

Annual Financial Report

London Borough of Camden

2015/16



5 Pancras Square



Camden Lock

Contents

1 Written Statements and Foreword

Executive Director
Corporate Services'
Narrative report
Page 5

Independent Auditor's
Report to members of
London Borough of
Camden
Page 15

Statement of
Responsibilities for the
Statement of Accounts
Page 19

Chairs Approval of
Statement of Accounts
Page 20

2 Core Financial Statements

Comprehensive Income
and Expenditure
Statement
Page 22

Movement in
Reserves Statement
Page 24

Balance Sheet
Page 27

Cash Flow Statement
Page 30

3 Notes to the Accounts

Notes to the Core
Financial Statements
Page 32

4 Supplementary Accounts and Explanatory Notes

Housing Revenue
Account (HRA)
Statements and
Explanatory Notes
Page 150

Collection Fund
Accounts and
Explanatory Notes
Page 160

Pension Fund Accounts
and Explanatory Notes
Page 166

5 Glossary and Contacts

Glossary of Terms
Page 197

Abbreviations
Page 202

Contact for
Further Information
Page 205



1

Foreword

Narrative Report

From the Executive Director Corporate Services, Michael O'Donnell

I am pleased to present the Council's 2015/16 Annual Financial Report. The narrative report provides a guide to the most significant matters reported in the Council's accounts. Camden's financial statements for 2015/16 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 2015/16 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, which, in turn, is based on International Financial Reporting Standards.

To aid interpretation of the Council's accounts, this narrative report provides;

- Introduction to Camden and Camden Plan, which sets out the key priorities for the Council
- 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 2015/16
- Summary of financial performance for various elements of the council's financial structure – General Fund, Capital, Housing Revenue Account, Collection Fund and Pension Fund
- Trend in staffing numbers over recent years
- Explanation of the key financial statements



Michael O'Donnell

Executive Director Corporate Services and
Responsible Chief Finance Officer
London Borough of Camden

Introduction to Camden

Camden is a borough of immense contrast and diversity. The borough's 8 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. Over 200,000 people work in, visit or travel through Camden every day. We benefit from strong commercial centres, the University of 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'.

Four years on, we continue to focus on these objectives and last year published an update on our progress which is summarised in the table below and can be found [here](#);

Providing democratic and strategic leadership fit for changing times	Developing new solutions with partners to reduce inequality	Creating conditions for and harnessing the benefits of economic growth	Investing in our communities to ensure sustainable neighbourhoods	Delivering value for money services by getting it 'right first time'
<ul style="list-style-type: none"> - Led the way by becoming the country's first Timewise Council in March 2014 - championing flexible and part-time working - Secured £41 million of partnership investment to improve the Tottenham Court Road areas through the West End Project. - Won concessions from government on the High Speed Two (HS2) rail line. - Agreed a robust financial strategy that focuses on delivering Camden Plan outcomes. By the end of financial year 2015/16 we will have saved £123 million. 	<ul style="list-style-type: none"> -Worked with partners to: <ul style="list-style-type: none"> * Support more mothers into work * Introduce the London Living Wage for Council staff and had major successes in achieving it for our contractors * Helped to reduce alcohol-related hospital admissions. - Made a positive difference by reducing the number of families housed in temporary accommodation by 20% since 2012. - Ran an Equality Taskforce, bringing together key voices, to look at where inequality exists in Camden and how this can be addressed. 	<ul style="list-style-type: none"> - Worked with the business sector to attract businesses, jobs and investment to the borough. - Supported the establishment of a Business Improvement District in Fitzrovia. - Helped address unemployment levels amongst the young. - Worked with the education sector to increase educational attainment. - Established a programme that has created flexible work opportunities for local people to do community research, engagement and consultation in their areas. 	<ul style="list-style-type: none"> - Invested in our Community Investment Programme (CIP). -Invested in social resources, such as: <ul style="list-style-type: none"> *A range of new supported living schemes for older and disabled people *Campaigns to help lower instances of domestic violence. *Sports and leisure schemes. We now have the second highest participation rates of the 7 inner London boroughs. - Helped to make Camden a safer place to live, with crime falling. - Secured £9 million of investment to make cycling improvements. 	<ul style="list-style-type: none"> - Improved value for money. By the end of financial year 2015/16 we will have made £123 million of budget reductions, while continuing to deliver quality. -Won a 'UK Digital City' prize in 2015. -Improved customer service: <ul style="list-style-type: none"> * Residents' satisfaction in council services is up from 67% to 76% from October 2012 to March 2015. * Introduced a scheme where residents are able to make council payments at any post office * Introduced free wi-fi in the borough. * Updated our housing allocations process

Financial context

The Council and local government more broadly continue to operate in a challenging financial environment. The Government has maintained its commitment to reduce public sector spending, and central government funding to local government continues to decrease significantly. Reducing funding combined with demand pressures mean that although we had to make budget reductions of £93.0m in the four years to 2014/15, we knew we needed to prepare for continuing large-scale budget reductions, and developed a financial strategy to deliver further £78.0m of budget reductions between 2015/16 and 2017/18.

Through Outcome Based Budgeting, we have developed a **financial strategy** designed to ensure the Council's increasingly limited 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. In

2015/16, we delivered £30.0m of the £78.0m planned, taking our total budget reductions to £123.0m since 2011/12. The 2016/17 budgets include further budget reductions of £23.0m as we continue to deliver our financial strategy.

The Financial Strategy has been shaped by the core objectives of the Camden Plan, which sets out our ambition to address a range of challenging social issues that Authorities have struggled with for decades, whilst continuing to deliver high quality services for local people and in a climate of decreasing resources.

Instead of annual, arbitrary, reductions to budgets across the board, the Council is taking a planned, longer-term approach to achieving the required budget reductions by focussing on the things that contribute most to key outcomes set out in the Camden Plan.

Events after the reporting period date

The result of the referendum held on 23 June was in favour of the UK leaving the European Union. This is a non-adjusting event. A reasonable estimate of the financial effect of this event cannot be made.

Key achievements

Community Investment Programme (CIP)

This 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 stands at £1.57bn. Only 4% of this investment will be financed by government or GLA grant.

This year families have moved into new council houses in Everton Mews as part of the Netley development and the first two blocks of Bacton Low Rise have completed. Many more homes will be completed over the next few years with construction under way at Bourne Estate, Abbey, Maiden Lane, Holly Lodge, Plender Street and Agar Grove.

CIP is also helping to fund the refurbishment of a significant number of council homes through the Better Homes programme. More than 5,250 homes are being refurbished this year (2015/16) – with £197.0 million to be invested in over 13,000 homes covering both internal and external works in the next five years. This includes the renewal and repair of kitchens, bathrooms, roofs and windows.

As well as investing in homes, CIP is on track to improve over 9,000 m2 of community facilities and spaces, including investing in community centres such as the new St Pancras Community Centre which will open in the next few months.

CIP will invest £117.0m in 53 of Camden's schools and children's centres to help address the government's cuts to capital funding for schools and create 963 new school places. £51.0m has already been invested and the next few years will see the completion of major projects including the expansion of Kingsgate Primary School at Liddell Road, improvements to Parliament Hill and William Ellis Schools and the re-building Edith Neville Primary School in Somers Town. We also opened the second of two new residential care homes for older adults.

New council structure

In January 2016, Cabinet approved a new leaner management structure for the Council, which has reduced the number of council directorates from six to three, which was effective from April 2016. The new structure will enable us to better join-up across services and focus on getting things right first time, and helping us make a more positive impact for everyone in Camden. The new structure has created some immediate efficiency by reducing the number of chief officers and other senior roles within the organisation. However, there is another equally important reason for suggesting this change. Re-structuring the organisation will help us work together in a more integrated way, reducing organisation barriers to improve our success in delivering the Camden Plan outcomes and provide better value for money.

Summary of financial performance

General Fund

The Council had a net revenue budget of £233.5m in 2015/16 and delivered a final outturn underspend after agreed transfers to reserves of £(7.1)m. This reflects the approach taken by finance and service management to drive down costs and deliver savings earlier than planned where possible. The underspend is around 3% of the net budget. The Council's actual spend compared with its updated budget for 2015/16 is set out below:

	Net Budget £m	Outturn £m	Variance to Budget £m
Law & Governance	2.132	2.178	0.046
Strategy & Org.Development	3.685	4.021	0.336
Finance Department	0.870	0.431	(0.439)
Culture & Environment	52.453	53.395	0.941
Children, Schools & Families	84.490	83.872	(0.618)
Housing & Adult Social Care	119.418	117.517	(1.901)
Public Health	23.925	22.924	(1.001)
Corporate Budgets	(53.428)	(58.356)	(4.928)
General Fund Total	233.545	225.981	(7.564)
Allocations agreed in December Cabinet			
High Speed 2 Reserve		0.502	0.502
General Fund Total	233.545	226.483	(7.062)

This expenditure was funded from a variety of sources, including

- Government grants – £509.9m. 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 - £81.6m
- Council tax - £91.0m
- Business rates (see 'Collection Fund' section below) - £72.3m

Capital

The Council has a large capital programme with planned expenditure running through to 2024/25. 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 £215.2m, compared with a budget of £209.7m. The main areas of investment were as follows:

- Housing and Adult Social Care which spent £154.8m, mainly on the Better Homes programme and Estate Regeneration projects,
- The Community Investment Programme schemes and the King's Cross Schools redevelopment within Children, Schools, and Families are helping to provide improved school facilities for the residents of Camden - £18.9m, and
- Culture and Environment which spent £22.3m helping to improve transportation links across the borough with numerous traffic flow improvement schemes, and major investments for sustainability improvements relating to our energy use.

The total capital spend of £215.2m in 2015/16 was financed from a number of sources including

- £48.5m from capital grants,
- £18.1m from revenue contributions (General Fund) and £14.5m from the Housing Revenue Account,
- £12.9m from Housing Revenue Account prudential borrowing,
- £2.9m from General Fund prudential borrowing,
- £54.6m from Section 106 and other contributions and
- £63.6m from capital receipts.

Housing Revenue Account

The Housing Revenue Accounts (HRA) is a ring fenced landlords' accounts for the running of the Council's housing stock. The Council is the main provider of rented accommodation in Camden with 23,197 units at 31 March 2016. In 2015/16, average council rents (excluding service charges) were £114.93 per week, an increase of £4.70, or 4.26%, compared to the 2014/15 level of £110.23 per week.

In 2015/16, the HRA had a planned net deficit of £1.8m, which when taken to its existing reserves of £41.0m resulted in £39.2m being carried forward at 31 March 2016.

	Budget £m	Outturn £m	Variance to Budget £m
Repairs Allocation	37.231	42.889	5.658
Repairs Management	14.942	14.314	(0.628)
Housing Management	(15.599)	(18.756)	(3.157)
Housing Other	(36.574)	(36.647)	(0.073)
Housing Revenue Account Total	0.000	1.800	1.800

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

- Dwelling Rents £135.6m,
- Commercial and Non Dwelling Rents £10.8m and
- Charges for Services £45.5m.

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 2015/16, we collected £91.0m from council tax – that is 9% of the overall income. In 2015/16, Camden's element of band D council tax was £1,041.81.
- The amount of business rates Camden collects is one of the highest in the country. The total amount collectable, less certain reliefs and deductions, is distributed between the Government, Greater London Authority and the London Borough of Camden. Because of the high amount the council collects, we only retain 17% of the collected business rates – this year's retained business rate income was £90.2m. However, we had to contribute £17.9m toward the collection fund deficit.

- The Collection fund closing position was £45.4m deficit – made up of £46.9m business rate deficit and £1.6m Council tax surplus.

Pension Fund

The Pension Fund Account reports the contributions received payments to pensioners and the value of net assets invested in the Local Government Pension Scheme on behalf of Council employees. All employees can 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 2015/16 total contributions paid in were £55.1m, of which

- employers contributed £44.3m and
- employees contributed £10.7m.

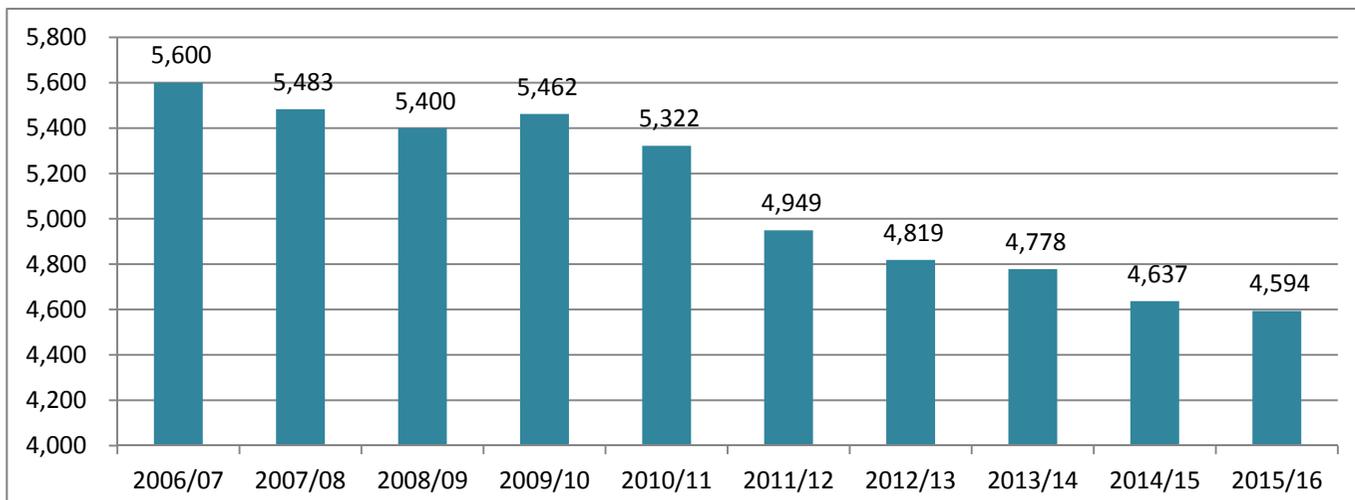
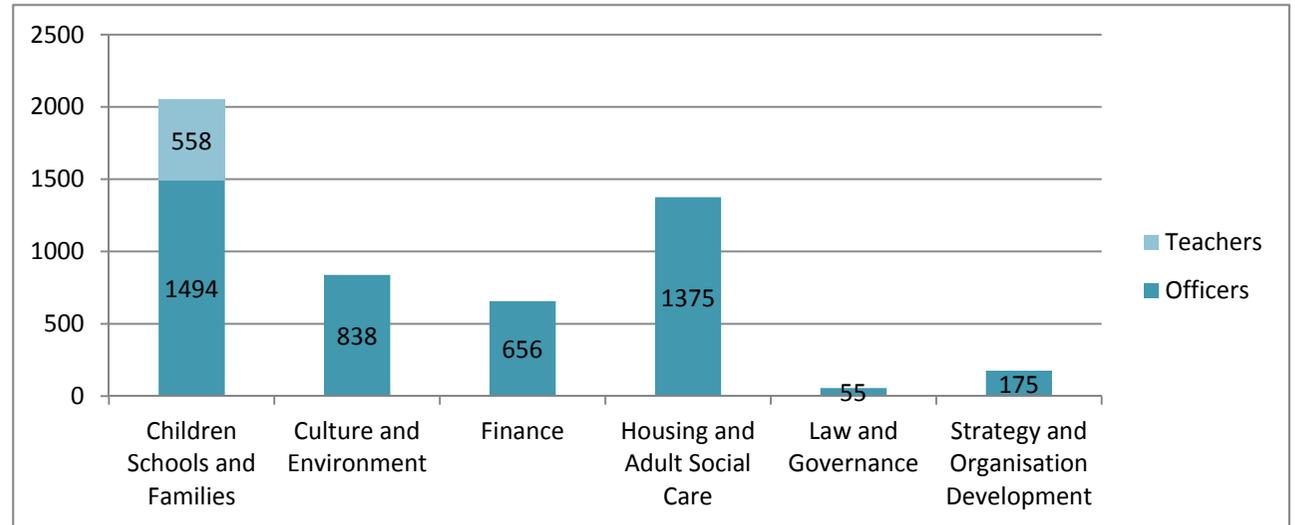
Total Benefits paid out were £53.9m, this comprised of

- £44.5m monthly pension payments,
- £8.9m of lump sum retirement grants and
- £0.5m in death grants

The value of Fund assets reduced by - 1.4% in the 2015/16 financial year to £1.25bn, as set out in the accounts. Camden is one of the largest of the London Borough funds in terms of assets, with over 19,000 members and 31 "admitted bodies" as at 31st March 2016

Staffing trends over recent years

The graph on the right shows Camden's staff numbers in 2015/16 for each directorate, expressed in terms of the number of full-time equivalents in post in each category of employment at 31 March 2016. 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 44 (1%) between 2014/15 and 2015/16.

Explanation of the financial statements

The Statement of Accounts presents the Council's income and expenditure for the year, and its financial position at 31 March 2016. 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 2015/16, which in turn is underpinned by International Financial Reporting Standards.

Comprehensive Income and

Expenditure Statement - This statement, as set out on page 22, shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Movement in Reserves Statement - This Statement, as set out on page 24, shows the movement in the year on the different reserves held by Camden, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus

or (deficit) on the provision of services' line shows the true economic cost of providing Camden's services, more details of which are shown in the Comprehensive Income and Expenditure Summary (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The 'Net increase /Decrease before transfers to Earmarked Reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by Camden.

Balance Sheet - The Balance Sheet, as set out on page 27, shows the value as at the Balance Sheet date of Camden's assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of

reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement - The Cash Flow Statement, as set out on page 30, 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

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

We have audited the financial statements of London Borough of Camden for the year ended 31 March 2016 on pages 22 to 195. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

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.

Respective responsibilities of the Executive Director Corporate Services and Responsible Financial Officer and auditor

As explained more fully in the Statement of the Executive Director Corporate Services and Responsible Chief Financial Officer's Responsibilities, the Executive Director Corporate Services and Responsible 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, and for being satisfied that the financial statements give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director Corporate Services and Responsible Chief Financial Officer; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Narrative Statement and the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2016 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 Pension Fund during the year ended 31 March 2016 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2016 other than liabilities to pay pensions and other benefits after the end of the scheme year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Matters on which we are required to report by exception

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

- the Annual Governance Statement which accompanies the financial statements does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- the information given in the Narrative Statement and the content of the Annual Report for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- 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; or
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014; or
- any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

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

Authority's responsibilities

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.

Auditor's responsibilities

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. The Code of Audit Practice issued by the Comptroller and Auditor General (C&AG) requires us to report to you our conclusion relating to proper arrangements.

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.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by C&AG in November 2015, as to whether London Borough of Camden Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether London Borough of Camden Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, London Borough of Camden Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, 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 2016.

Delay in certification of completion of the audit

Due to work on the WGA Return not being completed by the 30 September 2016

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 matters brought to our attention by local authority electors

We cannot formally conclude the audit and issue an audit certification until we have completed our considerations of matters brought to our attention by local authority electors. 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

KPMG LLP

15 Canada Square

London E14 5GL

28 September 2016

Statement of responsibilities for the Statement of Account

The Council's Responsibilities

The council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers 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.
- Approve the Annual Financial Report, incorporating the Statement of Accounts.

The Executive Director Corporate Services and Responsible Financial Officer's Responsibilities

The Executive Director Corporate Services and Responsible Financial Officer is responsible for the preparation of the council's Annual Financial Report, which

incorporates the Statement of Accounts, 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 2015/16.

In preparing this Annual Financial Report, the Executive Director Corporate Services and Responsible 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 of Practice on Local Authority accounting.

The Executive Director Corporate Services and Responsible Financial Officer has also:

- Kept proper accounting records which were up to date

- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with regulation 9 of the Accounts and Audit Regulations 2015, issued under the Audit Commission Act 1988, and where specifically stated, in accordance with all recognised statutory requirements and codes of practice applicable to local authorities; I hereby certify that the Annual Financial Report, incorporating the Statement of Accounts, gives a true and fair view of the financial position of the authority and its income and expenditure for the year ended 31 March 2016.

Michael O'Donnell, CPFA
Executive Director Corporate Services and Responsible Financial Officer
22 September 2016

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 **22 September 2016** authorised the Chair to approve the Statement of Accounts.

Chair, Audit and Corporate Governance
Committee



The Shaw Theatre

BRITISH LIBRARY

2 Core Financial Statements

Comprehensive Income and Expenditure Statement

2014/15				2015/16		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
111,074	(24,525)	86,549	Adult Social Care	114,779	(32,911)	81,868
24,748	(4,960)	19,788	Central Services	20,914	(5,193)	15,721
314,018	(232,306)	81,712	Children's and Education Services	311,192	(233,008)	78,184
16,805	(5,393)	11,412	Cultural and Related Services	19,765	(6,370)	13,395
54,991	(12,794)	42,197	Environmental and Regulatory Services	56,369	(13,029)	43,340
41,536	(42,029)	(493)	Highways and Transport Services	40,926	(41,865)	(939)
102,614	(176,332)	(73,718)	Local Authority Housing (HRA)	153,538	(190,186)	(36,648)
234,349	(209,255)	25,094	Other Housing Services	232,976	(212,412)	20,564
24,363	(13,939)	10,424	Planning Services	22,432	(14,317)	8,115
25,662	(26,673)	(1,011)	Public Health	25,110	(27,305)	(2,195)
5,309	(817)	4,492	Corporate and democratic core	3,319	(1,079)	2,240
835	0	835	Non distributed costs	2,632	0	2,632
956,304	(749,023)	207,281	Cost Of Services	1,003,952	(777,675)	226,277

2014/15			2015/16			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
(97,109)	0	(97,109)	Other Operating Expenditure (<i>Note 9</i>)	(12,017)	0	(12,017)
51,743	(15,623)	36,120	Financing and Investment Income and Expenditure (<i>Note 10</i>)	2,495	(8,402)	(5,907)
0	(328,603)	(328,603)	Taxation and Non-Specific Grant Income (<i>Note 11</i>)	0	(323,010)	(323,010)
	(182,311)	(182,311)	(Surplus) or Deficit on Provision of Services			(114,657)
		(134,660)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(69,109)
		165,557	(Actuarial gains) / losses on pension assets / liabilities			(142,776)
		0	Other (gains) and losses			0
	30,897	30,897	Other Comprehensive Income and Expenditure			(211,885)
	(151,414)	(151,414)	Total Comprehensive Income and Expenditure			(326,542)

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.

The net increase/decrease before transfers to earmarked reserves line shows the statutory general fund balance and housing revenue account balance before any discretionary transfers to or from earmarked reserves are undertaken by the Council.

Movement in Reserves Statement

2015/16	General Fund Balance	Earmarked GF Reserves	Housing Revent 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	£000
Balance at 31 March 2015 brought forward	(13,620)	(127,261)	(40,965)	(33,374)	(12,422)	(2,515)	(230,157)	(2,627,620)	(2,857,777)
Movements in Reserves during 2015/16									
Surplus/Deficit on provision of services	(8,218)	0	(106,439)	0	0	0	(114,657)	0	(114,657)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	(211,885)	(211,885)
Total Comprehensive Income and Expenditure	(8,218)	0	(106,439)	0	0	0	(114,657)	(211,885)	(326,542)
Adjustments between accounting basis & funding under regulations (<i>Note 7</i>)	23,004	0	108,239	10,377	5,763	(4,869)	142,514	(142,514)	0
Net (Increase)/Decrease before transfers to Earmarked reserves	14,786	0	1,800	10,377	5,763	(4,869)	27,857	(354,399)	(326,542)
Transfers to/from Earmarked Reserves	(14,786)	14,786	0	0	0	0	0	0	0
(Increase)/Decrease in Year	0	14,786	1,800	10,377	5,763	(4,869)	27,857	(354,399)	(326,542)
Balance at 31 March 2016 carried forward	(13,620)	(112,475)	(39,165)	(22,997)	(6,659)	(7,384)	(202,300)	(2,982,019)	(3,184,319)

Movement in Reserves Statement

2014/15	General Fund Balance	Earmarked GF Reserves	Housing Revent 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	£000
Balance at 31 March 2014 brought forward	(13,620)	(123,913)	(34,913)	(4,879)	(13,178)	(2,559)	(193,062)	(2,513,301)	(2,706,363)
Movements in Reserves during 2014/15									
Surplus/Deficit on provision of services	(81,863)	0	(100,447)	0	0	0	(182,311)	0	(182,311)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	30,896	30,896
Total Comprehensive Income and Expenditure	(81,863)	0	(100,447)	0	0	0	(182,311)	30,896	(151,414)
Adjustments between accounting basis & funding under regulations	78,515	0	94,395	(28,495)	756	44	145,215	(145,215)	0
Net (Increase)/Decrease before transfers to Earmarked reserves	(3,348)	0	(6,052)	(28,495)	756	44	(37,095)	(114,319)	(151,414)
Transfers to/from Earmarked Reserves	3,348	(3,348)	0	0	0	0	0	0	0
(Increase)/Decrease in Year	0	(3,348)	(6,052)	(28,495)	756	44	(37,095)	(114,319)	(151,414)
Balance at 31 March 2015 carried forward	(13,620)	(127,261)	(40,965)	(33,374)	(12,422)	(2,515)	(230,157)	(2,627,620)	(2,857,777)

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 2015		Note	31 March 2016
£000			£000
3,718,554	Property, Plant & Equipment	12	3,904,126
849	Heritage Assets	13	840
190,277	Investment Property	14	229,081
5,668	Intangible Assets	15	5,559
627	Long Term Investments	16	667
2,215	Long Term Debtors	16	2,013
3,918,190	Long Term Assets		4,142,286
239,454	Short Term Investments	16	169,412
40,620	Assets held for sale (less than a year)	20	42,917
310	Inventories	17	317
86,166	Short Term Debtors	18	106,618
34,086	Cash and Cash Equivalents	19	69,269
400,636	Current Assets		388,533
(43,979)	Short Term Borrowing	16	(15,871)
(146,335)	Short Term Creditors	21	(179,347)
	Grants Receipts in Advance:		
(4,286)	- Revenue	37	(3,354)
(10,077)	- Capital	37	(3,057)
(20,205)	Short Term Provisions	22	(14,406)
(224,882)	Current Liabilities		(216,035)

Balance Sheet

31 March 2015		Note	31 March 2016
£000			£000
(8,144)	Long Term Provisions	22	(8,529)
(348,016)	Long Term Borrowing	16	(347,958)
(81,597)	Other Long Term Liabilities	16	(75,474)
	Grants Receipts in Advance:		
0	- Revenue		0
(70,035)	- Capital	37	(93,305)
(728,375)	Net Pensions Liability	45	(605,199)
(1,236,167)	Long Term Liabilities		(1,130,465)
2,857,777	Net Assets		3,184,319
230,157	Usable reserves	23	202,300
2,627,620	Unusable Reserves	24	2,982,019
2,857,777	Total Reserves		3,184,319

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 2015		31 March 2016	
£000		£000	
182,311	Net surplus or (deficit) on the provision of services	114,657	
(58,650)	Adjustment to surplus or deficit on the provision of services for noncash movements (note 25)	62,411	
(179,493)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities (note 25)	(123,982)	
(55,832)	Net Cash flows from operating activities	53,086	
(17,163)	Net Cash flows from Investing Activities (note 26)	12,496	
14,616	Net Cash flows from Financing Activities (note 27)	(30,399)	
(58,379)	Net increase or decrease in cash and cash equivalents	35,183	
92,465	Cash and cash equivalents at the beginning of the reporting period	34,086	
34,086	Cash and cash equivalents at the end of the reporting period (note 19)	69,269	



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 2015/16 financial year and its position at the year-end of 31 March 2016. 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 2015/16 and Service Reporting Code of Practice 2015/16, supported by International Financial Reporting Standards and statutory guidance.

The accounts have been designed to present a 'true and fair' view of the financial position of the council and comparative figures for previous financial years have been provided.

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 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 2015/16.

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.

These two cost categories are defined in SerCoP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Cost of Services.

1.4 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.

1.5 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.

1.6 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.

1.7 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 DCLG 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.

1.8 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.

1.9 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 2015/16 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.

1.10 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.

1.11 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.

1.12 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

1.13 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.

1.14 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.

1.15 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.

1.16 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. Premiums 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 premiums 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.

1.17 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).

1.18 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.

1.19 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.

1.20 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.

1.21 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.

1.22 Heritage Assets

The Council's Heritage Assets which comprise; Mayoral Regalia and Silverware, 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

1.23 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.

1.24 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.

**1.25 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.

**1.26 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

1.27 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

1.28 Provision and Contingent Liabilities

Provisions

Provisions are made where an event has taken place whereby the Council has a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the Comprehensive Income and Expenditure Statement and the relevant provision released from 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.

For example, the insurance reserve sets aside amounts required in order to meet potential claims that may be met by the Council within the agreed excess limits with the insurers. Where some or all of the payment required to settle a provision is expected to be recovered from a third party this will only be recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

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.

GROUP ACCOUNTS

1.29 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 there are no relevant subsidiaries to be consolidated. Consequently, no group accounts have been prepared.

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

The Council has a 10% share (£0.500m) in a company called the Camden Schools Project Ltd (The LEP). 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.
- Develop future business opportunities for the business.

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

Note 2 Accounting Standards issued but not yet adopted

The following are accounting policies that have been issued but as yet have not been adopted by the Council as at the balance sheet date:

- Highway Network Asset (HNA) valuation

This standard involves carrying the HNA at depreciated replacement cost basis instead of the current historical cost basis. The adoption of this change will involve a significant change in asset valuation methods, and the Council has systems in place to prepare for this change.

- Annual Improvements to IFRSs 2012-2014 Cycle

This is a change in the accounting policy.

The adoption of these amended standards is not expected to have a significant impact on the Council.

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 2016 are £54.034 m for Chalcots, £19.389m for

Haverstock and £18.873m for Swiss Cottage (£45.847m for Chalcots, £19.886m for Haverstock and £19.331m for Swiss Cottage as at the 31st March 2015).

- 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;

2014/15		2015/16	
£m		£m	
14.3	Land	14.3	
1.4	Buildings	1.8	
15.7	Total	16.1	

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 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainty	Effect if actual results differ from assumptions
Arrears	As at 31 March 2016 the Authority had Sundry Debtors of £106.618m (86.166m 31 March 2015). 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 st March 2016.	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 2016, the council had a creditor balance of £179.347m (£146.335m; 2014/15). This balance is the aggregate of a number of various creditor balances, including employees and trade creditors.	If the estimations for accruals in March 2016 turn out to be higher than the actual payments made, then expenditure will have been overstated in 15/16 and will be understated in 16/17.

Item	Uncertainty	Effect if actual results differ from assumptions
Provisions	<p>The Council has estimated its long term insurance provisions based on the value of outstanding claims. As at 31st March 2016 the balance of insurance provisions held amounted to £8.289m, an increase of £381k from 2014/15.</p>	<p>If the provision is not enough, then there will be additional pressures on the Council's in year budget.</p>
Pensions Liability	<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> <ul style="list-style-type: none"> • London Borough of Camden Pension Fund, and • London Borough of Camden pension element of the London Pension Fund Authority 	<p>The effects on the net pensions liability of £605.198m in 2015/16 (£728.375m, 2014/15) of changes in individual assumptions can be measured, for instance:</p> <ul style="list-style-type: none"> • A 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £171.581m (£183.585m; 2014/15) • A 1 year increase in the member life expectancy would result in an increase in the pension liability of £48.711m (£54.349m; 2014/15). <p>However, it should be noted that, in reality, the assumptions interact in complex ways.</p>

Item	Uncertainty	Effect if actual results differ from assumptions
Property, Plant and Equipment (Depreciation)	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Although the council has a capital programme that is well managed, proactively monitored and reported to management, the current economic climate makes it uncertain that the council will be able to sustain its current spending on repairs and maintenance over the medium term, thus bringing into doubt the useful lives assigned to assets.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It should be recognised that:</p> <ul style="list-style-type: none"> • The margin of error in a change in depreciation due to a change in useful lives is not considered to be material. • There are a range of other factors that might also result in a change in the estimate for depreciation such as new acquisitions, enhancements and improvements and revaluation of the assets.
Grant Claims yet to be Certified	<p>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.</p>	<p>During 2015/16, the council estimated that it would require £193.42m (£193.76m; 2014/15) in subsidy, but the total claim was for £194.16m (£193.84m; 2014/15), thus central government owes the council £0.74m, which represents 0.38% of the original estimate (£0.08m debtor, 0.04%; 2014/15). This debtor 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 £203.09m (£203.53m; 2014/15), thus exceeding that estimated by £9.67m (£9.77m; 2014/15).</p>

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 2015/16 no such items of income or expenditure were incurred.

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 24th June 2016. Events taking place after this date are not reflected in the financial statements or notes. There have not been any events taking place before this date that have required any material adjustment to the information included within the statement of accounts.

The financial statements and notes have not been adjusted for events which took place after 31 March 2016.

The result of the referendum held on 23 June was in favour of the UK leaving the European Union. This is a non-adjusting event. A reasonable estimate of the financial effect of this event cannot be made.

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.

2015/16	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£0	£0	£0	£0	£0	£0
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements						
Pension cost (transferred to (or from) the Pensions Reserve)	(15,905)	(3,694)	0	0	0	(19,599)
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	58	0	0	0	0	58
Council tax and NDR (transfers to or from the Collection Fund)	13,324	0	0	0	0	13,324
Holiday pay (transferred to the Accumulated Absences reserve)	(66)	(13)	0	0	0	(79)
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)	(22,931)	20,985	0	0	0	(1,946)
Total Adjustments to Revenue Resources	(25,520)	17,278	0	0	0	(8,242)
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	27,053	31,040	(58,093)	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)	(4,844)	0	4,844	0	0	0
Posting of HRA resource from revenue to the Major Repairs Reserve	0	34,942	0	(34,942)	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)

2015/16	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£0	£0	£0	£0	£0	£0
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	3,170	4,118	0	0	0	7,288
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	18,137	20,861	0	0	0	38,998
Total Adjustments to Revenue Resources	43,506	90,961	(53,249)	(34,942)	0	46,276
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	63,626	0	0	63,626
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	40,705	0	40,705
Application of capital grants to finance capital expenditure	5,018	0	0	0	(4,869)	149
Cash payments in relation to deferred capital receipts						0
Total Adjustments to Revenue Resources	5,018	0	63,626	40,705	(4,869)	104,480
Total Adjustments	23,004	108,239	10,377	5,763	(4,869)	142,514

2014/15 Comparatives	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£0	£0	£0	£0	£0	£0
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements						
Pension cost (transferred to (or from) the Pensions Reserve)	(11,726)	(2,933)	0	0	0	(14,659)
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	55	0	0	0	0	55
Council tax and NDR (transfers to or from the Collection Fund)	(15,894)	0	0	0	0	(15,894)
Holiday pay (transferred to the Accumulated Absences reserve)	31	(87)	0	0	0	(56)
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)	(94,675)	(1,203)				(95,878)
Total Adjustments to Revenue Resources	(122,209)	(4,223)	0	0	0	(126,432)
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	183,561	55,803	(239,364)	0	0	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)						0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(5,069)	0	5,069	0	0	0
Posting of HRA resource from revenue to the Major Repairs Reserve	0	33,644	0	(33,644)	0	0
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	75	0	0	0	0	75

2014/15 Comparatives	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£0	£0	£0	£0	£0	£0
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	4,932	3,825	0	0	0	8,757
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	16,519	5,346	0	0	0	21,865
Total Adjustments to Revenue Resources	200,018	98,618	(234,295)	(33,644)	0	30,697
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	205,800	0	0	205,800
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	34,400	0	34,400
Application of capital grants to finance capital expenditure	705	0	0	0	44	749
Cash payments in relation to deferred capital receipts						0
Total Adjustments to Revenue Resources	705	0	205,800	34,400	44	240,949
Total Adjustments	78,514	94,395	(28,495)	756	44	145,214

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 2015/16.

	Balance at 31 March 2014 £000	Transfers Out £000	Transfer In £000	Balance at 31 March 2015 £000	Transfers Out £000	Transfers In £000	Balance at 31 March 2016 £000	Purpose of Reserves
Reserves to support on-going revenue activity								
Dedicated Schools Grant	11,178	0	97	11,275	(1,495)	0	9,780	A
Support for Schools in Difficulty	442	0	0	442	(8)	0	434	B
Homes for Older People Reserve	6,308	(2,022)	0	4,286	(3,046)	0	1,240	C
Schools Budgets (delegated)	17,124	(523)	0	16,601	(230)	0	16,371	D
Multi Year Budget Reserve	8,939	(4,565)	6,521	10,895	(5,310)	7,395	12,980	E
Education Commission	1,336	(155)	0	1,181	0	0	1,181	F
Grant for various initiatives	6,276	0	0	6,276	0	290	6,566	G
	51,603	(7,265)	6,618	50,956	(10,089)	7,685	48,552	

	Balance at 31 March 2014 £000	Transfers Out £000	Transfer In £000	Balance at 31 March 2015 £000	Transfers Out £000	Transfers In £000	Balance at 31 March 2016 £000	Purpose of Reserves
Reserves to support the council's service remodelling programme								
Pay Modernisation	360	(360)	0	0	0	0	0	H
Workforce Remodelling/ Cost of Change	15,523	(1,960)	4,776	18,339	(7,429)	288	11,198	I
Camden Plan	3,146	(355)	0	2,791	(404)	0	2,387	J
Recovery Fund	109	(109)	0	0	0	0	0	K
Invest To Save Reserve	3,557	(3,557)	0	0	0	0	0	L
	22,695	(6,341)	4,776	21,130	(7,833)	288	13,585	
Reserves to support on-going capital activity and asset management								
Future Capital Schemes	23,247	(17,706)	15,878	21,419	(18,137)	17,205	20,487	M
Commercial and other property	776	0	0	776	0	0	776	N
Haverstock School PFI Reserve	2,148	(129)	0	2,019	(130)	0	1,889	O
Schools PFI Equalisation Reserve	334	0	167	501	0	562	1,063	P
Building Schools for the Future	488	0	0	488	0	0	488	Q
Accommodation Strategy	5,151	(3,279)	2,259	4,131	(421)	0	3,710	R
	32,144	(21,114)	18,304	29,334	(18,688)	17,767	28,413	

	Balance at 31 March 2014 £000	Transfers Out £000	Transfer In £000	Balance at 31 March 2015 £000	Transfers Out £000	Transfers In £000	Balance at 31 March 2016 £000	Purpose of Reserves
Reserves to mitigate future service risk								
Self-Insurance Reserve	7,600	0	0	7,600	(623)	0	6,977	S
Contingency Reserve	1,512	0	0	1,512	0	0	1,512	T
Business Rates Safety Net Reserve	8,283	(2,715)	11,129	16,697	(9,620)	6,325	13,402	U
	17,395	(2,715)	11,129	25,809	(10,243)	6,325	21,891	
Reserves to support charitable activity								
Mayors Charity Reserve	76	(54)	10	32	0	2	34	V
	76	(54)	10	32	0	2	34	
Total General Fund Earmarked Reserves	123,913	(37,489)	40,837	127,261	(46,853)	32,067	112,475	
Total transfers out		(37,489)			(46,853)			
Total transfers in			40,837			32,067		
Net Movement in Earmarked Reserves		3,348			(14,786)			

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 preparatory work on 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	Pay Modernisation Reserve	To provide funding from unspent budget provisions in 2009/10 and earlier years for the on-going pay and grading review
I	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,
J	Camden Plan	To provide funding to implement projects that support the plan's key priorities.
K	Recovery Fund	To provide funding to enable the council to respond to effects of the recession within the community.

L	Invest To Save Reserve	To fund one off investment costs relating to the Council's savings programme.
M	Future Capital Schemes	To provide funding to support the councils costs associated with various capital schemes.
N	Commercial and other property	To provide funding to meet the cost associated with dilapidations and other payments in respect of commercial and other property.
O	Haverstock School PFI Reserve	To hold the balance of funding in respect of the Haverstock School PFI project.
P	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.
Q	Building Schools for the Future	To provide funding for the preparatory work on the Building Schools for the Future Programme
R	Accommodation Strategy	To provide funding to facilitate the office accommodation strategy.
S	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.
T	Contingency Reserve	To fund expenditure arising from unforeseen events.
U	Business Rates Safety Net	To provide funding to cover reduction in retained business rates.
V	Mayors Charity Reserve	To hold donations to the Mayor's Charity.

Note 9 Other operating expenditure

2014/15 £000		2015/16 £000
7,003	Levies	7,431
5,069	Payments to the Government Housing Capital Receipts Pool	4,844
(109,181)	(Gains)/losses on the disposal of non-current assets	(24,292)
(97,109)	Total	(12,017)

Note 10 Financing and Investment Income and Expenditure

2014/15 £000		2015/16 £000
30,293	Interest payable and similar charges	26,582
23,220	Net interest on the defined benefit liability	23,170
(853)	Interest receivable and similar income	(1,530)
(16,540)	Changes in the fair value of investment properties	(54,129)
36,120	Total	(5,907)

Note 11 Taxation and Non Specific Grant Income

2014/15 £000		2015/16 £000
(85,483)	Council Tax Income (Precept & Prior Year Collection Fund (surplus)/deficit)	(90,363)
(73,973)	Contributions from NNDR Pool	(86,164)
(114,159)	Non-ring fenced government grants	(87,882)
(54,988)	Capital grants and contributions	(58,601)
(328,603)	Total	(323,010)

Note 12 Property, Plant and Equipment

Movement on balances in 2015/16

2015/16	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
Cost or Valuation									
At 1 April 2015	2,468,482	921,431	33,532	280,871	21,944	4	100,192	3,826,456	87,266
Additions	90,009	9,828	1,873	18,585	957	3,461	79,095	203,808	0
Reclassification (movement between PPE asset groups)	8,208	9,460	0	0	0	3,279	(20,947)	0	0
Reclassification (movement between other asset groups)	0	(3,021)	0	0	0	(18,790)	(292)	(22,103)	0
Accumulated Dep. Written off on revaluation to gross book value	(36,454)	(4,786)	0	0	0	0	0	(41,240)	(2,928)
Revaluation increases/(decreases) recognised in the revaluation reserve	38,316	18,050	0	0	0	12,742	0	69,108	2,047
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	2,490	3,417	0	0	0	0	0	5,907	9,068
De-recognition – disposals	(10,325)	(2,009)	0	0	0	0	0	(12,334)	0
De-recognition – other	0	0	0	0	0	0	0	0	0
At 31 March 2016	2,560,726	952,370	35,405	299,456	22,901	696	158,048	4,029,602	95,453

2015/16	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
Accumulated Depreciation and Impairment									
At 1 April 2015	(1,125)	(24,903)	(21,423)	(59,957)	(494)	0	0	(107,902)	(2,201)
Depreciation charge	(35,864)	(14,633)	(3,020)	(6,543)	(201)	0	0	(60,261)	(3,980)
Accumulated Dep. Written off on revaluation to gross book value	36,454	4,786	0	0	0	0	0	41,240	2,928
Depreciation written out to the revaluation reserve	0	0	0	0	0	0	0	0	0
De-recognition – disposal	138	1,231	0	0	0	0	0	1,369	0
Eliminated on reclassification to assets held for sale	0	2	0	0	0	0	0	2	0
Other movements in depreciation and impairment	(163)	239	0	0	0	0	0	76	97
At 31 March 2016	(560)	(33,278)	(24,443)	(66,500)	(695)	0	0	(125,476)	(3,156)
Net Book Value									
At 1 April 2015	2,467,357	896,528	12,109	220,914	21,450	4	100,192	3,718,554	85,065
At 31 March 2016	2,560,166	919,092	10,962	232,956	22,206	696	158,048	3,904,126	92,297

Comparative Movement on balances in 2014/15

2014/15	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
Cost or Valuation									
At 1 April 2014	2,357,636	792,539	28,698	264,109	19,911	1	155,903	3,618,797	85,276
Additions	50,541	38,445	4,834	16,762	2,033	0	86,807	199,422	0
Reclassification (movement between asset groups)	21,662	34,151	0	0	0	0	(142,518)	(86,705)	0
Accumulated Dep. Written off on revaluation to gross book value	(33,057)	(21,107)	0	0	0	0	0	(54,164)	(1,281)
Revaluation increases/(decreases) recognised in the revaluation reserve	45,959	88,699	0	0	0	3	0	134,661	498
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	50,333	(5,800)	0	0	0	0	0	44,533	2,773
De-recognition – disposals	(24,592)	(5,496)	0	0	0	0	0	(30,088)	0
De-recognition – other	0	0	0	0	0	0	0	0	0
At 31 March 2015	2,468,482	921,431	33,532	280,871	21,944	4	100,192	3,826,456	87,266

2014/15	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
Accumulated Depreciation and Impairment									
At 1 April 2014	(761)	(34,580)	(18,082)	(53,833)	(364)	0	0	(107,620)	(1,149)
Depreciation charge	(33,625)	(14,069)	(3,341)	(6,124)	(130)	0	0	(57,289)	(2,333)
Accumulated Dep. Written off on revaluation to gross book value	33,057	21,107	0	0	0	0	0	54,164	1,281
Depreciation written out to the revaluation reserve	0	0	0	0	0	0	0	0	0
De-recognition – disposal	204	2,630	0	0	0	0	0	2,834	0
Eliminated on reclassification to assets held for sale	0	9	0	0	0	0	0	9	0
Other movements in depreciation and impairment	0	0	0	0	0	0	0	0	0
At 31 March 2015	(1,125)	(24,903)	(21,423)	(59,957)	(494)	0	0	(107,902)	(2,201)
Net Book Value									
At 1 April 2014	2,356,875	757,959	10,616	210,276	19,547	1	155,903	3,511,177	84,127
At 31 March 2015	2,467,357	896,528	12,109	220,914	21,450	4	100,192	3,718,554	85,065

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

The Council has authorised capital expenditure of £1,045.7m to be incurred in the years 2016/17 to 2020/21.

At 31 March 2016, the authority's board has authorised capital expenditure for the construction or enhancements of property, plant and equipment in 2016/17 to 2020/21 budgeted to cost £612m. Similar budgeted costs at 31 March 2015 were £482m.

The Council acknowledges that these figures should be the total budgeted amount of capital contracts signed at the balanced sheet date and will implement systems in 2016/17 to ensure that this figure can be calculated.

Some of the major commitments are:

Scheme	£000
Abbey Road Regeneration	89,292
Agar Redevelopment	85,126
Bacton Low Rise Estate Regeneration	75,731
Regents Park (HS2)	42,913
Maitland Park	37,168
Tybalds Estate Regeneration	33,771
Edith Neville	32,132
Parliament Hill Secondary School	27,365
West End Project	19,550
Kingsgate School expansion	16,429
Maiden Lane	14,761
Charlie Ratchford Centre	13,767
Greenwood Facility	13,200
Bourne Estate Regeneration Works	12,259
New Depot	9,258
Surma Redevelopment	7,765
Kiln Place	6,663
Holmes Rd. Depot	6,350
DHS St. Silas Estate	6,300
Rowley Way Regeneration	4,900
30 Camden & 62/72 Plender St Regeneration	4,891
Highgate New Town	4,000
Gospel Oak	3,925
Holly Lodge	3,182
DHS Gamages Estate	3,000
DHS Ludham & Waxham	2,500
Acland Burghley Secondary School	2,141
Integrated HR/Finance System	2,025
Total	580,364

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 2015/16 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.

The significant assumptions applied in estimating the fair values are:

•Operational Properties

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

•Non-Operational Properties

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

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

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

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

•The following work was undertaken in the period to 31 March 2016;

	Council Dwellings £000	Other Land and building £000	Vehicles, Plant, Furniture and Equipment £000	Surplus Assets £000	Total £000
Carried at historical cost	0	3,882	10,961	696	15,539
Valued at fair value as at 31 March					
2016	2,539,697	77,693	0	0	2,617,390
2015	20,470	341,543	0	0	362,013
2014	0	370,128	0	0	370,128
2013	0	50,332	0	0	50,332
2012	0	75,513	0	0	75,513
Total Cost / Value	2,560,167	919,091	10,961	696	3,490,915

Note 13 Heritage Assets

	Buildings £000	Mayoral Regalia & Silverware £000	Art Collection £000	Public Sculptures £000	Total Assets £000
Cost or Valuation:					
At 1 April 2015	15	382	432	20	849
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Revaluations	0	0	0	0	0
Depreciation	(9)	0	0	0	(9)
At 31 March 2016	6	382	432	20	840
Cost or Valuation:					
At 1 April 2014	94	382	432	20	928
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Revaluations	(79)	0	0	0	(79)
Depreciation	0	0	0	0	0
At 31 March 2015	15	382	432	20	849

Buildings

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

www.britishlistedbuildings.co.uk/en-199078-toll-gate-house-hampstead

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

Mayoral Regalia & Silverware

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

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

Art Collection

The Council has an extensive Art Collection but only parts of it are on display at any given time. The collection totals around 1,000 pieces and includes various paintings, drawings, prints sculptures and other art objects. The link below 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 £423,499 – the minimum value achievable in auction. This valuation has been applied to the financial accounts. For illustrative purposes, shown below are those items where their estimated value is over £10,000.

Asset Type	Title of Asset	Artist	Description of Asset	Value (Max Price) £
Painting	Yellow Movement	Sir Terry Frost	Oil on board; 1952	100,000
Painting	Head of a Greek Sailor	John Caxton	Oil on board; 1946	80,000
Painting	Composition - Black and 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 2015/16. There have not been any recorded disposals of Heritage Assets during 2015/16. However, the Council is currently reviewing its current Art Collection and developing a strategy for its continued holding, maintenance or disposal.

Note 14 Investment Property

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

2014/15 £000		2015/16 £000
(14,941)	Rental Income from Investment Property	(14,337)
1,775	Direct Operating expenses arising from investment property	2,617
(13,166)	Net (gain)/loss	(11,720)

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:

2014/15 £000		2015/16 £000
199,022	Balance at start of year	190,276
	Additions:	
860	- Subsequent expenditure	479
(10,050)	Disposals	(343)
3,144	Net gains/(losses) from fair value adjustments	41,377
	Transfers:	
(2,700)	- To/from property, plant and equipment	(2,708)
190,276	Balance at end of year	229,081

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 1.9 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 £1.675m for 2015/16 (£1.118m; 2014/15) 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.

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

				2014/15			2015/16		
Internally Generated Assets £000	Other Assets £000	Total £000		Internally Generated Assets £000	Other Assets £000	Total £000			
Balance at start of year:									
398	11,254	11,652	- Gross carrying amounts	398	13,577	13,975			
(398)	(6,791)	(7,189)	- Accumulated amortisation	(398)	(7,909)	(8,307)			
0	4,463	4,463	Net carrying amount at start of year	0	5,668	5,668			
Additions:									
0	2,322	2,322	- Purchases	0	1,566	1,566			
0	(1,117)	(1,117)	Amortisation for the period	0	(1,675)	(1,675)			
0	5,668	5,668	Net carrying amount at end of year	0	5,559	5,559			
Comprising:									
398	13,577	13,975	- Gross carrying amounts	398	15,143	15,541			
(398)	(7,909)	(8,307)	- Accumulated amortisation	(398)	(9,584)	(9,982)			
0	5,668	5,668		0	5,559	5,559			

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

Note 16 Financial Instruments

	Long – Term		Current	
	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000
Investments				
Loans and receivables	627	667	175,244	144,342
Available for sale financial assets	0	0	64,210	25,070
Financial assets at Fair value through Profit and Loss	0	0	0	0
Total Investments	627	667	239,454	169,412
Debtors				
Loans and receivables	325	252	0	0
Financial assets carried at contract amounts	0	0	35,298	51,494
Total debtors	325	252	35,298	51,494
Borrowing				
Financial liabilities at amortised cost	348,016	347,958	43,979	2,992
Financial liabilities at fair value through profit and loss	0	0	0	0
Other borrowing	0	0	0	12,879
Total borrowing	348,016	347,958	43,979	15,871
Other Long Term Liabilities				
PFI and finance lease liabilities	81,290	75,258		
Other Long Term liabilities	307	216		
Total other long term liabilities	81,597	75,474		
Creditors				
Financial liabilities at amortised cost	0		0	
Financial liabilities carried at contract amount	0		110,376	153,791
Total creditors	0		110,376	153,791

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:

2015/16	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	(16,757)	0	0	0	(16,757)
Interest income	0	1,426	535	0	1,961
Gains on derecognition	0	0	5	0	5
Net gain/(loss) for the year	(16,757)	1,426	540	0	(14,791)
Comparative figures for 2014/15					
Interest expense	(19,969)	0	0	0	(19,969)
Interest income	0	893	229	0	1,122
Net gain/(loss) for the year	(19,969)	893	229	0	(18,847)

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 2015 £000	31 March 2016 £000
Available for sale: Other financial instruments classified as Available for Sale	Level 1	Unadjusted quoted prices in active markets for identical instruments	64,210	25,070
Total			64,210	25,070

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 2015		31 March 2016		
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000	
	248,571	306,677	PWLB – maturity	220,943	280,049
	198	200	PWLB – annuity	0	0
	130,069	164,874	LOBOs	125,053	167,141
	378,838	471,751	Financial liabilities	345,996	447,190
	0	0	Long-term creditors	0	0

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

The fair value of PWLB loans of £280.049m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date, which has been assumed to be the PWLB Certainty Rate. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

The authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. However, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge based on premature repayment rates in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £322.265m.

31 March 2015			31 March 2016	
Carrying amount	Fair value		Carrying amount	Fair value
£000	£000		£000	£000
30,654	30,654	Cash	55,850	55,850
175,244	175,299	Deposits with banks and building societies	144,342	144,437
205,898	205,953	Financial assets	200,192	200,287
2,215	2,215	Long-term debtors	2,013	2,013

The fair value of the assets is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future gain/loss (based on economic conditions at 31 March 2016) arising from a commitment to pay interest to lenders above current market rates. Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

Note 17 Inventories

	Consumable Stores		Maintenance Materials		Total	
	2014/15 £000	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000	2015/16 £000
Balance outstanding at start of year	47	52	271	258	318	310
Purchases	0	0	1060	995	1060	995
Recognised as an expense in the year	5	6	(1076)	(994)	(1071)	(988)
Written on/(off) balances	0	0	3	0	3	0
Balance outstanding at year-end	52	58	258	259	310	317

Note 18 Short-Term Debtors

31 March 2015 £000		31 March 2016 £000	
Government and Public Bodies			
29,149	Central Government Bodies	12,330	
6,431	Other Local Authorities	28,290	
1,872	NHS Bodies	2,292	
37,452	Government and Public Bodies (net)	42,912	
Other entities and individuals			
4,359	- Rent Arrears	5,104	
8,156	- Council Tax Payers	7,108	
67,530	Gross Other entities and individual	89,890	
(36,655)	Less Impairment Allowance	(41,860)	
43,390	Other entities and individuals (net)	60,242	
80,842	Total Debtors	103,154	
5,324	Payments in Advance	3,464	
86,166	Total Short-Term Debtors	106,618	

Note 19 Cash and Cash Equivalents

31 March 2015		31 March 2016
£000		£000
84	Cash held by the authority	85
3,348	Bank current accounts	13,334
30,654	Money Market Funds	55,850
34,086	Total cash and cash equivalents	69,269

Note 20 Assets held for sale

	31 March 2015 £000	31 March 2016 £000
Balance outstanding at start of year	42,664	40,620
Assets newly classified as held for sale:		
- property, plant and equipment	86,882	24,788
Assets sold	(92,865)	(22,492)
Enhancements	3,939	1
Balance outstanding at year end	40,620	42,917

Note 21 Creditors

31 March 2015		31 March 2016
£000		£000
10,512	Central government bodies	21,520
6,366	Other local authorities	6,480
4,129	NHS bodies	7,019
125,328	Other entities and individuals	144,328
146,335	Total creditors	179,347

Note 22 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 2015	850	204	19,152	7,908	236	28,350
Additional provisions made in 2015/16	1,344	134	0	2,541	0	4,019
	2,194	338	19,152	10,449	236	32,369
Amounts used in 2015/16	(333)	(155)	(6,344)	(2,156)	0	(8,988)
Unused amounts reversed in 2015/16	(450)	4	0	0	0	(446)
Balance at 31 March 2016	1,411	187	12,808	8,293	236	22,935
			Short term		Long term	
			14,406		8,529	22,935

1. Termination Benefits

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

2. Carbon Reduction Commitment

The carbon reduction commitment is a mandatory carbon trading scheme and aims to incentivise carbon emissions reductions in large public and private

sector organisations by focusing in 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. Annual aggregate limits (maximum claim values funded by the council) of £1.5m, £3.0m, and £0.4m apply respectively.

Contributions in the form of internal premia charged to departments, schools and the HRA are made to the provision. These cover the cost of external premia to insurers and an estimate of the annual

amount for internally insuring. The balance of the provision, shown as at the 31 March 2016, 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 23 Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement, page 25.

Note 24 Unusable Reserves

31 March 2015 £000		31 March 2016 £000
298,622	Revaluation reserve	345,403
3,094,674	Capital adjustment account	3,265,822
(5,015)	Financial instruments adjustment account	(4,957)
75	Available for Sale Financial Instruments	65
(728,375)	Pensions reserve	(605,198)
(26,129)	Collection fund adjustment account	(12,805)
(6,232)	Accumulating absences account	(6,311)
2,627,620	Total Unusable Reserves	2,982,019

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 2015 £000		31 March 2016 £000
205,523	Balance at 1st April	298,622
134,659	Upward revaluation of assets recognised in the Revaluation Reserve	69,108
0	Downward revaluation of assets and impairment losses charged to the Revaluation Reserve	0
134,659	Surplus or deficit on revaluation of on-current assets posted to the Revaluation Reserve	69,108
(2,943)	Difference between fair value depreciation and historical cost depreciation	(3,151)
(38,617)	Accumulated gains on assets sold or scrapped	(19,176)
(41,560)	Amount written off to the capital adjustment account	(22,327)
298,622	Closing Balance	345,403

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.

2014/15 £000		2015/16 £000
2,877,416	Balance at 1 April	3,094,674
	Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement:	
(57,290)	- charges for depreciation and impairment of non-current assets	(59,778)
47,598	- revaluation gains on property, plant and equipment	5,907
(1,118)	- amortisation of intangible assets	(1,675)
(9,180)	- revenue expenditure funded from capital under statute	(7,560)
(130,168)	- 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	(33,801)
41,562	- adjusting amounts written out of the revaluation reserve	22,325
(108,596)	Net written out amount of the cost of non-current assets consumed in the year	(74,582)
	Capital financing applied in the year:	
(162,921)	- use of capital receipts reserve to finance new capital expenditure	63,629
34,400	- use of the major repairs reserve to finance new capital expenditure	40,705
54,282	- capital grants and contributions credited to the comprehensive income and expenditure statements that have been applied to capital financing	53,583
369,471	- application of grants to capital financing from the capital grants unapplied account	149
3,858	- statutory provision for the financing of capital investment charged against the general fund and HRA balances	7,288
26,764	- capital expenditure charged against the general fund and HRA balances	38,998
325,854		204,352
0	Movements in the market value of investment properties debited or credited to the comprehensive income and expenditure statement	41,378
3,094,674	Balance at 31 March	3,265,822

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.

2014/15 £000		2015/16 £000
(5,070)	Balance at 1 April	(5,015)
55	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	58
(5,015)	Balance at 31 March	(4,957)

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.

2014/15 £000		2015/16 £000
0	Balance at 1 April	75
75	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	(10)
75	Balance at 31 March	65

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.

2014/15 £000		2015/16 £000
(10,235)	Balance at 1 April	(26,129)
(15,894)	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	13,324
(26,129)	Balance at 31 March	(12,805)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension's funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2014/15 £000		2015/16 £000
(548,158)	Balance at 1 April	(728,375)
(165,558)	Actuarial gains or losses on pensions assets and liabilities	142,776
(54,658)	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	(61,339)
39,999	Employer's pensions contributions and direct payments to pensioners payable in the year	41,740
(728,375)	Balance at 31 March	(605,198)

Accumulated Absences Account

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

	2014/15 £000		2015/16 £000
	(6,176)	Balance at 1 April	(6,232)
	6,176	Settlement or cancellation of accrual made at the end of the preceding year	6,232
	(6,232)	Amounts accrued at the end of the current year	(6,311)
	(56)	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	(79)
	(6,232)	Balance at 31 March	(6,311)

Note 25 Cash Flows from Operating Activities

The cash flows for operating activities include the following items:

31 March 2015		31 March 2016
£000		£000
(1,226)	Interest received	(1,530)
27,981	Interest paid	28,227
0	Dividends received	0

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

31 March 2015		31 March 2016
£000		£000
57,301	Depreciation	59,778
(44,454)	Impairment and downward valuations	(47,285)
1,118	Amortisation	1,675
0	Increase/(decrease) in impairment for bad debts	5,205
7,366	Increase/(decrease) in creditors	27,987
(28,312)	(Increase)/decrease in debtors	(25,455)
8	(Increase)/decrease in inventories	(7)
14,660	Movement in pension liability	19,599
70,277	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	33,801
(136,614)	Other non-cash items charged to the net surplus or deficit on the provision of services	(12,887)
(58,650)		62,411

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

31 March 2015		31 March 2016
£000		£000
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0
(60,900)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(58,093)
(118,593)	Any other items for which the cash effects are investing or financing cash flows	(65,889)
(179,493)		(123,982)

Note 26 Cash Flows from Investing Activities

31 March 2015		31 March 2016
£000		£000
(196,656)	Purchase of property, plant and equipment, investment property and intangible assets	(204,757)
0	Purchase of short-term and long-term investments	(40)
0	Other payments for investing activities	0
60,900	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	58,093
0	Proceeds from short-term and long-term investments	70,042
118,593	Other receipts from investing activities	89,158
(17,163)	Net cash flows from investing activities	12,496

Note 27 Cash Flows from Financing Activities

31 March 2015 £000		31 March 2016 £000
21,489)	Cash receipts of short-term and long-term borrowings	0
27,837)	Other receipts from financing activities	0
0	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	0
(34,710)	Repayments of short-term and long-term borrowing	(26,521)
0	Other payments for financing activities	(3,878)
14,616	Net cash flows from financing activities	(30,399)

Note 28 Amounts reported for resource allocation decisions

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 2015/16. 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:

Service Income and Expenditure 2015/16	Children's Services £000	Housing and Adult Social Care £000	Culture and Environment £000	Central Services £000	Housing Revenue Account £000	Public Health £000	Total £000
Fees, charges and other services income	(49,320)	(58,534)	(95,818)	(81,838)	(220,115)	(171)	(505,796)
Government grants	(197,901)	(193,789)	(1,237)	(1,938)	(6,829)	(27,148)	(428,842)
Total Income	(247,221)	(252,323)	(97,055)	(83,776)	(226,944)	(27,319)	(934,638)
Employee expenses	185,161	30,837	47,685	51,282	38,517	0	353,482
Other support expenses	122,323	306,761	89,407	34,949	83,951	24,369	661,760
Support service expenses	17,922	17,157	23,759	12,227	17,085	755	88,905
Total Expenditure	325,406	354,755	160,851	98,458	139,553	25,124	1,104,147
Net Expenditure 2015/16	78,185	102,432	63,796	14,682	(87,391)	(2,195)	169,509

Service Income and Expenditure 2014/15	Children's Services £000	Housing and Adult Social Care £000	Culture and Environment £000	Central Services £000	Housing Revenue Account £000	Public Health £000	Total £000
Fees, charges and other services income	(44,536)	(47,690)	(95,782)	(84,239)	(196,553)	(72)	(468,872)
Government grants	(199,969)	(194,012)	(1,693)	(1,738)	(6,824)	(26,673)	(430,909)
Total Income	(244,505)	(241,702)	(97,475)	(85,977)	(203,377)	(26,745)	(899,781)
Employee expenses	182,901	34,599	46,538	51,965	35,461	13	351,477
Other support expenses	125,229	301,493	90,645	40,009	69,445	24,945	651,766
Support service expenses	18,087	17,252	23,751	13,354	16,574	776	89,794
Total Expenditure	326,217	353,344	160,934	105,328	121,480	25,734	1,093,037
Net Expenditure 2014/15	81,712	111,642	63,459	19,351	(81,897)	(1,011)	193,256

Reconciliation of Service Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of services income and expenditure relate to the amounts included in the comprehensive income and expenditure statement.

Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement:

	2014/15 £000	2015/16 £000
Cost of Services in Service Analysis	193,256	169 509
Add services not included in main analysis	14,025	56,768
Add amounts not reported to management	0	0
Net Cost of Services in Comprehensive Income and Expenditure Statement	207,281	226,277

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of Service income and expenditure relate to a subjective analysis of the surplus or deficit on the provision of services included in the comprehensive income and expenditure statement.

Reconciliation to Subjective Analysis (Single Entity) 2015/16	Service Analysis £000	Services not in Analysis £000	Not reported to mgmt £000	Not included in CIES £000	Allocation of Recharge £000	Net Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(505,796)	12,741	0	0	0	(493,055)	0	(493,055)
Interest and investment income	0	0	0	0	0	0	(55,659)	(55,659)
Income from council tax	0	0	0	0	0	0	(90,363)	(90,363)
Government grants and contributions	(428,842)	0	0	0	0	(428,842)	(232,648)	(661,490)
Total Income	(934,638)	12,741	0	0	0	(921,897)	(378,670)	(1,300,567)
Employee expenses	353,482	0	0	0	0	353,482	0	353,482
Other service expenses	639,834	44,027	0	0	0	683,861	0	683,861
Support Service recharges	88,906	0	0	0	0	88,906	0	88,906
Depreciation, amortisation and impairment	21,925	0	0	0	0	21,925	0	21,925
Interest and investment expenditure	0	0	0	0	0	0	49,752	49,752
Precepts & Levies	0	0	0	0	0	0	7,431	7,431
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	4,844	4,844
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	0	0	(24,291)	(24,291)
Total operating expenses	1,104,147	44,027	0	0	0	1,148,174	37,736	1,185,910
(Surplus) or deficit on the provision of services	169,509	56,768	0	0	0	226,277	(340,934)	(114,657)

Reconciliation to Subjective Analysis (Single Entity) 2014/15	Service Analysis £000	Services not in Analysis £000	Not reported to mgmt £000	Not included in CIES £000	Allocation of Recharge £000	Net Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(468,872)	14,512	0	0	0	(454,359)	0	(454,359)
Interest and investment income	0	0	0	0	0	0	(17,393)	(17,393)
Income from council tax	0	0	0	0	0	0	(85,483)	(85,483)
Government grants and contributions	(430,910)	0	0	0	0	(430,910)	(243,120)	(674,030)
Total Income	(899,782)	14,512	0	0	0	(885,269)	(345,996)	(1,231,265)
Employee expenses	351,477	0	0	0	0	351,477	0	351,477
Other service expenses	637,813	(487)	0	0	0	637,326	0	637,326
Support Service recharges	89,794	0	0	0	0	89,794	0	89,794
Depreciation, amortisation and impairment	13,953	0	0	0	0	13,953	0	13,953
Interest and investment expenditure	0	0	0	0	0	0	53,513	53,513
Precepts & Levies	0	0	0	0	0	0	7,003	7,003
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	5,069	5,069
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	0	0	(109,181)	(109,181)
Total operating expenses	1,093,037	(487)	0	0	0	1,092,550	(43,596)	1,048,954
(Surplus) or deficit on the provision of services	193,255	14,025	0	0	0	207,281	(389,592)	(182,311)

Note 29 Acquired and Discontinued Operations

No operations were acquired or discontinued in the year to 31 March 2016. 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 30 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 2015/16 are as follows:

2014/15 £000		2015/16 £000
	Building Control Service	
(842)	Turnover	(878)
991	Expenditure	906
149	(Surplus)/Deficit	28
	Commercial Waste Service	
(6,250)	Turnover	(6,828)
7,301	Expenditure	7,251
1,051	(Surplus)/Deficit	423
	Street Markets	
(1,015)	Turnover	(840)
1,279	Expenditure	1,066
264	(Surplus)/Deficit	226
	On-Street Parking	
(37,335)	Turnover	(37,145)
13,099	Expenditure	11,577
(24,236)	(Surplus)/Deficit	(25,568)
	Camden Transport Services	
(48)	Turnover	(24)
41	Expenditure	21
(7)	(Surplus)/Deficit	(3)
(22,779)	Net (surplus)/deficit on trading operations	(24,894)

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 within HASC and 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 31 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 2015/16 a net payment from the NLWA of £1.889m (£1.871m in 2014/15).

Note 32 Pooled Budgets

In 2015/16 the Council entered into a new s75 agreement with Camden Clinical Commissioning Group (CCCG) called the Better Care Fund (BCF) to enable further integrated working between the Authority and the NHS. The Integrated Community Equipment Service (as summarised in the 2014/15 figures) was subsumed into the new pooled arrangement. Under the 2015/16 s75 pooled budget agreement the Council expected to make a capital contribution of £1.144m and a revenue contribution of £0.476m and CCCG agreed to make revenue contribution of a maximum of £18.17m. The CCCG planned contribution of £18.17m included £5.251m performance related payment.

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

	2014/15 £000	2015/16 £000
Contributions to the pool:		
-The Authority	(889)	(1,620)
-Camden Clinical Commissioning Group	(921)	(16,893)
	(1,810)	(18,513)
Expenditure to be met from the pool:		
-The Authority	904	10,168
-Camden Clinical Commissioning Group	921	6,714
	1,825	16,882
Net (Surplus)/Deficit arising on the pooled budget in year	15	(1,631)
Authority Share of the (surplus) / deficit arising on the pooled budget	15	364
CCCG Share of the (surplus) / deficit arising on the pooled budget	0	1,267*

*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 exit costs, with any remaining resources being returned to the CCCG.

The Council has an arrangement with the 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 2015/16 the Authority transferred £3.594m (2014/15: £4.046m) to CIFT.

Note 33 Members Allowance

2014/15		2015/16
£000		£000
865	Allowances	852
0	Expenses	1
865	Total	853

Note 34 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 and voluntary aided schools, but do not include staff listed in the Senior Officer disclosure of those earning between £50,000 and £149,999 and over £150,000.

The 2014-15 table has been restated for consistency as the figures published last year included staff in community and voluntary aided schools in the same 'Schools' column. The table also included staff who were listed in the Senior Officer disclosure of those earning between £50,000 and £149,999 and over £150,000.

Remuneration excludes employer's pension contributions as these are paid directly to the pension scheme fund but includes benefits in kind, so far as they are chargeable to UK income tax. Also included are compensation payments for termination and other payments receivable on the termination of employment, even where these are not taxable. The numbers include staff that have left or joined part way through the year.

2015/16 Pay band £	Non-schools		Community Schools		VA Schools		Total
	Employed at 31.03.16	Left before 31.03.16	Employed at 31.03.16	Left before 31.03.16	Employed at 31.03.16	Left before 31.03.16	
£ 50,000 - £ 54,999	105	2	92	5	59	4	267
£ 55,000 - £ 59,999	41	4	78	7	38	1	169
£ 60,000 - £ 64,999	22	2	27	0	16	0	67
£ 65,000 - £ 69,999	23	2	17	4	9	0	55
£ 70,000 - £ 74,999	24	0	18	1	12	1	56
£ 75,000 - £ 79,999	19	1	6	1	5	0	32
£ 80,000 - £ 84,999	5	0	5	0	3	0	13
£ 85,000 - £ 89,999	3	0	7	1	2	0	13
£ 90,000 - £ 94,999	0	1	3	0	2	0	6
£ 95,000 - £ 99,999	0	1	2	0	0	0	3
£100,000 - £104,999	5	0	2	0	2	0	9
£105,000 - £109,999	1	1	2	0	1	0	5
£110,000 - £114,999	2	1	0	0	0	0	3
£115,000 - £119,999	0	0	1	0	0	0	1
£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	0	0	0	0	0	0	0
£135,000 - £139,999	0	0	0	0	0	0	0
£140,000 - £144,999	0	0	1	0	1	0	2
Total	251	16	261	19	150	6	703

2014/15 Pay band £	Non-schools		Community Schools		VA Schools		Total
	Employed at 31.03.15	Left before 31.03.15	Employed at 31.03.15	Left before 31.03.15	Employed at 31.03.15	Left before 31.03.15	
£ 50,000 - £ 54,999	90	5	115	6	63	1	280
£ 55,000 - £ 59,999	38	4	79	5	38	3	167
£ 60,000 - £ 64,999	30	1	21	4	11	0	67
£ 65,000 - £ 69,999	20	0	20	0	11	0	51
£ 70,000 - £ 74,999	22	1	16	2	13	0	54
£ 75,000 - £ 79,999	12	0	3	3	4	1	23
£ 80,000 - £ 84,999	3	0	5	0	3	0	11
£ 85,000 - £ 89,999	2	0	6	0	1	0	9
£ 90,000 - £ 94,999	0	0	5	1	4	0	10
£ 95,000 - £ 99,999	4	0	2	0	0	0	6
£100,000 - £104,999	3	0	1	0	3	0	7
£105,000 - £109,999	6	0	0	0	0	0	6
£110,000 - £114,999	0	0	1	0	0	0	1
£115,000 - £119,999	0	0	1	0	0	0	1
£120,000 - £124,999	0	0	0	0	0	0	0
£125,000 - £129,999	0	0	0	0	0	0	0
£130,000 - £134,999	0	0	0	0	0	0	0
£135,000 - £139,999	0	0	1	0	0	0	1
£140,000 - £144,999	0	0	1	0	1	0	2
Total	230	11	277	21	152	5	696

2015/16

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

No	Name	Job Title	Actual Pay £	Variable Pay 1/4/2016* £	Fees, Allowances & Other pay £	Total Pay** £	Employer's Pension contribution – Payable to pension scheme £	Total including Pension contribution £
1	Cooke M	Chief Executive	£163,350			£163,350	£28,740	£192,090
2	Stopard R	Deputy Chief Executive	£162,189	£3,000		£165,189	£27,587	£192,776
3	O'Donnell M	Director - Finance	£153,546	£3,000		£156,546	£27,507	£184,053

2015/16

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** £	Employer's Pension contribution – Payable to pension scheme £	Total including Pension contribution £
1	Director of Children, Schools & Families	£143,820	£3,000			£146,820	£24,519	£171,339
2	Director of Housing & Adult Social Care	£140,760	£3,000			£143,760	£24,008	£167,768
3	Borough Solicitor	£124,338	£2,500			£126,838	£22,353	£149,191
4	Assistant Director of Regeneration and Planning (A); Acting up to Director of Culture and Environment (In post from 08.09.14 to 17.01.16)	£80,001	£2,750	£13,793		£96,544	£16,123	£112,667

* 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. This excludes employer's pension contributions that are paid directly to the pension scheme.

*** Deferred payment based on performance in previous years.

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 2015/16 there was one statutory election, one Local Council Election (combined with the Parliamentary Election) 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 elections in May 2015 led to a number of senior officers receiving payments for work on behalf of the returning officer. As payments for work on behalf of the

returning officer for the Parliamentary 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. Payments for work on the Local Council elections are paid by the Council on behalf of the Returning Officer.

2014/15

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

No	Name	Job Title	Actual Pay £	Variable Pay 1/4/2015* £	Fees, Allowances & Other pay £	Loss of Office Payment £	Total Pay** £	Employer's Pension contribution – Payable to pension scheme £	Total including Pension contribution £
1	Cooke M	Chief Executive	£160,567	£5,000***			£165,567	£28,238	£193,805
2	Stopard R	Deputy Chief Executive (Transformation and Partnerships) (in post from 1.09.14) Previously Director - Culture & Environment – A (from 1.4.14 to 31.8.14)	£154,010	£3,000	£5,000		£162,010	£26,488	£188,498
3	O'Donnell M	Director - Finance	£150,535	£3,000			£153,535	£26,519	£180,054
4		Assistant Director of Finance and Head of Property Services	£78,703			£80,298	£159,001	£13,316	£172,317

2014/15

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** £	Employer's Pension contribution – Payable to pension scheme £	Total including Pension contribution £
1	Director – Children, Schools & Families	£141,000	£3,000			£144,000	£22,842	£166,842
2	Director – Housing & Adult Social Care	£138,000	£3,000			£141,000	£22,518	£163,518
3	Borough Solicitor	£121,900	£2,500			£124,400	£20,883	£145,283
4	Assistant Director - Regeneration and Planning - A (from 1.4.14 to 7.9.14) Acting up to Director – Culture and Environment – B (in post from 8.9.14)	£98,570	£2,750	£10,235		£111,555	£17,619	£129,174

* 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. This excludes employer's pension contributions that are paid directly to the pension scheme.

*** Deferred payment based on performance in previous years.

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.

In 2014/15 there were two statutory elections for which the Chief Executive received payments for work as the returning officer. These are not shown in the figures above. The European Parliamentary elections and Local Council elections in May 2014 led to a number of senior officers receiving payments for work on behalf of the returning officer. As payments for work on behalf of the returning officer for the European

Parliamentary elections are not made by the Council itself; these payments are not part of the Council's remuneration payments to senior officers. Payments for work on the Local Council elections are paid by the Council on behalf of the Returning Officer.

Note 35 External Audit costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

2014/15 £000		2015/16 £000
216	Fees payable to the external auditor with regard to external audit services carried out by the appointed auditor for the year	164
27	Fees payable to the external auditor for the certification of grant claims and returns for the year	42
243	Total	206

In addition, a total fee of £48k was payable to the external auditor for the work on objections raised in relation to the 2011/12 to 2014/15 accounts.

Note 36 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.

			2014/15		2015/16	
Central Expenditure	ISB	Total	Central Expenditure	ISB	Total	
£000	£000	£000	£000	£000	£000	
		(159,444)			(158,502)	
		(10,965)			(11,376)	
		0			101	
		10,965			11,275	
(25,975)	(133,469)	(159,444)	(26,480)	(132,022)	(158,502)	
570	(570)	0	390	(390)	0	
(25,405)	(134,039)	(159,444)	(26,090)	(132,412)	(158,502)	
25,878	0	25,878	27,586	0	27,586	
0	133,469	133,469	0	132,962	132,962	
0	(314)	(314)	0	(550)	(550)	
473	(884)	(411)	1,496	0	1,496	
		11,376			9,779	

Note 37 Grant Income

The authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statements in 2015/16

2014/15 £000		2015/16 £000
	Credited to taxation and non-specific grant income	
97,548	Revenue Support Grant	70,327
5,601	New Homes Bonus	7,557
2,973	Education Services Grant	2,364
2,064	Housing and Council Tax Benefits Administration Grant	2,007
2,223	Section 31. Government Returns and Reimbursements	3,187
0	Carers and ASC new burdens	971
0	Independent living fund	683
1,022	Local Social Fund	0
1,031	Council Tax Freeze Grant	0
0	Council tax benefit admin grant	461
10	Weekly Collection Support Scheme	0
175	Council Tax Localisation	67
241	Local Reform Grant	173
192	Misc Grants	28
91	Local Flood Defence Grant	57
113,171	Total Revenue Grants	87,882

2014/15 £000		2015/16 £000
Capital Grants & Contributions Applied		
3,849	Transport for London	5,970
28,279	Target Funding	28,973
0	CIL	1,007
7,397	Standards Fund Capital	7,241
52	IT Demonstrator Grant	134
6,989	Homes & Communities Agency	0
289	Disabled Facilities Grant	0
0	Building Schools for the Future	0
986	Other small grants & Contributions	4,364
6,388	S106 Recognised in I&E	5,443
0	Other Contributions	395
54	NHS – Short Breaks	56
54,283	Total	53,583
Capital - Grants & Contributions Unapplied		
705	Contractors & third parties Contributions (Unapplied)	107
0	CIL	4,911
705	Total	5,018
54,988	Total Capital Grants	58,601
168,159	Total	146,483

2014/15 £000		2015/16 £000
	Credited to Services	
192,985	Housing Benefit Subsidy	193,300
159,822	Dedicated Schools Grant	158,502
364	Troubled Families Grant	253
26,368	Public Health	26,725
15,220	Young People's Learning Agency (previously Learning & Skills Council)	13,796
11,314	Pupil Premium Grant	11,332
8711	PFI Grants	8,461
6,824	Housing PFI grant	6,824
5,424	Other grants	7,268
497	Revenue related grants	462
586	Asylum Seekers	538
576	Transport for London	618
322	Standards Fund	335
0	Disabled Facilities Grant	428
429,013	Total	428,842

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:

2014/15 £000		2015/16 £000
Capital Grant Receipts in Advance		
Included in Short Term Liabilities		
3,145	Target Funding	472
3,705	Standards Fund	706
491	IT Demonstrator Grant	358
60	BSF	60
2,676	Other grants and contributions	1,461
10,077		3,057
Included in Long Term Liabilities		
69,969	Section 106	93,239
66	Fire-ins	66
70,035		93,305
80,112	Total	96,362

2014/15 £000		2015/16 £000
Revenue Grant Receipts in Advance		
Included in Short Term Liabilities		
1,472	Social Care Reform Grant	1,382
2,814	Other grants	1,972
4,286	Total	3,354

Note 38 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 2015/16 is shown in Note 33.

With regard to the 2015/16 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 2015/16 are as follows:

	2014/15 £000	2015/16 £000
Corporate relationships (where the Councillor serves as a representative of the Council)	16,363	9,042
Personal relationships (i.e. where the Councillor or a close relative serves in their own right)	2,116	2,119
Organisations which have both corporate and personal relationships	87	60
Total	18,566	11,221

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 2015/16 related party disclosures received from officers, they have not declared any interests outside the responsibilities in respect of the North London Waste Authority (NLWA) and London Pension Fund Authority (LPFA) disclosed later in this note.

Local Health Trusts

The Council received £30.030m from Local Health Trusts and Clinical Commissioning Groups during the year for the provision of combined health and community care services. This comprised:

2014/15 £000		2015/16 £000
9,461	Camden Clinical Commissioning Group	26,508
628	FNCC Collected by Provider	1,007
2,474	NHS Foundation Trust CIFT (Mental Health & Social Care)	2,515
12,563	Total	30,030

North London Waste Authority (NLWA)

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

- Executive Director Corporate Services (Michael O'Donnell) acts as financial advisor

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

In 2015/16 the council paid £8.231m (£9.365m; 2014/15) to the NLWA and received £0.394m (£0.00m; 2014/15). The council held £12.701m on behalf of NLWA at 31 March 2016 (£12.988m; 31 March 2015) and this is included in the cash at bank balances and as temporary loans to the council in the accounts.

Further disclosures in respect of NLWA are shown in note 31 on agency services.

London Pension Fund Authority (LPFA)

In respect of the LPFA, the Executive Director Corporate Services (Michael O'Donnell) is a Non-Executive Board Member.

Note 39 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.

2014/15 £000		2015/16 £000
675,790	Opening capital financing requirement	563,233
	Capital investment:	
	From Capital Expenditure:	
199,231	Property, plant and equipment	203,671
3,249	Assets Held for Sale	0
844	Investment properties	479
1,028	Intangible assets	1,566
9,380	Revenue expenditure funded from capital under statute	9,481
	Other Investments:	
0	PFI Assets	0
275	Finance Leases	176
214,009		215,373
	Sources of finance	
74,755	Capital receipts	63,629
95,660	Government grants and other contributions	103,109
	Sums set aside from revenue:	
10,239	- direct revenue contributions	32,676
131,045	Pre-application of capital receipts	0
	Special repayment of debt - housing assoc loans	
9,223	- MRP	1,540
4,899	- MRP in relation to PFI	5,316
745	- MRP in relation to Finance Leases	432
326,566		206,702
563,233	Closing Capital Financing Requirement	571,904
(112,558)	Change in CFR	8,671

2014/15 £000	Explanation of movements in year	2015/16 £000
0	Increase in underlying need to borrowing (supported by government financial assistance)	0
33,079	Increase in underlying need to borrowing (unsupported by government financial assistance)	15,783
275	Assets acquired under finance leases	176
0	Assets acquired under PFI/PPP contracts	0
(131,045)	Pre-application of capital receipts	0
(9,223)	- MRP	(1,540)
(4,899)	- MRP - PFI	(5,316)
(745)	- MRP - Finance Leases	(432)
0	HRA self-financing settlement repayment of debt	0
(112,558)	Increase/(decrease) in Capital Financing Requirement	8,671

Note 40 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 2015 £000		31 March 2016 £000
1,055	Vehicles, plant, furniture and equipment	768
1,055		768

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 2015 £000		31 March 2016 £000
	Finance lease liabilities (net present value of minimum lease payments):	
390	- current	146
235	- non current	223
21	Finance costs payable in future years	0
646	Minimum lease payments	369

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

	Minimum Lease Payments		Finance Lease Liabilities	
	2014/ 15 £000	2015/ 16 £000	2014/ 15 £000	2015/ 16 £000
Not later than one year	403	146	390	146
Later than one year and not later than five years	238	223	230	223
Later than five years	5	0	5	0
	646	369	625	369

Payments incurred in respect of finance leases are shown below:

31 March 2015 £000		31 March 2016 £000
24	Financing Costs	15
745	Finance Lease Liabilities	432
769		447

Operating Leases

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

31 March 2015 £000		31 March 2016 £000
0	Not later than one year	0
0	Later than one year and not later than five years	0
0	Later than five years	0
0	Minimum lease payments	0

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

31 March 2015 £000		31 March 2016 £000
13	Minimum lease payments	0
0	Contingent rents	0
13		0

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 £1.473m for the use of these assets in 2015/16 (£1.488m in 2014/15).

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 2015 £000		31 March 2016 £000
11,952	Not later than one year	12,128
26,664	Later than one year and not later than five years	27,309
53,713	Later than five years	44,593
92,329		84,030

Note 41 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 2016/17	975	517	964	2,456
Payable between two to five years	4,787	1,845	3,431	10,063
Payable between six to ten years	6,317	3,542	3,306	13,165
Payable between eleven to fifteen years	5,347	5,545	1,345	12,237
Payable between sixteen to twenty years*	0	0	0	0
Total	17,426	11,449	9,046	37,921

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:

	2014/15 £000	2015/16 £000
Balance outstanding at 1 April	12,247	11,899
Payments during the year	(348)	(450)
Balance outstanding at 31 March	11,899	11,449

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 2016/17	3,144	4,476	2,806	10,426
Payable between two to five years	15,764	21,008	5,994	42,766
Payable between six to ten years	0	0	0	0
Total	18,908	25,484	8,800	53,192

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:

2014/15 £000		2015/16 £000
33,377	Balance outstanding at 1 April	29,552
(3,825)	Payments during the year	(4,068)
29,552	Balance outstanding at 31 March	25,484

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 2016/17	2,099	857	4,232	7,188
Payable between two to five years	9,283	4,047	16,036	29,366
Payable between six to ten years	13,667	6,961	17,580	38,208
Payable between eleven to fifteen years	15,778	10,632	13,670	40,080
Payable between sixteen to twenty years	18,966	15,488	7,745	42,199
Payable between twenty one to twenty five years	6,571	6,381	837	13,789
Total	66,364	44,366	60,100	170,830

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:

2014/15 £000		2015/16 £000
45,889	Balance outstanding at 1 April	45,164
(725)	Payments during the year	(798)
45,164	Balance outstanding at 31 March	44,366

Note 42 Impairment Losses

During 2015/16 the authority has had no impairment losses. (14/15, £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 43 Termination Benefits

The Council continues to be engaged in salary savings activity in the financial year 2015-16, 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 2015-16, the Council has charged to the Comprehensive Income and Expenditure Account a total of £3.645m for the termination of contracts that have occurred during 2015-16. This is for the termination of 159 employee contracts spread across the full range of Council services.

The table below provides an analysis of the exit packages approved during 2015/16. 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 2015-16.

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

	Headcount by band						Cost by band (to nearest thousand pounds)					
	Compulsory redundancies			Other departures agreed			Compulsory redundancies			Other departures agreed		
	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16	2013/14 £000	2014/15 £000	2015/16 £000	2013/14 £000	2014/15 £000	2015/16 £000
£0 - £20,000	44	20	57	26	32	44	418	184	481	249	288	392
£20,001 - £40,000	16	10	21	19	16	18	408	252	576	482	419	545
£40,001 - £60,000	3	3	3	3	4	6	129	129	127	142	210	309
£60,001 - £80,000	0	2	2	0	1	1	0	154	127	0	67	66
£80,001 - £100,000	0	0	1	0	1	1	0	0	83	0	96	95
£100,001 - £150,000	0	1	1	0	0	4	0	172	101	0	0	743
Total	63	36	85	48	54	74	955	891	1,495	873	1,080	2,150

Note 44 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 2015/16 the Council paid £9.611m to Teachers' Pensions in respect of teachers' retirement benefits (£8.907m, 2014/15), representing 15.5% of pensionable pay (14.1%, 2014/15). As a proportion of the total contributions into the Teachers' Pension Scheme during the year ending 31 March 2016, the Authority's own contributions equate to approximately 60.6%. There were no contributions remaining payable at the year-end. It is estimated that Teacher's Pension contributions for 2016/17 would be £15.719m.

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 45.

Ex ILEA

In 2015/16 the Council paid £0.183m to the London Pensions Fund Authority (£0.201m in 2014/15) in respect of former ILEA employees' pension costs, which represents 17.30% of ex-ILEA employees' pensionable pay (17.49% in 2014/15). In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2015/16 these amounted to £0.059m, (£0.059m in 2014/15) representing 5.62% of pensionable pay (5.12% in 2014/15).

Other Employees

In 2015/16 the Council's level of contribution into the Pension Fund was 28.3% (27.3% in 2014/15) 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 £38.737m (£37.258m in 2014/15) which represents 30.5% of Camden employees' pensionable pay (29.4% in 2014/15).

The Fund's actuary determines the employer's contribution rate. It is based on triennial actuarial valuations, with the review at 31 March 2010 setting the contributions for the three financial years from 2011/12 to 2013/14. The last review was undertaken at 31 March 2013, setting the contribution rates from 2014/15 to 2016/17.

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 2015/16 these amounted to £2.762m, representing 2.17% of pensionable pay (£2.829m and 2.23% in 2014/15).

The capital cost of discretionary increases in pension payments (e.g. discretionary added years) agreed by the authority in 2015/16 was nil (nil in 2014/15).

Note 45 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:

2014/15			2015/16			
Camden	LPFA	Total		Camden	LPFA	Total
£000	£000	£000	Comprehensive Income & Expenditure Statement	£000	£000	£000
Cost of Services:						
30,812	332	31,144	- current service cost	37,387	389	37,776
294	0	294	- past service costs/(gains)	393	0	393
0	0	0	- settlement and curtailments	0	0	0
Financing and Investment Income and Expenditure						
23,077	205	23,282	- net interest cost	22,875	295	23,170
54,183	537	54,720	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	60,655	684	61,339
Other Post-employment Benefit Charged to The Comprehensive Income and Expenditure Statement						
<i>Remeasurement of the net defined benefit liability comprising:</i>						
(56,801)	(1,034)	(57,835)	- Return on plan assets (excluding the amount included in the net interest charge)	48,619	1,590	50,209
0	0	0	- Actuarial gains and losses arising on changes in demographic assumptions	0	0	0
231,787	5,322	237,109	- Actuarial gains and losses arising on changes in financial assumptions	(163,398)	(3,455)	(166,853)
(13,733)	16	(13,717)	- Other	(26,145)	13	(26,132)
215,436	4,841	220,277	Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(80,269)	(1,168)	(81,437)

2014/15			2015/16		
Camden	LPFA	Total	Camden	LPFA	Total
£0	£0	£0	£000	£000	£000
Movement in Reserves Statement					
(54,183)	(537)	(54,720)	(60,655)	(684)	(61,339)
-Reversal of net charges made to the (Surplus) or Deficit for the Provision of Services for post-employment benefits in accordance with the Code Actual amount charged against the General Fund Balance for Pensions in the year					
39,593	406	39,999	41,346	394	41,740
-Employers' contributions payable to scheme					

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:

2014/15			2015/16		
Camden	LPFA	Total	Camden	LPFA	Total
£0	£0	£0	£000	£0	£0
Pensions Assets and Liabilities recognised in the Balance Sheet					
(1,768,025)	(49,958)	(1,817,983)	(1,637,276)	(46,339)	(1,683,615)
1,094,894	42,884	1,137,778	1,081,197	40,895	1,122,092
(43,609)	(901)	(44,510)	(38,779)	(838)	(39,617)
(716,740)	(7,975)	(724,715)	(594,858)	(6,282)	(601,140)

31 Mar 15				31 Mar 16		
Camden	LPFA	Total	Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets	Camden	LPFA	Total
£000	£000	£000	Year Ended:	£000	£000	£000
997,658	41,655	1,039,313	Opening Fair Value of Employer Assets	1,094,894	42,884	1,137,778
42,819	1,657	44,476	Interest Income	35,035	1,199	36,234
			Remeasurement gain/(loss):			
56,801	1,034	57,835	- the return on plan assets, excluding the amount included in the net interest expense	(48,619)	(1,590)	(50,209)
40,307	517	40,824	Contributions from employer	41,613	525	42,138
9,321	75	9,396	Contributions from employees into the scheme	9,061	74	9,135
(52,012)	(2,054)	(54,066)	Benefits Paid	(50,787)	(2,197)	(52,984)
1,094,894	42,884	1,137,778	Closing Fair Value of Employer Assets	1,081,197	40,895	1,122,092

31 Mar 15				31 Mar 16		
Camden	LPFA	Total	Reconciliation of defined benefit obligation	Camden	LPFA	Total
£000	£000	£000	Year Ended:	£000	£000	£000
1,539,269	45,306	1,584,575	Opening Defined Benefit Obligation	1,811,634	50,859	1,862,493
30,812	332	31,144	Current Service Cost	37,387	389	37,776
65,896	1,862	67,758	Interest cost	57,910	1,494	59,404
9,321	75	9,396	Contributions from scheme participants	9,061	74	9,135
			Remeasurement (gains) and losses:			
0	0	0	- Actuarial gains and losses arising on changes in demographic assumptions	0	0	0
231,787	5,322	237,109	- Actuarial gains and losses arising on changes in financial assumptions	(163,398)	(3,455)	(166,853)
(13,733)	16	(13,717)	- Other	(26,145)	13	(26,132)
294	0	294	Past service cost	393	0	393
(52,012)	(2,054)	(54,066)	Estimated Benefits Paid	(50,787)	(2,197)	(52,984)
1,811,634	50,859	1,862,493	Closing Defined Benefit Obligation	1,676,055	47,177	1,723,232

Local Government Pension Scheme assets comprised

Asset Category	Period Ended 31 March 2015				Period Ended 31 March 2016			
	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
Real Estate:								
UK Property	55,249		55,249	5%	64,611	0	64,611	6%
Overseas Property	0	44,245	44,245	4%	0	51,725	51,725	5%
Investment Fund and Unit Trusts:								
Equities	649,449	0	649,449	59%	628,278	0	628,278	58%
Bonds	137,091	0	137,091	13%	137,048	0	137,048	13%
Hedge Funds	0	98,127	98,127	9%	0	96,938	96,938	9%
Other	96,530	0	96,530	9%	95,624	0	95,624	9%
Cash and Cash Equivalents:								
All	14,203	0	14,203	1%	6,973	0	6,973	1%
Total Assets	952,522	142,372	1,094,894	100%	932,534	148,663	1,081,197	100%

LPFA assets comprised

	Period Ended 31 March 2015		Period Ended 31 March 2016	
	£000	%	£000	%
Equities	18,998	46%	18,605	43%
LDI/Cashflow Matching	4,146	10%	3,219	8%
Target Return Portfolio	8,699	21%	12,397	29%
Infrastructure	2,240	5%	2,125	5%
Commodities	183	0%	399	1%
Property	1,459	4%	1,215	3%
Cash	5,170	13%	4,924	11%
Total	40,895	100%	42,884	100%

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 15		Financial Assumptions	31 Mar 16	
Camden	LPFA		Camden	LPFA
% p.a.	% p.a.		% p.a.	% p.a.
2.40%	2.20%	Pension Increase Rate	2.2%	2.0%
4.30%	4.00%	Salary Increase Rate	4.2%	3.8%
3.20%	3.00%	Discount Rate	3.5%	3.3%

2014/15		Mortality	2015/16	
Camden	LPFA		Camden	LPFA
Years	Years		Years	Years
Average future life expectancies at age 65 for current pensioners				
22.0	22.0	Males	22.0	21.0
24.4	24.4	Females	24.4	24.4
Average future life expectancies at age 65 for future pensioners				
24.3	24.3	Males	24.3	23.3
26.8	26.8	Females	26.8	26.7

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 2016	Approximate % Increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	10%	171,581
1 year increase in member life expectancy	3%	50,282
0.5% increase in the Salary Increase Rate	3%	42,209
0.5% increase in the Pension Increase Rate	8%	127,275

LPFA

	£,000	2015/16 £,000	£,000
Adjustment to discount rate	+0.1%	0.00%	-0.1%
Present Value of total Obligation	46,523	47,177	47,842
Projected Service Cost	342	348	355
Adjustment to long term salary increase	+0.1%	0.00%	-0.1%
Present Value of Total Obligation	47,223	47,177	47,132
Projected Service Cost	348	348	348
Adjustment to pension increases and deferred revaluation	+0.1%	0.00%	-0.1%
Present Value of Total Obligation	47,805	47,177	46,559
Projected Service Cost	354	348	342
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present Value of Total Obligation	48,711	47,177	45,693
Projected Service Cost	357	348	339

Scheme's Funding Policy

The expected contributions to the scheme for 2016/17 are £38,748,000 for the council's scheme and £476,000 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 18.1 years (18.1 years 2014/15) and 14 years for LPFA scheme members (14 years 2014/15).

Effect on future cash flows in the authority

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

On the basis of extensive modelling carried out for the 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 16.7% in 2015-16, rising by 0.5% of payroll in 2016-17
- "past service" deficit repair payments expressed in monetary terms, being £16.250m in 2015-16 and £16.875m in 2016-17

- 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 next triennial valuation is being carried out from 31 March 2016, with results and contribution rates to be agreed and implemented for 2017-18.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to the service after 21 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings to pay pensions and other benefits to certain public servants.

Note 46 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 £1.174m (£2.6m, 2014/15).

2014/15 Estimated value of contingent liability £000	Details of contingent liabilities	2015/16 Estimated value of contingent liability £000
	Shown below are the details of various litigations that were on-going as at the end of the financial year.	
	Employee Related	
8	Various employment related litigations	69
56	The council is undertaking a three year rationalisation programme and has to date terminated the employment of a number of posts, which has been disclosed elsewhere within the statement of accounts. This programme is coming to a conclusion, however some further termination benefits are expected to be incurred.	0
	Civil Litigation and Housing Related	
	The council is currently in dispute on a number of issues, which are summarised below:	
1,677	- procurement/contracting disputes	200
16	- damages for council actions	0
10	- planning related	0
576	- disrepair of property	605
300	- group action: search fees	300
2,643	Total	1,174

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

Note 47 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 the treasury team under policies approved by the Council in the annual Treasury Management Strategy report (agreed by Council on 29/02/2016). 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 Capita 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, it 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
- sovereign ratings to select counterparties from only the most creditworthy countries

The Council also has a policy of limiting deposits with institutions to a maximum of £40m for the very highest rated entities. The UK Government retains significant ownership of the Royal Bank of Scotland and as such this bank has been classified as sovereign risk. Therefore it was proposed to increase the maximum limit of this bank to £60m. This was agreed in Council on 12/11/12.

The Council credit criteria for selecting approved counterparties and countries are published in the Treasury Management Strategy report and are approved annually by the Council.

The Council's maximum exposure to credit risk in relation to its investments in banks and local authorities of £225.251m (£270.114m, 2014/15) 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 2016 that this was likely to crystallise. The Council expects full repayment on the due date of deposits placed with its counterparties.

No credit 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 Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings 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 owed to the Council in respect of financial instruments (£225.251m) are due to be paid 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 2015 £000		31 March 2016 £000
245,526	Public Works Loans Board	219,005
124,000	Market Debt	124,000
0	Temporary Borrowing	0
369,526	Total	343,005
26,521	Less than one year	0
	Between:	
0	one and two years	0
13,568	two and five years	13,568
36,155	five and ten years	36,155
293,282	More than 10 years	293,282
369,526		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 borrowings 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 borrowings 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 a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central 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 2016, 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	(401)
Impact on Other Comprehensive Income and Expenditure	(401)
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)	(64,803)

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 a liability denominated in foreign currencies and thus has no exposure to losses arising from movements in exchange rates.

Note 48 Heritage Assets: Five-Year summary

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

Note 49 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 2015 £	Receipts £	Payments £	Balance at 31 March 2016 £
Education	(9,078)	(344)	0	(9,422)
Social Services	(38,241)	(240)	0	(38,481)
Other Funds	(161,091)	(1,012)	0	(162,103)
Water low Park	(219,887)	(391,017)	413,342	(197,562)
Lauderdale House Charity	(228,602)	(1,149,564)	1,175,835	(202,331)
Emmanuel Vincent Harris Trust	(3,885,767)	(24,364)	0	(3,910,131)
Neighbourhood Forum Funds	(468)	(1,696)	0	(2,164)
Total	(4,543,134)	(1,568,237)	1,589,177	(4,522,194)

Assets and liabilities on the funds as at 31 March 2016 were:

2014/15 £		2015/16 £
448,489	Fixed Assets	399,893
4,094,645	Investments	4,122,301
4,543,134		4,522,194
	Represented by	
4,543,134	Trust Funds	4,522,194

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 2016 was £6.583m (£6.172m; 31st March 2015).



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.

2014/15 £000		Notes	2015/16 £000
	Expenditure		
55,099	Repairs and maintenance		58,613
	Supervision and management		
18,417	– General		18,485
28,654	– Special services		30,615
2,410	PFI Costs		2,681
7,867	Rents, rates and other charges		7,754
(944)	Increased/(decreased) provision for bad debts		2,121
34,925	Depreciation	6	37,870
(43,937)	Revaluation (gain)/loss charged to income & expenditure	6	(5,514)
0	De-recognition of HRA Assets		0
123	Debt Management Expenses		92
0	REFCUS		821
102,614	Total expenditure		153,538
	Income		
(130,108)	Dwelling rents	1,2,3,4	(135,642)
(1,927)	Non-dwelling rents		(2,186)
(21,799)	Charges for services and facilities		(24,302)
(14,136)	Leaseholder charges – revenue		(14,373)
(1,230)	Leaseholder charges – capital		(6,859)
(6,824)	HRA Subsidy/PFI Credit		(6,824)
(306)	Commissioned Support Services Grant		0
(2)	REFCUS		0
(176,332)	Total income		(190,186)
(73,718)	Net Cost of HRA Services per whole Authority Comprehensive Income and Expenditure Statement		(36,648)
552	HRA services share of Corporate and Democratic Core		537
(73,166)	Net (Income)/Expenditure for HRA Services		(36,111)

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

2014/15 £000		Notes	2015/16 £000
0	Revaluation changes on investment properties		(34,105)
(9,982)	(Gain) or loss on sale of HRA non-current assets		(19,816)
21,657	Interest payable and similar charges	5	19,042
(7,731)	Investment Income		(7,912)
0	Government Grants deferred		0
(35,595)	Capital Grants and Contributions Receivable		(31,282)
4,360	Pensions interest cost and expected return on pensions assets	7	3,745
(100,457)	(Surplus) or deficit for the year on HRA services		(106,439)

Statement of Movement on the HRA Balance

2014/15 £000		Notes	2015/16 £000
(34,913)	Balance on HRA at the end of the previous year		(40,966)
(100,457)	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		(106,439)
94,405	Adjustments between accounting basis and funding basis under statute	8	108,239
(6,052)	Net (increase) or decrease before transfers to or from reserves		1,800
(6,052)	(Increase) or decrease in year on the HRA		1,800
(40,965)	Balance on the HRA at the end of the current year		(39,166)

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 2.74% of properties used for permanent accommodation were vacant (2.58%, 2014/15). The average rent for all stock excluding service charges was £114.93 per week in 2015/16, an increase of £4.70 or 4.27%, over the 2014/15 level of £110.23 per week.

Note 2 Housing Stock

The value of Council Dwellings as at 31st March 2016 was £2.560billion (£2.468 billion at 31 March 2015). 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 2015/16 (25% in 2014/15), which means that the vacant possession value of the dwellings within the HRA as at 31st March 2016 is £10.240billion (£9.872billion at 31 March 2015). 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 2016 for managing self-contained and shared dwellings. The stock was as follows:

2014/15		2015/16
No.	Property	No.
9,622	Bedsitter / 1 Bed accommodation	9,534
7,318	2 Bed accommodation	7,336
4,851	3 Bed accommodation	4,855
1,382	4 Bed+ accommodation	1,388
	Multi-occupied dwellings	
	83 Shared units *	84
23,256	Total	23,197

*Dwelling equivalent

The change in stock can be summarised as follows:

2014/15		2015/16
No.		No.
23,491	Stock at 1 April	23,256
(235)	Less sales, demolitions, etc.	(59)
23,256	Stock at 31 March	23,197

Note 3 Rent Arrears

The arrears at 31 March 2016 were £6.665m (£6.643m, 31 March 2015). Amounts written off during the year totalled £0.809m (£0.133m, 31 March 2015) and the provision for bad debts at the year-end totalled £5.164m (£5.184m; 31 March 2015).

Note 4 Rent Rebates

Assistance with rents is available under the Housing Benefits scheme for those on low incomes. About 69% of the Council's tenants were receiving some help with the costs of rent charges at 31 March 2016.

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.

2014/15 £000		2015/16 £000
130,010	Gross rent income	135,641
12,365	Gross tenant service charge income	12,939
142,375	Total	148,580
89,579	Rent Rebates	92,047
63%	Rebates as % of rent income	62%

Note 5 Interest Charges

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

Note 6 Depreciation

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

2014/15 £000		2015/16 £000
33,625	Operational Assets-dwellings	35,864
1,300	Operational Assets-other	2,006
<u>34,925</u>		<u>37,870</u>

The revaluation of HRA stock is as follows:

2014/15 £000		2015/16 £000
(43,937)	Revaluation (gains)/loss charged to income and expenditure	(5,514)
<u>(43,937)</u>	<u>Total</u>	<u>(5,514)</u>

Note 7 HRA Contribution to the Pension Reserve

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

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

Note 8 Note to the Statement of Movement on the HRA Balance

2014/15 Net Expenditure £000	Notes	2015/16 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 premiums and discounts and the charge for the year in accordance with statute	0
9,996	Gain/loss on sales of HRA fixed assets	19,816
2	REFCUS	(821)
0	Revaluation changes on Investment Properties recognised in I&E	34,105
0	Revaluation changes on non-current assets recognised in I&E	5,514
(87)	Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements (employee accrual)	(13)
(9,042)	Net charges made for retirement benefits in accordance with IAS19	(9,856)
0	Reversal of HRA settlement – capital receipt	0
869	Total	48,744
	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
46,482	Transfer from Capital Adjustment Account re Revaluation gain/(loss) charged income & expenditure	1,190
0	Capital Expenditure funded by the HRA	14,539
5,346	RCCO – Leaseholder contributions	6,322
6,114	Employers contributions payable to the pension funds and retirement benefits payable direct to pensioners	6,162
0	Reversal of HRA settlement	0
35,594	Reversal of HRA Capital Grant	31,282
93,536	Total	59,495
94,405	Net additional amount required by statute and non-statutory proper practices to be credited or debited to the HRA Balance for the year	108,239

Note 9 HRA Capital Programme

Total capital expenditure on Land, Houses and other property within the HRA was £151.847m (£112.577m in 2014/15). The expenditure was funded from the following resources:

2014/15		2015/16
£000		£000
22,097	Borrowing	12,932
15,140	Capital Receipts	45,067
5,346	Revenue Contributions	20,861
34,400	Major Repairs Reserve	40,705
35,594	Grants	32,282
0	Other Contributions	0
112,577		151,847

2014/15		2015/16
£000		£000
47,638	Capital Receipts received within the year were	31,043
42,569	Useable	26,199
5,069	Paid to DCLG	4,844

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.

2014/15		2015/16			
Income and Expenditure Account	Notes	Council Tax	NNDR	BRS	Total
£0		£0	£0	£0	£0
Income					
(112,510)	Income from Council Tax	1,2,3,4 (116,592)			(116,592)
(482,453)	Income collectable from business ratepayers (NNDR)	6	(502,885)		(502,885)
0	Transitional protection payments from CLG		0		0
(16,393)	Income collectable in respect of Business Rate Supplements	7		(16,838)	(16,838)
Contribution from preceptors towards previous year's Collection Fund deficit					
Council Tax / NNDR					
(1,854)	Greater London Authority		(11,952)		(11,952)
(2,864)	London Borough of Camden		(17,928)		(17,928)
(4,525)	Communities and Local Government		(29,881)		(29,881)
(620,599)	Total Income	(116,592)	(562,646)	(16,838)	(696,076)

2014/15		2015/16				
Income and Expenditure Account		Notes	Council Tax	NNDR	BRS	Total
£0			£0	£0	£0	£0
Expenditure						
Precepts and Council demand						
24,927	Greater London Authority (GLA)		25,125			25,125
85,182	London Borough of Camden		88,756			88,756
Share of Non Domestic Rates						
99,865	Greater London Authority			105,976		105,976
149,798	London Borough of Camden			158,964		158,964
249,663	Communities and Local Government			264,941		264,941
7,939	Transitional protection payments to CLG			4,006		4,006
1,190	Cost of collection allowance (NNDR)			1,186		1,186
Business Rate Supplements (BRS)						
16,340	Payment to GLA's BRS Revenue Account	7			16,793	16,793
53	Administrative costs	7			45	45
Council Tax Impairment of debts						
1,534	Allowance for impairment		384			384
476	Council Tax write offs		303			303
Non Domestic Rates Impairment of debts & Appeals						
636	Allowance for impairment			2,516		2,516
172	NNDR write-offs			(173)		(173)
36,718	Provision for appeals			(21,148)		(21,148)
Contribution to preceptors from previous year's Collection Fund surplus						
Council Tax/Non Domestic Rates						
0	Greater London Authority		643			643
0	London Borough of Camden		2,196			2,196
0	Communities and Local Government					0
674,493	Total Expenditure		117,407	516,268	16,838	650,513

2014/15		2015/16				
Income and Expenditure Account		Notes	Council Tax	NNDR	BRS	Total
£0			£0	£0	£0	£0
53,894	Deficit/(Surplus) for the year		815	(46,378)	0	(45,563)
36,996	Deficit/(surplus) at 1 April		(2,407)	93,297	0	90,890
90,890	Deficit/(Surplus) at 31 March		(1,592)	46,919	0	45,327

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 2015/16	Tax base for tax setting (£)
Less than £40,000	A	2,412.05	6/9	1,608.03
£40,000 - £52,000	B	6,055.56	7/9	4,709.88
£52,000 - £68,000	C	11,665.22	8/9	10,369.09
£68,000 - £88,000	D	16,365.12	9/9	16,365.12
£88,000 - £120,000	E	13,028.81	11/9	15,924.10
£120,000 - £160,000	F	8,839.49	13/9	12,768.16
£160,000 - £320,000	G	10,364.67	15/9	17,274.45
£320,000 or more	H	4,067.67	18/9	8,135.33
Totals		72,798.59		87,154.16
Allowance for Non-Collection				(2,004.55)
Adjustment for Armed Forces Dwellings				20.39
Total				85,170.00

By law, the tax for each band is set as a fraction of the band D charge. The Band D Council for Camden for 2015/16 together with the comparator for the previous year is:

2014/15 £	Preceptor	2015/16 £
1,021.48	Camden	1,041.81
299.00	Greater London Authority	295.00
1,320.48	Total	1,336.81

Note 5 Council Tax – Uncollectable amounts

The provision to cover bad debts stood at £10.617m on 31 March 2016 (£10.233m; 31 March 2015). This represents 59.19% of the outstanding arrears (58.61%; 31 March 2015).

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 2015/16 was 49.3p and 48.0p for small business (48.2p and 47.1p respectively for 2014/15). 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 2016, the non-domestic rateable value of the borough was

£1,233.583m (£1,243.759m, 31 March 2015). 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:

2014/15 £000	2014/15 £000		2015/16 £000	2015/16 £000
Income from business ratepayers				
	547,653	Non-domestic rate charge		568,119
	8,954	SBBR Supplement		11,370
7,939		Transitional relief	4,006	
(55,925)		Less - mandatory charity relief	(56,753)	
(23,393)		- empty property relief	(19,774)	
(2,775)	(74,154)	- discretionary relief	(4,083)	(76,604)
	482,453	Income due from business ratepayers		502,885

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 2015/16 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 Explanatory Foreword

Introduction

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

- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended)
- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)

The Accounts have been prepared in accordance with the 2015/16 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 can become members on appointment with Camden or a scheduled or admitted body. The Fund's income is derived from employees, contributions from employers and income from investments.

The Fund operates as a defined benefit scheme and provides retirement pensions and lump sum allowances, widows' and children's pensions and death gratuities. The LGPS 2014 Reforms, came into effect from 1st April 2014. These regulations change the scheme from one based on final pay to one based on career average pay.

The following description of the fund is a summary only. For further detail, reference should be made to the [London Borough of Camden Pension Fund Annual Report 2015/16](#) and the underlying statutory powers underpinning the scheme, namely the Superannuation Act 1972 and the Local Government Pension Scheme (LGPS) Regulations.

Fund Management

The day-to-day management of the Fund investments is carried out by the professional fund managers. As at 31 March 2016 there were 8 managers investing on behalf of the Fund:

- Aberdeen Asset Managers Ltd
- Harris Associates LP
- Insight Investment Funds Management Ltd
- Legal & General Investment Management Ltd
- CB Richard Ellis Global Investment Partners Ltd
- Partners Group Management II S.A.R.L.
- Brevan Howard Multi-Strategy Fund Ltd
- Baring Asset Management Ltd

In 2015/16 the Fund invested in Harris Associates as a second active global equity manager with proceedings from a divestment in Aberdeen Asset Management, the incumbent active global equity manager.

A ninth manager, BlueCrest Capital Management (UK) LLP, announced their intentions to redeem all client Capital on 1st December 2015, this was initiated on 4th January 2016, with the full wind-down process expected to culminate in June 2016. As at 31st March 2016 the Fund held an outstanding investment of approximately £11m to be returned from BlueCrest. The fund invested returned redemption proceeds from BlueCrest into Standard Life Assurance Limited in April 2016.

Each manager operates within mandated investment management agreements and targets originally determined by the Council's Audit and Corporate Governance (Pensions) Sub-Committee. There are a small number of assets that are held directly by the Council, which are managed under the delegation of the Executive Director Corporate Services.

Overall investment strategy is the responsibility of the Pension Committee, which consists of eight councillors who receive advice from the Executive Director Corporate Services, the Borough Solicitor and other officers, as well as the fund managers and the following professional consultants:

Hymans Robertson LLP (Actuarial & Benefit Services)
 AON Hewitt (Investment Consultancy)
 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 Camden 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 2016 is as follows:

2014/15		Fund Managers	2015/16	
£000	%		£000	%
365,031	29%	Aberdeen Asset Managers Ltd	212,658	17%
111,417	9%	Baring Asset Management Ltd	107,427	9%
58,039	5%	BlueCrest Capital Management (UK) LLP	11,143	1%
54,276	4%	Brevan Howard Asset Management LLP	52,116	4%
65,683	5%	CB Richard Ellis Collective Investors Ltd	75,907	6%
0	0%	Harris Associates LP	131,627	10%
124,656	10%	Insight Investment	124,563	10%
433,984	34%	Legal & General Investment Management Ltd	421,466	34%
50,957	4%	Partners Group Real Estate SICAR	63,649	5%
0	0%	London CIV	150	0%
1,746	0%	JPM Custodian Cash Account	48,741	4%
(412)	0%	Council	(152)	0%
1,265,377	100%		1,249,295	100%

Events after the reporting period date

The result of the referendum held on 23 June was in favour of the UK leaving the European Union. This is a non-adjusting event. A reasonable estimate of the financial effect of this event cannot be made.

Actuarial Valuations

The Fund is subject to actuarial valuation every three years. The actuary is required to specify the employer's rate of contribution 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 2013, the results of which take effect from 1 April 2014. The full valuation report can be read here:

<http://www.camden.gov.uk/ccm/navigation/council-and-democracy/publications-and-finances/pensions/>

The market value of the Fund's assets at the 2013 valuation date was £1.124bn. The actuarial value of the Fund's accrued liabilities, allowing for future pay increases, was £1.487bn; therefore there was a shortfall of £364m (24.4%).

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

CPI Price Inflation	2.5% per annum
Pay increases	4.3% per annum
Gilt-based discount rate	3.0% per annum
Funding basis discount rate	4.6% 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 2010 the assets were valued as sufficient to meet 76% of the liabilities. The employer's contribution rate from 2011/12 to 2013/14 was calculated as 28.1% of pensionable pay. This is the average employer contribution rate required for the three years starting in 2011/12. 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 2015/16 the contribution rate from the Administering Authority was 28.3% (27.3% in 2014/15).

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 Statement of Investment Principals 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 2015/16 were as follows:

Admitted Bodies;

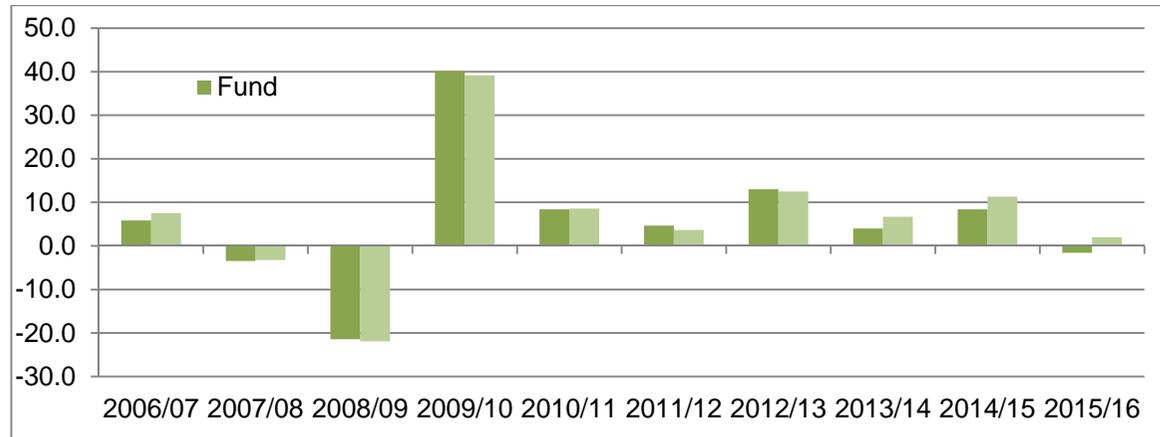
Abbey Road Housing Co-op
Agar Grove Housing Co-op
Age UK Camden
British Association for Adoption & Fostering
Busy Bee Cleaning Ltd
Camden Arts Centre
Camden Citizens Advice Bureau
Camden Community Nurseries Ltd
Care UK Ltd
Caterlink Ltd
Chalk Farm Housing Group
CIS Security Ltd
Coram Family
Creative Support Ltd
Greenwich Leisure Ltd
Holborn Community Association
Home Connections
Improvement & Development Agency
Land Data CIC
Local Government Information Unit
Mears Care Ltd
MiHomecare Ltd
MITIE PFI
National Association for Local Councils
NSL Ltd
RM Education Ltd
S&K Car Park Management Ltd
Westminster Society
Voluntary Action Camden
Volunteer Centre Camden

Scheduled Bodies;

Abacus Belsize School
Children's Hospital School
Kings Cross Academy
St Luke's School
UCL Academy
WAC Arts School

Returns

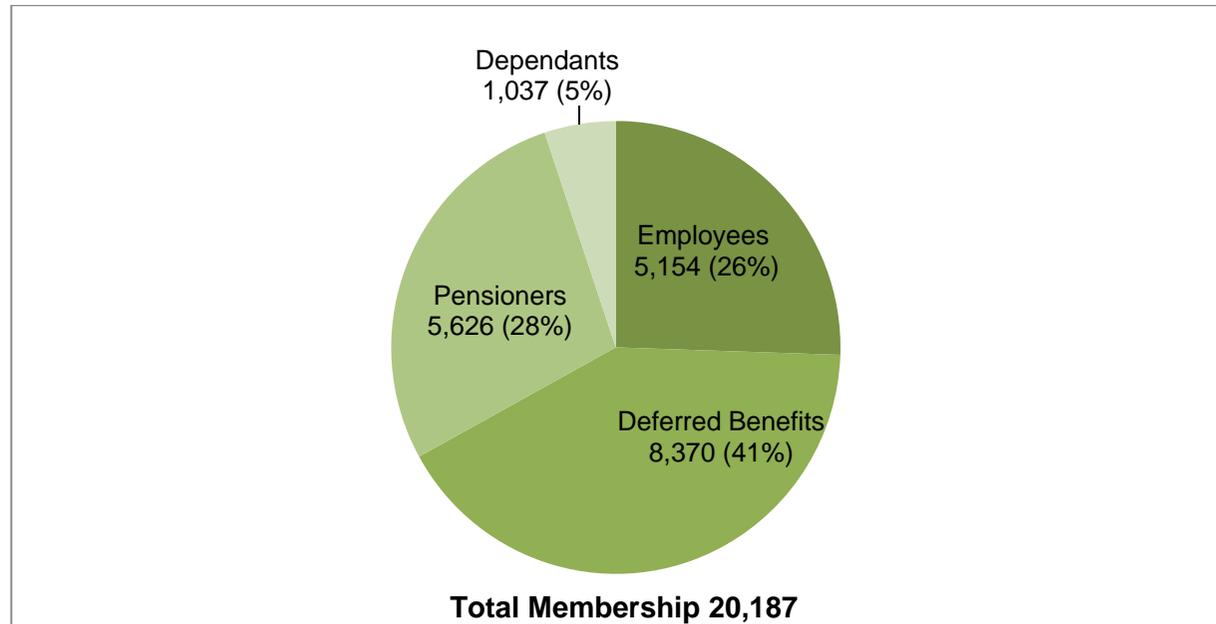
The overall value of the Fund has risen by 69% during the last ten years. The diagram below, based on figures prepared by the WM Company, provides a comparison between the performance of Camden's Fund and that of the average of other participating funds, including company pensions, for each year over this period. It shows the time-weighted return on investments for each calendar year.



Membership

Total membership of the Fund at 31 March 2016 was 20,187 (19,590 in 2015). Within the totals shown in the pie chart below are 505 employees, 997 deferred, 674 pensioners and 52 dependants attributable to admitted bodies and scheduled bodies.

	31 Mar 15	31 Mar 16
Employees	5,054	5,154
Deferred Benefits	8,070	8,370
Pensioners	5,452	5,626
Dependents	1,014	1,037
Total	19,590	20,187



Benefits

Pension Benefits under the LGPS are based on final pensionable pay and length of pensionable pay and length of pensionable service up until 31 March 2016, summarised below:

	Pension	Lump Sum
Service Pre 1 April 2008	Each year worked is worth 1/80 x final salary.	Automatic lump sum of 3 x salary. In addition part of the annual pension can be exchanged for a one-off tax free cash payment. A lump sum of £12 is paid for each £1 of pension given up.
Service Post 31 March 2008 – 31st March 2014	Each year worked is worth 1/80 x final salary	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.
Service Post 31 March 2014	Each year worked is worth 1/49 x pensionable earnings of that year. 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. 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 www.lgps2014.org.

Pension Fund Account

2014/15 £000		Notes	2015/16 £000	2014/15 £000	2015/16 £000
	Contributions receivable:				
42,640	From Employers		44,324	101,402	Net increase/(decrease) in the fund
10,664	From Members		10,744		
541	Pension Strain	4	1,316	1,163,975	Net assets at 1 April 2014
53,845		3	56,384		
	Transfers in from other pension funds:				
5,003	Transfers in (individual)		998	1,265,377	Net assets at 31 March 2015
	Benefits payable:				
(42,929)	Retirement pensions		(44,481)		
(7,144)	Commutation of pensions and lump sum retirement benefits		(8,893)		
(1,019)	Lump sum death benefits		(541)		
(51,092)		3	(53,915)		
	Payments to and on account of leavers:				
(3,823)	Transfers out (individual)		(1,577)		
(53)	Refund of contributions		(68)		
10	Contribution Equivalent Premiums	5	(48)		
(3,866)			(1,693)		
	Other Payments:				
(702)	Administration costs	7	(587)		
(203)	Other expenditure	7	(217)		
(905)			(804)		
2,985	Net additions from dealing with members		970		
	Returns on investments				
14,718	Investment income	8	16,291		
(67)	Tax deducted from investment income		(211)		
(6,928)	Management fees	9	(6,038)		
90,694	Change in market value of investments	10	(27,094)		
98,417	Net returns on investments		(17,052)		

Pension Fund Net Assets Statement

31 March 2015 £000	Notes	31 March 2016 £000	
Investments at market value			
<u>Pooled Investment Vehicles:</u>			
124,656	Fixed Interest Securities	12,13	124,563
31,328	Index Linked Securities	12,13	31,951
345,547	UK Equities	12,13	208,769
57,109	Overseas Equities	12,13	180,746
111,417	Diversified Growth Fund	12,13	107,427
112,315	Fund of Hedge Funds	12,13	63,258
782,372			716,714
11 Fixed Interest securities - Public Sector			
53,522	UK Equities		35,967
303,664	Overseas Equities	12,13	301,775
110,549	Property	12,13	132,783
14,888	Cash deposits	12,13	58,717
794	Investment Income Receivable	12,13	3,491
1,265,800			1,249,447
Other net assets			
(48)	Cash held by Camden	12,13	(332)
555	Current assets	15	1,079
(930)	Current liabilities	15	(899)
1,265,377	Total net assets		1,249,295

Both the 2015 and 2016 investment valuations are drawn from the custodian reporting system.

The net asset statement includes all assets and liabilities of the fund at 31 March 2016, but excludes long-term liabilities to pay pensions and benefits in future years.

For the financial year 2014/15 the Pooled Investment vehicle valuations for Index Linked securities and UK Equities have been restated as £5.498m of Fixed Interest Securities (£25,830 in the 2014/15 Statement of Accounts) were erroneously allocated to UK equities (£351,045 in the 2014/15 Statement of Accounts). This amendment has no effect on the total valuation of the portfolio.

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 at 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 investor manager, and if this valuation point differs to year end the Net Asset Value is adjusted for any further drawdown at cost. Prices in foreign currencies are translated at the closing rates of exchange as at 31st March.

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 Shared Service run by Camden, Wandsworth 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 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 contributions (AVC) scheme for its Members, the assets of which are invested separately from those of the pension fund. The fund has appointed Prudential and Phoenix as its AVC provider. 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 funding valuation, the Fund's actuary also undertakes a valuation of the pension fund liabilities every year, on an IAS 19 basis. For 2015/16 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

2014/15 £000	2015/16 £000
Contributions receivable	
47,219 Administering Authority	49,253
210 Scheduled Bodies	340
6,416 Admitted Bodies	6,791
53,845	56,384
Benefits payable	
(44,416) Administering Authority	(45,490)
(264) Scheduled Bodies	(265)
(6,412) Admitted Bodies	(8,160)
(51,092)	(53,915)

Note 4 Pension Strain

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

Note 5 Contributions Equivalent Premiums

This is a payment to the Contributions Agency to reinstate employees into the State Earnings Related Pension Scheme. 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 2015/16 £109k was paid to the council for accountancy services (£113k in 2014/15), and £363k was paid to the Shared Service for pensions administration (£402k in 2014/15).

As at 31 March 2016, a cash balance of £332k relating to the Pension Fund was owed to the council (£48k was owed to the council at 31 March 2015).

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

Administrative Costs included the following items.

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 actual time spent on scheme administration and investment related business.

2014/15 £000	2015/16 £000
Pensions Admin	
402 charge	363
70 Pensioner database	66
113 Officer's Salary	109
14 Legal fees	12
25 Collective Investment Vehicle	25
78 Other	12
702 Total	587

Other Expenditure included the following items:

2014/15 £000	2015/16 £000
19 Actuarial Advice	30
Investment	
91 Consultancy	76
21 Audit	21
26 Custodian	45
Corporate	
26 Governance	27
20 Statistical Services	18
203 Total	217

Note 8 Pension Fund Investment Income

A detailed breakdown of this figure is shown below:

2014/15 £000	2015/16 £000
Fixed interest 2 securities	0
2,709 UK equities	6,257
7,683 Overseas equities	7,299
4,277 Property unit trusts	2,679
Interest on cash 47 deposits	56
14,718 Total income	16,291

Note 9 Management fees

The fees levied by the Fund Managers were as follows:

2014/15 £000	2015/16 £000
1,486 Aberdeen	492
474 Barings	491
1,400 BlueCrest	1,262
1,242 Brevan Howard	1,061
155 CB Richard Ellis	180
0 Fidelity	0
(36) Goldman Sachs	627
875 Insight	501
208 Legal & General	213
1,124 Partners Group	1,211
6,928 Total	6,038

In 2014/15 the Fund invested in Insight to replace Goldman Sachs as absolute return bond manager. The negative amount for Goldman Sachs relates to an overestimation for management fees accrued from 2013/14.

Note 10 Change in market value of Investments

	Realised Gain/(Loss) £000	Unrealised Gain/(Loss) £000	Movement 2015/16 £000
Pooled Investment Vehicles:			
Fixed Interest Securities	0	(93)	(93)
Index Linked Securities	0	623	623
UK Equities	68,026	(80,804)	(12,778)
Overseas Equities	249	(612)	(363)
Fund of Hedge Funds	6,535	(8,922)	(2,387)
Diversified Growth Fund	0	(4,100)	(4,100)
	74,810	(93,908)	(19,098)
Fixed Interest securities - Public Sector	9	(9)	(0)
UK Equities	1,397	(5,686)	(4,289)
Overseas Equities	34,862	(55,047)	(20,185)
Property	(21)	12,270	12,249
Total Investments	111,057	(142,380)	(31,323)
Currency	130	74	204
Total	111,187	(142,306)	(31,119)
Gross up of Investment Manager Fees netted off fund value			4,025
2015/16 Movement on Investments			(27,094)

Note 11 Purchase and sales

2014/15 £000		2015/16 £000
	Purchases	
	Pooled Investment Vehicles:	
0	- Fixed Interest Securities	0
0	- Index Linked Securities	0
0	- UK Equities	0
0	- Overseas Equities	124,549
0	- Fund of Hedge Funds	0
104	- Diversified Growth Fund	110
104		124,659
0	Fixed Interest securities - Public Sector	0
9,926	UK Equities	13,782
47,088	Overseas Equities	206,860
10,352	Property	12,686
67,470	Total Purchases	357,987
	Sales	
	Pooled Investment Vehicles:	
0	- Fixed Interest Securities	0
0	- Index Linked Securities	0
(2,500)	- UK Equities	(124,000)
0	- Overseas Equities	(549)
0	- Fund of Hedge Funds	(46,670)
0	- Diversified Growth Fund	0
(2,500)		(171,219)
(36)	Fixed Interest securities - Public Sector	(11)
(10,984)	UK Equities	(27,048)
(39,370)	Overseas Equities	(188,565)
8	Property	(2,701)
0	Venture Capital	0
(52,882)	Total Sales	(389,544)

The Fund has held pooled investments in fixed interest securities and index linked securities throughout the year without addition or disposal.

Note 12 Analysis of investments at market value

31 March 2015 £000	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000
Securities		Securities	
11	0	2,742	1,799
Government fixed interest UK		South Africa	
Pooled Vehicle - Government		9,056	
31,328	31,951	South Korea	
index linked UK		19,089	
Pooled Vehicle - Fixed Interest		Sweden	
124,656	124,563	42,199	
Securities		Switzerland	
155,995	156,514	10,738	
		Taiwan	
		0	
		Thailand	
		110,905	
		USA	
		Pooled Vehicle - L&G Global	
		57,109	
		Equity Fund	
		360,773	
		482,521	
		Property	
		59,592	
		UK Property	
		69,134	
		50,957	
		Global Real Estate	
		63,649	
		110,549	
		132,783	
		Hedge Funds	
		112,315	
		Pooled Vehicles	
		63,258	
		112,315	
		63,258	
		Diversified Growth Fund	
		111,417	
		Pooled Vehicles	
		107,427	
		111,417	
		107,427	
		794	
		Investment Income Receivable	
		3,491	
		14,888	
		Cash Deposits	
		58,717	
		(48)	
		Cash at Authority	
		(332)	
		Net Debtors / Creditors at	
		(375)	
		Authority	
		180	
		1,265,377	
		Total Asset Value	
		1,249,295	

Note 13 Valuations by fund managers

2014/15 £000		2015/16 £000
	Aberdeen Asset Managers Ltd	
49,316	- UK equities	25,488
303,664	- Overseas equities	181,271
10,257	- Cash	4,184
1,794	- Income Receivable	1,715
	Baring Asset Management Ltd	
111,417	- Pooled investment vehicle	107,427
	BlueCrest Capital Management (UK) LLP	
58,039	- Pooled investment vehicle	11,143
	Brevan Howard Asset Management LLP	
54,276	- Pooled investment vehicle	52,116
	CB Richard Ellis Collective Investors Ltd	
4,206	- UK equities	4,368
35,728	- Pooled investment vehicle	49,734
23,864	- Property unit trusts	19,400
1,694	- Cash	1,405
191	- Income Receivable	1,000
	Harris Associates LP	
0	- UK equities	5,961
0	- Overseas equities	120,503
0	- Cash	4,971
0	- Income Receivable	192
	Insight Investment	
124,656	- Pooled investment vehicle	124,563

2014/15 £000		2015/16 £000
	Legal & General Investment Management	
	Pooled investment vehicles	
31,328	- Index linked securities	31,951
345,547	- UK equities	208,769
57,109	- Overseas Equities	180,746
	Partners Group Real Estate	
41,339	- Property SICAR	46,306
9,618	- Pooled Investment Vehicle	17,343
	JPM Custodian Account	
1,697	- Cash	48,707
49	- Income Receivable	34
	Council	
	- Public sector fixed interest securities	0
0	- UK equities	150
(48)	- Cash	(332)
(375)	- Net Debtors & Creditors	180
1,265,377	Total	1,249,295

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 21st October 2015.

Note 14 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.

Values at 31 March 2016	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
Assets:				
Cash & Currencies	7,433	0	0	7,433
Cash Equivalents	0	51,284	0	51,284
Equities	333,223	0	50,674	383,897
Forward Currency Contract	0	0	0	0
Pooled Funds	0	803,192	0	803,192
Receivables	3,491	0	0	3,491
Total Financial Assets	344,147	854,476	50,674	1,249,297
Liabilities:				
Forward Currency Contract	0	0	0	0
Payables	0	0	0	0
Total Financial Liabilities	0	0	0	0
Grand Total	344,147	854,476	50,674	1,249,297

Financial assets classed at Level 3 include the SICAR property investment held by Partners Group, and one of the underlying CBRE property investments.

Values at 31 March 2015	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
Assets:				
Cash & Currencies	2,743	0	0	2,743
Cash Equivalents	0	12,145	0	12,145
Equities	352,981	0	45,545	398,526
Forward Currency Contract	0	0	0	0
Pooled Funds	0	851,582	0	851,582
Receivables	3,271	0	0	3,271
Total Financial Assets	358,995	863,727	45,545	1,268,267
Liabilities:				
Forward Currency Contract	0	0	0	0
Payables	(2,478)	0	0	(2,478)
Total Financial Liabilities	(2,478)	0	0	(2,478)
Grand Total	356,517	863,727	45,545	1,265,789

Note 15 Analysis on Net Current Assets and Liabilities

2014/15 £000	2015/16 £000
<i>Assets</i>	
Pension Capital	
0 Costs receivable	394
Admitted Authorities payments	
555 receivable	685
555	1,079
<i>Liabilities</i>	
(671) Creditors	(604)
(259) Unpaid Benefits	(295)
(930)	(899)
(375) Net Total	180

Note 16 Direct Transaction costs

The amount of direct transaction costs incurred by each Fund Manager was as follows:

	2014/15	2015/16
	£	£
170,850 Aberdeen		96,006
0 Barings		0
0 BlueCrest		0
0 Brevan Howard		0
5,128 CB Richard Ellis		2,323
0 Harris		41,146
0 Insight		0
2,238 Legal & General		1,221
0 Partners Group		0
178,216 Total		140,696

Direct transaction costs on purchases and sales are only reported in segregated investment mandates, and above on purchases / sales of units in the L&G pooled equity vehicles. In addition to these costs, indirect costs are incurred through the bid-offer spread on investments within the other pooled investment vehicles.

Note 17 Additional Voluntary Contributions

Additional voluntary contributions are not included in the Pension Fund Accounts in accordance with regulation 4(2)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 1999. The providers of Additional Voluntary Contributions are Phoenix Life Ltd and Prudential Assurance Company Ltd (from 1 April 2009).

Phoenix operates two funds, the deposit fund and the managed fund and employees can contribute to either fund.

Prudential offer twelve funds, with the risk appetite ranging from minimal to higher risk. The employee has the option to choose a combination of these funds. Also the employee has the choice to invest in the default fund (with profits) or a lifestyle option, which commences with higher risk investments and is gradually switched to lower risk investments as the employee moves closer to retirement.

The value and transaction summary of the AVC funds are below. It should be noted that the Phoenix Life accounts are produced on a calendar year basis.

Prudential	2015/16	2014/15
	£	£
Value at 1 April	2,006,704	1,644,184
- Contributions and Transfers Received	336,572	456,651
- Investment Return	12,145	151,168
- Paid Out	(488,075)	(245,299)
Value at 31 March	1,867,346	2,006,704

Phoenix Life Ltd	2015	2016
	£	£
Value at 1 January	973,754	1,020,270
- Contributions and Transfers Received	19,616	24,285
- Investment Return	17,389	19,678
- Paid Out	(53,695)	(90,479)
Value at 31 December	957,064	973,754

Note 18 Reconciliation of investments by asset class

	31 March 2015	Purchases	Sales	Change in Market Value	31 March 2016
	£000	£000	£000	£000	£000
Pooled Vehicles:					
- Fixed Interest securities	124,656	0	0	(93)	124,563
- Index Linked securities	31,328	0	0	623	31,951
- UK equities	345,547	0	(124,000)	(12,778)	208,769
- Overseas equities	57,109	124,549	(549)	(363)	180,746
- Fund of Hedge Funds	112,315	0	(46,670)	(2,387)	63,258
- Diversified Growth Fund	111,417	110	0	(4,100)	107,427
	782,372	124,659	(171,219)	(19,098)	716,714
Fixed Interest Securities	11	0	(11)	(0)	0
UK Equities	53,522	13,782	(27,048)	(4,289)	35,967
Overseas Equities	303,665	206,860	(188,565)	(20,185)	301,775
Property	110,549	12,686	(2,701)	12,249	132,783
Total Investments	1,250,119	357,987	(389,544)	(31,323)	1,187,239
Cash and net debtors	15,258			204	62,056
Total	1,265,377			(31,119)	1,249,295

	31 March 2014	Purchases	Sales	Change in Market Value	31 March 2015
	£000	£000	£000	£000	£000
Pooled Vehicles:					
- Fixed Interest securities	122,345	0	0	2,311	124,656
- Index Linked securities	25,830	0	0	5,498	31,328
- UK equities	326,353	0	(2,500)	21,694	345,547
- Overseas equities	47,905	0	0	9,204	57,109
- Fund of Hedge Funds	104,851	0	0	7,464	112,315
- Diversified Growth Fund	102,221	104	0	9,092	111,417
	729,505	104	(2,500)	55,263	782,372
Fixed Interest Securities	36	0	(36)	11	11
UK Equities	58,293	9,926	(10,984)	(3,713)	53,522
Overseas Equities	266,929	47,088	(39,370)	29,018	303,665
Property	93,995	10,352	8	6,194	110,549
Total Investments	1,148,758	67,470	(52,882)	86,773	1,250,119
Fixed Interest Securities	36	0	(36)	11	11
Cash and net debtors	15,217			(337)	15,258
Total	1,163,975			86,436	1,265,377

Note 19 Nature and 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.

Sensitivity analysis can be carried out for potential price changes based on the observed historical volatility of asset class returns. 'Riskier' assets such as equities will display greater potential volatility than bonds for example, so the overall outcome will depend largely on funds' asset allocations.

The potential volatilities below (% change) are consistent with volatility of returns experienced over the past year, as provided by one of the Fund's managers Aberdeen. This can then be applied to the period end asset mix as follows:

Asset Type	Value (£000)	% Change	Value on Increase (£000)	Value on Decrease (£000)
UK Equities	244,736	16.7%	285,705	203,767
Global Equities	482,521	15.7%	558,132	406,910
Total Bonds	124,563	8.3%	134,927	114,199
UK Index Linked	31,951	9.3%	34,916	28,986
UK Property	69,134	1.5%	70,136	68,132
Global Property	63,649	3.4%	65,800	61,498
Fund of Hedge Funds	63,258	7.2%	67,819	58,697
Diversified Growth Funds	107,427	5.2%	112,959	101,895
Cash & Equivalents	62,056	3.9%	64,501	59,611
Total Assets*	1,249,295		1,394,895	1,103,695

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 £GBP.

To calculate currency risk the currency exchange rate volatility (% change relative to £GBP) of individual currencies is used, as provided by ratesfx.com. For pooled assets the benchmark currency exposure is used as proxy.

The following table summarises the Fund's currency exposure based on its holdings of overseas domiciled equities and property as at 31 March 2016.

Currency	Value (£000)	% Change	Value on Increase (£000)	Value on Decrease (£000)
Argentine Peso	3,044	34.6%	4,096	1,992
Bermudian Dollar	3,506	10.1%	3,862	3,150
Brazilian Real	3,308	14.8%	3,796	2,820
Canadian Dollar	6,382	8.4%	6,917	5,847
Cayman Island Dollar	3,052	10.2%	3,363	2,741
EURO	42,013	9.7%	46,105	37,921
Hong Kong Dollar	8,223	7.9%	8,869	7,577
Israeli Shekel	4,114	7.7%	4,430	3,798
Japanese Yen	26,400	10.1%	29,058	23,742
Mexican Peso	5,949	10.1%	6,550	5,348
Netherlands Antillean Guilder	4,351	10.2%	4,796	3,906
Singapore Dollar	1,799	7.4%	1,932	1,666
South African Rand	2,381	15.7%	2,755	2,007
South Korean Won	10,537	8.4%	11,419	9,655
Swedish Krona	5,566	8.8%	6,056	5,076
Swiss Franc	41,162	9.2%	44,953	37,371
Taiwan Dollar	6,464	9.1%	7,055	5,873
Thai Baht	2,059	8.1%	2,226	1,892
US Dollar	105,418	8.1%	113,936	96,900
Global Basket	180,746	7.5%	194,212	167,280
Total O/S Equity*	466,474		506,386	426,562
O/S Property (€)	46,306	9.7%	50,816	41,796
O/S Property (\$)	17,343	8.1%	18,744	15,942
TOTAL*	530,123		575,946	484,300

Credit Risk

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

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

The Fund's demand sterling deposit at JP Morgan is 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 periodic reviews of the maturity of the Fund, and 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 scheme, 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 scheme.

Investment	Value 31/3/16 (£000)	% of total fund	Value 31/3/15 (£000)	% of total fund
Legal & General UK Equity Index Fund	208,769	16.7%	345,547	27.3%
Legal & General Global Equity Index Fund	180,746	14.5%	57,109	4.5%
Insight Investment Bonds Plus 400 Fund	124,563	10.0%	124,656	9.8%
Baring Dynamic Asset Allocation Fund	107,427	8.6%	111,417	8.8%

Note 20 Contingent Liabilities and Contractual commitments

Real Estate

The fund has commitments in relation to two unquoted limited partnership funds in Global Real Estate property; one Euro denominated Luxembourg SICAR and one US Dollar denominated Guernsey Limited Partnership. These commitments are drawn down in tranches over time as and when the manager requests them. The Euro fund had £2.030m of commitments outstanding as at 31 March 2016 (£3.240m as at 31 March 2015), the US

Dollar fund had £34.884m of commitments outstanding as at 31 March 2016 (£39.659m as at March 2015). These are not required to be included in the Pension Fund accounts.

Note 21 Post Balance Sheet Events

On 23 June, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. It will

be for the Government, under the new Prime Minister to begin negotiations to exit the EU. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation and funding in future once the UK has left the EU. This is therefore a non-adjusting event for which no estimate of its financial effect on the reporting entity can be made.



5 Glossary and Contacts

Glossary of terms

Accrual

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Actuarial Gains and Losses

Remeasurement of Net Defined Benefit Liability

Actuaries 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 Audit Commission 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 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

BVACOP

Best Value Accounting Code of Practice

BVCA

British Venture Capital Association

C&IMHSCT

Camden and Islington Mental Health
Social Care Trust

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

DCLG

Department for Communities and Local
Government

DCSF

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

HM Revenue & Customs

HRA

Housing Revenue Account

IAS

International Accounting Standards

ICES

Integrated Community Equipment Store

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 Option Borrower Option financial instrument

LPFA
London Pensions Fund Authority

LRB
The former London Residuary Body (residual functions of the Greater London Council and ILEA)

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

PCT
Primary Care Trust

PFI
Private Finance Initiative

PPE
Property, Plant and Equipment

PWLB
Public Works Loans 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*.

For further details please contact

Financial Reporting Accountant
London Borough of Camden
Corporate Finance
5 Pancras Square
N1C 4AG

statement_of_account@camden.gov.uk



Pancras Square