The council's expenditure on schools is funded primarily by grant monies provided by the Department for Children, Schools and Families, 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 (England) Regulations 2008.

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.

Balance brought forward is adjusted because the final Early Year's DSG is not announced until July of the following year.

			2016/17			2017/18		
Central Expenditure £'000	ISB £'000	Total £'000	Central Expenditure £'000	ISB £'000	Total £'000	Central Expenditure £'000	ISB £'000	Total £'000
		(158,442)						(160,997)
		(9,779)						(7,338)
		9,779						7,338
(24,813)	(133,629)	(158,442)	(28,637)	(132,360)	(160,997)			
405	(405)	0	158	(158)	0			
(24,408)	(134,034)	(158,442)	(28,479)	(132,518)	(160,997)			
27,253		27,253	31,320		31,320			
	134,719	134,719		133,247	133,247			
	(550)	(550)		(550)	(550)			
2,845	(405)	2,980	2,842	(179)	3,020			
		<b>7,339</b>			<b>4,318</b>			

## Note 36 Grant Income

The authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statements in 2017/18

2016/17 £'000		2017/18 £'000
	Credited to taxation and non-specific grant income	
54,814	Revenue Support Grant	41,114
9,241	New Homes Bonus	7,802
0	Business Rate Grant	3,133
2,131	Education Services Grant	1,042
1,711	Housing and Council Tax Benefits Administration Grant	1,584
1,998	Section 31. Government Returns and Reimbursements	2,010
0	Housing General Fund Grant	1,078
865	Independent living fund	837
534	Council tax benefit admin grant	525
67	Council Tax Localisation	0
176	Local Reform Grant	178
102	Other Grants	425
71,639	<b>Total Revenue Grants</b>	<b>59,728</b>

2016/17 £'000		2017/18 £'000
<b>Capital Grants &amp; Contributions Applied</b>		
5,886	Transport for London	5,535
472	Target Funding	0
3,268	Community Infrastructure Levy	5,882
6,065	Standards Fund Capital	1,563
41	IT Demonstrator Grant	317
548	Disabled Facilities Grant	377
713	Other small grants & Contributions	1,854
6,929	S106 Recognised in I&E	8,074
83	Community Schools Contributions	0
24,005	<b>Total</b>	<b>23,601</b>
<b>Capital - Grants &amp; Contributions Unapplied</b>		
0	Contractors & third parties Contributions (Unapplied)	0
4,484	Community Infrastructure Levy	0
4,484	<b>Total</b>	<b>0</b>
28,488	<b>Total Capital Grants</b>	<b>23,601</b>
100,127	<b>Total</b>	<b>82,879</b>

2016/17 £'000		2017/18 £'000
	Credited to Services	
191,267	Housing Benefit Subsidy	180,113
158,228	Dedicated Schools Grant	160,996
1,269	Troubled Families Grant	842
28,194	Public Health Grant	27,499
12,633	Young People's Learning Agency (previously Learning & Skills Council)	10,800
10,574	Pupil Premium Grant	10,102
8,461	PFI Grants	8,461
6,824	Housing PFI grant	6,824
0	Improved Better Care Fund	6,593
8,135	Other grants	4,281
1,106	Asylum Seekers	1,896
794	Transport for London	301
332	Standards Fund	327
0	Adult Social Care Support Grant	1,291
427,817	Total	420,234

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

2016/17 £'000		2017/18 £'000
	Capital Grant Receipts in Advance	
	<b>Included in Short Term Liabilities</b>	
455	Standards Fund	1,045
317	IT Demonstrator Grant	0
1,012	Homes & Communities Agency	1,341
568	VA Schools contributions	331
136	DoH Housing & Technology Grant	660
781	Other grants and contributions	1,268
3,269		4,645
	<b>Included in Long Term Liabilities</b>	
101,461	Section 106	100,756
66	Fire-ins	66
101,527		100,822
104,796	Total	15,467

2016/17 £'000		2017/18 £'000
	Revenue Grant Receipts in Advance	
	<b>Included in Short Term Liabilities</b>	
1,061	Other grants	1,084
1,061	Total	1,084

# Note 37 Related Parties

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

## Central government

Central government has effective control over the general operations of the council – it is responsible for providing the statutory framework within which the council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties (e.g. housing benefits). Details of transactions with government departments are set out in a note relating to the Cash Flow Statement. In addition, a number of transactions with related parties are disclosed elsewhere in the notes to these accounts.

## Members

Members of the council have direct control over the council’s financial and operating policies. The total of members’ allowances paid in 2017/18 is shown in Note 33.

With regard to the 2017/18 related party disclosures received from members and a review of the register of interests, there are organisations that members have declared an interest in but also where Camden has provided financial support to or the organisation has provided services to the council. The Council’s transactions with these organisations in 2017/18 are as follows:

	2016/17 £’000	2017/18 £’000
Corporate relationships (where the Councillor serves as a representative of the Council)	15,939	17,279
Personal relationships (i.e. where the Councillor or a close relative serves in their own right)	2,382	2,038
Organisations which have both corporate and personal relationships	659	235
<b>Total</b>	<b>18,981</b>	<b>19,553</b>

Further details of the Members’ Register of Interests are available on the Camden website:

<http://camden.gov.uk/ccm/navigation/council-and-democracy>

## Officers

With regard to the 2017/18 related party disclosures received from officers, they have not declared any interests outside the responsibilities in respect of the North London Waste Authority (NLWA) London Pension Fund Authority (LPFA), Birmingham City Council and Camden Living disclosed later in this note.

	2016/17 £'000		2017/18 £'000
	30,953	Camden Clinical Commissioning Group	30,823
	1,410	FNCC Collected by Provider	1,134
	748	NHS Foundation Trust CIFT (Mental Health & Social Care)	579
	33,112	Total	32,537

## Local Health Trusts

The Council received £32.537m from Local Health Trusts and Clinical Commissioning Groups during the year for the provision of combined health and community care services. This comprised:

### North London Waste Authority (NLWA)

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

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

In 2017/18 the council paid £7.849m (£7.995m 2016/17) to the NLWA and received £1.890m (£0.189m; 2016/17). The council held £11.296m on behalf of NLWA at 31 March 2018 (£4.976m; 31 March 2017) this has been excluded from the Council's balance sheet.

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

### London Pension Fund Authority (LPFA)

In respect of the LPFA, the Executive Director Special Projects (Michael

O'Donnell) is a Non-Executive Board Member.

## Camden Living

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

Camden Living purchased property at £7.891m from the Council. This was funded via a loan of £4.734m and Share premium of £3.156m. The Council holds 3 ordinary shares at a value of £1 each.

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

## Note 38 Capital Expenditure and Capital Financing

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

2016/17 £'000		2017/18 £'000
571,904	Opening capital financing requirement	583,515
	Capital investment:	
	From Capital Expenditure:	
167,415	Property, plant and equipment	162,059
179	Assets Held for Sale	11,657
199	Investment properties	1,196
1,984	Intangible assets	812
6,349	Revenue expenditure funded from capital under statute	3,646
0	Finance Leases	10,440
176,126		189,810
	Sources of finance	
48,991	Capital receipts	103,169
70,066	Government grants and other contributions	61,713
	Sums set aside from revenue:	
37,717	- direct revenue contributions	10,119
	Pre-application of capital receipts	
	Special repayment of debt - housing assoc loans	
1,744	- MRP	8,667
5,850	- MRP in relation to PFI	6,247
147	- MRP in relation to Finance Leases	201
164,515		190,116
583,515	Closing Capital Financing Requirement	583,209
11,611	Change in CFR	(306)

2016/17  
£'000

2017/18  
£'000

2016/17 £'000		2017/18 £'000
	Explanation of movements in year	
19,352	Increase in underlying need to borrowing (unsupported by government financial assistance)	14,809
	Assets acquired under finance leases	
(1,744)	- MRP	(8,667)
(5,850)	- MRP – PFI	(6,247)
(147)	- MRP - Finance Leases	(201)
11,611	Increase/(decrease) in Capital Financing Requirement	306

# Note 39 Leases

## Authority as Lessee

### Finance Leases

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

31 March 2017 £'000		31 March 2018 £'000
357	Vehicles, plant, furniture and equipment	307
357		307

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 2017 £'000		31 March 2018 £'000
	Finance lease liabilities (net present value of minimum lease payments):	
131	- current	86
92	- non-current	55
	Finance costs payable in future years	
223	Minimum lease payments	141

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

	Minimum Lease Payments		Finance Lease Liabilities	
	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000
Not later than one year			131	86
Later than one year and not later than five years			92	55
Later than five years			223	141

Payments incurred in respect of finance leases are shown below:

31 March 2017 £'000		31 March 2018 £'000
10	Financing Costs	9
147	Finance Lease Liabilities	201
157		210

## Operating Leases

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

31 March 2017 £'000		31 March 2018 £'000
0	Not later than one year	29
0	Later than one year and not later than five years	24
0	Later than five years	0
0	Minimum lease payments	53

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

31 March 2017 £'000		31 March 2018 £'000
0	Minimum lease payments	77
0	Contingent rents	0
0		77

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

Based on estimates of the fair values of the assets were they to be acquired in a commercial environment, it is estimated that Camden would have paid £1.444m for the use of these assets in 2017/18 (£1.473m in 2016/17).

## 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 2017 £'000		31 March 2018 £'000
11,467	Not later than one year	14,994
19,030	Later than one year and not later than five years	47,895
44,240	Later than five years	9,315
74,737		72,204

## Note 40 Private Finance Initiatives and similar contracts

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

Fixed assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the council.

## Haverstock School PFI

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

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

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

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

	Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total £'000
Payable in 2018/19	1,101	509	876	2,486
Payable between two to five years	5,143	1,933	3,117	10,193
Payable between six to ten years	6,017	4,661	2,668	13,346
Payable between eleven to fifteen years	2,921	3,298	500	6,719
Payable between sixteen to twenty years*	0	0	0	0
<b>Total</b>	<b>15,182</b>	<b>10,401</b>	<b>7,161</b>	<b>32,744</b>

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

	2016/17 £'000	2017/18 £'000
11,449 Balance outstanding at 1 April	11,449	10,933
(516) Payments during the year	(516)	(532)
<b>10,933 Balance outstanding at 31 March</b>	<b>10,933</b>	<b>10,401</b>

## Chalcot Housing PFI

In 2006/07 Camden entered into a 15-year concession to refurbish and maintain dwelling accommodation on the Chalcot Housing Estate. The unitary charge for the maintenance and lifecycle work for the remainder of the contract is under a fixed cost contract agreement, subject to indexation and performance deductions.

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

The original recognition of these fixed assets was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets. For the Chalcot Housing PFI, the liability was written down by capital contributions of £9.791m.

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

	Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total £'000
Payable in 2018/19	4,029	4,897	1,785	10,711
Payable between two to five years	8,544	11,316	1,896	21,756
Payable between six to ten years	0	0	0	0
<b>Total</b>	<b>12,573</b>	<b>16,213</b>	<b>3,681</b>	<b>32,467</b>

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

2016/17 £'000		2017/18 £'000
25,484	Balance outstanding at 1 April	21,008
(4,476)	Payments during the year	(4,795)
21,008	Balance outstanding at 31 March	16,213

Swiss Cottage SEN School and UCL Academy PFI

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

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

	Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total £'000
Payable in 2018/19	2,194	1,050	4,062	7,306
Payable between two to five years	10,127	4,496	15,244	29,867
Payable between six to ten years	14,628	8,075	16,206	38,909
Payable between eleven to fifteen years	16,933	12,382	11,558	40,873
Payable between sixteen to twenty years	18,119	16,585	4,649	39,353
Payable between twenty one to twenty five years	0	0	0	0
<b>Total</b>	<b>62,001</b>	<b>42,588</b>	<b>51,719</b>	<b>156,308</b>

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

	2016/17 £'000	2017/18 £'000
Balance outstanding at 1 April	44,366	43,509
Payments during the year	(857)	(921)
Balance outstanding at 31 March	43,509	42,588

## Note 41 Impairment Losses

During 2017/18 the authority has had no impairment losses. (2016/17, £nil).

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

## Note 42 Termination Benefits

The Council continues to be engaged in salary savings activity in the financial year 2017/18, in undertaking its Medium-Term Financial Strategy, and transformation work continues. The following tables provide a summary of the exit packages associated with the required redundancies to achieve the Council's transformational goals.

For the year 2017/18, the Council has charged to the Comprehensive Income and Expenditure Account a total of £2.39m for the termination of contracts. This is for the termination of 96 employee contracts spread across the full range of Council services.

The table below provides an analysis of the exit packages approved during 2017/18. 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 2017/18.

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

	Headcount by band						Cost by band (to nearest thousand pounds)					
	Compulsory redundancies			Other departures agreed			Compulsory redundancies			Other departures agreed		
	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18	2015/16 £'000	2016/17 £'000	2017/18 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
£'000 - £20,000	57	35	32	44	75	35	481	315	264	392	797	369
£20,001 - £40,000	21	12	5	18	32	12	576	322	137	545	932	358
£40,001 - £60,000	3	2	2	6	7	1	127	107	101	309	334	58
£60,001 - £80,000	2	0	0	1	0	1	127	0	0	66	0	73
£80,001 - £100,000	1	1	1	1	0	2	83	86	91	95	0	185
£100,001 - £150,000	1	0	1	4	1	1	101	0	118	743	150	103
£150,001 - £200,000	0	0	1	0	1	2	0	0	185	0	199	347
£200,001 - £250,000	0	0	0	0	0	0	0	0	0	0	0	0
£250,001 - £300,000	0	0	0	0	1	0	0	0	0	0	250	0
<b>Total</b>	<b>85</b>	<b>50</b>	<b>42</b>	<b>74</b>	<b>117</b>	<b>54</b>	<b>1,495</b>	<b>830</b>	<b>896</b>	<b>2,150</b>	<b>2,662</b>	<b>1,493</b>

# Note 43 Pensions Schemes Accounted for as Defined Contribution Schemes

## Teachers

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

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2017/18 the Council paid £9.773m to Teachers' Pensions in respect of teachers' retirement benefits (£9.884m, 2016/17), representing 16.5% of pensionable pay (15.9%, 2016/17). As a proportion of the total contributions into the Teachers' Pension Scheme during the year ending 31 March 2018, the Authority's own contributions equate to approximately 62.0%. There were no contributions remaining payable at the year-end. It is estimated that Teacher's Pension contributions for 2018/19 would be £15.950m.

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

## Ex ILEA

In 2017/18 the Council paid £0.136m to the London Pensions Fund Authority (£0.195m in 2016/17) in respect of former ILEA employees' pension costs, which represents 16.89% of ex-ILEA employees' pensionable pay (17.30% in 2016/17). In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2017/18 these amounted to £0.057m, (£0.056m in 2016/17) representing 7.07% of pensionable pay (6.02% in 2016/17).

## Other Employees

In 2017/18 the Council's level of contribution into the Pension Fund was 32.2% (29.3% in 2016/17) for those employees paying between 5.50% and 12.50% of pensionable pay. The actual cash payments made into the Fund by the Council were £42.017m (£40.081m in 2016/17) which represents 32.2% of Camden employees' pensionable pay (30.6% in 2016/17).

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

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

In addition, the Council is responsible for all pension payments relating to added year benefits it has awarded, together with the related increases. In 2017/18 these amounted to £2.667m, representing 2.04% of pensionable pay (£2.667m and 2.08% in 2016/17).

The capital cost of discretionary increases in pension payments (e.g. discretionary added years) agreed by the authority in 2017/18 was nil (nil in 2016/17).

# Note 44 Defined Benefit Pension Schemes

## Participation in Pension Schemes

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

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

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

## Transactions Relating to Post-employment Benefits

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

2016/17			2017/18			
Camden £'000	LPFA £'000	Total £'000		Camden £'000	LPFA £'000	Total £'000
<b>Comprehensive Income &amp; Expenditure Statement</b>						
Cost of Services:						
33,026	334	33,360	- current service cost	53,159	321	53,480
1,039	0	1,039	- past service costs/(gains)	623	0	623
0	0	0	- settlement and curtailments	0	0	0
			0 Financing and Investment Income and Expenditure			
20,643	200	20,843	- net interest cost	16,606	88	16,694
54,708	534	55,242	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	70,388	409	70,797
Other Post-employment Benefit Charged to The Comprehensive Income and Expenditure Statement						
<i>Remeasurement of the net defined benefit liability comprising:</i>						
(203,058)	(6,919)	(209,977)	- Return on plan assets (excluding the amount included in the net interest charge)	(12,713)	(1,528)	(14,241)
(26,124)	(1,288)	(27,412)	- Actuarial gains and losses arising on changes in demographic assumptions	(2,730)	0	(2,730)
294,517	7,714	302,231	- Actuarial gains and losses arising on changes in financial assumptions	(35,859)	(1,545)	(37,404)
(36,447)	(1,669)	(38,116)	- Other	539	0	539
83,596	(1,628)	81,968	Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	19,625	(2,664)	16,961

2016/17				2017/18		
Camden	LPFA	Total		Camden	LPFA	Total
£'000	£'000	£'000	<b>Movement in Reserves Statement</b>	£'000	£'000	£'000
(58,767)	(626)	(59,393)	-Reversal of net charges made to the (Surplus) or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(70,388)	(409)	(70,797)
			Actual amount charged against the General Fund Balance for Pensions in the year			
37,143	426	37,569	-Employers' contributions payable to scheme	42,732	218	42,950

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

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

2016/17				2017/18		
Camden	LPFA	Total	<b>Pensions Assets and Liabilities recognised in the Balance Sheet</b>	Camden	LPFA	Total
£'000	£'000	£'000		£'000	£'000	£'000
(1,916,027)	(50,763)	(1,966,790)	Present Value of the defined benefit obligation	(1,942,260)	(48,458)	(1,992,444)
1,319,347	47,757	1,367,104	Fair value of plan assets	1,367,332	48,211	1,415,543
(38,333)	(923)	(39,256)	Present Value of the unfunded liabilities	(36,978)	(863)	(36,115)
(635,013)	(3,929)	(638,942)	Net liability arising from defined benefit obligation	(611,906)	(1,110)	(613,016)

31 Mar 17				31 Mar 18		
Camden	LPFA	Total	<b>Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets</b>	Camden	LPFA	Total
£'000	£'000	£'000	Year Ended:	£'000	£'000	£'000
1,081,197	40,895	1,122,092	Opening Fair Value of Employer Assets	1,319,347	47,757	1,367,104
37,769	1,270	39,039	Interest Income	34,292	1,013	35,305
		0	Remeasurement gain/(loss):			0
203,058	7,239	210,297	- the return on plan assets, excluding the amount	12,713	1,528	14,241
43,441	549	43,990	Contributions from employer	42,732	218	42,950
9,814	71	9,885	Contributions from employees into the scheme	9,745	55	9,800
(55,932)	(2,267)	(58,199)	Benefits Paid	(51,497)	(2,360)	(53,857)
1,319,347	47,757	1,367,104	Closing Fair Value of Employer Assets	1,367,332	48,211	1,415,543

31 Mar 17				31 Mar 18		
Camden	LPFA	Total	<b>Reconciliation of defined benefit obligation</b>	Camden	LPFA	Total
£'000	£'000	£'000	Year Ended:	£'000	£'000	£'000
1,676,055	47,177	1,723,232	Opening Defined Benefit Obligation	1,954,360	51,687	2,006,047
33,026	334	33,360	Current Service Cost	53,159	321	53,480
58,412	1,523	59,935	Interest cost	50,898	1,163	52,061
9,814	71	9,885	Contributions from scheme participants	9,745	55	9,800
		0	Re-measurement (gains) and losses:			0
(26,124)	(1,288)	(27,412)	- Actuarial gains and losses arising on changes in demographic assumptions	(2,730)	0	(2,730)
294,517	7,714	302,231	- Actuarial gains and losses arising on changes in financial assumptions	(35,859)	(1,545)	(37,404)
(36,447)	(1,669)	(38,116)	- Other	539	0	539
1,039	92	1,131	Past service cost	623	0	623
(55,932)	(2,267)	(58,199)	Estimated Benefits Paid	(51,497)	(2,360)	(53,857)
1,954,360	51,687	2,006,047	Closing Defined Benefit Obligation	1,979,238	49,321	2,028,559

Local Government Pension Scheme assets comprised

Asset Category	Period Ended 31 March 2017				Period Ended 31 March 2018			
	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of Total Assets	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of Total Assets
<b>Real Estate:</b>								
UK Property	64,575	0	64,575	5%	68,463	0	68,463	5%
Overseas Property	0	63,943	63,943	5%	0	56,295	56,295	4%
<b>Investment Fund and Unit Trusts:</b>								
Equities	803,271	7,356	810,627	61%	862,806	23,416	886,222	65%
Bonds	153,865	0	153,865	12%	144,114	0	144,114	11%
Hedge Funds	0	51,715	51,715	4%	46,670	0	46,670	3%
Other	147,479	136	147,615	11%	146,491	0	146,627	11%
<b>Cash and Cash Equivalents:</b>								
All	27,008	0	27,008	2%	19,079	0	19,079	1%
<b>Total Assets</b>	<b>1,196,198</b>	<b>123,150</b>	<b>1,319,348</b>	<b>100%</b>	<b>1,287,621</b>	<b>79,711</b>	<b>1,367,332</b>	<b>100%</b>

LPFA assets comprised

	Period Ended 31 March 2017		Period Ended 31 March 2018	
	£'000	%	£'000	%
Equities	28,297	59%	29,480	61%
LDI/Cashflow Matching	0	n/a	0	n/a
Target Return Portfolio	10,091	21%	10,805	22%
Infrastructure	2,515	5%	2,109	4%
Commodities	0	n/a	0	n/a
Property	2,435	5%	3,469	7%
Cash	4,419	9%	2,348	5%
<b>Total</b>	<b>47,757</b>	<b>100%</b>	<b>48,211</b>	<b>100%</b>

## Basis for Estimating Assets and Liabilities

Liabilities for the Council and LPFA schemes have been assessed by Hymans Robertson LLP and Barnett Waddingham respectively. Both have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The estimates are based on data relating to the latest full valuations as at 31 March 2013 and rolled forward.

The significant assumptions used by the actuary have been:

31 Mar 17		Financial Assumptions	31 Mar 18	
Camden % p.a.	LPFA % p.a.		Camden % p.a.	LPFA % p.a.
2.4%	2.4%	Pension Increase	2.4%	2.35%
3.0%	3.9%	Salary Increase	3.0%	3.85%
2.6%	2.3%	Discount Rate	2.7%	2.50%

2016/17		Mortality	2017/18	
Camden Years	LPFA Years		Camden Years	LPFA Years
Average future life expectancies at age 65 for current pensioners				
22.0	20.5	Males	22.0	20.6
24.1	23.9	Females	24.1	24.0
Average future				
23.9	22.8	Males	23.9	22.9
26.1	26.1	Females	26.1	26.2

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period

and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below are based on the membership profile at the most recent actuarial valuation (31 March 2013).

#### Sensitivity analysis

#### Local Government Pension Scheme

Change in assumptions at 31 March 2018	Approximate % Increase to Employer Liability	Approximate monetary amount £'000
0.5% decrease in Real Discount Rate	10%	191,105
0.5% increase in the Salary Increase	1%	21,295
0.5% increase in the Pension	8%	167,805

#### LPFA

	£'000	2016/17 £'000	£'000
Adjustment to discount rate	+0.1%	0.00%	-0.1%
Present Value of total Obligation	48,711	49,321	49,939
Projected Service Cost	302	307	312
Adjustment to long term salary increase	+0.1%	0.00%	-0.1%
Present Value of Total Obligation	49,340	49,321	49,302
Projected Service Cost	307	307	307
Adjustment to pension increases and deferred revaluation	+0.1%	0.00%	-0.1%
Present Value of Total Obligation	49,920	49,321	48,729
Projected Service Cost	312	307	302
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present Value of Total Obligation	51,342	49,321	47,381
Projected Service Cost	317	307	298

### Scheme's Funding Policy

The expected contributions to the scheme for 2017/18 are £45.462m for the council's scheme and £0.218m for the LPFA scheme.

### Weighted Average Duration

The discount rate should reflect the term of the benefit obligation. For this a weighted average duration of the benefit obligation has been calculated. This is defined as the weighted average time until payment of all expected future discounted cash flows, determined based on membership and the financial and demographic assumptions at a particular time. The shorter the duration the more 'mature' the employer. The weighted average duration of the defined benefit obligation for the council scheme members is 17.6 years (17.6 years 2016/17) and 13 years for LPFA scheme members (13 years 2016/17).

### Affect on future cash flows in the authority

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

On the basis of extensive modelling carried out for the 2013 valuation exercise, the stabilised Council contributions for the next three years are as follows:

- "future service" contributions expressed as a percentage of active Fund members' pensionable payroll, being 17.2% in 16-17, rising to 17.7% of payroll in 2017-18

- "past service" deficit repair payments expressed in monetary terms, being £17.560m in 2016-17 and £16.875m in 2017/18

- The combined future and past service contributions broadly equate to annual increases of 1% of 2013 payroll projected into future years in line with assumed pay growth. The annual steps are broadly split equally between future and past service elements.

The last triennial valuation was carried out from 31 March 2016, with results and contribution rates agreed and implemented in 2017-18.

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

## Note 45 Contingent Liabilities

The councils Contingent Liabilities cover various on-going litigations and guarantees, the detail of which is shown below. The total expected value of these liabilities is £2.1m (£2.011m, 2016/17).

2016/17 'Estimated value of contingent liability £000	Details of contingent liabilities	2017/18 'Estimated value of contingent liability £000
<b>Litigations</b>		
<b>Civil Litigation and Housing Related</b>		
The council is currently in dispute on a number of issues, which are summarised below:		
1,751	- procurement/contracting disputes	1,360
0	- leaseholder related services	376
260	- disrepair of property	396
2011	<b>Total for Litigations</b>	<b>2,132</b>
<b>Pension Liability</b>		
0	London Pension Fund Authority back funding for closed sub-fund deficit for former GLA, ILEA and LRB employees	0
0	<b>Total for Pension Liabilities</b>	<b>0</b>
2011	<b>Total</b>	<b>2,132</b>

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

The Council notes a potential liability due to Employment Tribunal (ET) rulings that sleep-ins be paid at minimum wage rates each hour rather than a standard sleep-in rate. It is impossible to estimate an amount because of the current lack of certainty around the interpretation of the ruling and variation in how providers apply it to their charges.

### Contingent Asset

During 2017/18 defects were discovered on council assets that meant that the buildings did not meet current safety standards. The buildings are in use as social housing and are under the management of a company set up to regenerate and manage the buildings for a fifteen - year period under a Private Finance Initiative contract.

In order to ensure the buildings met safety standards the Council took immediate remedial action to correct the faults in the building. Some of this remedial work has been carried out during 2017/18 and will continue into 2019/20. The remedial work and all associated works are estimated to cost **£77.2million**.

The Council is currently exploring its options to recover the cost of this work through negotiation with the relevant third parties and/or through legal action. In the event that the Council is successful in recovering these costs it will receive a significant transfer of economic benefit in the future by way of compensation for the work the Council has carried out to rectify the defects.

### Exceptional Items

During 2017/18 defects were discovered on council assets that meant that the buildings did not meet current safety standards. The buildings are in use as social housing and are under the management of a company set up to regenerate and manage the buildings for a fifteen - year period under a Private Finance Initiative contract.

On advice from the fire brigade, the buildings were evacuated for a period of four weeks while the defects were rectified. The revenue cost of the evacuation including the re-homing of residents and remedial repair work was £17 million. The costs are included in the Housing Revenue Account under Housing Management and Repairs expenditure headings.

In addition exceptional items of capital expenditure were required to rectify the defects in the buildings. The total cost of the capital work is expected to be £77.2million

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

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

- Credit risk: the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk: the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing risk: the possibility that the Council might need to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market risk: the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

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

Risk management is carried out by a central treasury team under policies approved by the Council in the annual treasury management strategy report (last agreed by Council on 26/02/2018). The Council provides written principles for overall risk management, as well as written policies (covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash).

## Credit Risk

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

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

It is the policy of the Council to place deposits only with a limited number of high quality banks whose credit rating is independently assessed as sufficiently secure by the credit rating agencies and the Council's treasury consultants to

restrict lending to a prudent maximum amount for each institution.

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

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

The Council also has a policy of limiting deposits with institutions to a maximum of £40m for the very highest rated institutions such as local authorities. The Council continues to view the Royal Bank of Scotland as part-nationalised given the Government's continuing ownership. The bank has been classified as sovereign risk

therefore the limit of this bank is £60m. This was agreed by Council on 12/11/12.

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

The Council's maximum exposure to credit risk in relation to its investments in banks of £151.260m (£175.875 in 2016/17) 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 2018 that this was likely to crystallise. The Council expects full repayment on the due date of deposits placed with its counterparties.

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

### Liquidity Risk

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

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

All sums invested (£151.260m) are due to be repaid in less than one year.

### Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures,

longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to the maturing of longer term financial liabilities.

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

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

31 March 2017		31 March 2018
£000		£000
219,005	Public Works Loans Board	219,005
124,000	Market Debt	124,000
0	Temporary Borrowing	0
343,005	Total	343,005
0	Less than one year	13,568
	Between:	
13,568	one and two years	0
0	two and five years	7,198
48,565	five and ten years	41,367

280,871	More than 10 years	280,871
343,005		343,005

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

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

#### Market Risk

##### Interest Rate Risk

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

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

- investments at fixed rates - the fair value of the assets will fall.

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

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

According to this assessment strategy, at 31 March 2018, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest payable on variable rate borrowing	1,240
Increase in interest receivable on variable rate investments	0
Increase in government grant receivable for financing costs	0
Impact on Surplus or Deficit on the Provision of Services	1,240
Share of overall impact debited to the HRA	1,090
Decrease in fair value of fixed rate investment assets	(138)
Impact on Other Comprehensive Income and Expenditure	(138)
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)	(69,352)

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

## Foreign Exchange Risk

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

## Note 47 Heritage Assets: Five-Year summary

From the records that have been established, there have not been any acquisitions, donations or disposals of any of the four categories of Heritage Assets (Buildings, Mayoral Regalia & Silverware, Art Collection and Public Sculpture). However, in 2011/12 some restoration works was carried out to Tollgate House (Building) and in 2015/16 the same asset was revalued by an independent valuation service. Further details are shown in Note 13 Heritage Assets.

## Note 48 Trust Funds and other accounts

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

	Balance at 1 April 2017 £	Receipts £	Payments £	Balance at 31 March 2018 £
Education	(9,467)	(33)	0	(9,500)
Social Services	(38,687)	(151)	0	(38,838)
Other Funds	(162,973)	(38,709)	0	(201,682)
Water Low Park	(176,928)	(413,940)	437,054	(153,814)
Lauderdale House Charity	(151,563)	(265,524)	291,688	(125,399)
Emmanuel Vincent Harris Trust	(3,931,065)	(15,331)	0	(3,946,396)
Neighbourhood Forum Funds	(7,203)	(2,053)	0	(9,256)
<b>Total</b>	<b>(4,477,886)</b>	<b>(735,741)</b>	<b>728,742</b>	<b>(4,484,885)</b>

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

2016/17 £		2017/18 £
328,491	Fixed Assets	279,213
4,149,395	Investments	4,205,672
<b>4,477,886</b>		<b>4,484,885</b>
	Represented by	
4,477,886	Trust Funds	4,484,885

In addition, the authority administers funds on behalf of Adult Social Care service clients including funds administered by officers as Court appointee or receiver. The amount of these funds as at 31st March 2018 was £0.747m (£7.281m; 31st March 2017).

## Note 49 Council's Association with External Bodies

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

### Subsidiaries

#### **Camden Living**

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

Current Board members connected to the Council and classified as related parties are Jonathan Rowney and Kirsten Cater-Casey. This entity is ultimately controlled by the Authority but is deemed to be immaterial for consolidation purposes. [Associates](#)

#### **Camden Learning**

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

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

## Investments

### **Camden Schools Projects Ltd**

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

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

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



4

# Supplementary Accounts

# HRA Comprehensive Income and Expenditure Statement

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

## HRA Comprehensive Income and Expenditure Statement

2016/17 £'000		Notes	2017/18 £'000
	<b>Expenditure</b>		
52,896	Repairs and maintenance		59,961
17,865	Supervision and management – General		37,198
28,636	– Special services		28,288
2,720	PFI Costs		3,172
7,547	Rents, rates and other charges		5,550
7,755	Increased/(decreased) provision for bad debts		1,240
36,862	Depreciation	7	36,121
2,104	Revaluation (gain)/loss charged to income & expenditure	7	75,563
0	De-recognition of HRA Assets		0
97	Debt Management Expenses		127
1,080	REFCUS		921
157,562	<b>Total expenditure</b>		<b>248,140</b>
	<b>Income</b>		
(133,561)	Dwelling rents	2,3,4,5	(131,198)
(2,314)	Non-dwelling rents		(2,490)
(23,342)	Charges for services and facilities		(23,746)
(14,367)	Leaseholder charges – revenue		(11,900)
(23,290)	Leaseholder charges – capital		(8,104)
(6,824)	HRA Subsidy/PFI Credit		(6,824)
(203,698)	<b>Total income</b>		<b>(184,262)</b>
(46,136)	<b>Net Cost of HRA Services per whole Authority Comprehensive Income and Expenditure Statement</b>		<b>63,878</b>

676	HRA services share of Corporate and Democratic Core	495
(45,460)	Net (Income)/Expenditure for HRA Services	64,373

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

2016/17 £'000		Notes	2017/18 £'000
0	Revaluation changes on investment properties		0
(25,981)	(Gain) or loss on sale of HRA non-current assets		(78,252)
18,698	Interest payable and similar charges	6	12,541
(9,185)	Investment Income		(9,349)
	Government Grants deferred		
(3,507)	Capital Grants and Contributions Receivable		(1,936)
3,303	Pensions interest cost and expected return on pensions assets	8	2,631
(62,132)	(Surplus) or deficit for the year on HRA services		(9,992)

#### Statement of Movement on the HRA Balance

2016/17 £'000		Notes	2017/18 £'000
7	(39,166) Balance on HRA at the end of the previous year		(38,386)
(62,132)	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		(9,992)
52,912	Adjustments between accounting basis and funding basis under statute	8	17,269
(9,220)	Net (increase) or decrease before transfers to or from reserves		7,277
10,000	Transfer to Major Repairs Reserve		0
780	(Increase) or decrease in year on the HRA		7,277
(38,386)	Balance on the HRA at the end of the current year		31,109

## 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 3.27% of properties used for permanent accommodation were vacant (2.17%, 2016/17). The average rent for all stock excluding service charges was £113.03 per week in 2017/18, a decrease of 1.16%, over the 2016/17 level of £114.36 per week.

## Note 2 Exceptional Items

During 2017/18 defects were discovered on council assets that meant that the buildings did not meet current safety standards. The buildings are in use as social housing and are under the management of a company set up to regenerate and manage the buildings for a fifteen - year period under a Private Finance Initiative contract.

On advice from the fire brigade, the buildings were evacuated for a period of four weeks while the defects were rectified. The revenue cost of the evacuation including the re-homing of residents and remedial repair work was £20.1million. The costs are included in the Housing Revenue Account under Supervision and Management (£14.3m) and Repairs (£5.8m) expenditure headings.

## Note 3 Housing Stock

The value of Council Dwellings as at 31st March 2018 was £2.521billion (£2.565 billion at 31 March 2017). The basis of the valuation for these dwellings is 'Existing Use Value for Social Housing' based on the vacant possession value of the properties, adjusted to reflect the occupation by a secure tenant.

The Social Housing discount factor is 25% in 2017/18 (25% in 2016/17), which means that the vacant possession value of the dwellings within the HRA as at 31st March 2018 is £10.084billion (£10.260 billion at 31 March 2017). The difference between the vacant possession and the Balance Sheet value shows the economic cost to the Government of providing social housing at less than open market rents.

The Council was responsible at 31 March 2018 for managing self-contained and shared dwellings. The stock was as follows:

2016/17		2017/18
No. Property		No.
9,469	Bedsitter / 1 Bed accommodation	9,581
7,293	2 Bed accommodation	7,456
4,847	3 Bed accommodation	4,925
1,382	4 Bed+ accommodation	1,404
	<b>Multi-occupied dwellings</b>	
	84 Shared units *	84
<b>23,075</b>	<b>Total</b>	<b>23,450</b>

\*Dwelling equivalent

The change in stock can be summarised as follows:

2016/17		2017/18
No.		No.
23,197	Stock at 1 April	23,075
(122)	Less sales, demolitions, additions, etc.	375
<b>23,075</b>	<b>Stock at 31 March</b>	<b>23,450</b>

The Total Value of HRA non-current assets at 31 March 2018 was £2.520M (£2.779M 1 April 2017)

	<b>Council Dwellings</b>	<b>Other Land and Building</b>	<b>Vehicles, Plant and Equipment</b>	<b>Infrastructure Assets</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets Under Construction</b>	<b>Total Property, Plant and Equipment</b>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2017	2,565,085	45,629	0	0	0	696	167,849	<b>2,779,259</b>
Additions	79,965	168	0	0	0	0	54,329	134,462
Reclassification (movement between PPE asset groups)	167	0	0	0	0	0	(167)	0
Reclassification (movement between other asset groups)	0	0	0	0	0	0	0	0
Accumulated Dep. Written off on revaluation to gross book value	(34,540)	(182)	0	0	0	0	0	(34,722)
Revaluation increases/(decreases) recognised in the revaluation reserve	(10,269)	396	0	0	0	0	0	(9,873)
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(75,715)	152	0	0	0	0	0	(75,563)
De-recognition – disposals	(4,088)	0	0	0	0	0	0	(4,088)
De-recognition – other	0	0	0	0	0	0	0	0
At 31 March 2018	<b>2,520,605</b>	<b>46,163</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>696</b>	<b>222,011</b>	<b>2,789,475</b>

## Note 4 Rent Arrears

The arrears at 31 March 2018 were £7.106m (£6.662m, 31 March 2017). Amounts written off during the year totalled £0.982m (£0.808m, 31 March 2017) and the provision for bad debts at the year-end totalled £5.660m (£6.029m; 31 March 2017).

## Note 5 Rent Rebates

Assistance with rents is available under the Housing Benefits scheme for those on low incomes. About 59% of the Council's tenants were receiving some help with the costs of rent charges at 31 March 2018.

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

2016/17 £'000		2017/18 £'000
133,564	Gross rent income	131,198
12,908	Gross tenant service charge income	12,840
<b>146,472</b>	<b>Total</b>	<b>144,038</b>
87,720	Rent Rebates	84,339
60%	Rebates as % of rent income	59%

## Note 6 Interest Charges

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

## Note 7 Depreciation

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

2016/17 £'000		2017/18 £'000
35,773	Operational Assets-dwellings	35,083
1,089	Operational Assets-other	1,038
<b>36,862</b>		<b>36,121</b>

The revaluation of HRA stock is as follows:

2016/17 £'000		2017/18 £'000
2,104	Revaluation (gains)/loss charged to income and expenditure	75,563
2,104	Total	75,563

## Note 8 HRA Contributions to the Pension Reserve

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

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

## Note 9 Statement of Movement on the HRA Balance

2016/17 Net Expenditure £'000	Notes	2017/18 Net Expenditure £'000
	Items included in the HRA Comprehensive Income and Expenditure Statement but excluded from the movement on the HRA Balance for the year	
0	Difference between amounts charged to Income and Expenditure for amortisation of premia and discounts and the charge for the year in accordance with statute	0
25,981	Gain/loss on sales of HRA fixed assets	78,252
(1,080)	Revenue Expenditure Funded from Capital Under Statute	(921)
0	Revaluation changes on Investment Properties recognised in I&E	0
0	Revaluation changes on non-current assets recognised in I&E	0
0	Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements (employee accrual)	(58)
1,311	Net charges made for retirement benefits in accordance with IAS19	2,875
0	Reversal of HRA settlement – capital receipt	0
<b>26,212</b>	<b>Total</b>	<b>80,148</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	
0	Capital Grants Unapplied	0
639	Transfer from Capital Adjustment Account re Revaluation gain/(loss) charged income & expenditure	(72,122)
13,518	Capital Expenditure funded by the HRA	5,797
12,340	Revenue Contribution to Capital Outlay – Leaseholder contributions	8,735
(3,303)	Employers contributions payable to the pension funds and retirement benefits payable direct to pensioners	(7,225)
	Reversal of HRA settlement	
3,507	Reversal of HRA Capital Grant	1,936
<b>26,700</b>	<b>Total</b>	<b>(62,879)</b>

2016/17  
Net Expenditure  
£'000 Notes

2017/18  
Net Expenditure  
£'000

<b>52,912</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>17,269</b>
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## Note 10 HRA Capital Programme

Total capital expenditure on Land, Houses and other property within the HRA was £125.399m (£151.847m in 2016/17). The expenditure was funded from the following resources:

2016/17 £'000		2017/18 £'000
7,274	Borrowing	13,454
28,194	Capital Receipts	73,796
25,858	Revenue Contributions	0
46,061	Major Repairs Reserve	36,207
3,507	Grants	292
0	Other Contributions	1,650
<b>110,893</b>		<b>125,399</b>

2016/17 £'000		2017/18 £'000
46,413	Capital Receipts received within the year were	91,529
41,390	Useable	86,790
5,023	Paid to MHCLG	4,739

# Collection Fund Revenue Account

# Collection Fund Revenue Account

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

2016/17		2017/18				
	Income and Expenditure Account	Notes	Council Tax	NNDR	BRS	Total
£'000			£'000	£'000	£'000	£'000
<b>Income</b>						
(119,978)	Income from Council Tax	1,2,3,4	(125,771)			<b>(125,771)</b>
(511,024)	Income collectable from business ratepayers (NNDR)	6		(586,106)		<b>(586,106)</b>
0	Transitional protection payments from CLG			0		<b>0</b>
(16,925)	Income collectable in respect of Business Rate Supplements	7			(21,476)	<b>(21,476)</b>
<b>Contribution from preceptors towards previous year's Collection Fund deficit</b>						
<b>Council Tax / NNDR</b>						
(9,363)	Greater London Authority		(0)	(0)		<b>(0)</b>
(14,101)	London Borough of Camden		(0)	(0)		<b>(0)</b>
(23,341)	Communities and Local Government			(0)		<b>(0)</b>
<b>(694,732)</b>	<b>Total Income</b>		<b>(125,771)</b>	<b>(586,106)</b>	<b>(21,476)</b>	<b>(733,353)</b>

2016/17		2017/18				
Income and Expenditure Account		Notes	Council Tax	NNDR	BRS	Total
£'000			£'000	£'000	£'000	£'000
<b>Expenditure</b>						
<b>Precepts and Council demand</b>						
24,288	Greater London Authority (GLA)		24,768			<b>24,768</b>
95,362	London Borough of Camden		100,632			<b>100,632</b>
<b>Share of Non Domestic Rates</b>						
104,800	Greater London Authority			231,250		<b>231,250</b>
157,200	London Borough of Camden			187,500		<b>187,500</b>
262,000	Communities and Local Government			206,250		<b>206,250</b>
2,306	Transitional protection payments to CLG			(40,225)		<b>(40,225)</b>
1,169	Cost of collection allowance (NNDR)			1,259		<b>1,259</b>
<b>Business Rate Supplements (BRS)</b>						
16,889	Payment to GLA's BRS Revenue Account	7			21,441	<b>21,441</b>
36	Administrative costs	7			34	<b>34</b>
<b>Council Tax Impairment of debts</b>						
638	Allowance for impairment		(832)			<b>(832)</b>
1,140	Council Tax write offs		767			<b>767</b>
<b>Non Domestic Rates Impairment of debts &amp; Appeals</b>						
4,436	Allowance for impairment			31,742		<b>31,742</b>
0	NNDR write-offs			1,841		<b>1,841</b>
(13,845)	Provision for appeals			0		<b>0</b>
<b>Contribution to preceptors from previous year's Collection Fund surplus</b>						
<b>Council Tax/Non Domestic Rates</b>						
0	Greater London Authority		94	8		<b>102</b>
0	London Borough of Camden		368	13		<b>381</b>
0	Communities and Local Government			21		<b>21</b>
<b>656,419</b>	<b>Total Expenditure</b>		<b>125,797</b>	<b>619,659</b>	<b>21,476</b>	<b>766,932</b>

2016/17		2017/18				
	Income and Expenditure Account	Notes	Council Tax	NNDR	BRS	Total
	£'000		£'000	£'000	£'000	£'000
(38,313)	Deficit/(Surplus) for the year		26	33,553	0	33,579
45,327	Deficit/(surplus) at 1 April		(266)	7,280	0	7,014
<b>7,014</b>	<b>Deficit/(Surplus) at 31 March</b>		<b>(240)</b>	<b>40,833</b>	<b>0</b>	<b>40,593</b>

## Note 1 General

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

## Note 2 Council Tax

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

## Note 3 Council Demand

The Council's demand on the Collection Fund for council tax represents the balance of spending for the year to be met from council tax, together with any deficit or surplus met in that year in respect of community charge.

Regulations prescribe that any surplus or deficit in respect of council tax items in the Collection Fund is to be split between the Council and major preceptors. These adjustments are determined at the time of tax setting and included in the precepts and Council demand.

## Note 4 Council Tax Bands

Market Value in April 1991	Band	Chargeable Dwellings	Fraction 2016/17	Tax base for tax setting (£)
Less than £40,000	A	2,249	6/9	1,499.23
£40,000 - £52,000	B	6,103	7/9	4,746.51
£52,000 - £68,000	C	12,147	8/9	10,797.11
£68,000 - £88,000	D	17,110	9/9	17,109.75
£88,000 - £120,000	E	13,666	11/9	16,702.95
£120,000 - £160,000	F	9,172	13/9	13,248.19
£160,000 - £320,000	G	10,616	15/9	17,694.04
£320,000 or more	H	4,218	18/9	8,436.61
<b>Totals</b>		<b>75,281</b>		<b>90,234.39</b>
Allowance for Non-Collection				(1,804.69)
Adjustment for Armed Forces Dwellings				20.30
<b>Total</b>				<b>88,450.00</b>

By law, the tax for each band is set as a fraction of the band D charge. The Band D Council for Camden for 2017/18 together with the comparator for the previous year is:

2016/17 £	Preceptor	2017/18 £
1,083.38	Camden	1,137.73
276	Greater London Authority	280.02
<b>1,359.38</b>	<b>Total</b>	<b>1,417.46</b>

## Note 5 Council Tax – Uncollectable amounts

The provision to cover bad debts stood at £10.423m on 31 March 2018 (£11.255m; 31 March 2017). This represents 70.9% of the outstanding arrears (73.6%; 31 March 2017).

## Note 6 Collection of National Non-Domestic Rates

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

The non-domestic rating multiplier set by the Government for 2017/18 was 47.9p and 46.6p for small business (49.7p and 48.4p respectively for 2016/17). Local businesses pay NNDR calculated by multiplying their rateable value by these rates and subject to certain reliefs and deductions and the total amount collectable is distributed between the Government, Greater London Authority and the London Borough of Camden.

At 31 March 2018, the non-domestic rateable value of the borough was

£1,634.489m (£1,241.246m, 31 March 2017). On 1 April 2010 a national revaluation of all commercial properties was undertaken by the Valuation Office, which resulted in the significant increase in the rateable value of the borough. Transitional arrangements have limited changes to bills and are being phased out over five years.

Income due from business ratepayers:

2016/17 £'000	2016/17 £'000	2017/18 £'000	2017/18 £'000
<b>Income from business ratepayers</b>			
	578,545	Non-domestic rate charge	735,963
	10,910	SBBR Supplement	12,969
2,306		Transitional relief	(40,225)
(57,720)		Less - mandatory charity relief	(85,796)
(22,764)		- empty property relief	(31,294)
(253)	(78,431)	- discretionary relief	(5,513)
	511,024	<b>Income due from business ratepayers</b>	<b>586,104</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 2017/18 was 2p on non-domestic properties with a rateable value of over £55,000 in London, which has been the same since its inception in April 2010.

# Pension Fund Account

# Pension Fund Explanatory Foreword

## Introduction

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

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

The Accounts have been prepared in accordance with the 2017/18 Code of Practice on Local Authority Accounting in the United Kingdom, issued by CIPFA, which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

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

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

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

The following description of the Fund is a summary only. For further detail, reference should be made to the 2016/17 London Borough of Camden Pension Fund Annual Report (available for download from [https://www.camden.gov.uk/ccm/cms-service/stream/asset?asset\\_id=3636760&](https://www.camden.gov.uk/ccm/cms-service/stream/asset?asset_id=3636760&)) and the underlying statutory powers underpinning the scheme, namely the Superannuation Act 1972, the Public Sector Pensions Act 2013 and the Local Government Pension Scheme (LGPS) Regulations. The 2017/18 Pension Fund Annual Report will be available in September 2018.

## Fund Management

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

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

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

Following a review of the investment strategy in 2017/18, the Fund removed its strategic allocation to hedge funds and created a new strategic allocation to infrastructure. As a result the Fund instructed the phased redemption of its investment assets from the Brevan Howard Multi-Strategy Fund and has selected the Ruffer LLP RF Absolute Return Fund to manage the investment assets on an interim basis until a suitable vehicle for infrastructure is available.

During the year a new investment in the Partners Group Real Estate Secondary 2017 fund was made in order to maintain alignment with the Fund's strategic allocation target of 5% in global property.

BlueCrest is a legacy manager who is liquidating its positions and returning third party investor capital to its clients, including the Pension Fund, over time.

Each manager operates within mandated investment management agreements and targets determined by the Council's Pension Committee. Overall investment strategy is the responsibility of the Pension Committee, which consists of eight councillors. In 2017/18 the Pension Committee received advice from the Executive Director of Corporate Services, the Borough Solicitor and other officers, as well as the fund managers and the following professional consultants:

- Hymans Robertson LLP (Actuarial & Benefit Services)
- AON Hewitt (Investment Consultancy)
- Karen Shackleton (Independent Investment Advisor)
- PIRC (Corporate Governance Services)

Committee meetings are held on a quarterly basis. 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?CId=652&Year=0>

The market value of the assets (including cash & income receivable) held by the Fund Managers, the Custodian and the Council as at 31 March 2018 is as follows:

2016/17			2017/18		
£'000	%	Fund Manager	£'000	%	
1,574	0%	Aberdeen	0	0%	
227,474	15%	Baillie Gifford & Co (London CIV)	257,256	16%	
118,932	8%	Barings	123,277	8%	
1,120	0%	BlueCrest	584	0%	
54,847	4%	Brevan Howard	41,476	3%	
79,014	5%	CBRE	86,354	5%	
15,418	1%	HarbourVest	29,222	2%	
232,897	15%	Harris Associates	234,965	15%	
132,095	9%	Insight	132,265	8%	
527,693	35%	Legal & General	536,063	34%	
67,747	4%	Partners Group	72,967	5%	
0	0%	Ruffer	14,026	1%	
47,137	3%	Standard Life	47,561	3%	
150	0%	London CIV	150	0%	

2016/17			2017/18	
£'000	%	Fund Manager	£'000	%
11,093	1%	JPM Custodian Cash Account	3,369	0%
(590)	0%	Council	680	0%
1,516,601	100%		1,580,215	100%

## Actuarial Valuations

The Fund is subject to actuarial valuation every three years. The actuary is required to specify the employers' contribution rates to the Fund necessary to ensure that present and future commitments can be met. The last completed actuarial valuation of the Fund was carried out as at 31 March 2016. New contribution rates took effect from 1 April 2017. The full valuation report can be read here:

[https://www.camden.gov.uk/ccm/cms-service/stream/asset?asset\\_id=3635426&](https://www.camden.gov.uk/ccm/cms-service/stream/asset?asset_id=3635426&)

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

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

CPI inflation	<b>2.1%</b> per annum
Pay increases	<b>2.8%</b> per annum
Gilt-based discount rate	<b>2.2%</b> per annum
Funding basis discount rate	<b>3.8%</b> per annum

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

At the prior actuarial valuation on 31 March 2013 the assets were valued as sufficient to meet 75.6% of the liabilities. The employer's contribution rate from 2014/15 to 2016/17 was calculated as 35.1% of pensionable pay. This is the average employer contribution rate required for the three years starting in 2014/15. The Council agreed a contribution strategy with a cap of 1% on increases (and decreases) to its Employer Contribution, following agreement with the Fund's actuary, meaning that in 2017/18 the contribution rate from the Administering Authority was 30.3% (29.3% in 2016/17).

## Fund Portfolio and Diversification

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

<http://www.camden.gov.uk/ccm/content/council-and-democracy/publications-and-finances/pensions/pension-fund-investment/>

## Admitted and Scheduled Bodies

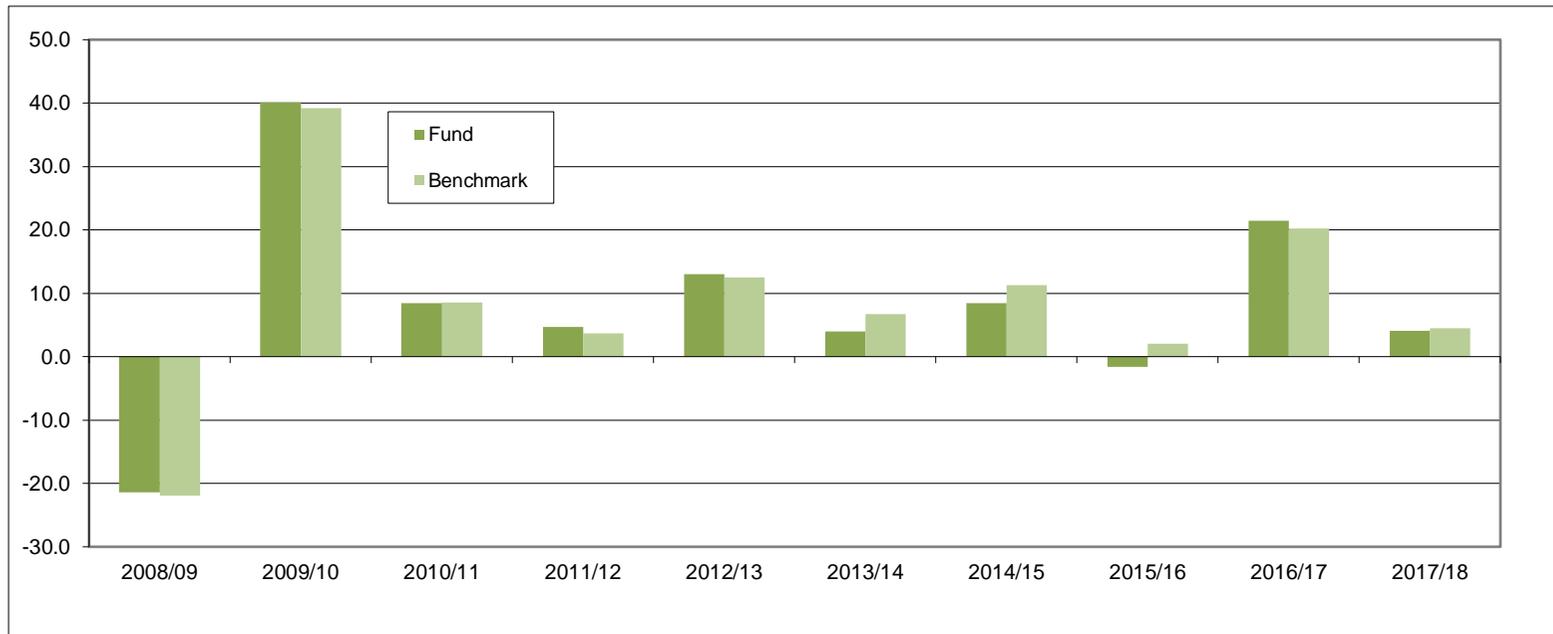
The admitted bodies and scheduled bodies which made contributions to the Fund in 2017/18 were as follows:

### Admitted Bodies

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

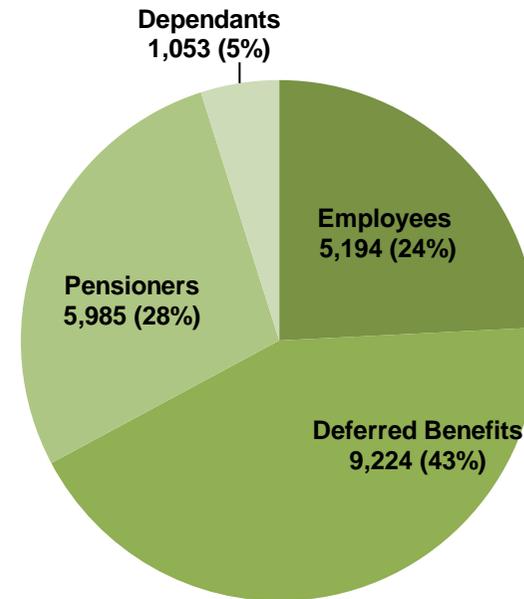
## Returns

The overall value of the Fund has risen by 105% during the last ten years. The diagram below provides a comparison between the performance of Camden's Fund and that of the average of other funds participating in benchmarking exercises, including company pensions, for each year over this period. It shows the time-weighted return on investments for each calendar year. The comparative information is based on figures prepared by the WM Company up to and including the year 2015/16, and by the Pensions & Investment Research Consultants Limited (PIRC) thereafter, who have provided similar benchmarking data.



## Membership

Total membership of the Fund at 31 March 2018 was 21,456 (20,743 in 2017). Within the totals shown in the pie chart below are 605 employees, 1,087 deferred, 742 pensioners and 62 dependants attributable to admitted bodies and scheduled bodies.



Total Membership 21,456

	31-Mar-17	31-Mar-18
Employees	4,940	5,194
Deferred benefits	8,925	9,224
Pensioners	5,834	5,985
Dependents	1,044	1,053
	<b>20,743</b>	<b>21,456</b>

## Benefits

Pension Benefits under the LGPS are based on pensionable pay and length of pensionable pay and length of pensionable service up until 31 March 2018, summarised below:

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

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

# Pension Fund Account

In compiling the 2017/18 Statement of Accounts the London Borough of Camden are using investment data from its custodian, JP Morgan.

2016/17 £'000	Notes	2017/18 £'000
Contributions receivable:		
46,119		47,462
10,590		10,990
1,375	4	911
<b>58,084</b>	<b>3</b>	<b>59,363</b>
Transfers in from other pension funds:		
<b>2,336</b>		<b>8,342</b>
Benefits payable:		
(46,013)		(47,855)
(9,541)		(9,475)
(532)		(919)
<b>(56,086)</b>	<b>3</b>	<b>(58,249)</b>
Payments to and on account of leavers:		
(3,982)		(5,086)
(229)		(192)
(120)	5	(5)
<b>(4,331)</b>		<b>(5,283)</b>
Other payments:		
(599)	7	(701)
(251)	7	(156)
<b>(850)</b>		<b>(857)</b>
<b>(847)</b>		<b>3,316</b>

<b>Returns on investments</b>			
24,795	Investment income	8	20,736
(170)	Tax deducted from investment income		(261)
(7,125)	Management fees	9	(11,553)
250,653	Change in market value of investments	10	51,376
<b>268,153</b>	<b>Net returns on investments</b>		<b>60,298</b>
<hr/>			
267,345	Net increase/(decrease) in the Fund		63,614
1,249,256	Net assets at 1 April 2016		1,516,601
<b>1,516,601</b>	<b>Net assets at 31 March 2017</b>		<b>1,580,215</b>

# Net Asset Statement

31 March 2017 £'000		Notes	31 March 2018 £'000
	<b>Investments assets at market value</b>		
	<u>Pooled investment vehicles:</u>		
132,095	- Fixed interest securities	12,13	132,265
38,985	- Index linked securities	12,13	39,284
247,824	- UK equities	12,13	249,060
468,357	- Overseas equities	12,13	504,976
15,418	- Private equity	12,13	29,222
136,641	- Pooled property investments	12,13	153,532
55,967	- Fund of hedge funds	12,13	42,060
166,070	- Diversified growth funds	12,13	184,864
<b>1,261,357</b>			<b>1,335,263</b>
	<u>Directly owned investment assets:</u>		
16,045	- UK equities	12,13	27,976
215,774	- Overseas equities	12,13	199,089
22,311	- Cash deposits	12,13	16,346
0	- Derivative contracts: forward foreign exchange	16	1,169
1,706	- Investment income receivable	12,13	1,995
0	- Amounts receivable from sales	12,13	435
<b>1,517,193</b>	<b>Total investment assets</b>		<b>1,582,273</b>
	<b>Investments liabilities at market value</b>		
0	- Amounts payable for purchases	12,13	(1,565)
0	- Derivative contracts: forward foreign exchange	16	(1,173)
<b>0</b>	<b>Total investment liabilities</b>		<b>(2,738)</b>
	<b>Other net assets</b>		
(433)	Cash held by Camden	12,13	1,095
1,704	Current assets	15	1,214
(1,863)	Current liabilities	15	(1,629)
<b>1,516,601</b>	<b>Total net assets</b>		<b>1,580,215</b>

Both the 2017 and 2018 investment valuations above are drawn from the custodian reporting system.

The net asset statement includes all assets and liabilities of the Fund as at 31 March 2018, but excludes long-term liabilities to pay pensions and benefits in future years.

# Note 1 Accounting Policies

i) The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is disclosed in Note 2 of these accounts.

ii) Investments are shown in the Net Assets Statement at market value. Market valuations are as provided by the Custodian and are based on bid values as at the Net Assets Statement date. Values of 3rd party assets for which the JPM Pricing team cannot source values are priced using the latest accounting reports provided by the investment manager, and if this valuation point differs to year end the Net Asset Value is adjusted for any further drawdown at cost. Prices in foreign currencies are translated at the closing rates of exchange as at 31<sup>st</sup> March 2018.

iii) Assets and liabilities in overseas currencies are translated into Sterling at the

exchange rates prevailing at the balance sheet date. Transactions during the year are translated at rates applying at the transaction dates.

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

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

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

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

viii) The change in market value of investments during the year comprises all increases and decreases in the market

value of investments held at any time during the year, including profit and losses realised on sales of investments and unrealised changes in market value.

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

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

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

the absence of such agreement, when received.

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

xiii) Transfer values represent the amounts received and paid during the year for members who have either joined or left the fund during the financial year and are calculated in accordance with The Local Government Pension Scheme Regulations. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

xiv) The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is

exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

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

xvi) Cash comprises demand deposits and includes amounts held by the Fund's external managers. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

xvii) The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a supporting note to the accounts (Note 2).

xviii) The Fund provides two additional voluntary contribution (AVC) schemes for its members. Assets are invested separately from those of the Pension Fund. The Fund has appointed Prudential and Phoenix Life as its AVC providers. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year. AVCs are disclosed as a note only (Note 17).

## Note 2 Actuarial Valuation

In addition to the triennial valuation, the Fund's actuary also undertakes a valuation of the pension fund liabilities every year, on an IAS 19 basis. For 2017/18 Hymans Robertson carried out this analysis, and their reported findings can be found in the accompanying report.

<http://www.camden.gov.uk/ccm/content/council-and-democracy/publications-and-finances/pensions/pension-fund-investment/>

## Note 3 Analysis of Contributions and Benefits

2016/17 £'000		2017/18 £'000
<b>Contributions receivable</b>		
50,773	Administering authority	52,731
441	Scheduled bodies	552
6,870	Admitted bodies	6,080
<b>58,084</b>		<b>59,363</b>
<b>Benefits payable</b>		
(48,232)	Administering authority	(49,615)
(581)	Scheduled bodies	(234)
(7,273)	Admitted bodies	(8,400)
<b>(56,086)</b>		<b>(58,249)</b>

## Note 4 Pension Strain

This is a payment to the Pension Fund from employers to make up for the funding shortfall following early retirement or ill health retirement.

## Note 5 Contributions Equivalent Premia

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

## Note 6 Related Party Transactions

The Camden Pension Fund is administered by Camden Council, and consequently there is a strong relationship between the Council and the Pension Fund.

In 2017/18 £107k was paid to the Council for accountancy services (£115k in 2016/17), and £395k was paid to the Pension Shared Service located at Wandsworth Council for pensions administration (£386k in 2016/17).

As at 31 March 2018, a cash balance of £1,095k relating to the Pension Fund was owed to Pension Fund by the Council (£433k was owed to the Council at 31 March 2017).

There were no other transactions with related parties other than those which are disclosed elsewhere within the accounts.

## Note 7 Administrative Costs and Other Expenditure

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

2016/17 £'000		2017/18 £'000
386	Pensions administration charge	395
64	Pensioner database system	65
115	Officers' salaries	107
2	Legal fees	1
25	London Collective Investment Vehicle*	100
7	Other	33
<b>599</b>	<b>Total</b>	<b>701</b>

\*In 2016/17 and 2017/18 the Fund paid an annual service charge totalling £25k to the London CIV. An additional development funding charge totalling £75k has been introduced for 2017/18. The development funding charge is in order to cover the cash flow

imbalance between annual revenues and costs during the early stages of the London CIV's development. The development charge will decline year on year to £10k in 2021/22.

Other Expenditure included the following items:

2016/17 £'000		2017/18 £'000
124	Actuarial advice	47
55	Investment consultancy	59
21	Audit	21
0	Audit Rebate	(3)
21	Custodian**	0
27	Corporate governance	27
3	Performance measurement	5
<b>251</b>	<b>Total</b>	<b>156</b>

\*\*Custodian costs for 2017/18 are reported alongside investment management expenses under note 9.

## Note 8 Pension Fund Investment Income

A detailed breakdown of this figure is shown below:

2016/17 £'000		2017/18 £'000
11,208	UK equities	452
7,170	Overseas equities	4,598
6,404	Pooled property investments	13,885
0	Pooled investment vehicles	1,867
13	Interest on cash deposits	(66)
<b>24,795</b>	<b>Total income before taxes</b>	<b>20,736</b>

## Note 9 Investment Management Expenses

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

2016/17 £'000		2017/18 £'000
318	Aberdeen	0
298	London CIV*	984
510	Barings*	593
1,617	Brevan Howard*	1,044
179	CB Richard Ellis	160
310	HarbourVest*	2,054
910	Harris	1,323
845	Insight	1,174
0	JP Morgan (Custodian)	30
104	Legal & General	41
1,717	Partners Group*	3,689
317	Standard Life*	461
<b>7,125</b>	<b>Total</b>	<b>11,553</b>

Investment management expenses are further analysed over the following:

2016/17 £'000		2017/18 £'000
6,074	Management fees	8,830
904	Performance related fees	1,892
0	Custody fees	30
147	Transaction costs	801
<b>7,125</b>	<b>Total</b>	<b>11,553</b>

\*includes management fees totalling £9.64m that have been deducted from fund assets at source but have been “grossed-up” in the accounts to aid transparency.

## Note 10 Change in Market Value of Investments

	Realised Gain/(Loss) £'000	Unrealised Gain/(Loss) £'000	Movement 2017/18 £'000
<u>Pooled investment vehicles:</u>			
- Fixed interest securities	8,633	(8,462)	171
- Index linked securities	0	299	299
- UK equities	313	3,173	3,486
- Overseas equities	498	34,344	34,842
- Private equity	(130)	1,633	1,503
- Pooled property investments	(690)	(228)	(918)
- Fund of hedge funds	1,707	(1,045)	662
- Diversified growth funds	0	4,673	4,673
	<b>10,331</b>	<b>34,387</b>	<b>44,718</b>
<u>Directly owned investment assets:</u>			
- UK equities	4,546	(4,804)	(258)
- Overseas equities	21,104	(22,709)	(1,605)
<b>Total</b>	<b>35,981</b>	<b>6,874</b>	<b>42,855</b>
Cash deposits	(1,004)	(120)	(1,124)
Currency	2	0	2
Derivative contracts: forward foreign exchange	(2)	(3)	(5)
Amounts payable for purchases	13	(4)	9
<b>Total</b>	<b>34,990</b>	<b>6,747</b>	<b>41,737</b>
			9,639
			<b>51,376</b>
			<b>2017/18 Movement on Investments</b>

# Note 11 Purchases and Sales

Pension Fund Purchases and Sales by Asset Type for the year ended 31 March 2018:

2016/17 £'000		2017/18 £'000		(263,468)	-	Overseas equities	(80,957)
	<b>Purchases</b>						
	<u>Pooled Investment Vehicles:</u>						
0	-	130,945	Fixed interest securities				
263,536	-	0	UK equities				
448,942	-	4,335	Overseas equities				
12,988	-	12,302	Private equity				
10,126	-	20,828	Pooled property investments				
46,780	-	14,121	Diversified growth funds				
10	-	64	Fund of hedge funds				
<b>782,382</b>		<b>182,595</b>					
	<u>Directly Owned Assets:</u>						
8,396	-	21,151	UK equities				
94,235	-	77,041	Overseas equities				
0	-	610	Derivative contracts: forward foreign exchange				
<b>885,013</b>		<b>281,397</b>	<b>Total Purchases</b>				
	<b>Sales</b>						
	<u>Pooled Investment Vehicles:</u>						
0	-	(130,946)	Fixed interest securities				
(270,476)	-	(2,250)	UK equities				
(243,303)	-	(2,559)	Overseas equities				
(4,301)	-	(6,931)	Pooled property investments				
(10,512)	-	(14,633)	Fund of Hedge Funds				
<b>(528,592)</b>		<b>(157,319)</b>					
	<u>Directly Owned Assets:</u>						
(31,906)	-	(16,214)	UK equities				
				<b>(823,966)</b>		<b>Total Sales</b>	<b>(255,100)</b>

## Note 12 Analysis of Investments at Market Value

31 March 2017 £'000		31 March 2018 £'000
	<b>Equities</b>	
	UK:	
15,895	- Quoted	27,826
150	- Unquoted	150
	Overseas:	
215,774	- Quoted	199,089
0	- Unquoted	0
<b>231,819</b>		<b>227,065</b>
	<b>Pooled Investment Vehicles</b>	
	UK:	
0	- Fixed interest securities	132,265
38,985	- Index linked securities	39,284
247,824	- Equities	249,060
55,967	- Fund of hedge funds	42,060
47,138	- Diversified growth funds	61,587
68,894	- Pooled property investments	80,565
	Overseas:	
132,095	- Fixed interest securities	0
468,357	- Equities	504,976
118,932	- Diversified growth funds	123,277
67,747	- Pooled property investments	72,967
15,418	- Private equity	29,222
<b>1,261,357</b>		<b>1,335,263</b>
0	Derivative contracts: forward foreign exchange	1,169
22,311	Cash deposits	16,346
1,706	Income receivable	1,995
0	Amounts receivable from sales	435

31 March 2017 £'000		31 March 2018 £'000
<b>1,517,193</b>	<b>Total investment assets</b>	<b>1,582,273</b>
	<b>Investment liabilities</b>	
0	Derivative contracts: forward foreign exchange	(1,173)
0	Amounts payable for purchases	(1,565)
<b>0</b>	<b>Total investment liabilities</b>	<b>(2,738)</b>
<b>1,517,193</b>	<b>Net investment assets</b>	<b>1,579,535</b>

## Note 13 Valuations by Fund Managers

2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000
<b>Aberdeen Asset Managers Ltd</b>			
491	0	469	873
- Cash		- Income receivable	
1,083	0	0	1,169
- Income receivable		- Derivative contracts: forward foreign exchange assets	
<b>Baring Asset Management Ltd</b>		0	435
118,932	123,277	0	(1,173)
- Pooled investment vehicle		- Derivative contracts: forward foreign exchange liabilities	
<b>BlueCrest Capital Management (UK) LLP</b>		0	(1,150)
1,120	584	- Amounts payable for purchases	
- Pooled investment vehicle		<b>Insight Investment</b>	
<b>Brevan Howard Asset Management LLP</b>		132,095	132,265
54,847	41,476	- Pooled investment vehicle	
- Pooled investment vehicle		<b>Legal &amp; General Investment Management</b>	
<b>CB Richard Ellis Collective Investors Ltd</b>		38,985	39,284
3,911	0	- Index linked securities	
- UK equities		247,824	249,061
- Pooled property investments: management funds	60,753	240,884	247,718
50,070		- UK equities	
- Pooled property investments: unit trusts	19,812	- Global equities	
18,823	19,812	<b>Partners Group Real Estate</b>	
6,065	6,073	67,747	72,967
- Cash		- Pooled investment vehicle	
145	132	<b>London CIV - Baillie Gifford</b>	
- Income receivable		227,474	257,258
0	(416)	- Pooled investment vehicle	
- Amounts payable for purchases		<b>London CIV – Ruffer LLP</b>	
<b>HarbourVest</b>		0	14,026
15,418	29,222	- Pooled investment vehicle	
- Pooled investment vehicle		<b>Standard Life</b>	
<b>Harris Associates LP</b>		47,138	47,561
11,984	27,826	- Pooled investment vehicle	
- UK equities		<b>JPM Custodian Account</b>	
215,774	199,089	11,084	2,379
- Overseas equities		- Cash	
4,671	7,894	9	990
- Cash		- Income receivable	
		<b>Council</b>	
		150	150
		- UK equities	
		<b>1,517,193</b>	<b>1,579,535</b>
		<b>Net investment assets</b>	

The UK equities owned directly by the Fund are holdings in the London LGPS Collective Investment Vehicle Ltd which represents 32

Local authority pension Funds in London. They are measured at par value, as seed capital in a private company as of 21 October 2015.

## Note 14a Valuation by Reliability of Information

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

### Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as Level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts. Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

### Level 2

Financial instruments at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

### Level 3

Financial instruments at Level 3 are those where at least one input that could have a

significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments and hedge fund of funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The following table provides an analysis of the financial assets and liabilities of the pension fund, as held at the Custodian, grouped into Levels 1 to 3 based on the level at which the fair value is observable.

	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
Values at 31 March 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	£'000
<b>Assets:</b>				
Cash & currencies	14,771	0	0	14,771
Cash equivalents	0	1,574	0	1,574
Equities	226,915	0	150	227,065
Pooled funds	0	1,335,263	0	1,335,263
Receivables	2,887	0	0	2,887
<b>Total Financial Assets</b>	<b>244,573</b>	<b>1,336,837</b>	<b>150</b>	<b>1,581,560</b>
<b>Liabilities:</b>				
Derivative contracts: forward foreign exchange	0	(3)	0	(3)
Payables	(2,022)	0	0	(2,022)
<b>Total Financial Liabilities</b>	<b>(2,022)</b>	<b>(3)</b>	<b>0</b>	<b>(2,025)</b>
<b>Grand Total</b>	<b>242,551</b>	<b>1,336,834</b>	<b>150</b>	<b>1,579,535</b>

Financial assets classed at Level 3 include the Fund's regulatory capital seed investment in the London Collective Investment vehicle.

	Quoted market price	Using observable inputs	With significant unobservable inputs	
Values at 31 March 2017 (restated)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Assets:</b>				
Cash & currencies	15,151	0	0	15,151
Cash equivalents	0	7,160	0	7,160
Equities	227,757	0	45,217	272,974
Pooled funds	0	1,219,030	0	1,219,030
Receivables	2,986	0	0	2,986
<b>Total Financial Assets</b>	<b>245,894</b>	<b>1,226,190</b>	<b>45,217</b>	<b>1,517,301</b>
<b>Liabilities:</b>				
Payables	(1,280)	0	0	(1,280)
<b>Total Financial Liabilities</b>	<b>(1,280)</b>	<b>0</b>	<b>0</b>	<b>(1,280)</b>
<b>Grand Total</b>	<b>244,614</b>	<b>1,226,190</b>	<b>45,217</b>	<b>1,516,021</b>

## Note 14b Transfers between Levels 1 and 2

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

## Note 14c Reconciliation of Fair Value Measurements within Level 3

	2017/18	2016/17
	£'000	Restated £'000
<b>Value at 31 March 2017</b>	<b>150</b>	<b>150</b>
Transfers into Level 3		
Transfers out of Level 3		
Purchases		
Sales		
Issues		
Settlements		
Unrealised gains/losses*		
Realised gains/losses		
<b>Value at 31 March 2018</b>	<b>150</b>	<b>150</b>

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

## Note 15 Analysis on Net Current Assets and Liabilities

2016/17 £'000		2017/18 £'000
	<b>Assets</b>	
137	Pension capital costs receivable	253
1,367	Admitted authorities payments receivable	961
200	Sundry debtors	0
<b>1,704</b>		<b>1,214</b>
	<b>Liabilities</b>	
(1,623)	Creditors	(1,623)
(241)	Unpaid benefits	(6)
<b>(1,864)</b>		<b>(1,629)</b>
<b>(160)</b>	<b>Net Total</b>	<b>(415)</b>

## Note 16 Derivative Contracts: Forward Foreign Exchange

Outstanding forward currency contracts are as follows

Settlement	Currency bought	Local Value '000	Currency sold	Local Value '000	Asset Value £'000	Liability Value £'000
Up to one month	ZAR	2,868	USD	(246)	173	(176)
Up to one month	ZAR	5,776	USD	(487)	347	(347)
Up to one month	ZAR	3,197	USD	(270)	192	(193)
Up to one month	CHF	30	USD	(31)	22	(22)
Up to one month	USD	42	EUR	(34)	30	(30)
Up to one month	USD	568	EUR	(462)	405	(405)
<b>Open forward currency contracts at 31 March 2018</b>					<b>1,169</b>	<b>(1,173)</b>
<b>Net forward currency contracts at 31 March 2018</b>						<b>(4)</b>
<b>2016/17 comparator</b>						
<b>Open forward currency contracts at 31 March 2017</b>					<b>0</b>	<b>0</b>
<b>Net forward currency contracts at 31 March 2017</b>						<b>0</b>

## Note 17 Additional Voluntary Contributions

Additional voluntary contributions are not included in the Pension Fund Accounts in accordance with regulation 4(2)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 1999. The providers of Additional Voluntary Contributions are Phoenix Life Ltd and Prudential Assurance Company Ltd (from 1 April 2009).

Phoenix operates two funds, the deposit fund and the managed fund and employees can contribute to either fund.

Prudential offer twelve funds, with the risk appetite ranging from minimal to higher risk. The employee has the option to choose a combination of these funds. Also the employee has the choice to invest in the default fund (with profits) or a lifestyle option, which commences with higher risk investments and is gradually switched to lower risk investments as the employee moves closer to retirement.

The value and transaction summary of the AVC funds are below. It should be noted that the Phoenix Life accounts are produced on a calendar year basis.

<b>Prudential</b>	<b>2017/18</b>	<b>2016/17</b>
	<b>£</b>	<b>£</b>
Value at 1 April 2017	2,007	1,867
- Contributions and Transfers Received	240	355
- Investment Return	107	212
- Paid Out	(550)	(427)
<b>Value at 31 March 2018</b>	<b>1,804</b>	<b>2,007</b>

<b>Phoenix Life Ltd</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Value at 1 January 2017	867	957
- Contributions and Transfers Received	13	17
- Investment Return	50	73
- Paid Out	(93)	(180)
<b>Value at 31 December 2017</b>	<b>837</b>	<b>867</b>

# Note 18 Reconciliation of Investments by Asset Class

2017/18

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

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

2016/17

	31 March 2016	Purchases	Sales	Change in Market Value	31 March 2017
	£'000	£'000	£'000	£'000	£'000
Pooled Vehicles:					
- Fixed interest securities	124,563	0	0	7,532	132,095
- Index-linked securities	31,951	0	0	7,034	38,985
- UK equities	208,769	263,536	(270,476)	45,995	247,824
- Overseas equities	180,746	448,942	(243,303)	81,972	468,357
- Private equity	0	12,988	0	2,430	15,418
- Fund of hedge funds	63,258	10	(10,512)	3,211	55,967
- Diversified growth funds	107,427	46,780	0	11,863	166,070
	<b>716,714</b>	<b>772,256</b>	<b>(524,291)</b>	<b>160,037</b>	<b>1,124,716</b>
Directly owned investment assets:					
- UK equities	35,966	8,396	(31,906)	3,589	16,045
- Overseas equities	301,775	94,235	(263,467)	83,231	215,774
- Property	132,784	10,126	(4,301)	(1,968)	136,641
<b>Total Investments</b>	<b>1,187,239</b>	<b>885,013</b>	<b>(823,965)</b>	<b>244,890</b>	<b>1,493,176</b>
Cash and net debtors	62,056			995	23,425
<b>Total</b>	<b>1,249,295</b>			<b>(245,885)</b>	<b>1,516,601</b>

# Note 19 Nature & Extent of risks arising from Financial Instruments

## Market risk

Market risk is the risk of a loss to the Fund due to fluctuations in the prices of the financial instruments it holds. The level of risk is managed through an acknowledgement of the risks associated with the different asset classes it holds, and by diversification between asset classes to control the level of risk whilst optimising return.

The table below shows the change in the net assets available to pay benefits if the market price increases or decreases by 10%. The analysis excludes cash and working capital, which are not subject to market risk.

	Value £'000	Value on 10% price increase £'000	Value on 10% price decrease £'000
As at 31 March 2017	1,492,533	1,641,787	1,343,280
As at 31 March 2018	1,562,324	1,718,557	1,406,092

## Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than Sterling.

To calculate currency risk the currency exchange rate volatility (% change relative to Sterling) of individual currencies is used, as provided by ratesfx.com. For pooled assets the effects of a 10% increase or decrease in the value of sterling is used as a proxy.

The following table summarises the Fund's currency exposure based on its holdings of overseas domiciled equities and property as at 31 March 2018.

### Credit Risk

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

Currency	Value (£'000)	% Change	Value on Increase (£'000)	Value on Decrease (£'000)
Euro	58,568	6.4%	62,287	54,848
Japanese Yen	8,162	8.2%	8,835	7,490
South African Rand	2,248	12.5%	2,528	1,967
South Korean Won	370	7.3%	397	343
Swiss Franc	33,808	6.9%	36,137	31,478
US Dollar	103,405	7.0%	110,664	96,146
Global Basket	504,975	10.0%	555,473	454,478
<b>Total Overseas Equity</b>	<b>711,536</b>		<b>776,321</b>	<b>646,750</b>
Overseas private equity (\$)	29,222	7.0%	31,274	27,171
Overseas property (€)	34,102	6.9%	36,268	31,937
Overseas property (\$)	38,865	7.0%	41,593	36,136
<b>TOTAL</b>	<b>813,725</b>		<b>885,456</b>	<b>741,994</b>

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

The Fund's on-call sterling deposits at JP Morgan are swept into the JPMorgan Sterling Money Market Fund. This vehicle has a AAA rating from Fitch and S&P.

## Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council takes steps to ensure that the Fund has adequate cash resources to meet its commitments through annual reviews of the maturity of the Fund (projections of cash inflows and outflows), and monthly monitoring of the cash flows generated from dealing with members.

## Single Investment Risk

The following single investments represent more than 5% of the net assets of the Fund, although each of the investments below is a pooled investment vehicle with a large number of underlying assets. None of the underlying assets represent more than 5% of the Fund.

Investment	Value 31/3/18 (£'000)	% of total fund	Value 31/3/17 (£'000)	% of total fund
Baillie Gifford Global Alpha Growth Fund	257,257	16.3%	227,474	15.0%
Legal & General UK equity index Fund	249,060	15.8%	247,824	16.3%
Legal & General global equity index Fund	247,718	15.7%	240,884	15.9%
Insight Investment Bonds plus 400 Fund	132,265	8.4%	132,095	8.7%
Baring Dynamic Asset Allocation Fund	123,277	7.8%	118,932	7.8%

## Interest Rate Risk

The fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following analysis shows the Fund's exposure to interest rate risk by positing the effect in the year on the net assets available to pay benefits of a 1% change in interest rates.

31 March 2018

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

31 March 2017

Assets exposed to interest rate risk	Value as at 31 March 2017 (£'000)	Potential movement on 1% change in interest rates (£'000)	Value on increase (£'000)	Value on decrease
Cash deposits	22,311	0	22,311	22,311
Fixed income	132,095	(2,378)	134,473	129,717
Index linked securities	38,985	9,593	29,392	48,578
<b>Total</b>	<b>193,391</b>	<b>7,215</b>	<b>186,176</b>	<b>200,606</b>

## Note 20 Contingent Liabilities and Contractual Commitments

### Property

The Fund has commitments in relation to three unquoted limited partnership funds in global property; one Euro denominated Luxembourg 'SICAR' and two US Dollar denominated Guernsey Limited Partnerships. These commitments are drawn down in tranches over time as and when the manager needs the cash to invest in underlying investments. The Euro fund had £2.228m of commitments outstanding as at 31 March 2018 (£2.162m as at 31 March 2017), the US Dollar funds had a total of £78.939m of commitments outstanding as at 31 March 2018 (£31.477m as at March 2017). These are not required to be included in the Pension Fund accounts.

### Private equity

The Fund has a further commitment in relation to its private equity mandate via the HarbourVest 2016 Global AIF Limited Partnership. This commitment is drawn down in tranches over time as and when the manager requests cash to fund underlying investments. The fund is denominated in US Dollars and had £34.492m of commitments outstanding as at 31 March 2018 (£54.393m as at 31 March 2017). This is not required to be included in the Pension Fund accounts.

## Note 21 Events after the reporting period

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



# Glossary and Contacts

# 5

# 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 Remeasurement of Net Defined Benefit Liability

The Actuary assess financial and non-financial information provided by the Council to project levels of future pension fund requirements.

Changes in actuarial deficits or surpluses can arise leading to a loss or gain because:

- Events have not coincided with the actuarial assumptions made for the last valuation;
- The actuarial assumptions have changed.

## Agency Services

These are services that are performed by or for another Authority or public body, where the principal (the Authority responsible for the service) reimburses the agent (the Authority carrying out the work) for the costs of the work.

## Appointed Auditors

The Public Sector Audit Appointments appoints external auditors to every Local Authority, from one of the major firms of registered auditors. KPMG is the Council's appointed Auditor.

## Associate Companies

This is an entity other than a subsidiary or joint venture in which the reporting Authority has a participating interest and over who's operating and financial policies the reporting Authority is able to exercise significant influence.

## Authorised Limit

This represents the legislative limit on the Council's external debt to finance capital expenditure under the Local Government Act 2003.

## Balances

The balances of the Authority represent the accumulated surplus of income over expenditure on any of the Funds.

## Capital Adjustment Account

The Account accumulates (on the debit side) the write-down of the historical cost of Property, Plant and Equipment as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (revenue expenditure funded by

capital under statute). The balance on the account thus represents timing differences between the amount of the historical cost of fixed assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

#### Capital Charges

Charges made to service department revenue accounts, comprising depreciation (where appropriate) based on the value of the asset employed.

#### Capital Expenditure

This is expenditure on the acquisition of property, plant and equipment, or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.

#### Capital Financing Charges

This is the annual charge to the revenue account in respect of interest and principal repayments and payments of borrowed money, together with leasing rentals.

#### Capital Receipts

Income received from the sale of land or other capital assets, a proportion of which may be used to finance new capital expenditure, subject to the provisions contained within the Local Government Act 2003.

#### Carrying Amount

The Balance Sheet value recorded of either an asset or a liability.

#### Community Assets

This is a category of Property, Plant and Equipment that the Council intends to hold in perpetuity which have no determinable finite useful life and, in addition, may have restrictions on their disposal. Examples include parks and historical buildings not used for operational purposes.

#### Contingency

This is money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.

#### Contingent Liabilities or Assets

These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Council's accounts.

#### Creditors

Amounts owed by the Council for work done, goods received or services rendered, for which payment has not been made at the date of the balance sheet.

#### Current Service Cost

This is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

#### Debtors

These are sums of money due to the Council that have not been received at the date of the Balance Sheet.

#### Dedicated Schools Grant

A specific grant for the funding of schools and which is ring-fenced to the Schools Budget.

#### Deferred Capital Income

This consists mainly of income due from former tenants who have purchased their homes and taken out mortgages with the Council.

#### Defined Benefit Scheme

This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

#### Defined Contribution Scheme

A Defined Contribution Scheme is a pension or other retirement benefit scheme into which an employer pays regular contributions as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

#### Depreciation

This is the measure of the wearing out, consumption, or other reduction in the useful economic life of Property, Plant and Equipment.

#### Derecognition

Financial assets and liabilities will need to be removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

#### Earmarked Reserves

Amounts set aside for a specific purpose to meet future commitments or potential liabilities, for which it is not appropriate to establish provisions.

#### External Audit

The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Authority has made proper arrangements to secure value for money in its use of resources.

#### Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### Finance Lease

A finance lease is a lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

#### Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

#### Financial Regulations

These are the written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures..

#### General Fund

This is the main revenue fund of the Authority and includes the net cost of all services financed by local taxpayers and Government grants.

#### Heritage Asset

A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

### Housing Benefit

This is an allowance to persons on low income (or none) to meet, in whole or part, their rent. Benefit is allowed or paid by Local Authorities but Central Government refunds part of the cost of the benefits and of the running costs of the services to Local Authorities. Benefits paid to the Authority's own tenants are known as rent rebate and that paid to private tenants as rent allowance.

### Housing Revenue Account (HRA)

Local Authorities are required to maintain a separate account - the Housing Revenue Account - which sets out the expenditure and income arising from the provision of Council housing. Other services are charged to the General Fund.

### Impairment

A reduction in the value of a fixed asset below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a fixed asset's market value and evidence of obsolescence or physical damage to the asset.

### Infrastructure Assets

A category of Property, Plant and Equipment which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

### Intangible Assets

These are assets that do not have physical substance but are identifiable and controlled by the Council. Examples include software, licenses and patents.

### Liabilities

These are amounts due to individuals or organisations which will have to be paid at some time in the future.

### Materiality

An item would be considered material to the financial statements if, through its omission or non-disclosure, the financial statements would no longer show a true and fair view.

### Minimum Revenue Provision (MRP)

MRP is the minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.

### Operating Lease

This is a type of lease, usually of computer equipment, office equipment, furniture, etc. where the balance of risks and rewards of holding the asset remains with the lessor. The asset remains the property of the lessor and the lease costs are revenue expenditure to the Authority.

### Provisions

Amounts set aside to meet liabilities or losses which it is anticipated will be incurred but where the amount and/or the timing of such costs are uncertain.

### Private Finance Initiative (PFI)

A Central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance. The PFI is supported by a number of incentives to encourage Authorities' participation.

### Related Parties

Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, all senior officers from Director and above and the Pension Fund. For individuals identified as related parties, the following are also presumed to be related parties:

- Members of the close family, or the same household; and
- Partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

### Revaluation Reserve

The Reserve records the accumulated gains on the fixed assets held by the Authority arising from increases in value as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

### Revenue Expenditure from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the CIES.

### Revenue Expenditure

Spending on day-to-day items, including salaries and wages, premises costs and supplies and services.

### Transfer Payments

Benefits paid over to tenants and homeowners towards rent and council tax which is then reimbursed by central government.

Trust Funds

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

# Abbreviations

AVC  
Additional Voluntary Contributions

BSF  
Building Schools for the Future

BVCA  
British Venture Capital Association

CCG  
Clinical Commissioning Group

CFR  
Capital Financing Requirement

CGRA  
Capital Grants Received in Advance

CIPFA  
Chartered Institute of Public Finance and Accountancy

CPFA  
Chartered Public Finance Accountant

CPI  
Consumer Price Index

DFE  
Department for Children, Schools and Families (formerly DfES – Department of

Education and Skills) (Central Government)

DHC  
Depreciated historical cost

DMO  
Debt Management Office

DRC  
Depreciated replacement cost

DSG  
Dedicated Schools Grant

DWP  
Department of Work and Pensions (Central Government)

EUV  
Existing Use Value

FMV  
Fair Market Value

FTE  
Full Time Equivalent

GLA  
Greater London Authority

HMRC  
Her Majesty's Revenue & Customs

HRA  
Housing Revenue Account

IAS  
International Accounting Standards

ICT  
Information Communication Technology

IFRIC  
International Financial Reporting Interpretations Committee

IFRS  
International Financial Reporting Standards

ILEA  
Inner London Education Authority

IPSAS  
International Public Sector Accounting Standards

ISB  
Independent School Bursary Scheme

LCAAF

London Committee for Action Against Fraud

LEP  
Local Education Partnership

LEU  
London Ecology Unit

LGIU  
Local Government Information Unit

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

MRA  
Major Repairs Allowance

MRP  
Minimum Revenue Provision

NBV  
Net Book Value

NNDR  
National Non Domestic Rates (Business Rates)

NPV  
Net Present Value

NLWA  
North London Waste Authority

OEIC  
Open Ended Investment Company

PFI  
Private Finance Initiative

PPE  
Property, Plant and Equipment

PWLB  
Public Works Loan Board

RCCO  
Revenue Contribution to Capital Outlay (this is also known as Direct Revenue Financing)

REFCUS  
Revenue Expenditure Funded From Capital Under Statute

RICS  
Royal Institution of Chartered Surveyors

RNCC  
Registered Nursing Care Contribution

RPI  
Retail Price Index

RSL  
Registered Social Landlord

SBRR  
Small Business Rate Relief

SEN  
Special Education Needs

SIC  
Standing interpretations Committee

SLA  
Service Level Agreement

SOLACE  
Society of Local Authority Chief Executives

SORP  
Statement of Recommended Practice

SSAP

Statement of Standard Accounting  
Practice

TfL

Transport for London

TSS

Teachers Superannuation Scheme

UCL

University College London

UK GAAP

UK Generally Accepted Accounting  
Principles

*NOTE: values throughout these accounts are presented rounded to whole numbers. Totals in supporting tables and notes may not appear to cast, cross-cast, or exactly match to the core statements or other tables due to rounding differences.*

# Contact Information

This document gives details of London Borough of Camden's Annual Accounts and is available on the Council's website at [camden.gov.uk](http://camden.gov.uk).

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