

LONDON BOROUGH OF CAMDEN

STATEMENT OF ACCOUNTS 2008/09

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Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required:

- // to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs as the Chief Finance Officer. At Camden, that officer is the Director of Finance;
- // to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- // to approve the Statement of Accounts.

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Council's statement of accounts which is required by the Chartered Institute of Public Finance and Accountancy (CIPFA)/Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code of Practice on Local Authority Accounting in the United Kingdom (the Code of Practice) to present fairly the financial position of the Council at 31 March 2009 and its income and expenditure for the year 2008/09. In preparing this statement of accounts, the Chief Finance Officer has:

- // selected suitable accounting policies and applied them consistently;
- // made judgements and estimates that were reasonable and prudent;
- // complied with the Code of Practice.

The Chief Finance 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.



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

Opinion on the Council's accounting statements

I have audited the accounting statements and related notes of the London Borough of Camden (the Council) for the year ended 31 March 2009 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of the Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Housing Revenue Account, the Statement of Movement on the Housing Revenue Account, the Collection Fund and the related notes. The accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of the London Borough of Camden in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Director of Finance and auditor

The Director of Finance's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the accounting statements and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Council and its income and expenditure for the year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements and related notes and consider whether it is consistent with the audited accounting

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statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements and related notes. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Council in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

Opinion

In my opinion the Council's financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Council as at 31 March 2009 and its income and expenditure for the year then ended.

Opinion on the pension fund accounts

I have audited the pension fund accounts for the year ended 31 March 2009 under the Audit Commission Act 1998. The pension fund accounts comprise the Fund Account, the Net Assets Statement and the related notes. The pension fund accounts have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of the London Borough of Camden in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Director of Finance and auditor

The Director of Finance's responsibilities for preparing the pension fund accounts, in accordance with relevant legal and regulatory requirements and

the Code of Practice on Local Authority Accounting in the United Kingdom 2008, are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the pension fund accounts and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the pension fund accounts present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial transactions of the pension fund during the year and the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year.

I read other information published with the pension fund accounts and related notes and consider whether it is consistent with the audited pension fund accounts. This other information comprises the Explanatory Foreword published in the financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the pension fund accounts and related notes. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the pension fund accounts and related notes. It also includes an assessment of the significant estimates and judgments made by the Council in the preparation of the pension fund accounts and related notes, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the pension fund accounts and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the pension fund accounts and related notes.

Opinion

In my opinion the pension fund accounts and related notes present fairly, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial transactions of the Pension Fund during the year ended 31 March 2009, and the amount and disposition of the fund's assets and liabilities as at 31 March 2009, other than liabilities to pay pensions and other benefits after the end of the scheme year.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Council's Responsibilities

The Council 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 regularly to review the adequacy and effectiveness of these arrangements.

Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Council for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the Council has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, I am satisfied that, in all significant respects, the London Borough of Camden made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

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Delay in certification of completion of the audit

I am required to give an opinion on the financial statements of the pension fund included in the Pension Fund Annual Report of the London Borough of Camden Pension Fund. The Local Government Pension Scheme (Administration) Regulations 2008 require authorities to publish the Pension Fund Annual Report by 1 December 2009. As the Council has not yet prepared the Annual Report I have not yet been able to read the other information to be published with those financial statements and I have not issued my report on those financial statements. Until I have done so, I am unable to certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Furthermore, the audit cannot be formally concluded, and an audit certificate issued, until I and my predecessor have completed our consideration of matters brought to our attention by members of the public. I am satisfied that the amounts involved will not have a material effect on the statement of accounts.



P M Johnstone
District Auditor
Audit Commission
1st Floor
Millbank Tower
Millbank
London
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30 September 2009

Foreword by the Director of Finance



Michael O'Donnell
Director of Finance and Chief Finance Officer

The purpose of this foreword is to provide an easily understandable guide to the most significant matters reported in the Council's accounts. Camden's financial statements for 2008/09 have been prepared in accordance with the standard format for local authority accounts recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) for the Statement of Accounts in 2008/09.

After last year's significant changes to the way in which the accounts are presented, this year sees much less change. The principal change is that there are new requirements relating to FRS 17 pension disclosure requirements. Where necessary, the figures for 2007/08 have been reworked to present the results for that year in the new format, so that year on year comparative information is meaningful.

The core accounting statements comprise: -

The Income and Expenditure Account

This reports the net cost for the year of all the functions for which the council is responsible, and demonstrates how that cost has been financed from general government grants and income from taxpayers. The surplus or deficit on this account represents the amount by which income is greater than or less than expenditure. Both income and expenditure are measured using essentially the same accounting conventions, UK Generally Accepted Accounting Practice, (UK GAAP), which a large unlisted company would use in preparing its accounts.

The Statement of Movement on the General Fund Balance

This reports items of income and expenditure that are required to be credited or charged to the General Fund by statute or non-statutory practices other than in accordance with UK GAAP. These items are taken into account in determining the council's budget requirement and its Council Tax precept.

The Statement of Total Recognised Gains and Losses

This reports all the gains and losses experienced by the council in addition to those reflected in the Income and Expenditure Account. It will include, for example, gains or losses on revaluations of fixed assets and pensions actuarial gains and losses.

The Balance Sheet

This shows the balances and reserves at the council's disposal at the year-end, together with its long-term indebtedness, the net current assets employed in its operations and summarised information on the fixed assets held. It excludes trust funds and the Pension Fund.

The Cash Flow Statement

This summarises the cash movements arising from both revenue and capital transactions with third parties. It excludes trust funds and the Pension Fund.

The supplementary accounting statements comprise:

The Housing Revenue Account (HRA) Income and Expenditure Account

There is a statutory duty to account separately for local authority housing provision. The HRA Income and Expenditure Account shows in detail the income and expenditure on HRA services included in the whole authority Income and Expenditure Account. It includes the major elements of Council housing revenue expenditure on maintenance, administration and capital financing costs and major income sources such as rents, subsidy and other income.

The Statement of Movement on the Housing Revenue Account Balance

This shows how the HRA Income and Expenditure Account surplus or deficit for the year reconciles to the movement on the Housing Revenue Account balance for the year.

The Collection Fund Revenue Account

The Collection Fund is a separate account into which are paid the amounts raised from local taxation. The council's contribution to the national business rates pool, along with the payments due to preceptors (including Camden itself), are met from this account.

The Pension Fund Accounts

These show contributions to the council's Pension Fund for employees during 2008/09, together with the pensions and other benefits paid from it, movements in investments during the year and the financial position of the Fund as at 31 March 2009. The accounts do not include liabilities to pay pensions and benefits after that date. There is a new requirement for the Pension Fund to be audited separately from the Accounts this year, and the council's auditors will report their findings in a report to the Pensions Sub-Committee.

The document also includes the following:

The Annual Governance Statement

This statement is provided under the CIPFA/SOLACE framework and sets out the systems and processes, and culture and values, by which the council is directed and controlled and the activities through which it accounts to, engages with, and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost-effective services.

Statement of Accounting Policies

The accounts can only be properly appreciated if the policies that have been followed in dealing with material items are understood. The Statement of Accounting Policies, which follows this foreword, and the various notes to the financial statements form an integral part of the accounts. To assist readers, there is also a glossary of terms and abbreviations at the end of this document.

Review of the Year

As Director of Finance, I am pleased to present the council's 2008/09 Statement of Accounts.

The last year has continued to be an extremely busy period, working with the Partnership Administration to prioritise resources and plan for the future, whilst delivering a strong efficiency programme that secured £13.7m savings in 2008/09 (projects included a review of the council's finance function and design and print service, accommodation strategy, and a review of management roles and structures), with a further £9.5m planned for the next two years. Camden's four star and "improving strongly" Comprehensive Performance Assessment ratings were maintained, with the annual judgement elements retaining their scores. Camden's assessment on how it provides value for money was

scored as "excellent" with the top marking of 4 for its 'Use of Resources' securing top scores for financial management, financial standing and value for money. In March 2009 the council won the "Best Children's Service" at the Local Government Chronicle 2009 awards.

Services for children run by the council were given the top four star rating with the inspector noting that Camden "makes an outstanding contribution to improving outcomes for children and young people" in the national 2008 Annual Performance Assessment, the last before the Comprehensive Area Assessment regime is introduced. This rating places Camden's children's services among the best in the country.

The council was given the best possible overall rating for the fourth year running of three stars for its adult and social care services. The inspectors' report assessed nine outcomes, and in seven the council was rated excellent, and good in the remaining two areas. The capacity to improve services was assessed as excellent.

For 2009/10 the Camden element of the Council Tax increase was held at the 2008/09 level, and the budget incorporated savings of some £4.7m. The Camden element of the council tax remains at £1,021.53 at Band D. The overall council tax at Band D, including the Greater London Authority (GLA) precept remains at £1,331.35, following the GLA's decision to freeze its council tax. Camden also prepared a draft budget for 2010/11, which indicated the intention to freeze the level of Camden's council tax for that year, the formal decision on which will be made in March 2010.

This was achieved within a significantly different context than has been seen for a generation. This last year has been one of turmoil in the financial markets that could not have been foreseen. The financial crisis now known as the "credit crunch" created uncertainty and concern in markets that relied upon stability and trust. The outcome that most of the major banks in the world have been bailed out by their own governments was unthinkable this time a year ago. The fallout from the banking sector reached across global markets to all countries and industries, leading to the massive downturn and recession in the world's major economies. Governments across the world have "invested" in the future of their own financial institutions and banks and are trying different methods of financial stimulus in order to avoid a further prolonged major recession. In October 2008 the UK government announced a rescue package of £500bn for eight named banks and a building society. This was part of the major concerted worldwide effort to help stabilise the banking sector. Nine months on this does appear to be having a positive effect but there is still some way to go.

London Borough of Camden – Statement of Accounts 2008/09

During this time of instability, to ensure that the council actively manages its resources, officers have been constantly monitoring all aspects of each financial institution on Camden's investment list. There has been an unprecedented number of downward credit rating changes, which have also created further uncertainty in financial markets. The aim at all times has been to reduce the levels of risk to the authority. Action taken has occurred in different ways, including the early repayment of a £49m loan from the Public Works Loan Board, which not only provided a financial benefit to the council but also helped reduce the overall level of risk by reducing investment levels during a very difficult time.

A number of important developments took place during the year, and are briefly described below.

Investing in Camden's homes, which will see £413m invested over five years in a programme to bring all council homes up to the decent homes standard as well as a major programme of investment in mechanical and electrical equipment, like lifts and heating systems, commenced in earnest. Estate regeneration schemes will address £100m of the funding need identified in the investment strategy, but will also go beyond the requirements of the decent homes standard and apply place-shaping principles, working with communities to develop a vision for the area and investing in the wider physical and social infrastructure. The investment strategy aims to generate £110m of investment capital through the sale of up to 500 HRA units, including a mix of empty residential and commercial properties. In 2008/09 the disposals programme generated £9.715m of capital receipts through the disposal of 23 units, compared to the target of £15m.

Progress on the Building Schools for the Future programme continued through 2008/09 with the outline business case being approved by the council's Executive and submitted to Partnerships for Schools, both in December 2008.

In 2008/09 Camden secured funding from Transport for London to fund a variety of projects aimed at improving the public realm. This funding included £5m capital and £1.5m revenue monies, as well as £0.720m for joint projects with Westminster and the Corporation of London, through our Clear Zones Partnership. An extra £3.5m was also secured in 2008/09 to supplement the original allocation.

Plans have also been developed on the Homes for Older People (HOPS) project to deliver two state of the art care homes, which will replace the council's four outdated care homes, for 120 people and up to 220 new specialist extra care sheltered apartments. The £30m project will provide care and support for older residents. One of the key aims is to ensure older people have access to good quality accommodation that is appropriate to their needs. The plan is to open two new care homes in September 2011 and September 2013.

The new Local Government Pension Scheme (LGPS) was also introduced last year, which amongst other amendments required a majority of the scheme's members to pay an extra proportion of their salary to the pension fund in order to help preserve the scheme's benefits. There were many alterations with the most significant from the scheme's members' viewpoint being the change in calculation of pension benefits from 1/80ths to 1/60ths, although at the same time participants lost the right to an automatic lump sum. As the set up and the regulations of the LGPS were being amended Camden's pension fund asset allocations and benchmarks were also changed to incorporate more global activity and to provide a better balance between active and passive management. The main objective is to provide better returns for the fund. The three balanced fund managers who had been Camden's managers for some time have been partly replaced by three new fund managers who specialise in global equities and gilt edged investments. It is hoped that they will all provide enhanced returns for the pension fund. In line with every investment at the current time, due to the financial instability of the markets the value of the fund has gone down since the 2007 triennial valuation, when the pension fund's net liability was £198.3m.

The 2008/09 General Fund Revenue Outturn

The council's financial position at the end of the year remains strong, with general balances standing at £11.6m. Following a review of the projected outturn during the 2009/11 budget process, £13.4m was transferred to the future capital schemes reserve to provide additional capital resources to support spending priorities on the council's capital programme, due to increased investment interest on higher than projected balances, despite the economic situation. In addition, at the year end a further sum of £3m has been transferred to capital to offset the reduction in capital receipts expected for the 2009/10 year as a result of the economic downturn. A Recovery Fund of £6.0m has been set up to assist Camden's residents and businesses through the recession, and £5.0m has been transferred to reserves to fund the costs of reorganising the council over the coming years to ensure it continues to deliver high quality services within the resources available to it, given the expected tightening of public sector spending.

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The Council's actual spend compared with its updated budget for 2008/09 is set out below: -

	Final Updated Budget 2008/09 £'000s	Actual Spend £'000s
Departmental Costs	257,952	260,049
Non-departmental Costs	(24,861)	(25,287)
Revenue funding of capital expenditure	19,269	18,315
Contributions into and out of departmental and other reserves	7,182	13,208
Additional Government Grants	(372)	(854)
Total	259,170	265,431
Net Over-spend on Revenue Account		6,261

Overall, departmental service costs were £2.097m higher than the final budget, largely the result of a downturn in income received by the parking service, partly offset by underspends in other service departments. Contingency budgets held corporately and within departments were not required during 2008/09, and as part of the 2009/11 budget process sums were removed from departmental budgets to reduce the amount of savings necessary from service spending.

Departmental and non-departmental underspends were also reviewed as part of the consideration of the overall financial strategy in setting the budget for 2009/10 and 2010/11, and ongoing budgets were reduced by £4.6m to help bridge the budget gap.

The levels of reserves and balances are subject to an annual review against the council's reserves and balances policy, undertaken as part of the budget setting process.

The net operating expenditure for the year, before contributions to and from reserves and balances are taken into account and excluding the payment to the Housing capital receipts pool, was £563,561m (£227.227m in 2007/08). The main reason for the significant increase is the impairment charge of £308m following the reduction in valuation of the council's assets, which does not in itself affect the council's ongoing finances unless disposals are planned at this time.

Balances held by schools at 31 March 2009 totalled £7.645m, and there were also amounts held in departmental reserves, other than the HRA, totalling £5.117m.

The 2008/09 Capital Outturn

Actual capital spend in the year was £93.883m, compared with a revised budget of £102.755m. The main areas of slippage were in the Children's, Schools and Families Department. Total capital expenditure during the year was mainly funded from grants (50%), usable capital receipts (3%), borrowing (16%), revenue contributions (24%) and capital contributions (7%). In addition to the capital programme, the Council entered into leasing arrangements in respect of vehicles, plant and equipment with a capital value of £1.498m.

2008/09 was the fifth year of the operation of the Prudential Code where local authorities are now free to set their own levels of borrowing to fund capital expenditure within prudential limits. The council has current borrowing facilities with the Public Works Loan Board (PWLB) and with the Cooperative Bank. In 2008/09 the council repaid £49.6m of its PWLB borrowing following a review of its investment/borrowing portfolio, to reduce the amount of investments held in response to the increasing difficulties in placing investments in line with the council's policy. In addition to new capital resources available in future years from capital receipts and capital grants, the council also has at 31 March 2009 revenue contributions of £45.092m (non-HRA) and £28.329m (HRA), and capital receipts of £89.327m in hand to meet the future capital programme's projected expenditure of approximately £1bn over the next five years.

Housing

The council is the main provider of rented accommodation in Camden with 24,085 units at 31 March 2009. In 2008/09 average council rents excluding service charges were £81.80 per week, an increase of £4.68, or 6.07%, over the 2007/08 level of £77.12 per week. The HRA in 2008/09 had a net deficit of £2.017m, which when taken from its existing reserves of £75.145m resulted in £73.128m being carried forward at 31 March 2009. This reduction was due to a planned use of revenue contributions to the capital programme in the year, partly offset by increased income from leaseholder contributions and underspends on some central budgets. The proposed use of this reserve is set out in Note 9 to the HRA accounts.

Pensions

The requirements of Financial Reporting Standard 17 (FRS 17) are implemented in full in the accounts. The accounts include a net pension liability within the balance sheet. The increase in the figure between years reflects the net change in the estimated employer's assets and the present value of the scheme liabilities, mainly as a result of the lower than expected investment returns in the year. The council's triennial valuation takes a longer-term view and provides a more appropriate measure of pension obligations. The latest triennial valuation was completed in November 2007 and the results have been reported to the council. The next valuation is due in 2010 and any changes in the employers contribution rate will be effective from 2011/12.

Changes In Functions

There were no significant changes in function in the year.

Illustrative overview

The following diagrams show in broad terms the net revenue cost of each council service per resident, the services on which the council's money is spent and where it comes from, the number of people employed by the council and the trend in council spending and staff numbers over recent years. They also provide information on the departmental breakdown of capital expenditure.

Further Information

Further information about the accounts is available from the:

Head of Financial Planning & Accountancy
Town Hall Extension
Argyle Street
London
WC1H 8NG

Under the Audit Commission Act 1998, sections 15 – 16, and the Accounts and Audit Regulations 2003 Regulations 13, 14 & 16, members of the public have a statutory right to inspect the Accounts before the audit is completed. The period of availability of the Accounts for inspection is advertised in the local press and anyone wishing to do so may make objection to any item of account to the council's auditor. The auditor's report on the Accounts will precede this foreword.

My signature below certifies that the Accounts were prepared in accordance with the requirements of Regulation 7 of the Accounts and Audit Regulations 2003 and the Accounts and Audit (Amendment) (England) Regulations 2006, issued under the Audit Commission Act 1998 and, except where specifically stated, in accordance with all recognised statutory requirements and codes of practice applicable to local authorities.

I certify that the Statement of Accounts presents fairly the financial position of the Council at 31 March 2009 and its financial performance in the year then ended.



Michael O'Donnell, CPFA
Director of Finance
and Chief Finance Officer

Date 25 September 2009

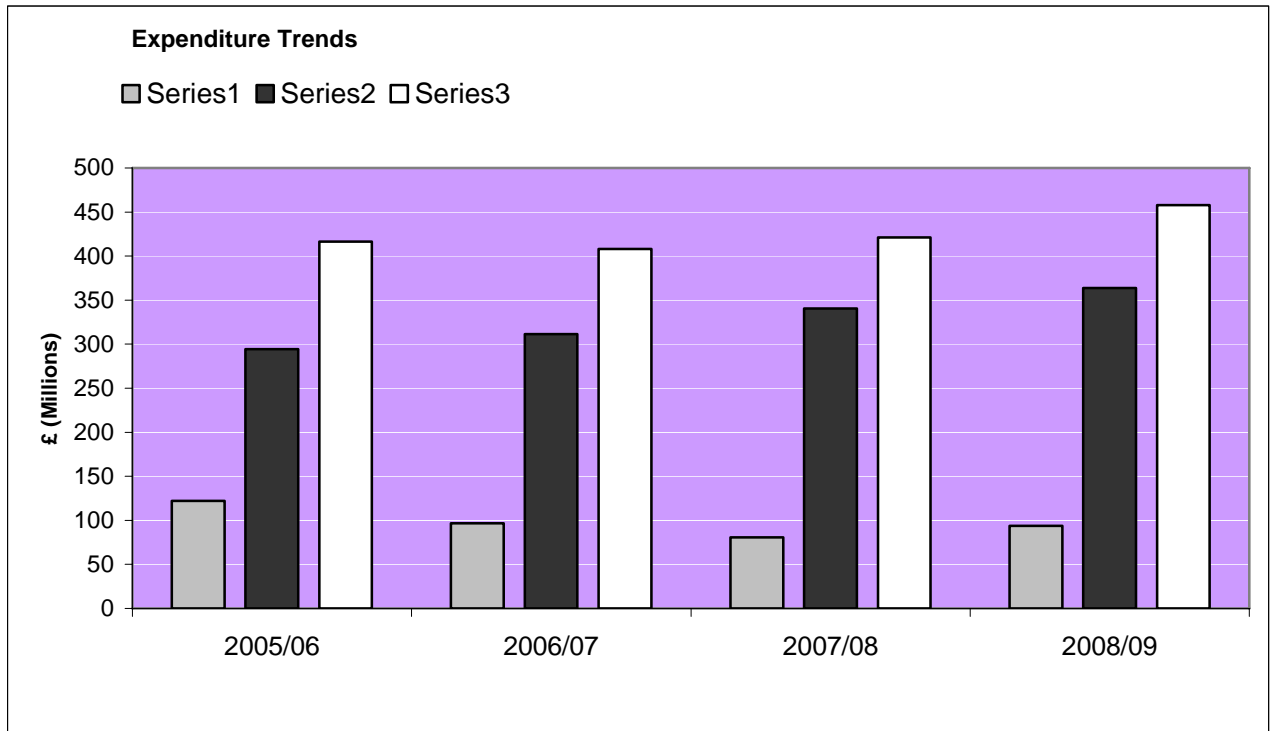
CHAIR'S APPROVAL OF STATEMENT OF ACCOUNTS

This is the final Statement of Accounts with all audit activities completed. The Audit and Corporate Governance Committee of the London Borough of Camden at its meeting on 15 September 2009 delegated authority to the Chair to approve the final Statement of Accounts.

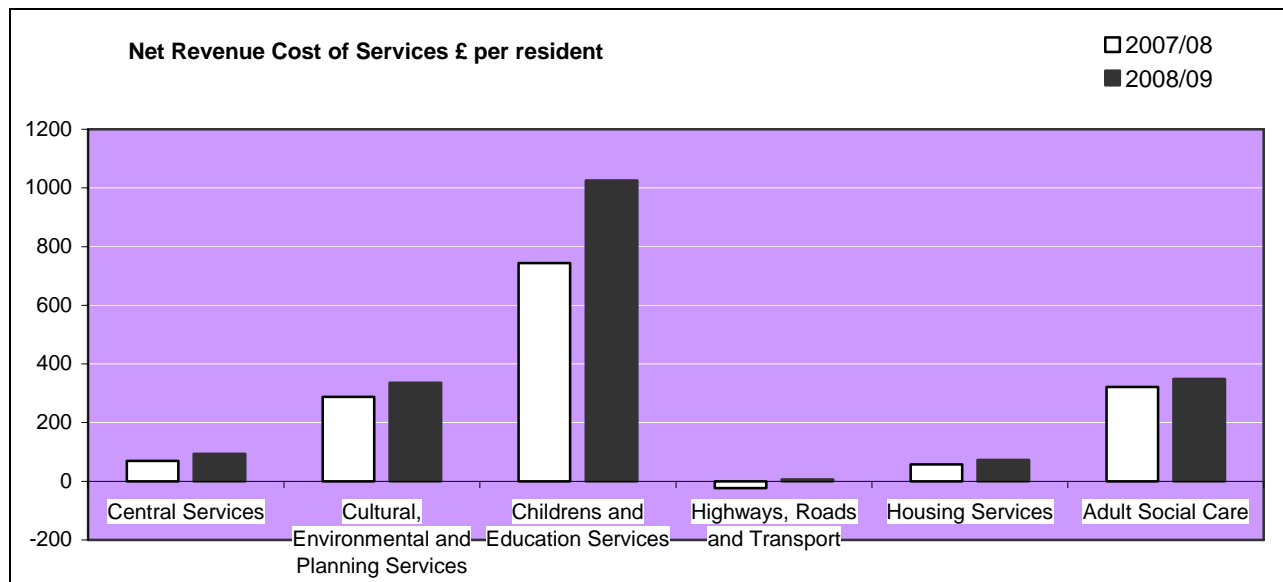


Councillor Duncan Greenland
Chair, Audit and Corporate Governance Committee
Date 28 September 2009

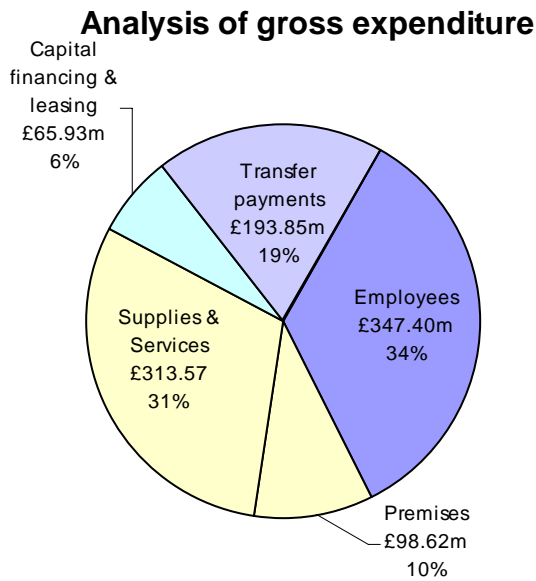
London Borough of Camden – Statement of Accounts 2008/09



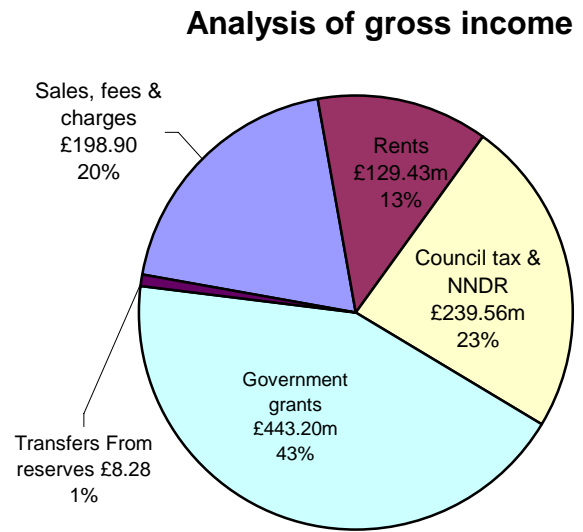
The above restated diagram shows trends in Camden's capital; net revenue adjusted for Dedicated Schools Grant and before transfers to and from reserves and payments to the Housing capital receipts pool, and total spending. Total spending in 2008/09 was £457.8m. Revenue spending rose by 6.8% in 2008/09 compared with the previous year.



Resident population in 2008/09 was estimated by Camden at 239,560 compared with 238,500 in 2007/08. The net revenue cost per resident of all services, excluding HRA housing, in 2008/09 was £1,882. This was an increase of £425 or 29% on 2007/08, largely due to increased capital related charges resulting from the economic downturn.. Dedicated Schools Grant has been added back to show the full cost of Education Services.

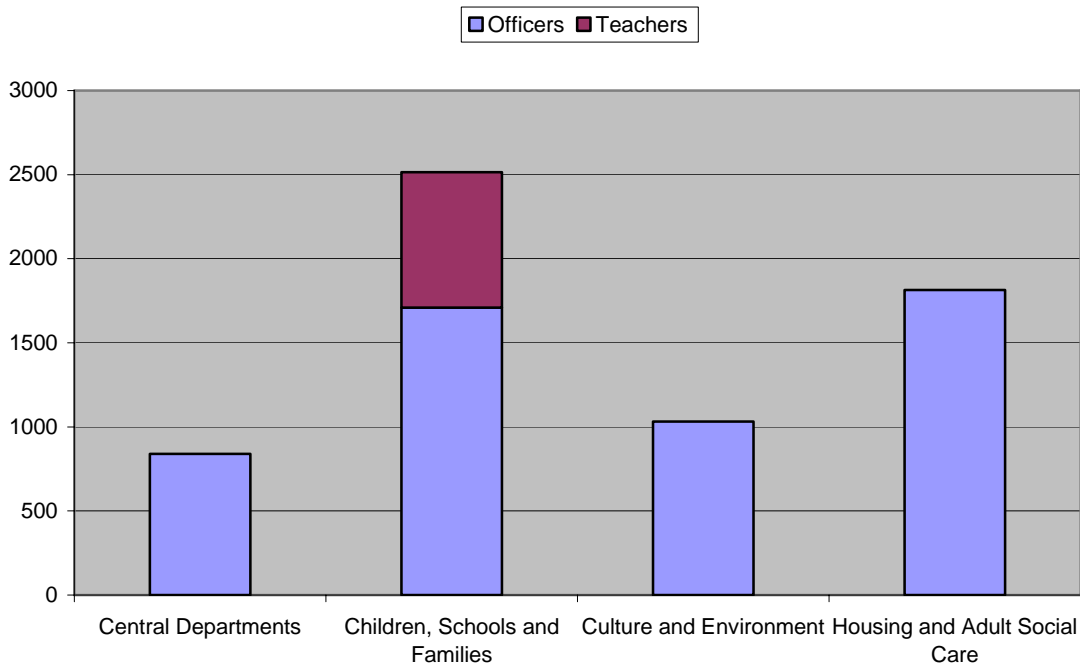


The pie chart above shows how Camden spent its money last year. Camden's gross expenditure in 2008/09 was £1,019.37m, an increase of £19.83m over 2007/08.



The pie chart above shows how Camden obtained its gross income of £1,019.37m in 2008/09. £96m, or just under 10% of the total, was attributable to Council Tax.

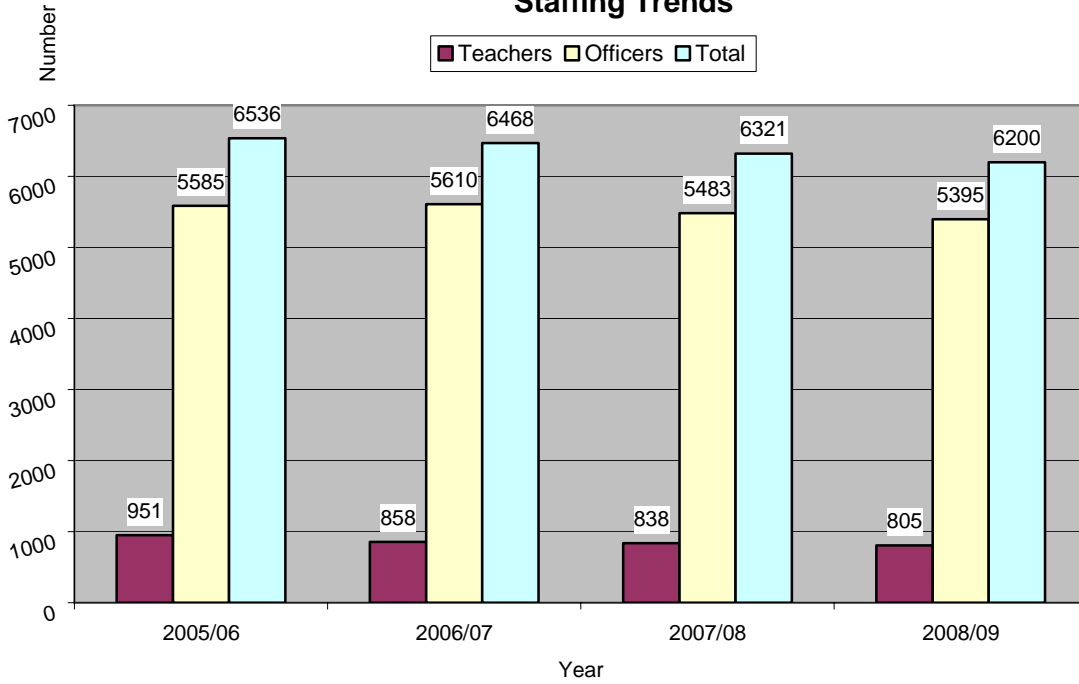
Number of Employees



The above diagram shows Camden's staff numbers in 2008/09 for each directorate, expressed in terms of the number of full-time equivalents in post in each category of employment at 31 March 2009. The figures include staff providing services to housing tenants.

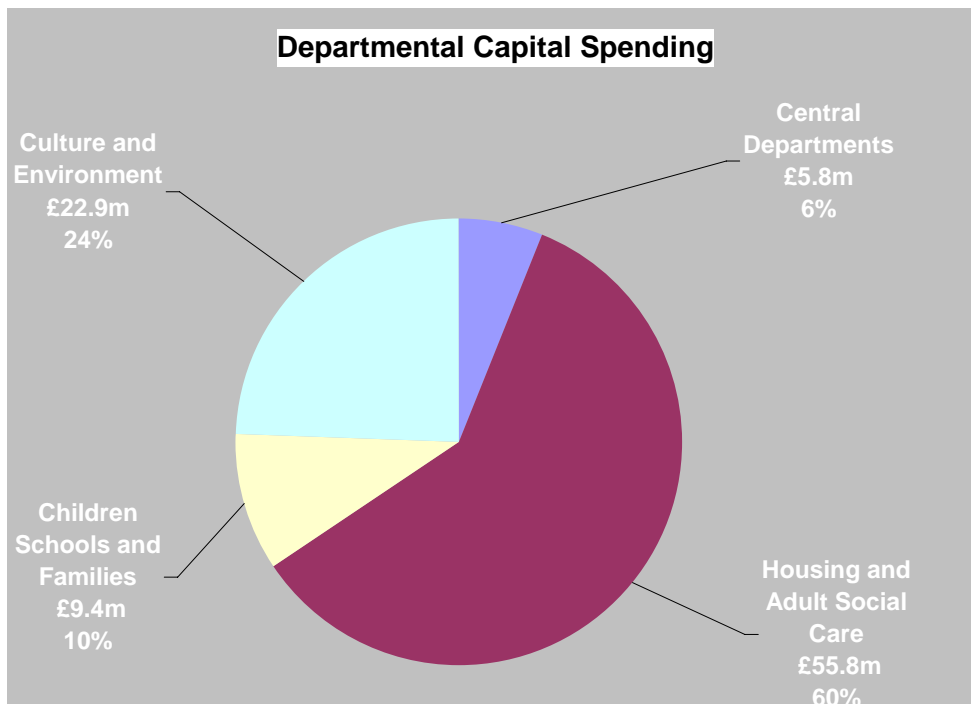
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Staffing Trends



The above diagram shows how Camden staff numbers have changed over recent years. Total FTE staffing fell by 121 between 2007/08 and 2008/09.

Departmental Capital Spending



Camden spent £93.9m on capital projects in 2008/09, compared with £80.5m in 2007/08. The capital spending in 2008/09 is analysed by department in the chart above.

Annual Governance Statement

1. Scope of Responsibility

The London Borough of Camden is responsible for ensuring that:

- its business is conducted in accordance with the law and proper standards;
- public money is safeguarded and properly accounted for; and
- public money is used economically, efficiently and effectively.

The London Borough of Camden also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The management/operational arrangements in the Council need to reflect and support this approach.

In discharging this overall responsibility, the London Borough of Camden is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and ensuring arrangements are in place for the management of risk. It is the responsibility of the Council to ensure that this applies at departmental and divisional level and this statement reflects this.

2. The Purpose of the System of Internal Control

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled; as well as governing the framework through which it is accountable to, engages with and leads the community in managing its activities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place within the Council for the year ended 31 March 2009 and up to the date of approval of the annual report and statement of accounts.

3. The Governance Framework

The key elements of the governance framework in which the Council functions can be summarised as follows: -

- The Council has clearly identified and communicated the authority's vision of its purpose and intended outcomes for citizens and service users. It has a defined set of targets in terms of service delivery, which are contained within the Community Strategy. The targets detailed in the strategy are subject to ongoing updating and review by Members and the Camden Management Team (CMT) who receive regular reports on progress and achievement.
- The Corporate Plan, 2008-12 translates the aims set out in the Council's Community Strategy into specific priorities. Relevant targets arising from the plan are included in Departmental Service Plans.
- In order to ensure that the Council's objectives are effectively managed, the Council has in place arrangements to deliver the strategic approach to managing risk agreed by Members in 2004. Significant progress has been made in 2008/09 in the development of operational, divisional and departmental risk registers, which are used to feed the corporate risk register.
- Policy and decision-making are managed and controlled within a strong well-established framework and a major feature of this is the Council's written constitution which sets out in detail how the Council operates, how decisions are made and the procedures to be followed to ensure efficiency, transparency and accountability. Management control is exercised through the CMT, which works to defined and established processes communicating and embedding codes of conduct and defining the standards of behaviour for staff within the Council. Departmental Management Teams (DMT)'s exercise local control within individual departments and the Council has developed a Senior Leadership Group at Chief Officer/Assistant Director level to further enhance its managerial control process.
- Compliance with policies, laws and regulations is dealt with through a range of corporate written rules and procedures which clearly define how

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decisions are taken and the processes and controls required to manage risk. These are regularly reviewed and updated. These include the Constitution, Standing Orders, Financial Standing Orders, Financial Regulations, Code of Conduct, Anti-Fraud and Corruption Strategy and Whistle-blowing arrangements. Officer responsibilities and actions are controlled through the individual Department's Schemes of Officer Delegation.

- Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training.
- The effective and efficient use of resources and the securing of continuous improvement are achieved through a range of review processes. The Council has delivered impressive efficiency savings totalling £23.8m since 2004/5. During 2008/09 the Council has undertaken work in relation to the identification and delivery of further efficiency savings in line with the Council's 'Better & Cheaper' ambitions. The programme of efficiencies is managed through the corporate Better and Cheaper Delivery Board, responsible for the ensuring that efficiency targets are met across the organization. Business/service planning is well established and work undertaken during 2008/09 has followed the corporate guidelines to deliver a more standard approach to this matter on a Council-wide basis. A key element of this will be to further embed the link between business/service planning and the departmental budget planning process.
- Ensuring that expenditure is lawful. The financial management of the Council is organised through a wide range of well-established processes and procedures which delivers strong financial control arrangements. The Council has in place a detailed budget planning process which includes detailed written procedures and which is supported by the Council's comprehensive Financial Standing Orders and Financial Regulations, which are reviewed annually and updated as necessary. The Executive Member(s) and CMT and DMT's receive and consider detailed financial information on a regular basis and this facilitates the decision-making process. Other features of the financial control environment include individual Department's Schemes of Delegation and the Budget setting and Final Account Guidelines.
- Performance management within the Council is considered through a range of review arrangements including external inspection bodies, external/internal audit reviews, annual reports for departments and specific services, work of the Overview and Scrutiny Commission

and the detailed reporting of national and local performance indicators. In addition, departments compile regular performance management information/statistics in line with the corporate model. The Council also uses customer surveys to assess how we are viewed by residents and service users and benchmarks services as part of various networks.

- Regular and detailed reports are considered by the Executive Members and by CMT, with regard to departmental and service specific performance. Monthly statistics measuring performance are maintained and these are considered by the relevant lead Member and by the relevant scrutiny committee on a quarterly basis.
- The Comprehensive Performance Assessment (CPA) process brings together a range of performance management information to provide a corporate assessment of the Council's performance. In May 2008 it was announced that Camden has become the first council in the country to achieve the top possible rating for its corporate assessment. The Council was given a score of four out of a possible four in all areas of inspection - ambition, prioritisation, capacity, performance management and achievement. This unprecedented result puts the council at the top of the league table across the country and the Council's management team are working towards achieving the best possible assessment score under the new Comprehensive Area Assessment (CAA) in 2009.
- The Council is serious about making the most of its resources and is committed to a sustainability agenda for the residents of the borough. The Council has chosen NIs 186 and 191 as two of its LAA targets, and will further lead by example in making Camden a low carbon and low waste borough by 2012,

Specific achievements in 2008/09 include:

- ongoing achievement of savings. NI 179 shows that £23.8m of ongoing efficiencies are set to be delivered up to the end of 2008-9, with £11.3m delivered in 2008/09 alone. A further £4.7m is planned for 2009/10;
- securing thousands of jobs and homes and negotiating for sustainable regeneration with developers in the King's Cross redevelopment;
- introducing a range of measures to help residents and local businesses manage the impact of the economic down-turn;
- reducing crime and anti-social behaviour, while retaining the value and colour of parts of the borough such as Camden Town;

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- safeguarding vulnerable children and young people by working with partner agencies to give an excellent range of high-quality preventative services;
- establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.
- incorporating good governance arrangements in respect of partnerships and other groups working as identified by the Audit Commission's report on the governance of partnerships (Governance Partnerships: Bridging the Accountability Gap, Audit Commission, 2005).

4. Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control and details of the areas considered are set out below. The review of the effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit & Investigation's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The Council has undertaken a review of its governance framework in accordance with best practice advice as published by CIPFA/SOLACE in meeting the requirements of the Accounts and Audit Regulations 2006.

The review conducted has taken account of the methods employed by the Council in providing service-based assurance on the governance framework. Information utilised includes:

- Local Management Information Systems
- Comprehensive Performance Assessment
- Service Planning
- External Audit reviews/reports
- Internal Audit reviews/reports
- Overview and Scrutiny arrangements
- Audit committee reports
- Reports from Inspectorates – E.g. Benefit Fraud Inspectorate
- Best Value Performance Plan
- Performance Indicator Information
- Analysis of awards/accreditations
- Residents/Staff surveys

During 2008/09 a comprehensive restructuring exercise was implemented within the internal audit and anti-fraud service to re-align it to current best practice and manage the capacity risks arising from the historical vacancies within the service.

The new service will incorporate, in addition to its controls work, more assurance on Value for Money and the effective use of Camden's resources.

5. Significant Governance Issues

No significant governance issues have been identified during the year although the following general issues have been highlighted by management, and will be carefully monitored during the year ahead:

- Procurement – following implementation of framework i, there is an increased reliance on electronic purchasing. Management need to ensure across all departments that spend is monitored and develop a forward procurement programme to maximise value for money.
- Maintaining robust governance arrangements for the strategic management and delivery of the Councils Capital programme. For example, the Investing in Camden's Homes programme is being delivered by partnering contractors and therefore the effective operation of these contracts and the implementation of open book accounting arrangements is an important priority for the coming year and something the Council needs to carefully manage.
- Asset management and the accounting arrangements for the Councils reporting of its property under the new IFRS regime should be monitored.
- Management and accurate monitoring of the achievement of savings targets across the entire Council structure should be an ongoing priority.
- The process of data migration onto upgraded systems as they fall due and ensuring new protocols regarding responsibilities for maintaining data quality and security are enforced.
- Maintaining robust control over the business as usual agenda, such as effective administration of Health and Safety requirements as well as maintaining good business continuity arrangements.

More general controls specific observations arising from the work of internal audit during the 2008/09 financial year indicates that there is, in some areas, an:

- absence of procedures for some processes. A number of audit findings were derived from procedures omitting key controls.
- absence of complete and accurate audit trails over some transactions.

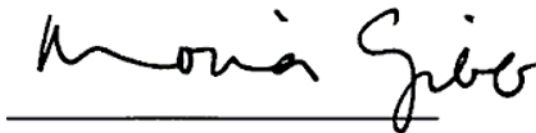
A fraud was identified during the year in regards to the Accounts payable process. The fraud occurred due to the manipulation of supplier bank account details and some weakness in an established monitoring control. The total of the payments that were redirected was £404k. £200k of this has been recovered from the banks already. A further £194k of this is expected to be recovered from the Council's insurers. The Council undertook a thorough review of the control arrangements in the area concerned and found that on balance, the existing controls were robust, although in response to the issues, identified in the audit review, increased monitoring of one of the key operational controls in the payments process has been intensified to prevent re-occurrence. The Police investigated the case, with the Council's assistance, and the bulk of funds diverted have been recovered. The perpetrator of the fraud is currently awaiting sentencing. A strategic review of the Finance Directorate will include restructuring of the team involved: management of the area will be using this opportunity, with Internal Audit input, to re-evaluate the risks in this area and help ensure that adequate controls are designed and implemented within revised structures.

6. Signed Agreement

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.



Clr Keith Moffitt
Leader of the Council



Moira Gibb
Chief Executive

Statement of Accounting Policies

The accounts have been prepared in accordance with the CIPFA Code of Practice issued in 2008. This is a Statement of Recommended Practice (SORP) approved by the Accounting Standards Board.

The Code of Practice requires that departures from recommended accounting policies are fully disclosed, and the reasons for them explained, in local authority accounts. There are no such departures to disclose.

The SORP for 2008 requires that the full requirements regarding external interests and group accounts be implemented in 2008/09. Camden has re-examined all its external interests and has determined that there are no material interests such as would require the production of group accounts.

The accounts comply fully with the requirements of Sections 41, 42 and 66(4) of the Local Government and Housing Act 1989 which place a statutory duty upon local authorities to follow proper practices in preparing their accounts. The accounts have also been prepared to comply with the Accounts and Audit Regulations 2003 and the Accounts and Audit (Amendment) (England) Regulations 2006.

Accruals

In general, the accounts have been prepared on a basis that accrues and accounts for income and expenditure in the period to which they relate.

Stocks

Issues from the Council's stores have been mainly charged on the basis of the current cost of goods in store. Stock in hand at the year-end is mainly shown at latest purchase price. Although stocks should be shown at the lower of cost and net realisable value, full compliance would not materially affect the value of the Council's assets.

Service Analysis

The Service Expenditure Analysis (SEA) follows the CIPFA Best Value Accounting Code of Practice for both the year of account and the prior year.

Cost of Central Support Services

The costs of central support services are charged to service departments by way of internal transfers. The main bases for apportionment are actual usage, adjusted gross expenditure and headcount. The cost of each central administrative building is allocated on an average cost basis in accordance with actual floor area occupied by services in the building. The classification of central services follows CIPFA's Best Value Accounting Code of Practice.

Capital Receipts

Capital receipts from the sale of assets and repayment of house purchase advances have been applied in accordance with the Local Government Act 2003.

Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis. This includes assets held under finance leases, which have been capitalised and included in the Balance Sheet on the basis of the outstanding obligation to make future rental payments. Schemes that cost less than £10,000 are classified as de minimis and these schemes are classed as revenue rather than capital expenditure.

Operational assets have been included in the Balance Sheet at the lower of net current replacement cost or market value in existing use. Non-operational assets have been included at the lower of net current replacement cost or market value. Infrastructure and community assets have been included on the basis of depreciated historical cost.

Intangible Assets

These are shown separately in 2008/09 on the face of the balance sheet. Expenditure on purchasing intangible fixed assets such as computer software has been capitalised at cost. These assets are depreciated over 3 years.

Depreciation

Depreciation is provided for on all categories of assets except community assets, freehold investment assets and freehold land. The Council depreciates its fixed assets on a straight-line basis over the expected life of the asset after allowing for its residual value.

The useful economic life of the different asset categories is as follows: -

Council dwellings	51 years
Other buildings	individually set
Vehicles, plant and equipment	3-5 years
Information technology assets	3-5 years
Infrastructure	40 years

Charges to Revenue in respect of Capital

Service revenue accounts, the Housing Revenue Account and central support services are charged with a capital charge for all capital assets used in the provision of services. The charge consists of the annual provision for depreciation, together with any impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by services. Other impairment losses are written off against any revaluation gains attributable to the asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

A charge is also made to the HRA from the General Fund equivalent to statutory capital financing charges. It is calculated in a manner determined by the Secretary of State in accordance with the provisions of Item 8 of part II of Schedule 4 to the Local Government and Housing Act 1989 (the Item 8 determination).

Capital charges have a neutral impact on the amounts required to be raised from local taxation, as they are reversed out in the Statement of Movement on the General Fund Balance and replaced by the statutory Minimum Revenue Provision for debt repayment. The latter figure is calculated on a prudent basis in accordance with statutory guidance and the provisions of part 6 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, and the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008. The principal repayment is 4% of the Capital Financing Requirement at the start of the financial year for non-housing advances. The HRA is no longer required to make a minimum revenue provision.

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of fixed assets has been charged as expenditure to the relevant service revenue account in the year. Where the council determines to meet the cost of this expenditure from capital resources, a transfer is made to the Capital Adjustment Account in the Statement of

Movement on the General Fund Balance so that there is no impact on the revenue outturn.

Capital Grants

Where the acquisition of a capital asset is financed by a Government grant or other contribution, this amount is credited initially to the Capital Grants Deferred Account. Sums are released to the appropriate service revenue accounts as income over the useful lives of the assets to which they relate in order to match the depreciation charged on the assets.

Reserves

In the past, the Council has allowed departments to carry forward budget underspends as earmarked reserves in the financial statements. Current policy permits the carry forward of amounts only in specific circumstances. The Council also earmarks reserves for other purposes. The purpose of each earmarked reserve is set out in note 41 to the Balance Sheet.

Capital Accounts

There are certain other accounts required by the SORP that are shown in the balance sheet. The Revaluation Reserve was established on 1 April 2007 which holds unrealised revaluation gains arising since that date from the holding of fixed assets. The Fixed Asset Restatement Account and the Capital Financing Account were replaced by the single Capital Adjustment Account which provides a balancing mechanism between the different rates at which assets are depreciated under the SORP and are financed through the capital controls system.

Revenue Provisions

The Council maintains two revenue provisions. A provision counts as expenditure in the year in which it is set up to meet expenditure in a future year.

Investment Income

Income from investments placed with external cash managers has been taken into account in the General Fund. All monies placed with these managers was returned to the council in the year.

Private Finance Initiative

In 2003/04 Camden entered into a 27-year concession for the replacement of the Haverstock School under the Government's Private Finance Initiative. In accordance with Financial Reporting Standard 5 (FRS 5) as supplemented by Her Majesty's Treasury Taskforce Guidance (Technical Note 1) the new capital assets that have been created are held off the Council's balance sheet.

In carrying out the assessment of the risks and rewards for elements of contracts that involve property, an assessment is made of the substance of the transaction and whether the Council or the operator is exposed to the majority of the risks and rewards of ownership. In carrying out this assessment the Council applied the Treasury Taskforce Guidance Note (TTF).

The SORP requires the Council to apply Application Note F to FRS 5 'Private Finance Initiative and Similar Contracts'.

CIPFA's Guidance Notes for Practitioners state that the TTF Guidance Note is influential but not mandatory in applying FRS 5 and accordingly, where the two appear to conflict, the principles of FRS 5 should take precedence.

The Council believes that it is more appropriate to account for these transactions by applying the TTF Guidance directly, which in this case leads to a different answer, as this reflects accepted practice in other local authorities with PFI contracts and enables comparability.

The Council has created an earmarked reserve, which will be treated as if invested. This will enable the revenue resources available for the project to be managed and used to fund the Unitary Charge payments for the new facility.

In 2006/07 Camden entered into a 15-year concession for the refurbishment of 708 dwellings on the Chalcotts Housing Estate under the Government's Private Finance Initiative.

Further information on these PFIs is given in Note 11 to the core statements.

Pensions

Camden participates in three different pension schemes that meet the needs of employees in particular services. All the schemes provide members with defined benefits related to pay and service. The accounts for 2008/09 fully reflect the provisions of FRS 17.

Under FRS 17, the amount charged to services is the amount of pension benefit earned during the year, known as the current service cost. This replaces the cash contributions made by services to the Pension Schemes and as a result service costs have been amended. Past Service contributions to the fund and discretionary benefits are no longer shown within net operating costs, but form part of the appropriation between the Income and Expenditure Account and the Pension Liability that is designed to ensure that the net cost to the general fund remains unchanged.

For FRS 17 purposes, the HRA is treated in the same way as all other service departments. The HRA bears its share of the pension interest cost and the return on pension assets and these, together with the change in HRA service costs, have been matched by an appropriation to the Pension Liability within the HRA. This ensures that

the net outturn for the HRA is not altered by these accounting adjustments.

The actuaries have quantified the effect of the changes in the estimated employer assets and the present value of the scheme liabilities and this has increased the pension liability of the Camden fund by £106.156m (compared with a decrease of £48.346m in 2007/08) and of the London Pension Fund Authority fund by £2.749m (compared with a decrease of £6.612m in 2007/08).

The schemes are as follows:

- a) **Teachers** – This is an unfunded scheme administered by 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.
- b) **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.
- c) **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.

Financial Instruments

From 1 April 2007, local authorities adopted a major change of accounting policy in order to comply with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom – the Statement of Recommended Practice 2007, issued by the Chartered Institute of Public Finance and Accountancy / LASAAC Joint Committee. This was based on major changes in international accounting standards which have resulted in the introduction of new U.K. accounting standards for financial instruments – FRS 25, 26 and 29.

This resulted in major changes in the accounting treatment of financial instruments, soft loans and guarantees, which have been designed to present a higher quality of information on financial instruments, in line with the private sector. In addition, in order to help identify, quantify and inform on the exposure to and management of risk, new "fair value" disclosure requirements have been introduced.

Amortised Cost

This change in accounting standards has meant that most financial instruments (whether borrowing or investment) have, in 2008/09, to be valued on an

amortised costs basis using the effective interest rate (EIR) method.

Fair Value

In these disclosure notes, financial instruments are also required to be shown at fair value. Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

Compliance

This authority has complied with the following: -

1. it has adopted the CIPFA's Treasury Management in the Public Services: Code of Practice
2. set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code

INCOME AND EXPENDITURE ACCOUNT for the year ended 31 March 2009

		2008/09 Gross Expenditure	2008/09 Gross Income	2008/09 Net Expenditure	2007/08 Net Expenditure Restated
	Notes	£'000	£'000	£'000	£'000
Continuing services					
Adult Social Care	14	103,174	(19,548)	83,626	76,735
Central Services	5	58,962	(36,608)	22,354	16,526
Children's and Education Services	18	319,844	(197,585)	122,259	59,099
Cultural, Environmental Regulatory and Planning Services	1,2	113,582	(33,193)	80,389	68,716
Highways and Transport Services	3	46,051	(44,647)	1,404	(5,636)
Housing Services – non HRA	4	213,292	(195,978)	17,314	13,767
Housing Services – HRA		395,399	(175,456)	219,943	(27,821)
Net Cost of Service	6 – 12	1,250,304	(703,015)	547,289	201,386
Gains on disposal of fixed assets				(11,069)	-
Levies by other authorities	13			1,948	1,837
Surplus transferred from trading accounts				(672)	(542)
Interest payable				26,805	38,930
Contribution to Housing Pooled Capital Receipts	40			2,458	18,436
Interest and investment income				(16,974)	(18,703)
Pensions Interest Cost and expected return on Pensions Assets				16,234	4,319
Net operating expenditure				566,019	245,663
Precept demanded from the Collection Fund				(95,616)	(91,960)
Prior Year Collection Fund surplus				(3,097)	(1,510)
Area Based Grant				(13,407)	-
Revenue Support Grant				(19,995)	(23,348)
Contribution from NNDR pool	16			(140,850)	(129,977)
Total income from grant and taxpayers				(272,965)	(246,795)
Deficit/(Surplus) for the year				293,054	(1,132)

The formal requirement to report the council's financial position in these Accounts through the Income and Expenditure Account and Statement of Movement on the General Fund Balance is different to the presentation that the council uses in its management and budget reports that set out spending and income in line with the council's management structure. Within the Director of Finance's foreword on page 11 is a table showing the position for the year in a manner more familiar to those used to seeing management reports. This excludes a number of entries that are required to be included within the Net Cost of Service figure on the Income and Expenditure Account but are reversed in the Statement of Movement on the General Fund Balance so as not to impact on the council's budget requirement and council tax.

The comparative figures for 2007/08 have been restated where necessary as a result of bringing into the Housing Revenue Account income from leaseholders towards capital works in housing properties.

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

for the year ended 31 March 2009

The Income and Expenditure Account shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the period. The Council, however, is required to raise council tax on a different accounting basis. The main differences are: -

Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.

The payment of a share of housing capital receipts to the Government is counted as a loss in the Income and Expenditure Account, but is met from the useable capital receipts balance, not from council tax.

Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The General Fund Balance compares the Council's spending against the council tax that it raised for the year, taking into account the use of existing reserves and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

	Note	2008/09 £'000	2007/08 £'000 Restated
Movement on the General Fund Balance			
Deficit/(Surplus) on the Income and Expenditure Account		293,054	(1,132)
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	19	(286,793)	13,207
Decrease in General Fund Balance for the Year		6,261	12,075
General Fund balance brought forward		(17,835)	(29,910)
General Fund balance carried forward		(11,574)	(17,835)
Schools Balances			
Schools balances brought forward		(8,141)	(6,943)
Deficit/(Surplus) for the year		496	(1,198)
Schools balances carried forward		(7,645)	(8,141)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2009

	Notes	2008/09 Net Expenditure £'000	2007/08 Net Expenditure £'000 Restated
(Surplus) or Deficit on the Income and Expenditure Account for the year		293,054	(1,132)
(Surplus) or Deficit arising on revaluation of fixed assets	37	47,393	(121,249)
Financial Instruments Adjustment Account	47	-	8,144
Available for Sale Reserve	47	-	(56)
Actuarial gains and losses on pension fund assets and liabilities		107,100	(49,432)
Collection Fund	47	4,279	(1,584)
Other gains and losses		-	(47,004)
Total recognised gains for the year		451,826	(212,313)

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BALANCE SHEET as at 31 March 2009

	Notes	31 March 2009 £'000	31 March 2009 £'000	31 March 2008 £'000 Restated	31 March 2008 £'000 Restated
Assets					
Intangible assets	25		1,193		1,010
Tangible Fixed assets	21,22,23,24,26				
Operational Assets					
Council Dwellings		1,965,941		2,310,051	
Other land and buildings		664,487		664,281	
Vehicles, plant, furniture and equipment		1,828		1,846	
Infrastructure assets		159,645		147,119	
Community assets		15,897		14,937	
Non-operational assets					
Investment assets		171,919		185,938	
Assets under construction		20,466		10,019	
Surplus assets held for disposal		10,699	3,010,882	8,651	3,342,842
Long-Term Investments	27		121,802		52,403
Long-term debtors	28		1,118		1,173
Total long-term assets			3,134,995		3,397,428
Current assets	29				
Stocks		225		231	
Debtors and payments in advance		63,246		78,303	
Investments	33-36	115,411		200,191	
Cash and bank		13,698	192,580	11,749	290,474
Less current liabilities	30				
Borrowing repayable within one year		(17,670)		(18,414)	
Creditors		(188,032)		(166,602)	
Bank overdraft		(2,908)	(208,610)	(2,012)	(187,028)
Net current assets/(liabilities)			(16,030)		103,446
Total assets less current liabilities			3,118,965		3,500,874
Long-term loans outstanding	33-36	(365,040)		(416,538)	
Capital grants deferred	31	(110,939)		(100,698)	
Deferred capital income		(1,015)		(1,070)	
Provisions	32	(8,090)		(8,479)	
Pension Liability	49	(363,306)		(251,688)	
Total long-term liabilities			(848,390)		(778,473)
Total assets less liabilities			2,270,575		2,722,401

BALANCE SHEET as at 31 March 2009 (continued)

		31 March 2009	31 March 2009	31 March 2008	31 March 2008
	Notes	£'000	£'000	Restated £'000	Restated £'000
Financed by					
Revaluation Reserve	37		68,954		121,268
Available for Sale Financial Instruments Reserve			-		56
Capital Adjustment Account	38		2,375,458		2,665,050
Financial Instruments Adjustment Account			(7,041)		(8,144)
Useable Capital Receipts Reserve	39		-		-
Major Repairs Reserve	41		-		-
Earmarked reserves	41		102,675		88,971
Pension Reserve	49		(363,306)		(251,688)
Balances					
- Collection Fund – Camden share			1,488		5,767
- HRA			73,128		75,145
- Locally Managed Schools	42		7,645		8,141
- General Balances			11,574		17,835
Total equity	43,47		2,270,575		2,722,401



Michael O'Donnell, CPFA
Director of Finance
and Chief Finance Officer

Date 25 September 2009

CASH FLOW STATEMENT for the year ended 31 March 2009

	Notes	2008/09 £'000	2008/09 £'000	2007/08 £'000	2007/08 £'000
Net cashflow from revenue activities	51		(85,748)		(48,621)
Servicing of finance					
Cash outflows - interest paid		25,921		24,053	
- finance lease interest		-		-	
Cash inflows - interest received		(15,936)	9,985	(9,688)	14,365
Net cash outflow from the servicing of loans			9,985		14,365
Capital activities					
Cash outflows					
Purchase of fixed assets		74,654		73,120	
Other capital cash payments		-		-	
Deferred charges		-	74,654	5,904	79,024
Cash inflows					
Sale of fixed assets		(19,846)		(51,721)	
Capital grants received		(11,177)		(17,018)	
Other capital cash receipts		(2,002)	(33,025)	(18,762)	(87,501)
Net cash (inflow)/outflow from capital activities			41,629		(8,477)
Net cash inflow from activities before financing	52,53		(34,134)		(42,733)
Management of liquid resources – change in short term investments	54		(16,659)		48,368
Financing					
Long/short-term loans raised		(401,941)		(140,915)	
Long/short-term loans repaid		451,681	49,740	141,578	663
Net cash outflow from financing and liquid resources			(33,081)		49,031
Net (increase)/decrease in cash	55		(1,053)		6,298

Notes To The Accounts

The Income and Expenditure Account

1. Street Markets (included within Cultural, Environmental, Regulatory and Planning Services)

The Council operates several street markets. The financial results were as follows:

	2008/09 £'000	2007/08 £'000
Expenditure	1,090	1,022
Income from fees and charges	(821)	(827)
Deficit for the year	269	195
Deficit brought forward	1,815	1,620
Deficit carried forward	2,084	1,815

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.

2. The Local Authority Building Control Regulations (included within Cultural, Environmental, Regulatory and Planning Services)

The Local Authority Building Control Regulations 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 below shows the total cost of operating the building control unit divided between the chargeable and non-chargeable activities.

Building (Local Authority Charges) Regulations Account 2008/09

	Chargeable £'000	Non Chargeable £'000	Total £'000
Expenditure	1,298	419	1,717
Income	(1,551)	(17)	(1,568)
(Surplus)/ Deficit for the year	(253)	402	149
2008/09	(464)	370	(94)

In the chargeable section of the Building Regulations Account, charges are to be fixed so that income will not be less than expenditure over a three-year period. Over the last three years, income on this account has exceeded expenditure by £0.697m.

3. On-street Parking (included within Highways and Transport Services)

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.

The surplus from on-street parking in 2008/09 was £14.043m (£21.311m in 2007/08). This was applied to defray revenue expenditure as follows:

	2008/09 £'000	2007/08 £'000
Income		
Surplus from on-street parking	(14,043)	(21,311)
Expenditure		
Off-street parking	935	1,004
Highways and traffic improvement:		
- revenue expenditure	1,958	2,086
- capital expenditure	-	-
- capital charges	4,699	4,085
Concessionary fares and Taxicard scheme	6,451	7,548
Transport planning costs	-	1,859
Home to School transport	-	2,846
Highways maintenance	-	1,883
Total expenditure defrayed from income from on-street parking	14,043	21,311

London Borough of Camden – Statement of Accounts 2008/09

Notes To The Accounts (cont)

The Income and Expenditure Account

4. Expenditure on Housing Benefits
(included within Housing Services)

	2008/09 £'000	2007/08 £'000
Gross rent allowances	74,528	70,157
Less subsidy income	(75,178)	(70,972)
Net cost of rent allowances	(650)	(815)
Gross cost of council tax benefits	25,320	24,994
Less subsidy income	(25,597)	(25,324)
Net cost of council tax benefits	(277)	(330)
Gross cost of rent rebates	71,783	69,970
Less subsidy income	(71,820)	(70,442)
Net cost of rent rebates	(37)	(472)
Net cost of all Housing Benefits to the General Fund	(964)	(1,617)

5. Costs of Audit

The following fees were incurred during the year relating to external audit and inspection. In 2008/09 these were due to the Audit Commission, the Council's Appointed Auditors, in respect of nearly all services. Some fees were due to Deloitte and Touche LLP, the previous Appointed Auditors, in respect of objections to the prior year's accounts:

	2008/09 £'000	2007/08 £'000 Restated
External Audit Services	488	411
Statutory Inspection Certification of grant claims and returns	27	151
	172	172
Total	687	734

6. Publicity Account

Under Section 5 of the Local Government Act 1986 local authorities are required to keep a separate account of certain categories of expenditure on publicity. Total expenditure in 2008/09 was £3.545m (£3.731m in 2007/08). This can be analysed as follows:

	2008/09 £	2007/08 £
Salaries	1,244,420	1,001,148
Job advertising	836,928	895,205
Publications	301,314	231,172
General publicity and advertising	1,044,923	1,289,333
Other costs	117,254	313,675
Total	3,544,839	3,730,533

7. Remuneration of Senior Staff and Members

The total sum paid to Members in 2008/09 was £886,000 (£834,000 in 2007/08). The number of staff receiving annual remuneration in excess of £50,000 is shown below. This excludes employer's pension contributions but includes benefits in kind, so far as they are chargeable to UK income tax. Also included are compensation payments for loss of office and other payments receivable on the termination of employment, even where these are not taxable.

£'000	2008/09	2007/08
50-60	220	198
60-70	83	73
70-80	39	25
80-90	14	9
90-100	11	12
100-110	11	8
110-120	7	3
120-130	2	2
130-140	1	2
140-150	1	1
150-160	2	1
160-170	-	1
200-210	-	1
220-230	1	-
320-330	1	-
Total	393	336

Notes To The Accounts (cont)

The Income and Expenditure Account

8. Related Party Transactions

A number of transactions with related parties are disclosed elsewhere in the notes to these accounts. Several organisations are designated as local authority influenced under the terms of the Local Authorities (Companies) Order 1995. The Council awarded grants, service agreements and contracts to a number of these organisations to carry out services on its behalf in 2008/09 as follows:

	2008/09 £'000	2007/08 £'000
Arts	377	248
Children, young people and families	799	562
Community advice, development and support	141	205
Community care	13,474	16,907
Community centres	1,797	1,006
Employment and training	152	164
Housing associations	2,871	830
Multi-functional and infrastructure	1,116	696
Other	2,936	2,609
Total	23,663	23,227

The Council has also provided one of the housing associations with loan guarantees. The value of the loans in question was estimated at £0.658m at 31 March 2009.

The Council received £10.573m from local Health Trusts during the year for the provision of combined health and community care services.

This comprised:

	2008/09 £'000	2007/08 £'000
Camden Primary Care Trust	9,458	7,079
Other Primary Care Trusts	266	2
Camden & Islington Mental Health & Social Care Trust	849	1,919
Total	10,573	9,000

The Council acts as lead borough and financial advisor to the North London Waste Authority, the London Committee for Action Against Fraud and the London Ecology Unit. In 2008/09 it paid £7.920m to these bodies (£6.716m in 2007/08) and received £1.071m in total (£0.580m in 2007/08).

At 31 March 2009 it held £16.712m on behalf of these bodies (£15.775m at 31 March 2008) which is included in the cash at bank balances and as temporary loans to the Council in the accounts.

London Authorities Mutual Limited (LAML) is a company limited by guarantee. The Director of Finance is a non-remunerated director of LAML. The Council has invested £0.345m in LAML (See both note 27 and Note 46).

9. Leasing

Operating Leasing

Operating leasing where the Council is the Lessee-Vehicles, Plant and Equipment:

	2008/09 £'000	2007/08 £'000
Lease Rentals	2008/09 £'000	2007/08 £'000
		Restated
Vehicles	742	580
IT Equipment	125	181
Other	445	453
Total	1,312	1,214

The amount next year the authority is committed to pay in respect of leases expiring: -

	2009/10 £'000
within one year	718
within two to five years	394
in more than five years	262
Total	1,374

Operating leasing where the Council is the Lessee-Properties:

	2008/09 £'000
Lease Rentals	2008/09 £'000
Amount payable in respect of:	£'000
Operational Land and Buildings (GF)	4,007
Operational non-residential (HRA)	522
Operational residential (HRA)	9,371
Total	13,900

London Borough of Camden – Statement of Accounts 2008/09

Notes To The Accounts (cont)

The Income and Expenditure Account

The amount next year the authority is committed to pay in respect of leases expiring:

	2009/10		Total £'000
	excl. HRA residential £'000	HRA residential £'000	
within one year	230	3,731	3,961
within two to five years	2,971	1,311	4,282
In more than five years	763	2,970	3,733
	3,964	8,012	11,976

Operating leasing where the Council is the Lessor – Properties:

Amount receivable in respect of:	2008/09 £'000
Non-operational Land and Buildings (GF)	5,388
Non-operational non-residential (HRA)	7,845
	13,233

Value of Assets held for use in operating leases:

	31 March 2009 £'000
Non-Operational Land & Buildings (GF)	
- Gross book Value	83,186
- Less accumulated depreciation	(85)
- Net Book Value	83,101
Non-Operational non-residential (HRA)	
- Gross book Value	88,817
- Accumulated depreciation	-
- Net Book Value	88,817

Finance Leasing

Finance leasing where the Council is the Lessee:

Lease Rentals	2008/09 £'000	2007/08 £'000
Non-operational land and buildings	10	11
Plant and Equipment	50	66
	60	77
Comprising:		
Repayments	29	29
Financing Charges	31	48
	60	77

Outstanding rentals on these finance leases at 31 March 2009 were as follows:

	£'000
Due within one year	58
Due within two to five years	100
Due in more than five years	17
	175

10. Section 137 (3) Expenditure

Section 137 of the Local Government Act 1972 (as amended) gives local authorities a limited power to incur expenditure for the benefit of people in their area on activities or projects by making donations to the funds of charitable or not-for-profit organisations in the United Kingdom. Expenditure on grants and subscriptions amounted to £106,135 in 2008/09 (£106,182 in 2007/08).

11. Private Finance Initiatives

In 2003/04 Camden entered into a 27-year concession for the replacement of the Haverstock School under the Government's Private Finance Initiative. At the end of 2008/09, the unitary charge payments remaining over the life of the concession are estimated to be £53.019m.

In 2006/07 Camden entered into a 15-year concession for the refurbishment of 708 dwellings on the Chalcotts Housing Estate under the Government's Private Finance Initiative. At the end of 2008/09 the unitary charge payments remaining over the life of the concession are estimated to be £121.335m.

Notes To The Accounts (cont)

The Income and Expenditure Account

12. Pensions

(a) Teachers - In 2008/09 the Council paid £5.596m to the Department for Children, Schools and Families (£6.154m in 2007/08) in respect of teachers' pension costs, which represents 14.12% of teachers' pensionable pay (14.09% in 2007/08). In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2008/09 these amounted to £0.399m (£0.389m in 2007/08) representing 1.01% of pensionable pay (0.89% in 2007/08).

(b) Ex ILEA - In 2008/09 the Council paid £0.349m to the London Pensions Fund Authority (£0.325m in 2007/08) in respect of former ILEA employees' pension costs, which represents 20.30% of ex-ILEA employees' pensionable pay (19.00% in 2007/08). In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2008/09 these amounted to £0.051m, (£0.056m in 2007/08) representing 2.99% of pensionable pay (3.26% in 2007/08).

(c) Other Employees – In 2008/09 the Council's level of contribution into the Pension Fund was 23.10% (21.90% in 2007/08) for those employees paying between 5.50% and 7.50% of pensionable pay and 23.10% (18.25% in 2007/08) (for manual staff that joined the scheme before 31 March 1998) for those employees paying 5.25% of pensionable pay. The actual cash payments made into the Fund by the Council were £31.736m (£29.606m in 2007/08) which represents 23.10% of Camden employees' pensionable pay (21.84% in 2007/08).

The Fund's actuary determines the employer's contribution rate. It is based on triennial actuarial valuations, with the last review being at 31 March 2007.

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 2008/09 these amounted to £2.748m, representing 2.00% of pensionable pay (£2.697m and 1.99% in 2007/08).

The capital cost of discretionary increases in pension payments (e.g. discretionary added years) agreed by the authority in 2008/09 was £nil (£nil in 2007/08).

There is further pension information in Note 49.

13. Levies by other local authorities

Levies were paid to other local authorities as follows:

	2008/09 £'000	2007/08 £'000
Environment Agency	189	169
Garden Squares	21	20
Lee Valley Regional Park	286	280
London Pension Fund Authority	1,452	1,368
	1,948	1,837

Notes To The Accounts (cont)

The Income and Expenditure Account

14. Health Act 1999 Pooled Funds

The Council has entered into partnership arrangements with Camden Primary Care Trust (CPCT) for pooled budget arrangements for the provision of services relating to the Integrated Community Equipment Store (ICES). This includes the costs of purchasing new equipment and managing the distribution of equipment across the borough of Camden. The local authority hosts the pool. The respective contributions of the PCT and the LA were renegotiated in this year to reflect increased usage of the store by the health partner. The income and expenditure for 2008/09 were as follows:

	2008/09	2007/08
	£'000	£'000
Funding		
London Borough of Camden	(767)	(728)
Camden PCT	(452)	(171)
Total	(1,219)	(899)
<hr/>		
Expenditure	1,219	1,156
Net Overspend	-	257

The council has an arrangement with the Camden and Islington Mental Health Social Care Trust (C&IMHSCT) where the council has delegated its budget to C&IMHSCT for the provision of some Mental Health services within the borough of Camden. C&IMHSCT is an organisation jointly funded with Camden PCT, Islington PCT and Islington Adult Social Care Services. This is not a formal pooled budget arrangement.

In 2008/09 the local authority transferred £5.478m gross to C&IMHSCT and received £0.849m from C&IMHSCT as a contribution towards its joint services.

The council receives £9.458m from Camden PCT for the provision of continuing care and jointly commissioned health and social care services. £0.266m is received from other PCTs for whom the council acts as agent for payment of Registered Nursing Care Contribution (RNCC).

Notes To The Accounts (cont)

The Income and Expenditure Account

15. Transfers to/(from) Earmarked Reserves

The following amounts were transferred to/(from) earmarked reserves and General Balances in 2008/09:

	2008/09 £'000	2007/08 £'000
Departmental reserves		
Finance	(582)	-
Customers, Strategy and Performance	-	-
Children's, Schools and Families	(1,900)	-
Housing and Adult Social Care	-	140
Culture and Environment	144	-
	(2,338)	140
Corporate reserves		
Future Capital Schemes	4,505	25,398
Commercial Property	478	1,543
Modernising Government Systems Modernisation Reserve	344	-
Self-insurance	229	-
Kentish Town Sports Centre	-	(296)
Local Area Agreement Grants	(1,225)	37
Mental Health Aftercare	(181)	(590)
Haverstock School PFI Initial Payment	(130)	(130)
Haverstock School PFI	127	422
Corporate Initiatives	(599)	(240)
Pay and Gratings review	664	606
Mayors Charity	7	(8)
Dedicated Schools Grant	145	80
Workforce Remodelling and Efficiency projects	3,168	-
Parking Reserve	-	3,656
Building Schools for the Future	1,192	2,000
Revenue Support	1,318	-
Recovery Fund	6,000	-
	16,042	32,204
Total Net Transfers	13,704	32,344

16. Income from Business Rates

Income to the national non-domestic rates pool is redistributed directly to both billing and precepting authorities. The Council received £140.850m in 2008/09 (£129.977m in 2007/08), which was credited to the Income and Expenditure Account.

17. Business Improvement District

The Council is the billing authority for two Business Improvement Districts (BIDs). The Holborn BID is run by the Holborn Business Partnership and the Camden Town BID is run by Camden Town Unlimited. The Council collects a levy from business ratepayers in the area of the BID on behalf of the BID body and pays the funds to the body to carry out those services for which the BID was established. The Holborn BID started on 1 April 2005 and the Camden BID on 1 April 2006.

BID accounts

	2008/09 £'000	2007/08 £'000
Holborn		
Levy for year	826	828
Write Offs	(1)	(2)
Cost of Collecting Levy	(30)	(30)
	795	796
Paid to BID body	(738)	(800)
Surplus/(deficit) for year	57	(4)
Surplus brought forward	3	7
Surplus carried forward	60	3
Camden Town		
Levy for year	448	474
Write Offs	-	(30)
Cost of Collecting Levy	(17)	(17)
	431	427
Paid to BID body	(441)	(471)
Surplus/(deficit) for year	(10)	(44)
Surplus brought forward	48	92
Surplus carried forward	38	48

Notes To The Accounts (cont)

The Income and Expenditure Account

18. Dedicated Schools Grant

Since 2006/07, school funding for local authorities in England has been provided by a ring-fenced grant called the Dedicated Schools Grant (DSG) rather than as part of the Revenue Support Grant settlement.

Disclosure of deployment of Dedicated Schools Grant

The Council's expenditure on schools is funded by grant monies, the Dedicated Schools grant (DSG), provided by the Department for Children, Schools and Families. DSG is ring-fenced and can only be applied to meet expenditure properly included in the schools budget, as defined in the Schools 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 (ISB) which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2008/09 are as follows:

Schools Budget Funded by Dedicated Schools Grant			
	Central Expenditure £'000	Individual Schools Budget £'000	Total £'000
Final DSG for 2008/09			(122,965)
Brought forward from 2007/08			(736)
Carry forward to 2009/10 agreed in advance			-
Agreed Budgeted distribution in 2008/09	(22,846)	(100,855)	(123,701)
Actual central expenditure	22,240		22,240
Actual ISB deployed to schools		100,855	100,855
Local authority contribution for 2008/09	-	-	-
Carry forward of DSG to 2009/10	606	-	606
Plus balance to be redistributed to schools			275
Balance held in DSG reserve			881

Notes To The Accounts

The Statement of Movement on the General Fund Balance

19. Reconciling items for the Statement of Movement on the General Fund Balance

	2008/09 Net Expenditure	2007/08 Net Expenditure Restated
Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year	Notes	£'000
Depreciation of Fixed Assets		(14,887)
Impairment of fixed assets		(1,732)
Depreciation charged to the HRA in excess of the Major Repairs Allowance element of Housing Subsidy		(9,100)
Difference between amounts charged to Income and Expenditure for financial instruments and the charge for the year in accordance with statute		1,377
Government Grants Deferred Amortisation		3,725
Revenue Expenditure Financed from Capital under Statute		(513)
Gains on disposal of fixed assets		-
Net charges made for retirement benefits in accordance with FRS17		(30,379)
Total		(51,509)
Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year		
Statutory Minimum Revenue provision for repayment of debt		3,255
Capital Expenditure charged to the General Fund Balance		20,992
Transfer from Useable Capital Receipts account to meet payments to the Housing Capital Receipts Pool		(18,436)
Employer's contributions payable to the pension funds and retirement benefits payable direct to pensioners		34,968
Total		40,779
Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year		
Transfer from the Housing Revenue Account balance		(10,252)
Voluntary revenue provision for the repayment of debt		647
Transfer to from earmarked reserves	15	19,838
Transfer to/(from) schools balances		1,198
Other transfers out of the Fund	15	12,506
Total		23,937
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year		13,207

Notes To The Accounts
The Balance Sheet

20. Fixed Assets - Movement of Fixed Assets

OPERATIONAL ASSETS

	Council Dwellings HRA	HRA - Other	Other Land and Buildings	Vehicles, Plant and Equipment	Infra- structure	Community Assets	Total Operational Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2008	2,314,270	45,049	652,845	15,440	171,594	14,941	3,214,139
Corrections to Base	(2,260)	-	1,160	-	-	-	(1,100)
Additions	37,334	163	8,514	570	16,541	563	63,685
Donations	(92)	-	-	-	-	-	(92)
Disposals	(4,654)	-	-	(8,391)	-	-	(13,045)
Revaluations	(372,965)	(262)	(26,131)	(3,354)	-	-	(402,712)
Reclassifications	(122)	25	3,747	416	-	398	4,464
Sub-total Movement in year	(342,759)	(74)	(12,710)	(10,759)	16,541	961	(348,800)
At 31 March 2009	1,971,511	44,975	640,135	4,681	188,135	15,902	2,865,339
Depreciation and Impairments							
At 1 April 2008	(4,219)	(2,634)	(30,979)	(13,594)	(24,475)	(4)	(75,905)
Charge for Year	(31,222)	(1,080)	(8,201)	(1,048)	(4,015)	(1)	(45,567)
Disposals	63	-	(14)	8,343	-	-	8,392
Revaluations	29,805	47	22,232	3,446	-	-	55,530
Reclassifications	3	6	-	-	-	-	9
Sub-total Movement in year	(1,351)	(1,027)	14,017	10,741	(4,015)	(1)	18,364
At 31 March 2009	(5,570)	(3,661)	(16,962)	(2,853)	(28,490)	(5)	(57,541)
Balance Sheet amount at 31 March 2009	1,965,941	41,314	623,173	1,828	159,645	15,897	2,807,798
Balance Sheet amount at 1 April 2008	2,310,051	42,415	621,866	1,846	147,119	14,937	3,138,234
Nature of Asset							
Owned	1,965,941	41,314	623,173	1,828	159,645	15,897	2,807,798
Finance Lease	-	-	-	-	-	-	-
PFI	-	-	-	-	-	-	-
	1,965,941	41,314	623,173	1,828	159,645	15,897	2,807,798

**Notes To The Accounts
The Balance Sheet**

21. (Cont) Fixed Assets - Movement of Fixed Assets

NON - OPERATIONAL ASSETS

	HRA Commercial	HRA - Surplus	Investment Assets General Fund	Surplus Assets General Fund	Fixed Assets Under Construction	Total Non - Operational Assets	Total Operational and Non- Operational Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2008	99,522	274	86,495	8,377	10,019	204,687	3,418,826
Corrections to Base	-	-	850	-	-	850	(250)
Additions	315	-	53	-	15,252	15,620	79,305
Donations	-	-	-	-	-	-	(92)
Disposals	-	(651)	-	(3,824)	-	(4,475)	(17,520)
Revaluations	(10,738)	643	(2,655)	4,151	-	(8,599)	(411,311)
Reclassifications	(280)	469	(1,558)	1,260	(4,805)	(4,914)	(450)
Sub-total Movement in year	(10,703)	461	(3,310)	1,587	10,447	(1,518)	(350,318)
At 31 March 2009	88,819	735	83,185	9,964	20,466	203,169	3,068,508
Depreciation and impairments							
At 1 April 2008	-	-	(79)	-	-	(79)	(75,984)
Charge for Year	-	-	(61)	-	-	(61)	(45,628)
Disposals	-	-	-	-	-	-	8,392
Revaluations	-	-	55	-	-	55	55,585
Reclassifications	-	-	-	-	-	-	9
Sub-total Movement in year	-	-	(6)	-	-	(6)	18,358
At 31 March 2009	-	-	(85)	-	-	(85)	(57,626)
Balance Sheet amount at 31 March 2009	88,819	735	83,100	9,964	20,466	203,084	3,010,882
Balance Sheet amount at 1 April 2008	99,522	274	86,416	8,377	10,019	204,608	3,342,842
Nature of Asset							
Owned	88,819	735	83,100	9,964	20,466	203,084	3,010,882
Finance Lease	-	-	-	-	-	-	-
PFI	-	-	-	-	-	-	-
	88,819	735	83,100	9,964	20,466	203,084	3,010,882

The Balance Sheet

Movement of Fixed Assets (cont)

The freehold and leasehold properties that comprise the Council's property portfolio have been valued by:

- DVS, Valuation Office Agency
- London Borough of Camden - Head of Property Services
(Fellow of the Royal Institution of Chartered Surveyors)

The valuations have been carried out on the under-mentioned bases in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors by members of that institution.

All land and buildings held within the HRA have been valued according to the following bases:

Operational assets such as dwellings, tenants' halls and garages have been valued at Existing Use Value for Social Housing (EUV-SH) for housing property and Existing Use Value (EUV) for non-housing property. EUV-SH valuations have been derived by assessing the vacant possession value of housing properties by using the beacon principle and then reducing the values by 63% in line with guidance from the Department for Communities and Local Government to reflect the continuing occupation by secure tenants.

Non-operational assets such as shops have been valued at open market value.

General Fund operational properties were valued on the basis of open market value for the existing use or, where this could not be assessed because there was no market for the asset, the depreciated replacement cost. General Fund non-operational properties were valued on the basis of market value.

Community assets are shown at historical cost with the opening value as at 1 April 1994 being equivalent to the outstanding debt on these assets at that date.

Infrastructure assets are shown at depreciated historical cost plus the value of expenditure incurred in subsequent years.

Notes To The Accounts (cont)

The Balance Sheet

22. Revaluation Review Dates

The following table shows the progress of the Council's rolling programme for the revaluation of its fixed assets. The valuations have been carried out by the Council's appointed valuers and the basis of valuation is set out in the statement of accounting policies.

	HRA dwellings	HRA commercial	HRA Surplus	HRA other	Other Land and Buildings	Investment/ Surplus Properties – GF	Vehicles, Plant and Equipment	Community Assets	Infrastructure	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revaluation Review Dates										
Valued at historic cost							1,828	15,898	159,644	177,370
Valued at current value in										
2004/05	-	-	-	3,800	249,688	1,303	-	-	-	254,791
2005/06	62,586	-	-	34,319	4,370	15,080	-	-	-	116,355
2006/07	-	-	-	2,177	71,609	54,412	-	-	-	128,198
2007/08	303	88,817	-	361	7,757	4,958	-	-	-	102,196
2008/09	1,903,051	-	735	658	289,750	17,312	-	-	-	2,211,506
Net Book Value at 31 March 2009	1,965,940	88,817	735	41,315	623,174	93,065	1,828	15,898	159,644	2,990,416

Notes To The Accounts (cont)

The Balance Sheet

23. Council Assets

The assets of the Council at 31 March 2009 included the following:

Council dwellings	24,085
HRA commercial properties	469
HRA surplus properties	3
HRA other properties	203
Car parks	2
Cemeteries	2
Community centres	9
Day centres	11
Depots & workshops	8
Libraries	6
Miscellaneous buildings	13
Mortuaries & courts	2
Non-HRA housing properties	15
Offices	21
Play centres	4
Playing fields	1
Public conveniences	6
Residential homes	7
School keeper houses	13
Schools - nurseries	10
Schools - primary	24
Schools - secondary	8
Schools - special	5
Sports centres/pools	5
Kilometres of road	258
Parks, gardens & open spaces	93
Units of commercial property	439
Surplus/vacant/awaiting development properties	10

24. HRA Asset Valuations

The Balance Sheet has Net Book Values within the HRA as follows:

	31 March 2009	1 April 2008
	£'000	£'000
Operational Properties		
- dwellings	1,965,941	2,310,051
- other properties	41,314	42,415
Sub total	2,007,255	2,352,466
Non-operational Properties		
- commercial properties	88,819	99,521
- surplus	735	274
Sub Total	89,554	99,795
Grand Total	2,096,809	2,452,261

The vacant possession value of dwellings within the HRA at 31 March 2009 is £5.032bn.

The difference between the vacant possession value of £5.032bn and the balance sheet value of dwellings of £1.966bn shows the economic cost to Government of providing council housing at less than open market rents.

25. Intangible Assets

	£'000
Software	
Opening Net Book Value at 1 April 2008	1,010
- Additions	865
- Reductions	(101)
- Depreciation	(581)
Closing Net Book Value at 31 March 2009	1,193

Software is amortised over three years on a straight-line basis.

Notes To The Accounts (cont)

The Balance Sheet

26. Capital Expenditure and Funding

	2008/09 £'000	2007/08 £'000
Expenditure		
Capital additions	64,054	66,921
Intangible assets	668	227
Investments	85	100
Fixed Assets Under Construction	15,252	7,314
Deferred charges	-	5,903
REFCUS	13,786	-
LBC Capital Programme	93,845	80,465
Charitable Trust Assets	38	-
Capital Programme	93,883	80,465

	2008/09 £'000	2007/08 £'000
Funding		
Loans	15,362	15,301
Usable capital receipts	3,017	1,806
Leaseholders' contributions	4,405	4,480
S106 contributions	573	535
Other contributions/ Insurance receipts	1,631	1,132
Major Repairs Allowance	21,355	21,651
Transport for London grants	8,882	8,871
Standard Fund grants	2,047	2,066
Childrens Centres grants	1,510	2,926
PSA reward grant	43	40
Other capital grants	12,582	5,145
Revenue financing (HRA)	4,161	7,593
Revenue financing (GF)	18,315	8,919
	93,883	80,465

Within the total capital expenditure of £93.883m, HRA capital expenditure in the year was as follows:

	2008/09 £'000	2007/08 £'000
Works to HRA dwellings/other properties	37,702	44,879
Acquisitions	-	717
Fixed Assets Under Construction	6,668	593
Deferred Charges	-	151
REFCUS	(17)	-
	44,353	46,340

In addition, non-HRA housing capital expenditure of £11.630m (£3.690m in 2007/08) was incurred.

HRA capital expenditure was funded as follows:

	2008/09 £'000	2007/08 £'000
Loans	10,643	10,643
Usable Capital Receipts	2,483	1,265
Revenue Financing	4,161	7,593
Major Repairs Allowance	21,355	21,651
Leaseholders' Capital Contributions	4,405	4,480
Other	1,306	708
	44,353	46,340

HRA Capital Receipts

Gross HRA capital receipts from disposals in 2008/09 were as follows:

	2008/09 £'000	2007/08 £'000
Land	190	358
Dwellings	13,561	40,373
Other Properties	390	1,780
Total	14,141	42,511

Notes To The Accounts (cont)

The Balance Sheet

Capital Expenditure and Funding (continued)

Major items of capital expenditure during 2008/09 included :-

	£'000
Children Schools & Families	
Agar Grove Children's Centre development	1,141
Primrose Hill School development	529
Hampstead School technology / admin. block	654
Culture & Environment	
Planned Improvements - footway works	2,788
Planned Improvements - carriageway works	1,205
Play Pathfinder - various play centres upgrading	604
Kentish Town Sports Centre refurbishment	4,331
Kingsway Tram Tunnel	619
Bloomsbury Way bus route	1,106
Eversholt Street road renewal	532
Camden Town Centre north (Chalk Farm) infrastructure works	602
Housing & Adult Social Care	
Hostels improvement programme - Arlington House grant	10,474
Major repairs / improvements at :-	
Abbey Estate	3,032
Amphill Square regeneration	4,901
Whittington Estate	1,196
Broadfield	612
Gordon Mansions 1-75	553
Bourne Estate	778
Brunswick Centre – repairs	1,154
Fleet Road - heating	1,827
Brunswick - heating	2,704
Administrative Buildings	
Arlington Road depot, Jamestown Road & Medburn Centre refurbishments	1,824
Bidborough House offices - reconfiguration	6,532

The Council has authorised capital expenditure of £933m to be incurred in the years 2009/10 to 2014/15, of which £82m has been contracted. These commitments include the following significant schemes:

	£'000
Children Schools & Families	
Hampstead School - technology / admin. Block	1,259
Culture & Environment	
Libraries Radio Frequency Identity project	1,500
Play Pathfinders play schemes	1,578
Kentish Town Sports Centre refurbishment	16,256
Camden Town Centre North infrastructure works	620
Housing & Adult Social Care	
Major repairs / improvements at :-	
100 Drummond Street	560
1-12 Ruscombe, Arlington Road	502
Spedan Close	1,608
Abbey Estate	1,481
Denton, Malden Crescent	1,548
Amphill Square regeneration	2,528
Whittington Estate	721
Maiden Lane	793
Holly Lodge	1,007
Broadfield 1-32	1,000
Gordon Mansions	583
Bourne Estate	793
Brunswick Centre	607
Brunswick Centre - mechanical & electrical repairs	588
Bacton Estate	1,726
Alexandra Estate / Rowley Way	6,406
Bucklebury - heating	622
Other Schemes :-	
Crisis House (Mental Health Services) development	500
CCTV	821
Administrative Buildings	
Bidborough House offices - reconfiguration	7,008

The Balance Sheet

Capital Expenditure and Funding (continued)

A further £851m relates to schemes approved to proceed which were not contracted as at 31 March 2009. The following significant schemes are included :-

	£'000
Children, Schools & Families	
Emmanuel Primary School redevelopment	1,600
New End Primary School - windows	600
Richard Cobden Infants School - windows	500
Frank Barnes / Edith Neville special school development	9,000
Autistic Spectrum Disorder unit Kentish Town	1,125
Harnessing Technology	1,041
Building Schools for the Future	240,900
Culture & Environment	
Camden High Street North planned improvements	1,332
Housing & Adult Social Care	
Major repairs / improvements at: -	
Henderson Court	570
Denton Estate	2,918
Waxham & Ludham	873
Maiden Lane	800
248-250 Camden Road	600
Other Schemes :-	
Wind Turbines	800
Integrated Reception Systems	3,200
Dennis Handfield House, 93 Kings Cross Road	500

Notes To The Accounts (cont)

The Balance Sheet

27. Long-Term Investments

In 2007/08 the Council joined with nine other London local authorities to form London Authorities Mutual Limited, a company whose purpose is to insure local authorities risk and the procurement of insurance cover for its ten members. The Council holds a one-tenth share of the new company. The Council has invested £0.345m in the new company. See also Note 46.

The Council has advanced loans of £117m to banks and other financial institutions which are not due to be repaid before 2009/10 and which are classed as long-term investments for Treasury Management purposes. The carrying value in the balance sheet includes accrued interest up to the balance sheet date.

28. Long-term Debtors

	31 March 2009 £'000	31 March 2008 £'000
Loans to Housing Associations	19	142
Staff car loans	31	30
Right to buy mortgages	173	161
Capital service charge loans	819	757
Other mortgages	4	11
Works in default	72	72
	1,118	1,173

29. Current Assets

	31 March 2009 £'000	31 March 2008 £'000
Stocks	225	231
Cash held by officers	104	102
Money on call/short notice	115,411	126,512
Other short-term lending	-	73,679
Cash at bank	13,594	11,647
Payments in advance	9,518	4,807
	138,852	216,978
Collection Fund debtors		
Community charge payers	377	377
Council tax payers	13,414	14,958
NNDR ratepayers	1,860	4,691
NNDR Pool	4,194	13,754
	19,845	33,780
Other debtors		
HRA rents	3,996	5,540
Central Government	18,321	12,464
Other local authorities	6,717	6,138
Other sundry debtors	56,771	71,490
	85,805	95,632
Total debtors	105,650	129,412
Less provisions for bad debts		
Collection Fund		
Community charge	(377)	(377)
Council tax arrears	(8,695)	(9,434)
NNDR arrears	(4,951)	(2,946)
	(14,023)	(12,757)
HRA rents	(3,852)	(3,920)
Other arrears	(34,047)	(39,239)
	(37,899)	(43,159)
Total provisions	(51,922)	(55,916)
Total current assets	192,580	290,474

Notes To The Accounts (cont)

The Balance Sheet

30. Current Liabilities

	31 March 2009 £'000	31 March 2008 £'000 Restated
Loans <1 year	17,670	18,414
Depositors	2,491	2,553
Bank Overdraft	2,908	2,012
Receipts in advance	35,415	31,292
Charitable receipts	61	61
	58,545	54,332
Collection Fund creditors		
- Council tax payers	7,066	6,389
- NNDR ratepayers	6,404	8,102
- NNDR pool	-	-
	13,470	14,491
Other creditors		
- Central Government	12,734	17,674
- Other local authorities	2,217	4,184
- Other sundry creditors	121,644	96,347
	136,595	118,205
Total current liabilities	208,610	187,028

31. Capital Grants Deferred

In respect of grants used to finance asset acquisition, sums are released to the Income and Expenditure Account in line with the depreciation charged on the new assets. In respect of grants used to finance works to existing assets, sums are released in line with depreciation charged on the asset. In respect of leaseholder capital contributions applied, the sums are credited to the Capital Adjustment Account

	31 March 2009 £'000	31 March 2008 £'000
Transport Supplementary Grant	3,870	4,014
Other infrastructure grants	61,766	53,987
Other grants (building works)	33,130	32,491
Equipment/Intangibles grants	1,054	892
Contributions	11,119	9,314
	110,939	100,698

32. Provisions

	31 March 2009 £'000	31 March 2008 £'000
Self-insurance provision	4,328	4,600
Tree root damage	3,267	3,379
Total insurance provisions	7,595	7,979
Industrial Leases	495	500
Total general provisions	495	500
Total provisions	8,090	8,479

Self-Insurance Provision Since 1993, the Council has self insured various property, liability and motor losses up to £100,000, with insurance policies in place to cover losses in excess of this amount. Annual aggregate limits of £1 million and £2.25 million apply to property and liability claims respectively.

The Council's main insurance programme, that has been with Zurich Municipal since 1993, moved to the London Authorities Mutual Limited (LAML) with effect from 1 April 2008. LAML is a new mutual insurer that Camden and a further nine London Boroughs have set up and own. The Council's participation in LAML has been subject to a legal challenge. Further details are given in Note 46.

The self-insured provision meets the costs of known claims that fall within the excess and aggregate limits excluding liabilities for tree root claims.

Contributions in the form of internal premiums are made to the provision by departments and the HRA.

Notes To The Accounts (cont)

The Balance Sheet

Provisions (cont)

The balance of the provision at 31 March 2009, £4.328m, is an estimate of outstanding payments on reported claims at that date.

	2008/09	2007/08
	£'000	£'000
Balance at 1 April	4,600	4,528
Contributions	2,507	1,803
	7,107	6,331
Payment of claims	(2,036)	(1,129)
	5,071	5,202
Transfer to / from self-insurance reserve	(743)	(602)
Transfer to Tree Root Damage Provision	-	-
Balance at 31 March	4,328	4,600

Tree Root Provision Since 1994, the Council has fully self-insured all claims made as a result of damage to private property as a result of the action of the roots of Council owned trees. The self-insured provision fully funds the cost of all known outstanding claims including anticipated claim payments. Contributions in the form of internal premiums are made to the provision by departments and the HRA.

Industrial Leases Provision has been made for the liability arising under tax indemnity clauses relating to the letting of industrial units. The provision was reduced in the year following the disposal of some units.

Notes To The Accounts (cont)

The Balance Sheet

33. Types of Financial Instruments

Accounting regulations require the “financial instruments” (investment, lending and borrowing of the Council) shown on the balance sheet to be further analysed into various defined categories. The investments, lending and borrowing disclosed in the balance sheet are made up of the following categories of “financial instruments”.

TABLE 1 – FINANCIAL INSTRUMENT BALANCES

	Long-Term		Current	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
	£000s	£000s	£000s	£000s
Borrowings				
Financial liabilities at amortised cost	365,040	416,538	826	19,888
Financial liabilities at fair value through profit and loss	-	-	-	-
Other borrowing	-	-	16,843	-
Cash Overdrawn	-	-	2,908	-
Total borrowings	365,040	416,538	20,577	19,888
Investments				
Loans and receivables	121,457	52,142	98,818	138,711
Available-for-sale financial assets	-	22,242	30,187	-
Fair value through Profit and Loss	-	51,436	-	-
Total investments	121,457	125,820	129,005	138,711

NOTES.

LOBOs of £124m have been included in long-term borrowing but have a call date in the next 12 months.

The above long term figures are based on para B9 of SORP 2008 Guidance Notes which states that in undertaking Effective Interest Rate (EIR) calculations the maturity period for a LOBO should be taken as being the contractual period to maturity unless there is a specific identifiable reason to determine otherwise.

Notes To The Accounts (cont)

The Balance Sheet

34. Gains and Losses on Financial Instruments

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

TABLE 2 – FINANCIAL INSTRUMENTS GAINS/LOSSES

2008/09	Financial Liabilities		Financial Assets		Total £000s
	Liabilities measured at amortised cost	Loans and receivables	Available- for-sale assets	Fair value through P&L	
	£000s	£000s	£000s	£000s	
Interest expense	(25,269)	-	-	-	(25,269)
Losses on derecognition	(1,107)	-	-	-	(1,107)
Impairment losses	-	-	-	-	-
Interest payable and similar charges	(26,376)	-	-	-	(26,376)
Interest income	-	14,261	681	2,032	16,974
Gains on derecognition	-	-	-	-	-
Interest and investment income	-	14,261	681	2,032	16,974
Gains on revaluation			-	-	-
Losses on revaluation			-	-	-
Amounts recycled to the I&E account after impairment			-	-	-
Surplus arising on revaluation of financial assets			-	-	-
Net loss for the year	(26,376)	14,261	681	2,032	(9,402)

Notes To The Accounts (cont)

The Balance Sheet

35. Fair Value of Assets and Liabilities carried at amortised cost

The fair value of each class of financial assets and liabilities which are carried in the balance sheet at amortised cost is disclosed below.

Methods and Assumptions in valuation technique

The fair value of an instrument is determined by calculating the Net Present Value of future cash flows, which provides an estimate of the value of payments in the future in today's terms.

The discount rate used in the NPV calculation is the rate applicable in the market on the date of valuation for an instrument with the same structure, terms and remaining duration. For debt, this will be the new borrowing rate since premature repayment rates include a margin which represents the lender's profit as a result of rescheduling the loan; this is not included in the fair value calculation since any motivation other than securing a fair price should be ignored.

The rates quoted in this valuation were obtained by our treasury management consultants from the market on 31 March, using bid prices where applicable.

The calculations are made with the following assumptions:

- For PWLB debt, the discount rate used is the rate for new borrowing as per rate sheet number 072/09.
- For other market debt and investments the discount rate used is the rates available for an instrument with the same terms from a comparable lender.
- We have used interpolation techniques between available rates where the exact maturity period was not available.
- No early repayment or impairment is recognised.
- We have calculated fair values for all instruments in the portfolio, but only disclose those which are materially different from the carrying value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

TABLE 3 – FAIR VALUE OF LIABILITIES CARRIED AT AMORTISED COST

	31 March 2009		31 March 2008	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000s	£000s	£000s	£000s
PWLB - maturity	231,113	283,389	285,620	325,081
PWLB – annuity	2,892	3,580	-	-
LOBOs	130,861	136,612	130,918	140,000
Bank overdraft	2,908	2,908	1,474	1,474
Short term borrowing	16,843	16,843	18,414	-
Financial liabilities	384,617	443,332	436,426	466,555

Fair value is more 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 commitment to pay interest below current market rates reduces the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.

Notes To The Accounts (cont)**The Balance Sheet****TABLE 4 – FAIR VALUE OF ASSETS CARRIED AT AMORTISED COST**

	31 March 2009		31 March 2008	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000s	£000s	£000s	£000s
Cash	13,594	13,594	12,199	12,199
Deposits with banks and building societies	236,868	214,069	178,654	150,336
Callable Deposits	-	30,189	-	28,689
Financial assets	250,462	257,852	190,853	191,224

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

36. Nature and Extent of risks arising from financial instruments

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. Risk management is carried out by a central treasury team under policies approved by the Council in the annual treasury management strategy report. The Council has fully adopted and implemented CIPFA's Code of Treasury Management Practice. In particular, it has set up treasury management practices covering all areas of treasury management. These specify in detail the policies of the council, the procedure on how these policies are to be put into effect and who is responsible for all aspects of treasury management. These policies cover specific areas such as credit risk, liquidity risk and market risk. The treasury management team have also fully implemented the national investment guidance of ODPM issued on 12 March 2004.

1. Credit Risk

Credit risk is the possibility that other parties may not pay amounts due to the council. This risk arises from the lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the council's customers.

It is the policy of the Council to place deposits only with a limited number of high quality banks and building societies whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution. The Council also has a policy of limiting deposits with institutions to a maximum of £40m to four of the UK Government supported banks.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Council expects full repayment on the due date of deposits placed with its counterparties.

Notes To The Accounts (cont)**The Balance Sheet****TABLE 5 – CREDIT RISK (A)**

	Amounts at 31 March 2009	Historical experience of default	Historical experience adjusted for market conditions as at 31 March 2009	Estimated maximum exposure to default and uncollectability
	£000s	%	%	£000s
Deposits with banks and other financial institutions	243,194	0	0	-
Bonds and other securities	-	0	0	-
Customers	17,276	18%	18%	3,110
Total	260,470			3,110

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.

Debtors

The Council does not generally allow credit for customers. There are no impaired debtors. The past due amount can be analysed by age as follows:

TABLE 6 – CREDIT RISK (B)

	31 March 2009 £000s
Less than three months	6,934
Three to six months	6,934
Six months to one year	2,349
More than one year	1,059
Total	17,276

2. Liquidity Risk

The Council has access to a facility to borrow from the Public Works Loans Board. As a result there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. 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):

Notes To The Accounts (cont)**The Balance Sheet****TABLE 7 – LIQUIDITY RISK**

Loans outstanding	On 31 March 2009	On 31 March 2008
	£000s	£000s
Public Works Loans Board	229,692	279,432
Market debt	124,000	124,000
Temporary borrowing	19,751	18,414
Total	373,443	421,846
Less than 1 year	20,577	19,154
Between 1 and 2 years	271	827
Between 2 and 5 years	31,017	15,910
Between 5 and 10 years	63,878	62,855
More than 10 years	257,700	323,100
Total	373,443	421,846

In the more than 10 years category there are **£124m** of LOBOs which have a call date in the next 12 months.

3. Market Risk**Interest rate risk**

The Council is exposed to interest rate risk in two different ways; the first being the uncertainty of interest paid/received on variable rate instruments, and the second being the affect of fluctuations in interest rates on the fair value of an instrument.

The current interest rate risk for the authority is summarised below:

- Decreases in interest rates will affect interest earned on variable rate investments, potentially reducing income credited to the Income and Expenditure Account.
- Increases in interest rates will affect interest paid on variable rate borrowings, potentially increasing interest expense charged to the Income and Expenditure Account.
- The fair value of fixed rate financial assets will fall if interest rates rise. This will not impact on the Balance Sheet for the majority of assets held at amortised cost, but will impact on the disclosure note for fair value. It would have a negative effect on the Balance Sheet for those assets held at fair value in the Balance Sheet, which would also be reflected in the STRGL.
- The fair value of fixed rate financial liabilities will rise if interest rates fall. This will not impact on the Balance Sheet for the majority of liabilities held at amortised cost, but will impact on the disclosure note for fair value.

The Council has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 48% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the authority's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

Notes To The Accounts (cont)

The Balance Sheet

According to this assessment strategy, at 31 March 2009, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

TABLE 8 – INTEREST RATE RISK

	£000s
Increase in interest payable on variable rate borrowings	1,240
Increase in interest receivable on variable rate investments	-
Increase in government grant receivable for financing costs	-
Impact on Income and Expenditure Account	1,240
Share of overall impact debited to the HRA	991
Decrease in fair value of 'available for sale' investment assets	-
Impact on STRGL	-
Decrease in fair value of fixed rate investment assets (no impact on I&E account or STRGL)	(2,462)
Decrease in fair value of fixed rate borrowing liabilities (no impact on I&E account or STRGL)	(48,240)

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 financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

Notes To The Accounts (cont)

The Balance Sheet

37. Revaluation Reserve

The Revaluation 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. The Reserve is also debited with amounts equal to the part of depreciation charges on assets that has been incurred only because the asset has been revalued. On disposal the Reserve balance for the asset disposed of is written out to the Capital Adjustment Account.

	2008/09 £'000	2007/08 £'000
Balance brought forward	121,268	-
Revaluations including depreciation written off on revaluation	(48,378)	150,011
Depreciation for year in respect of revalued amounts	(2,912)	(65)
Corrections to base	804	764
Fixed assets disposed of in year including depreciation written off on disposal	(1,828)	(29,442)
Balance carried forward	68,954	121,268
Comprising:		
General Fund	67,645	8,057
HRA	1,309	113,211
	68,954	121,268

38. Capital Adjustment Account

The Capital Adjustment Account (CAA) shows:

Resources used to finance capital expenditure

- (Credits) Capital receipts and direct revenue financing used to finance capital expenditure.
- (Credits) Amortised use of capital grants deferred and capital contributions deferred originally used to finance capital expenditure.
- (Credits) Minimum revenue provision/loan repayments during the year.

The historic cost of acquiring and enhancing fixed assets

- Debits – Historic cost depreciation and impairment losses.
- Debits – Deferred charges written off to revenue.
- Debits – historic cost net book value of assets disposed of.

	2008/09 £'000	2007/08 £'000
Balance brought forward	2,665,050	708,901
Prior Year adjustment	(1,035)	-
Balance on former FARA	-	1,881,391
Capital financing:		
- capital receipts	3,017	1,805
- revenue	22,439	16,512
Major Repairs Reserve	21,355	21,651
Reversal of Impairment charge to I & E A/C	(307,683)	(1,732)
Minimum Revenue Provision	780	3,903
Depreciation	(46,311)	(45,620)
Depreciation for year in respect of revalued amounts	2,912	65
Amortised Capital grants	3,650	3,456
Amortised Capital contributions	306	269
Leaseholders' capital contributions	4,405	4,480
Less deferred charges:		
- written down in year	-	(5,927)
- capital grant adjustment	-	5,414
NBV of assets disposed of	(7,321)	(19,475)
Debt repaid/ extinguishment of credit liabilities	123	15,116
REFCUS	(13,786)	-
REFCUS capital grants adjustment	13,071	-
Pre-application of Capital Receipts	14,486	74,841
Balance carried forward	2,375,458	2,665,050

Notes To The Accounts (cont)

The Balance Sheet

39. Useable Capital Receipts Reserve

The Local Government and Housing Act 1989 required that a percentage of capital receipts secured by local authorities after 1 April 1990 must be set aside to meet credit liabilities. This requirement ended on 31 March 2004. From 1 April 2004 local authorities have been required to pay to the Government a proportion of capital receipts from the sale of properties held in the Housing Revenue Account. Useable capital receipts are those receipts that are available to the Council after the above requirements have been met. Details of the sources and application of capital receipts are shown below:

	2008/09 £'000	2007/08 £'000
Balance unapplied at 1 April	-	43,362
Receipts in Year		
Sale of Council dwellings	13,561	40,373
Sale of other land and buildings	6,285	11,348
Distribution of LRB receipts	115	-
Repayment of housing assoc loans/mortgages	123	6
Total Receipts	20,084	95,089
Application		
New capital expenditure	3,017	1,806
Capital Adjustment Account	123	6
Payment to national pool	2,458	18,436
Pre-application of capital receipts	14,486	74,841
Total Application	20,084	95,089
Balance unapplied at 31 March	-	-

40. Major Repairs Reserve

This reserve came into operation in 2001/02 and reflected a change in the HRA subsidy regime in that year. The movement in the reserve in 2008/09 was as follows:

	31 March 2009 £'000	31 March 2008 £'000
Opening Balance 1 April		-
Transferred to Reserve in year	32,471	30,751
Transferred to HRA in year	(11,116)	(9,100)
Used to fund capital expenditure on operational HRA property in year	(21,355)	(21,651)
Closing Balance at 31 March	-	-

41. Earmarked Reserves

The following earmarked reserves were maintained during 2008/09:

	31 March 2009 £'000	31 March 2008 £'000
Departmental reserves		
Finance	-	582
Organisational Development	21	21
Customers, Strategy and Performance	113	113
Children's, Schools and Families	935	2,835
Housing and Adult Social Care	3,904	3,904
Culture and Environment	144	-
Total Departmental Reserves	5,117	7,455
Corporate Reserves		
Future Capital schemes a	45,094	40,589
Risk Management b	228	228
Commercial property c	2,882	2,404
Systems Modernisation Reserve d	1,986	1,642
Modernising Government e	43	43
Potential litigation f	670	670
Self-insurance reserve g	11,176	10,947
Local Area Agreement Grants h	-	1,226
Mental Health Aftercare Reserve i	944	1,125
Haverstock School PFI Initial Payment reserve j	2,798	2,927
Haverstock School PFI reserve k	4,541	4,414
Corporate Initiatives l	1,810	2,409
Licensing m	381	381
Pay & Grading review n	1,938	1,274
Revenue Funding Reserve o	80	80
Mayors Charity reserve p	22	15
Dedicated Schools Grant q	881	736
Workforce Remodelling and Efficiency projects r	7,918	4,750
Parking Reserve s	3,656	3,656
Building Schools for the Future t	3,192	2,000
Revenue Support u	1,318	-
Recovery Fund v	6,000	-
Total Corporate Reserves	97,558	81,516
Total Reserves	102,675	88,971

Earmarked Reserves (continued)

a This reserve has been created to cover the cost of various future schemes which have received formal approval.

b This reserve contains monies paid to the Council by its insurers and allocated through budgets for use on risk management initiatives.

c This reserve has been set up to meet dilapidations and other payments in respect of commercial and other properties.

d This reserve has been set up to meet the cost of the replacement and enhancement of the Council's major financial systems.

e This reserve has been created to meet the costs of Modernising Government by developing e-services.

f A reserve has been created to protect the Council's position in relation to a number of legal actions.

g In addition to the provision for reported claims, (see note 32) 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.

The maximum possible claw back is £3,071,292 as at 31 March 2009.

h This reserve has been set up to hold Local Area Agreement grant.

i This reserve has been set up to meet the repayment of mental health aftercare charges under Section 117 of the Mental Health Act 1983.

j This reserve has been set up to hold the funding for the initial payment made under the Haverstock School PFI contract.

k This reserve has been set up to hold the balance of funding received in respect of the Haverstock School PFI.

l This reserve has been set up to provide funding for corporate initiatives.

m This reserve has been set up to hold funding allocated for the new Licensing Act.

n This reserve has been set up to hold unspent budget provision in 2008/09 and earlier years for the pay and grading review.

o This reserve was set up to hold the funding for additional revenue spending.

p This reserve was set up to hold donations to the Mayor's Charity.

q This reserve was set up to hold unspent Dedicated Schools Grant which is reserved for the schools budget and which may be carried over to future years.

r This reserve was set up to fund costs in 2009/10 and beyond that may arise from workforce remodelling and efficiency projects under the Better and Cheaper agenda.

s This reserve was set up to hold balances resulting from parking activities.

t This reserve was set up to fund preparatory work on the Building Schools for the Future programme.

u This reserve has been set up to hold funding for specific services in 2009/10.

v This reserve has been set up to respond to the effects of the recession within the community.

Notes To The Accounts (cont)

The Balance Sheet

42. Schools Balances

Under the provisions of the Education Reform Act 1988, locally managed schools are able to carry forward unspent balances of delegated budgets from year to year. These form part of the Council's reserves but are not available to the authority to support its general activities as their use is at the discretion of the governors of schools holding the balances concerned.

Locally managed schools balances decreased by £0.496m during the course of 2008/09.

	£'000
Schools balances as at 1 April 2008	8,141
Movement in year	(496)
Schools balances at 31 March 2009	7,645

43. Analysis of Net assets employed

	31 March 2009	31 March 2008
	£'000	£'000
General Fund	431,224	522,060
HRA	1,839,351	2,200,341
	2,270,575	2,722,401

44. Contingent Liabilities

The Council has entered into a number of arrangements with housing associations whereby the associations have acquired dwellings, using private finance with the backing of a loan guarantee from the Council, and then leased the dwellings to the Council. In any year, the Council will make payments to cover any shortfall that may arise between rent payable by tenants and the loan payments by the associations. The Council has also entered into similar arrangements with other organisations. A prudent estimate of the maximum annual liability is £0.250m.

There is a potential liability in respect of an unresolved claim against the Housing and Adult Social Care department on a matter of financial responsibility for a client, which is estimated to be up to £0.400m.

In addition the Council is subject to potential legal action in the following fields including:-

- a) Employment
- b) Public Liability
- c) Environmental

A reserve has been set up to contribute to potential settlements (Note 41).

The Council has given a financial guarantee of £0.525m to LAML which gives rise to a contingent liability. (See also Notes 8 and 32). The legal standing of LAML is currently subject to a challenge. See note 46

45. Date of Accounts being authorised for issue

The Draft Statement of Accounts was authorised for issue on 25 June 2009 by Mike O'Donnell, Director of Finance.

46. Post Balance Sheet Events

The legal challenge against LAML was upheld by the appeal court on 9 June, with the impact that Camden's participation has been deemed ultra vires. The LAML insurance arrangements ceased and a run-off period will apply. Temporary insurance cover has been secured until a competitive tender exercise can be undertaken.

Notes To The Accounts (cont)

The Balance Sheet

47. Details of Movements on Reserves

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice and others have been set up voluntarily to earmark resources for future spending plans.

Reserve	Balance at 31 March 2009 £'000	Net Movement in Year £'000	Balance at 1 April 2008 £'000	Purpose of Reserve	Further Details of Movement
Revaluation Reserve	68,954	(52,314)	121,268	Store of gains on revaluation of fixed assets not yet realised through sales	See Note 37 to the Core Financial Statement
Available-for-Sale Financial Instruments Reserve	-	(56)	56	Store of gains on revaluation of investments not yet realised through sales	
Capital Adjustment Account	2,375,458	(289,592)	2,665,050	Store of capital resources set aside to meet past expenditure	See Note 38 to the Core Financial Statement
Financial Instruments Adjustment Account	(7,041)	1,103	(8,144)	Balancing Account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments.	
Useable Capital Receipts	-	-	-	Proceeds of fixed asset sales available to meet future capital investment	See Note 39 to the Core Financial Statement
Contributions to Capital Works Unapplied	-	(10,981)	10,981	Contributions made to support future capital investments	
Major Repairs Reserve	-	-	-	Resources available to meet capital investment in Council housing	See Note 40 to the Core Financial Statement
Earmarked Reserves	102,675	13,704	88,971	Revenue resources earmarked for specific purposes	See Note 41 to the Core Financial Statement
Pensions Reserve	(363,306)	(111,618)	(251,688)	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	See Note 49 to the Core Financial Statement
Collection Fund – Camden share	1,488	(4,279)	5,767	Camden's share of the balance on the Collection Fund available to support future spending	Collection Fund Statement page 79
Housing Revenue Account	73,128	8,964	64,164	Resources available to meet future running costs for council houses	Housing Revenue Account Statement page 74 to 78
Schools Balances	7,645	(496)	8,141	Balances of schools delegated budgets	See Note 42 to the Core Financial Statement
General Fund	11,574	(6,261)	17,835	Resources available to meet future running costs for non-housing services	Statement of Movement on the General Fund Balance page 25
Total	2,270,575	(451,826)	2,722,401		

Notes To The Accounts (cont)

The Balance Sheet

48. Trust Funds and Other Accounts

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

	Balance at 1 April 2008	Receipts 2008/2009	Payments 2008/2009	Balance at 31 March 2009
	£	£	£	£
Education	(8,495)	(293)	-	(8,788)
Social Services	(36,457)	(2,164)	910	(37,711)
Other Funds	(185,697)	(11,568)	-	(197,265)
Waterlow Park	(201,786)	(379,461)	353,657	(227,590)
Emmanuel Vincent Harris Trust	(4,224,666)	(148,581)	140,545	(4,232,702)
	(4,657,101)	(542,067)	495,112	(4,704,056)

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 31 March 2009 was £3.791 million (£3.826 million as at 31 March 2008).

49. Pension and Similar Obligations

The Statement of Accounting Policies includes a section dealing with the pension schemes in which the Council participates and Note 12 to the core financial statements includes information regarding revenue expenditure by the Council on pensions. The accounts of Camden's Pension Fund are also included in this Statement. This note includes the further pension information required under Financial Reporting Standard 17 (FRS 17) that requires the pension asset or liability to be incorporated into the Balance Sheet.

The Council's employees belong to three principal pension schemes: the London Borough of Camden Pension Fund, the London Pensions Fund for non-teaching staff who transferred from the Inner London Education Authority (managed by the London Pensions Fund Authority) and the Teachers Superannuation Scheme (TSS) for teaching staff (managed by the Teacher Pensions Agency). All are defined benefit schemes.

The full implementation of FRS 17 requires the establishment of a pension reserve equal and opposite to the amount of any pension asset or liability. Accordingly there is no impact on the general fund reserves.

Change of Accounting Policy

Under the 2008 SORP the Council has adopted the amendment to FRS 17 Retirement Benefits. As a result, quoted securities held as assets in both the defined benefit pension schemes are now valued at bid price rather than mid-market value. The effect of this change is that the value of scheme assets in the London Borough of Camden Pension Fund at 31st March 2008 has been restated from £667.364m to £664.652m, a decrease of £2.712m, resulting in an increase in the pension deficit of that amount. The value of scheme assets for the London Pensions Fund at 31st March 2008 has not been restated.

The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against council tax is based on cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement in the General Fund Balance.

London Borough of Camden – Statement of Accounts 2008/09

Notes To The Accounts (cont)

The Balance Sheet

Pension and Similar Obligations (continued)

London Borough of Camden Pension Fund

The London Borough of Camden Pension Fund is a multi-employer funded pension scheme, with assets held in separately administered funds. It is a defined benefit final salary scheme.

Financial Assumptions

The assumptions that have the most significant effect on the valuations for this Fund are as follows: -

	As at 31 March 2009 % per annum	As at 31 March 2008 % per annum
Inflation/Pension Rate increase	3.1%	3.6%
Salary Increase Rate	4.6%	5.1%
Expected Return on Assets	6.5%	7.1%
Discount Rate	6.9%	6.9%

The expected rates of return on assets by category were:

	31 March 2009 % per annum	31 March 2008
Equities	7.0%	7.7%
Bonds	5.4%	5.7%
Property	4.9%	5.7%
Cash	4.0%	4.8%

Mortality

Life expectancy has been based on actuarial tables, projected to calendar year 2017 for non-pensioners and 2033 for pensioners. Based on these assumptions, the average future life expectancies at age 65 are summarised below

	Males	Females
Current pensioners	20.7 years	23.6 years
Future pensioners	20.7 years	23.6 years

Notes To The Accounts (cont)

The Balance Sheet

Pension and Similar Obligations (continued)

The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year

Recognition in the Income and Expenditure Account

	Year to 31 March 2009 £'000	%age of pay	Year to 31 March 2008 £'000	%age of pay
Current Service Cost	16,662	12.5%	23,970	17.8%
Interest Cost	63,262	47.5%	53,874	40.0%
Expected return on Employer Assets	(47,857)	(35.9%)	(50,205)	(37.3%)
Past Service Costs	7,558	5.7%	31	0.0%
Losses/(Gains) on Curtailments and Settlements	2,032	1.5%	1,655	1.2%
Total	41,657	31.3%	29,235	21.8%
Actual Return on Plan Assets	(139,458)		(27,821)	

Reconciliation of Defined Benefit Obligation

	Year to 31 March 2009 £'000	Year to 31 March 2008 £'000
Opening Defined Benefit Obligation	915,841	998,200
Current Service Cost	16,662	23,970
Interest Cost	63,262	53,874
Contributions by members	9,504	8,321
Actuarial Losses/(Gains)	(84,480)	(135,124)
Past Service Costs/(Gains)	7,558	31
Losses/(Gains) on Curtailments	2,032	1,655
Liabilities extinguished on Settlements	-	-
Estimated Unfunded Benefits Paid	(3,774)	(3,706)
Estimated Benefits Paid	(29,956)	(31,380)
Closing Defined Benefit Obligation	896,649	915,841

Notes To The Accounts (cont)

The Balance Sheet

Pension and Similar Obligations (continued)

Reconciliation of Fair Value of Employer Assets

	Year to 31 March 2009 £'000	Year to 31 March 2008 £'000
Opening Fair Value of Employer Assets	664,652	698,526
Expected Return on Assets	47,857	50,205
Contributions by Members	9,504	8,321
Contributions by the Employer	34,050	31,685
Contributions in respect of Unfunded Benefits	3,774	3,706
Actuarial Gains/(Losses)	(186,804)	(92,700)
Assets Acquired on Settlements	-	-
Unfunded Benefits Paid	(3,774)	(3,706)
Benefits Paid	(29,956)	(31,386)
Closing Fair Value of Employer Assets	<u>539,303</u>	<u>664,651</u>

Balance Sheet disclosures as at 31 March 2009

Fair Value of Employer Assets

These asset values are at bid value as required by FRS17. In previous accounting periods the value of assets has been reported at mid-market values. Consequently, the values for year ended 31 March 2008 have been restated to give consistency.

	31 March 2009 £'000	31 March 2008 £'000 Restated
Equities	399,085	482,706
Bonds	75,503	102,855
Property	37,751	52,494
Cash	26,964	26,596
Total	<u>539,303</u>	<u>664,651</u>

Net Pension Liability in Balance Sheet

	31 March 2009 £'000	31 March 2008 £'000
Fair Value of Employer Assets	539,303	664,651
Present value of funded liabilities	(847,281)	(863,849)
Net (Under)/Overfunding in Funded Plans	(307,978)	(199,198)
Present Value of Unfunded Liabilities	(49,368)	(51,992)
Unrecognised Past Service Cost	-	-
Net Asset/(Liability)	<u>(357,346)</u>	<u>(251,190)</u>
Amount in the Balance sheet		
Liabilities	357,346	251,190
Assets		
Net Asset/(Liability)	<u>(357,346)</u>	<u>(251,190)</u>

Notes To The Accounts (cont)

The Balance Sheet

Pension and Similar Obligations (continued)

Amounts for the current and previous accounting periods

	Year to 31 March 2009 £'000	Year to 31 March 2008 £'000	Year to 31 March 2007 £'000	Year to 31 March 2006 £'000	Year to 31 March 2005 £'000
Fair Value of Employer Assets	539,303	664,651	698,526	648,716	518,242
Present Value of Defined Benefit Obligation	(896,649)	(915,841)	(998,200)	(999,250)	(834,983)
Surplus/(Deficit)	(357,346)	(251,190)	(299,674)	(350,534)	(316,741)
Experience Gains/(Losses) on Assets	(186,804)	(92,700)	(7,179)	82,458	21,680
Experience Gains/(Losses) on Liabilities	(220)	(18,243)	(945)	44	44,568

Amount Recognised in Statement of Total Recognised Gains and Losses (STRGL)

	Year to 31 March 2009 £'000	Year to 31 March 2008 £'000	Year to 31 March 2007 £'000	Year to 31 March 2006 £'000	Year to 31 March 2005 £'000
Actuarial Gains/(Losses)	(102,324)	42,280	52,926	(34,218)	(76,815)
Increase/(Decrease) in Irrecoverable Surplus from Membership	-	-	-	-	-
Actuarial Gains/(Losses) recognised in STRGL	(102,324)	42,280	52,926	(34,218)	(76,815)
Cumulative Actuarial Gains and Losses	(109,771)	(7,447)	(49,727)	(102,653)	(68,435)

Notes To The Accounts (cont)

The Balance Sheet

Pension and Similar Obligations (continued)

London Pensions Fund Authority Pension Fund

The London Pensions Fund Authority Pension Fund is a multi-employer funded pension scheme, with assets held in separately administered funds. It is a defined benefit final salary scheme.

Financial Assumptions

The assumptions that have the most significant effect on the valuations for this Fund are as follows: -

	As at 31 March 2009 % per annum	As at 31 March 2008 % per annum
Inflation/Pension Rate increase	3.1%	3.6%
Salary Increase Rate	4.6%	5.1%
Expected Return on Assets	4.4%	4.9%
Discount Rate	6.9%	6.9%

The expected rates of return on assets by category were:

	31 March 2009 % per annum	31 March 2008
Cashflow Matching	4.2%	4.5%
Equity	7.0%	7.7%
Cash	4.0%	4.8%

Mortality

Life expectancy has been based on actuarial tables, projected to calendar year 2017 for non-pensioners and 2033 for pensioners. Based on these assumptions, the average future life expectancies at age 65 are summarised below

	Males	Females
In 2007	21.0 years	23.4 years
In 2027	22.0 years	24.2 years

The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year

Recognition in the Income and Expenditure Account

	Year to 31 March 2009 £'000	%age of pay	Year to 31 March 2008 £'000	%age of pay
Current Service Cost	320	18.5%	404	21.7%
Interest Cost	2,328	134.6%	2,120	114.0%
Expected return on Employer Assets	(1,499)	(86.7%)	(1,470)	(79%)
Past Service Costs	210	12.1%	-	-
Losses/(Gains) on Curtailments and Settlements	28	1.6%	-	-
Total	1,387	80.2%	1,054	56.7%
Actual Return on Plan Assets	(2,846)		1,775	

Notes To The Accounts (cont)

The Balance Sheet

Pension and Similar Obligations (continued)

Reconciliation of Defined Benefit Obligation

	Year to 31 March 2009 £'000	Year to 31 March 2008 £'000
Opening Defined Benefit Obligation	34,331	40,229
Current Service Cost	320	404
Interest Cost	2,328	2,120
Contributions by members	113	112
Actuarial Losses/(Gains)	(2,409)	(6,039)
Past Service Costs/(Gains)	210	-
Losses/(Gains) on Curtailments	28	-
Liabilities extinguished on Settlements	-	-
Estimated Unfunded Benefits Paid	(60)	(56)
Estimated Benefits Paid	(1,821)	(2,439)
Closing Defined Benefit Obligation	(33,040)	34,331

Reconciliation of Fair Value of Employer Assets

	Year to 31 March 2009 £'000	Year to 31 March 2008 £'000
Opening Fair Value of Employer Assets	31,120	30,406
Expected Return on Assets	1,499	1,470
Contributions by Members	113	112
Contributions by the Employer	642	458
Contributions in respect of Unfunded Benefits	60	56
Actuarial Gains/(Losses)	(4,473)	1,113
Assets Acquired on Settlements	-	-
Unfunded Benefits Paid	(60)	(56)
Benefits Paid	(1,821)	(2,439)
Closing Fair Value of Employer Assets	27,080	31,120

Notes To The Accounts (cont)

The Balance Sheet

Pension and Similar Obligations (continued)

Balance Sheet disclosures as at 31 March 2009

Fair Value of Employer Assets

These asset values are at bid value as required by FRS17. In previous accounting periods the value of assets has been reported at mid-market values. The values for year ended 31 March 2008 have not been restated.

	31 March 2009 £'000	31 March 2008 £'000
Cashflow Matching	24,643	26,620
Equity	2,166	3,874
Cash	271	626
Total	27,080	31,120

Net Pension Liability in Balance Sheet

	31 March 2009 £'000	31 March 2008 £'000
Fair Value of Employer Assets	27,080	31,120
Present value of funded liabilities	(32,155)	(33,431)
Net (Under)/Overfunding in Funded Plans	(5,075)	(2,311)
Present Value of Unfunded Liabilities	(885)	(900)
Unrecognised Past Service Cost	-	-
Net Asset/(Liability)	(5,960)	(3,211)
Amount in the Balance sheet		
Liabilities	5,960	3,211
Assets		
Net Asset/(Liability)	(5,960)	(3,211)

Notes To The Accounts (cont)

The Balance Sheet

Pension and Similar Obligations (continued)

Amounts for the current and previous accounting periods

	Year to 31 March 2009 £'000	Year to 31 March 2008 £'000	Year to 31 March 2007 £'000	Year to 31 March 2006 £'000	Year to 31 March 2005 £'000
Fair Value of Employer Assets	27,080	31,120	30,406	30,310	28,520
Present Value of Defined Benefit Obligation	(33,040)	(34,331)	(40,229)	(40,960)	(35,070)
Surplus/(Deficit)	(5,960)	(3,211)	(9,823)	(10,650)	(6,550)
Experience Gains/(Losses) on Assets	(4,473)	1,113	1	1,128	153
Experience Gains/(Losses) on Liabilities	(26)	3,348	20	(19)	(4,682)

Amount Recognised in Statement of Total Recognised Gains and Losses (STRGL)

	Year to 31 March 2009 £'000	Year to 31 March 2008 £'000	Year to 31 March 2007 £'000	Year to 31 March 2006 £'000	Year to 31 March 2005 £'000
Actuarial Gains/(Losses)	(2,064)	7,152	1,497	(2,712)	(9,643)
Increase/(Decrease) in Irrecoverable Surplus from Membership	-	-	-	-	-
Actuarial Gains/(Losses) recognised in STRGL	(2,064)	7,152	1,497	(2,712)	(9,643)
Cumulative Actuarial Gains and Losses	(5,770)	(3,706)	(10,858)	(12,355)	(9,643)

Notes To The Accounts (cont)

The Balance Sheet

Pension and Similar Obligations (continued)

Combined Net Pension Liability

The combined net pension liability is made up as follows: -

	Net Pension Liability at 31 March 2009 £'000	Net Pension Liability at 31 March 2008 £'000
Camden Fund	(357,346)	(248,477)
London Pension Fund Authority	(5,960)	(3,211)
Total	<u>(363,306)</u>	<u>(251,688)</u>

Teachers Pension Scheme

The Council participates in the Teachers Pension Scheme. This is an unfunded, defined benefit multi-employer scheme, independent from the Council. The Council is unable to identify its share of the underlying liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme. Contributions to the scheme for the year were £5.596m and the agreed employer contribution rate from 1 April 2009 is 14.1%.

The Cash Flow Statement

Notes to the Accounts

50. Other Government Revenue Grants

	2008/09 £'000	2007/08 £'000
Asylum Seekers	2,527	2,085
Childcare Development	4,053	2,648
Children's Fund	-	632
Council Tax grants	1,097	1,126
Dedicated Schools Grant	122,965	118,313
HRA Subsidy	29,180	38,104
Mental Health Grants	30	2,182
Learning & Skills Council	17,783	16,891
Preserved Rights	-	1,040
Promoting Independence Grant	34	2,797
School Standards Grant	5,004	4,868
Standards Fund	13,702	15,762
Sure Start	3,086	3,237
Transport for London	2,031	2,051
Connexions	485	1,120
PFI grant	1,717	1,717
Supporting People Programme grant	33,937	35,723
New Opportunities Fund	550	231
Local Authority Business Growth Incentive (LABGI)	388	1,535
Carers Grant	-	1,311
Local Area Agreement (LAA)	-	12,177
Working Neighbourhood Fund	4,480	-
Area Based Grant	13,407	-
Other grants	5,884	9,161
	262,340	274,711

51. Reconciliation of Revenue Cash Flow

	2008/09 £'000	2007/08 £'000
Net General Fund Revenue deficit/(surplus)	6,261	(432)
Net HRA revenue deficit	2,017	14,815
Net Collection Fund revenue deficit/(surplus)	4,279	(2,131)
Expenditure debited to holding accounts and provisions	2,445	1,569
Deduct interest paid	(25,920)	(24,053)
Deduct contributions to provisions and reserves	(24,701)	(24,950)
Deduct revenue contributions to capital	(22,476)	(16,512)
Creditors increase	(29,477)	5,088
Increase/(decrease) in stock	(6)	26
Add interest received	15,936	9,688
Other financing	(34,847)	(19,035)
Minimum revenue provision	780	3,903
Add contributions from provisions and reserves	9,437	1,971
Debtors increase	9,941	1,432
Revenue activities net cash inflow	(86,331)	(48,621)

52. Net Debt

	31 March 2009 £'000	Movement In year 2008/09 £'000	31 March 2008 £'000
Cash in hand/at bank	13,698	1,949	11,749
Cash overdrawn	(2,908)	(896)	(2,012)
Debt greater than one year	(353,079)	50,353	(403,432)
Debt less than one year	(613)	(613)	-
Current Asset Investments Long Term Investments	112,600	(83,659)	196,259
	117,000	67,000	50,000
	(113,302)	34,134	(147,436)

Notes To The Accounts (cont)

The Cash Flow Statement

53. Movement in Net Debt

	2008/09 £'000	2007/08 £'000
Increase/(decrease) in cash	1,053	(6,298)
Add Back		
Cash flow from increase/decrease in debt and lease financing	49,740	663
Cash flow from increase in liquid resources	(16,659)	48,368
Change in net debt resulting from cash flows	(34,134)	42,733
Net Debt at 1 April	(147,436)	(190,169)
Net Debt at 31 March	(113,302)	(147,436)

Liquid Resources includes money on call/short notice and that held with cash managers.

54. Management of Liquid Resources

	2008/09 £'000	2007/08 £'000
Money on call or at short notice		
- deposited	1,280,061	1,743,261
- returned	(1,296,720)	(1,694,893)
	(16,659)	48,368

55. Movement in Cash

	31 March 2009 £'000	31 March 2008 £'000
Cash with accounting officers	104	102
Cash at bank (with no penalty)	13,594	11,647
Cash overdrawn	(2,908)	(2,012)
	2008/09 £'000	2007/08 £'000
Movement in cash with accounting officers	(2)	(1)
Movement in cash at bank (with no penalty)	(1,947)	5,949
Movement in cash overdrawn	896	350
Net cash (inflow)/outflow	(1,053)	6,298

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 March 2009

	Notes	2008/09 £'000	2007/08 £'000 Restated
Income			
Rents – dwellings	1,2,3,5	(99,537)	(95,834)
– non-dwellings		(10,512)	(9,287)
Charges for services and facilities		(19,598)	(19,493)
Leaseholder charges – revenue		(11,177)	(10,986)
Leaseholder charges – capital		(4,285)	(9,789)
HRA Subsidy	4	(29,677)	(37,629)
Supporting People Grant		(427)	(4,177)
Government Grants deferred		(243)	(353)
Total income		(175,456)	(187,548)
Expenditure			
Repairs and maintenance		48,455	46,835
Supervision and management	– General	23,963	25,132
	– Special services	21,462	21,028
Unitary Payments to PFI provider		8,801	7,854
Capital Payments to PFI provider		1,898	3,562
Rents, rates and other charges		13,063	14,160
Increased/(decreased) provision for bad debts		(787)	1,776
Depreciation	7	32,471	31,439
Impairment	7	243,631	-
Debt Management Expenses		280	5,720
Total expenditure		393,237	157,506
Net Cost of HRA Services per whole authority Income and Expenditure Account			
		217,781	(30,042)
HRA services share of Corporate and Democratic Core		2,162	2,221
Net Cost of HRA services		219,943	(27,821)
Gain on sale of HRA fixed Assets		(8,958)	-
Interest payable and similar charges	6	25,537	26,066
Premium		1,062	10,404
Investment Income		(2,122)	(3,802)
Pensions interest cost and expected return on pensions assets	8	2,636	648
Deficit for the year on HRA services		238,098	5,495

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 March 2009

(continued)

	Notes	2008/09 £'000	2007/08 £'000 Restated
Statement of Movement on the HRA Balance			
Deficit for the year on the HRA Income and Expenditure Account		238,098	5,495
Net additional amount required by statute to be debited or credited to the HRA balance for the year	10	(236,081)	4,757
Decrease in the Housing Revenue Account Balance		2,017	10,252
Housing Revenue Account surplus brought forward		(75,145)	(85,397)
Housing Revenue Account surplus carried forward	9	(73,128)	(75,145)

Notes to the Housing Revenue Account

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 1.31% of properties used for permanent accommodation were vacant (1.57% in 2007/08). The average rent for all stock excluding service charges was £81.80 per week in 2008/09, an increase of £4.68 or 6.07%, over the 2007/08 level of £77.12 per week.

2. Housing Stock

The Council was responsible at 31 March 2009 for managing self-contained and shared dwellings. The stock was as follows:

Property	No.
Bedsitter/1 Bed accommodation	10,018
2 Bed accommodation	7,495
3 Bed accommodation	4,918
4 Bed+ accommodation	1,425
	<u>23,856</u>
Multi-occupied dwellings	
Shared units *	229
Total	<u>24,085</u>

*Dwelling equivalent

The change in stock can be summarised as follows:

	2008/09	2007/08
Stock at 1 April	24,245	24,414
Less sales, demolitions, etc	(160)	(169)
Stock at 31 March	<u>24,085</u>	<u>24,245</u>

3. Rent Arrears

The arrears at 31 March 2009 were £3.996m (£5.540m at 31 March 2008). Amounts written off during the year totalled £0.918m (£0.816m in 2007/08) and the provision for bad debts at the year-end totalled £3.852m (£3.920m at 31 March 2008).

4. HRA Subsidy

HRA Subsidy is a grant paid by the Department for Communities and Local Government (DCLG) towards the costs of local authority housing. It represents the shortfall of notional rent and other income against expenditure deemed by the DCLG to have been incurred for management and maintenance and charges for capital. Income is calculated as follows:

	2008/09 £'000	2007/08 £'000
Notional expenditure		
Management and maintenance	66,049	66,402
Major Repairs Allowance	21,355	21,651
Charges for capital	32,218	32,362
PFI	6,824	6,824
Other	7,578	11,308
Total notional expenditure	<u>134,024</u>	<u>138,547</u>
Notional income		
Rents	(106,376)	(100,911)
Other	(6)	(7)
Total notional income	<u>(106,382)</u>	<u>(100,918)</u>
HRA Subsidy	<u>27,642</u>	<u>37,629</u>
Prior Year Adjustment	<u>2,035</u>	<u>-</u>
	<u>29,677</u>	<u>37,629</u>

Notes to the Housing Revenue Account (continued)

5. Rent Rebates

Assistance with rents is available under the Housing Benefits scheme for those on low incomes. About 63% of the Council's tenants were receiving some help with the costs of rent charges at 31 March 2009.

	2008/09 £'000	2007/08 £'000
Gross rent income	99,537	95,834
Gross tenant service charge income	10,471	10,155
Total	110,008	105,989
Rent rebates	69,352	69,970
Rebates as % of rent income	63.0%	66.0%

Housing Benefit is administered by the Finance Department under regulations laid down by the Department of Work and Pensions (DWP). The cost of rent rebates granted to council tenants is covered by government subsidy. Any residual net amount is met by council tax payers and details are given in Note 4 to the Income and Expenditure Account.

6. Interest Charges

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

7. Depreciation

The Item 8 Determination states that the HRA should be charged with depreciation.

Depreciation is made up as follows:

	2008/09 £'000	2007/08 £'000
Operational Assets-dwellings	31,222	29,492
Operational Assets-other	1,249	1,259
Impairments	243,631	688
Total	276,102	31,439

8. HRA Contribution to the Pension Reserve

Under FRS 17, 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/from the Pension Reserve such that the net outturn on the HRA is not altered by these accounting adjustments.

9. Surplus Carried Forward to Earmarked Reserves

The balance represented by the accumulated surplus of £73.128m at the end of the year was earmarked for the following purposes:

	2008/09 £'000	2007/08 £'000 Restated
Capital schemes – programmed	35,150	37,556
Major repairs programme	23,641	26,241
Heating Pool	753	1,258
Residential Leases	6,400	3,740
Working balance	7,184	6,350
	<u>73,128</u>	<u>75,145</u>

The HRA has been restated as a result of changes in the treatment of leaseholders capital contributions.

Notes to the Housing Revenue Account (continued)

10. Note to the Statement of Movement on the HRA Balance

	2008/09 Net Expenditure Notes £'000	2007/08 Net Expenditure £'000
Items included in the HRA Income and Expenditure Account but excluded from the movement on the HRA Balance for the year		
Difference between amounts charged to Income and Expenditure for amortisation of premiums and discounts and the charge for the year in accordance with statute	749	1,377
Gain on sales of HRA fixed assets	8,958	-
Government Grants Deferred Amortisation	243	354
Write down of REFCUS	17	(151)
Net charges made for retirement benefits in accordance with FRS17	8 (5,440)	(4,762)
Total	4,527	(3,182)
Amounts not included in the HRA Income and Expenditure Account but required to be included by statute when determining the Movement on the HRA Balance for the year		
Transfer from the Major Repairs Reserve	(11,116)	(9,787)
Transfer from Capital Adjustment Account re Impairment	(243,631)	-
Capital Expenditure funded by the HRA	4,161	7,593
Capital Expenditure funded by leaseholder capital contributions	4,405	4,480
Employers contributions payable to the pension funds and retirement benefits payable direct to pensioners	8 5,573	5,653
Total	(240,608)	7,939
Net additional amount required by statute and non-statutory proper practices to be credited or debited to the HRA Balance for the year	(236,081)	4,757

London Borough of Camden – Statement of Accounts 2008/09

COLLECTION FUND REVENUE ACCOUNT for the year ended 31 March 2009

	Notes	2008/09 £'000	2008/09 £'000	2007/08 £'000	2007/08 £'000
Income					
Council Tax					
Income from council tax (net of benefits)	1,2,3,4	(101,307)		(96,996)	
Council Tax benefits		(25,252)	(126,559)	(24,994)	(121,990)
Decrease in provision for uncollectable amounts	5,6		(403)		(1,920)
Community Charge					
Community charge collected			-		(2)
NNDR					
Income collectable from business ratepayers			(323,514)		(291,358)
Total income			(450,476)		(415,270)
Expenditure					
Council Tax					
Precepts and Council demand					
- LB Camden (including Garden Squares)		95,616		91,960	
- Greater London Authority		28,993	124,609	28,033	119,993
Distribution of surplus/(collection of deficit)					
- LB Camden		3,096		1,510	
- Greater London Authority		944	4,040	437	1,947
Amounts written off/(on)			3,536		(159)
Community Charge					
Transfer to General Fund			-		-
NNDR					
NNDR allowable costs and adjustments		5,161		3,691	
Contribution to the NNDR pool	8	318,353	323,514	287,667	291,358
Total expenditure			455,699		413,139
Deficit/(Surplus) for the year			5,223		(2,131)
Collection Fund Balance					
Surplus at beginning of year			£'000 (7,525)		£'000 (5,394)
Deficit/(Surplus) for the year			5,223		(2,131)
Surplus at end of year	7		(2,302)		(7,525)

Notes to the Collection Fund

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 Income and Expenditure Account, Camden's share of the Collection Fund balance forms part of the Balance Sheet.

Any deficit or surplus in respect of community charge falls to be met solely by, or credited solely to, the Council's General Fund.

By law, the tax for each band is set as a fraction of the band D charge. For 2008/09, the Council estimated that a band D charge of £1 would produce an income of £93,580. This figure is used by the preceptors and the Council to set the band D charge and is known as the Council Tax Base or the total of band D equivalent properties. The base is determined by taking the number of properties in each band, adjusting for discounts (including that for single occupancy of 25%), exemptions and non-collection, and multiplying by the appropriate fraction for that band. Following a change in the law, since 1 April 2004 discounts on unoccupied, furnished property have been set at 10% and there is no discount on unoccupied, unfurnished property.

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 Inland Revenue and placed in one of eight bands, depending upon the estimated market value at 1 April 1991.

In 2008/09 the council tax for band D was set as follows:

3. Council Demand

The Council's demand on the Collection Fund represents the balance of spending for the year to be met from local taxes, 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.

	£
Camden	1,021.53
Greater London Authority	309.82
Total	1,331.35

This was an increase of £30.83 (2.40%) on the corresponding figure for 2007/08 of £1,300.52.

4. Council Tax Bands

Market Value	Band	2008/09 Council Tax	Number of properties at 31 March 2009	Number of properties at time of tax setting	Fraction 2008/09	Tax base for tax setting
		£				£
Less than £40,000	A	887.57	3,557	2,744	6/9	1,377.99
£40,000 - £52,000	B	1,035.49	10,771	10,228	7/9	6,058.06
£52,000 - £68,000	C	1,183.43	19,411	19,124	8/9	13,541.19
£68,000 - £88,000	D	1,331.35	24,355	24,016	9/9	19,496.98
£88,000 - £120,000	E	1,627.21	16,743	16,503	11/9	16,637.75
£120,000 - £160,000	F	1,923.06	10,448	10,352	13/9	12,606.91
£160,000 - £320,000	G	2,218.92	11,687	11,662	15/9	16,701.99
£320,000 or more	H	2,662.70	4,120	4,051	18/9	7,159.13
Total			101,092	98,680		93,580.00

Notes to the Collection Fund (continued)

5. Community Charge

As the provision for bad debts covers 100% of the arrears outstanding, any further collections of community charge will be credited to the Collection Fund as income. Genuine arrears are still being collected by instalments. Regulations require that any deficit or surplus in respect of community charge be transferred to the Council's General Fund.

6. Council Tax - Uncollectable Amounts

The provision to cover bad debts stood at £8.695m on 31 March 2009. This represents 65% of the outstanding arrears.

7. Fund Balance

The balance on the Collection Fund at 31 March 2009 represents deficits and surpluses that have arisen since 1 April 2004 in respect of council tax and community charge transactions. These may be analysed as follows:

	31 March 2008	Change during 2008/09	31 March 2009
	£'000	£'000	£'000
Council tax			
-2006/07	(3,445)	3,445	-
-2007/08	(4,076)	594	(3,482)
-2008/09	-	1,182	1,182
Community charge	(4)	2	(2)
	<u>(7,525)</u>	<u>5,223</u>	<u>(2,302)</u>

The surplus in respect of community charge will be credited to the General Fund in future years.

Preceptors and the Council's General Fund will receive the surplus in respect of council tax in 2009/10 and 2010/11. These payments may be analysed as follows:

	Refund 2009/10	Estimated Charge 2010/11	Total
	£'000	£'000	£'000
Camden	2,912	(1,146)	1,766
Greater London Authority	883	(347)	536
	<u>3,795</u>	<u>(1,493)</u>	<u>2,302</u>

8. 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. From 1 April 2005 there are two multipliers, the small business non-domestic rating multiplier, which is applicable to those that qualify for the small business relief and the non-domestic rating multiplier, which is applicable to all other businesses and includes a supplement to pay for small business relief. The small business non-domestic rating multiplier for 2008/09 is 45.8p and the non-domestic rating multiplier is 46.2p (44.1p and 44.4p in 2007/08 respectively). The total amount collectable, less certain reliefs and deductions, is paid into a national pool.

At 31 March 2009, the non-domestic rateable value of the borough was £814.414m (£804.333m at 31 March 2008). On 1 April 2005 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. These arrangements are being phased out over five years.

Appeals against the original rateable values continue to be received. A significant number of these are backdated downward revaluations that resulted in lower income being received from business ratepayers.

Notes to the Collection Fund (continued)

8. Collection of National Non-Domestic Rates (continued)

	2008/09	2008/09	2007/08	2007/08
	£'000	£'000	£'000	£'000
Income from business ratepayers				
Non-domestic rate charge		361,945		337,570
SBBR Supplement		2,025		1,327
Transitional relief	-		(5,827)	
Less - mandatory charity relief	(33,197)		(26,039)	
- empty property relief	(6,733)		(15,194)	
- discretionary relief	(526)	(40,456)	(479)	(47,539)
Income due from business ratepayers		323,514		291,358
NNDR collection costs, credited to the Council's General Fund	(1,097)		(1,126)	
Bad debt provision/losses on collection	(3,805)		(1,892)	
Discretionary relief charged to:				
The Council's General Fund	356		342	
Interest on refunds	(615)	(5,161)	(1,015)	(3,691)
Contribution to NNDR Pool		318,353		287,667

PENSION FUND

Introduction

The Council's Pension Fund is operated under the provisions of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 as amended, The Local Government Pensions Scheme (Benefits, Membership & Contributions) Regulations 2007, The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 as amended and the Teachers' (Compensation for Redundancy and Premature Retirement) Regulations 1997 as amended.

The Accounts have been prepared in accordance with the LGPS Regulations 1997 and the 2008 Code of Practice on Local Authority Accounting in the United Kingdom, issued by CIPFA.

All officers and manual workers can become contributors on appointment with Camden or a scheduled body. Employees of other bodies are also admitted to the Fund. The Fund's income is derived from employees, contributions from employing authorities and income from investments.

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

The accounts have been prepared in accordance with the provisions of Chapter 2 of the Pensions SORP (Revised November 2002).

Fund Management

The day-to-day management of the Fund is split between the Director of Finance (venture capital and internal funds) and seven professional fund managers, Aberdeen Asset Managers Ltd, Baillie Gifford & Co, Fidelity International, Goldman Sachs Asset Management International, Legal & General Assurance (Pensions Management) Ltd, Schroder Investment Management Ltd and UBS Ltd. Each operates within policies and targets originally determined by the Council's Audit and Corporate Governance (Pensions) Sub-Committee Investment Panel in 2008.

Overall investment strategy is the responsibility of the Audit and Corporate Governance (Pension) Sub-Committee, which consists of eight councillors who receive advice from the Chief Executive, the Director of Finance and the Head of Legal Services, the seven Fund Managers and Pensions Investment Research Consultants Ltd. Trade Union representatives and retired members are also invited to attend the Sub-Committee as observers. Sub-Committee meetings are held on a quarterly basis. The market value of the

assets held by the Council and the seven Fund Managers as at 31 March 2009 is as follows:

	£'000
Council	14,622
Aberdeen Asset Managers Ltd	159,879
Baillie Gifford and Co	261
Fidelity International	158,368
Goldman Sachs Asset Management International	66,717
Legal & General Assurance (Pensions Management) Ltd	177,543
Schroder Investment Management Ltd	22,987
UBS Ltd	20,247
	620,624

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. An actuarial valuation of the Fund was carried out as at 31 March 2007.

The market value of the Fund's assets at the valuation date was £798.8m. The actuarial value of the Fund's accrued liabilities, allowing for future pay increases, was £997.1m, therefore there is a shortfall of £198.3m (19.9%).

The employer's contribution rates have been calculated using the projected unit actuarial method and the main actuarial assumptions were as follows:

Rate of Return on Investments

Equities	6.50% per annum
Bonds	4.50% per annum
Rate of general pay increases	4.70% per annum
Rate of increases to pensions in payment in excess of guaranteed minimum pensions	3.20% per annum

Assets were valued at the discounted value of future income assuming a 1.6% per annum dividend growth on income reinvested and also assuming that dividend income would be re-invested in the FT All-Share Index and would share in the long-term growth in capital value of equities listed in that index.

As the Fund at 31 March 2007 was sufficient to meet only 80% of the liabilities, it has been necessary to

PENSION FUND (continued)

increase the employer's contribution rate from 2008/09 and continue at that level for the next two years. The rate of contribution during 2008/09 was 23.3% of pensionable pay.

The recommended rates of employer's contribution, were as follows:

2008/09	23.3%
2009/10	23.3%
2010/11	23.3%

The next triennial actuarial valuation will be carried out as at 31 March 2010. The results will be known in November 2010 and the employer's contribution rate will be adjusted in the light of this.

Related Party Transactions

There were no transactions with related parties other than those which are disclosed elsewhere within the accounts. In 2008/09, £0.501m was paid to the council for administration (£0.501m in 2007/08) and as at 31 March 2009, £16.089m was due from the Council to the Fund (£2.712m at 31 March 2008).

Investments policy

The LPGS Regulations impose certain limits on different types of investments. Within this framework the Fund imposes its own supplementary limits on the types of assets that may in aggregate be held. During March 2006 the previous limits were slightly amended so as to allow changes to the longer term investment strategy to take place during 2006/07. The limits at 31 March 2009 were as follows:-

- // The minimum rating for corporate bond purchases is BBB according to recognised credit agencies.
- // No more than 3% of the Fund may be held in any one equity stock except for any companies in the top fifty market capitalisations, where the limit is 7% of the Fund.
- // No more than 5% of the equity of any company may be held by the Fund.
- // No more than 5% of the equity portfolio may be invested in companies having a market capitalisation of under £50m at the time of purchase.
- // No more than 20% of the Fund should be invested in insurance contracts.
- // No more than 35% of the Fund should be invested in a combination of Unit Trusts and Open Ended Investment Companies.

The Council has adopted a formal Statement of Investment Principles which has been published on the council website at www.camden.gov.uk.

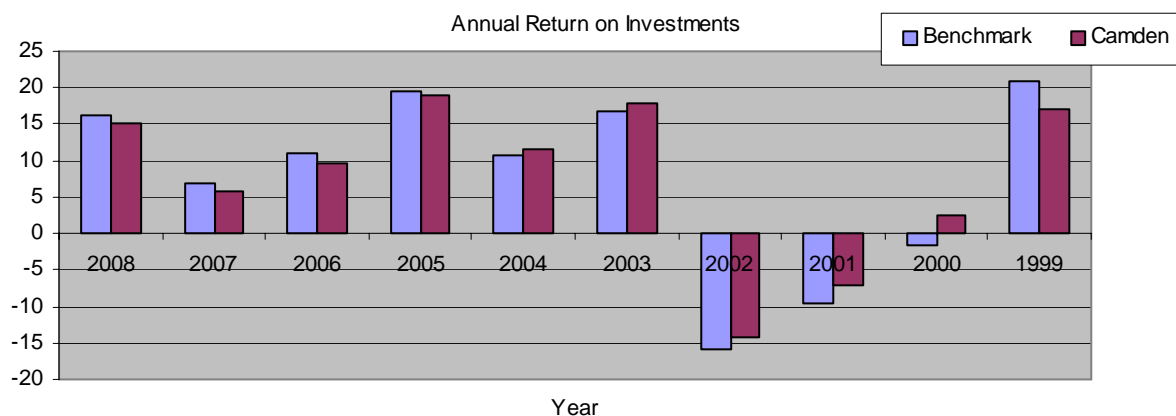
Fund Portfolio and Diversification

The Regulations require that the Trustees and Fund Managers should pay regard to the need to diversify investments and also to the suitability of particular investments.

Scheduled Bodies

The Local Government Information Unit is the only scheduled body which made contributions to the Fund in 2007/08.

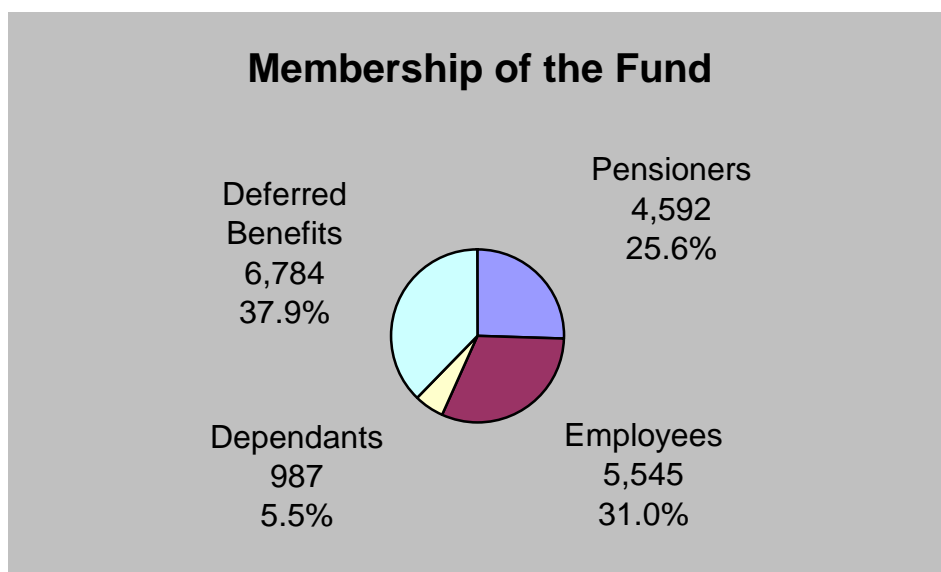
PENSION FUND (continued)



The overall value of the Fund has risen by 60.6% during the last ten years. The diagram above, 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.

Since 1 January 2006 Camden has had a specific benchmark. The comparison is therefore based against seven years WM average and three years of the specific benchmark. The benchmark weightings are as follows: -

UK Equities 30%, Overseas Equities 45%, Bonds 15% and Property 10%.



Total membership of the Fund at 31 March 2009 was 17,908 (17,453 in 2008). Within the totals shown in the pie chart are 543 employees, 382 pensioners, 37 dependants and 741 deferred benefits attributable to admitted bodies and scheduled bodies.

PENSION FUND ACCOUNT for the year ended 31 March 2009

	Notes	2008/09 £'000	2007/08 £'000
Contributions and benefits			
Contributions receivable:			
From Employees		(11,143)	(9,753)
From Employers		(37,006)	(33,792)
Transfers in (individual)		(4,907)	(6,560)
Augmentation Payments	2	(2,932)	(2,830)
Contribution equivalent Premiums	3	(9)	(46)
Retirement pensions		29,747	28,000
Commutation of pensions and lump sum retirement benefits		6,263	5,688
Lump sum death benefits		574	497
Refund of contributions		11	15
Transfers out (individual)		5,388	9,744
Administration costs		723	648
Other expenditure		4,148	641
Net additions from dealing with members		(9,143)	(7,748)
Returns on investments			
Investment income	4	(23,179)	(23,921)
Change in market value of investments	5	186,054	52,149
Management fees		1,569	1,429
Net returns on investments		164,444	29,657
Net increase/(decrease) in the fund		(155,301)	(21,909)
Net assets at 1 April 2008		775,925	797,834
Net assets at 31 March 2009		620,624	775,925

The change in net asset value of £155.301m between 2007/08 and 2008/09 represents a decrease of 20.0%, and is primarily due to the global economic downturn. A full review of the impact of the decrease in the value of the Pension Fund will take place after the results of the actuarial valuation in 2010 are known.

PENSION FUND NET ASSETS STATEMENT as at 31 March 2009

	Notes	31 March 2009 £'000	31 March 2008 £'000
Investments at market value			
Fixed interest securities			
- Public sector	8	35	56,475
- Corporate bonds		-	10,839
- Life Fund	8	175	21,641
- Pooled Investment Vehicle	8	66,717	-
Index linked securities			
- Public Sector	8	16,935	18,330
UK equities	8	195,235	296,421
Overseas equities	8	275,569	278,252
Property unit trusts	8	40,020	59,356
Venture capital	8,9	24	37
Cash deposits	8	9,174	28,114
Investment Income Receivable	7	1,937	3,392
	7	605,821	772,857
Other net assets			
Camden Debtor		14,619	2,712
Current assets	11	817	735
Current liabilities	11	(633)	(379)
Net assets		620,624	775,925

The net asset statement includes all assets and liabilities of the fund at 31 March 2009, but excludes long-term liabilities to pay pensions and benefits in future years.

The only unlisted securities held are the Venture Capital holdings.

Notes to the Pension Fund Accounts

1. Accounting Policies

i) All income and expenditure has been accounted for in the revenue account on an accruals basis, with the exception of liabilities to pay pensions and other benefits in the future, and transfer values. These are not accrued, in accordance with SORP (November 2002) Financial Reports of Pension Schemes.

ii) Investments are shown in the Net Assets Statement at market value. Market valuations are as provided by the Fund's managers and are based on bid values except where stated, when they are based on mid-market values (see note 8) as at the Net Assets Statement date. Prices in foreign currencies are translated at the closing rates of exchange as at that date.

iii) Equities traded through the Stock Exchange Electronic Trading Service (SETS), are valued on the basis of the latest bid price except where stated, when they are based on the mid-market price (see note 8). Other quoted investments are valued on the basis of the bid price except where stated, when they are based on the mid-market value (see note 8) quoted on the relevant stock market.

iv) Assets and liabilities in overseas currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Transactions during the year are translated at rates applying at the transaction dates.

v) The cost of administration is charged directly to the fund.

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

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

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

ix) 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.

x) 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.

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

xii) 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.

xiii) Under the rules of the scheme, members 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.

2. Augmentation

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.

3. 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.

Notes to the Pension Fund Accounts (continued)

4. Pension Fund Investment Income

A detailed breakdown of this figure is shown below:

	2008/09	2007/08
	£'000	£'000
Fixed interest securities		
- Public sector	1,620	2,601
- Corporate bonds	176	75
Index linked securities	284	308
UK equities	10,145	10,933
Overseas equities	7,670	6,160
Property unit trusts	2,033	2,349
Interest on cash deposits	1,251	1,495
Total income	23,179	23,921

5. Change in Market Value of Investments for the year ended 31 March 2009

	2008/09
	£'000
Fixed interest securities	(1,494)
Index linked securities	(631)
UK equities	(86,016)
Overseas equities	(78,224)
Property unit trusts	(20,151)
Venture capital	(10)
Foreign currency	472
Total	(186,054)

6. Investments

Pension Fund Purchases and Sales by Asset Type for the year ended 31 March 2009:

	2008/09	2007/08
	£'000	£'000
Purchases		
Fixed interest securities		
- Public sector	22,494	51,040
- Corporate bonds	17,296	9,580
Life Fund	210	6,932
Pooled Vehicle	65,666	-
Index linked securities	27,540	14,074
UK equities	283,029	99,841
Overseas equities	445,272	137,789
Property Unit Trusts	815	-
Total purchases	862,322	319,256
Sales		
Fixed interest securities		
- Public sector	80,599	53,667
- Corporate bonds	27,629	16,794
Life Fund	21,047	1,346
Index linked securities	28,304	9,410
UK equities	295,124	80,098
Overseas equities	369,730	132,927
Property unit trusts	-	3,787
Venture capital	4	2
Total Sales	822,437	298,031

Notes to the Pension Fund Accounts (continued)

7. Pension Fund Analysis of Investments at Market Value

	31 March 2009 £'000	31 March 2008 £'000		
Securities			Holland	4,310
Government fixed interest			Hong Kong	5,722
UK	35	47,822	India	1,142
Singapore	-	4,506	Indonesia	247
Sweden	-	1,874	Ireland	511
USA	-	2,273	Israel	377
Life Fund	175	21,641	Italy	15,381
Government index linked			Japan	35,616
UK	16,935	18,330	Luxembourg	248
Fixed interest corporate bonds			Malaysia	216
UK	-	6,479	Mexico	964
Overseas	-	4,360	New Zealand	86
Fixed Pooled Vehicle			Norway	396
UK	66,717	-	Philippines	253
	83,862	107,285	Portugal	642
UK equities			Russian Federation	818
Quoted	37,702	290,997	Singapore	2,969
Life fund	-	5,238	South Africa	1,875
Pooled Vehicle	157,533	-	South Korea	4,978
Convertibles	-	186	Spain	6,305
	195,235	296,421	Sweden	6,368
Overseas equities			Switzerland	15,941
Asia miscellaneous	-	6,843	Taiwan	6,401
Australia	8,525	6,086	Thailand	338
Austria	-	392	USA	99,996
Belgium	2,980	1,916	Virgin Islands	28
Brazil	7,496	-	World miscellaneous	-
Canada	8,260	2,538		275,569
Chile	190	-	Property unit trusts	
China	5,411	-	Hermes	2,575
Czech Republic	132	-	Schroder Exempt	18,593
Denmark	776	1,117	Threadneedle	838
Emerging Markets	3,329	-	UBS Triton 11	18,014
Europe miscellaneous	-	700		40,020
Finland	197	1,181	Venture capital	
France	10,842	16,506	London Enterprise Venture Fund	-
Germany	15,112	16,706	Midland Growth Fund	24
Greece	191	334		24
			Investment Income Receivable	1,937
			Cash Deposits	9,174
			Total asset value	605,821
				772,857

Notes to the Pension Fund Accounts (continued)

8. Valuations by Fund Managers

Valuations showing net assets statement split between assets valued at bid price and those valued at market price by Fund Manager as at 31 March 2009.

	Bid Price £'000	Mid-Market Price £'000	Total £'000
Council			
Fixed interest securities			
- Public sector	-	35	35
Venture Capital	24	-	24
Aberdeen Asset Managers Ltd			
- UK equities	-	24,780	24,780
- Overseas equities	-	133,362	133,362
- Cash	1,341	-	1,341
Baillie Gifford & Co			
- Cash	192	-	192
Fidelity International			
- UK equities	-	12,922	12,922
- Overseas equities	142,202	-	142,202
- Cash	3,008	-	3,008
Goldman Sachs Asset Management International			
Fixed interest securities			
- Pooled investment vehicle	66,717	-	66,717
Legal & General Assurance (Pensions Management) Ltd Index linked securities			
- Pooled investment vehicle	16,935	-	16,935
- Uk equities	157,533	-	157,533
- Cash	2,580	-	2,580
Schroder Investment Management Ltd			
- Overseas equities	1	-	1
- Property unit trusts	22,005	-	22,005
- Cash	654	-	654
UBS Ltd Fixed interest securities			
- Life fund	175	-	175
- Overseas equities	4	-	4
- Property unit trusts	18,015	-	18,015
- Cash	1,399	-	1,399
Total	432,785	171,099	603,884

The public sector holdings held internally by the Council are valued using the Financial Times, which only quotes mid-market prices.

Aberdeen Asset Managers Ltd uses the closing mid-market prices for all their equity holdings. Fidelity International uses the official closing prices in the UK (mid-market), however for all overseas equities they use the bid price. The entire fund was valued in 2007/08 using mid-market prices.

Notes to the Pension Fund Accounts (continued)

9. Venture Capital

The valuation dates for the venture capital holdings were as follows:

London Enterprise Venture Fund 2nd	31 March 2009
Midland Growth Fund	31 March 2009

10. Analysis of Contributors and Benefits

	2008/09 £'000	2007/08 £'000
Contributions receivable		
Administering authority	(47,866)	(45,178)
Scheduled Bodies	(486)	(281)
Admitted bodies	(7,645)	(7,522)
	(55,997)	(52,981)
Benefits payable		
Administering authority	40,938	40,816
Scheduled Bodies	604	134
Admitted bodies	3,842	4,283
	45,384	45,233

11. Analysis of Net Current Assets and Liabilities

	2008/09 £'000	2007/08 £'000
Assets		
Capital Costs receivable	84	187
Admitted Authorities payments receivable	511	408
Inland Revenue	222	140
Liabilities		
Creditors	-	(176)
Unpaid Benefits	(633)	(203)
	184	356

12. Additional Voluntary Contributions

The current provider for Additional Voluntary Contributions is Phoenix Life, who operates two funds. Employees can contribute to either the deposit fund or the managed fund. Camden acts only as an agent, the contract is between the employee and Phoenix Life. The amount of contributions received in the year is £88,812.

13. Direct Transaction Costs

The amount of direct transaction costs suffered by each Fund Manager for the year ended 31 March 2009 were as follows:

	£
Aberdeen	18,225
Baillie Gifford	150,238
Fidelity	37,434
Goldman Sachs	-
Legal & General	171,991
Schroders	512,240
UBS	336,638
Total	1,226,766

It was not possible to obtain comparative figures for the year ended 31 March 2008.

GLOSSARY OF FINANCIAL TERMS AND ABBREVIATIONS

FINANCIAL TERMS

Accrual The recognition of income and expenditure as it is earned or incurred, rather than as cash is received or paid.

Balances Unallocated reserves held to resource unpredictable expenditure demands.

Capital Charges Charges made to service department revenue accounts, comprising depreciation (where appropriate) based on the value of the asset employed.

Capital Expenditure Expenditure on new assets such as land and buildings, or on the enhancement of existing assets so as to significantly prolong their useful life or increase their market value.

Capital Financing Charges The annual cost of depreciation, leasing charges and other costs of funding capital expenditure.

Capital Receipts Income received from the sale of land, buildings and other capital assets.

Contingent Liabilities Potential losses for which a future event will establish whether a liability exists. As it is not appropriate to establish provisions for such amounts, they are not accrued in the financial statements, but disclosed separately in a note to the Balance Sheet.

Creditors Amounts owed by the Authority at 31 March for goods received or services rendered but not yet paid for.

Debtors Amounts owed to the Authority which are collectable or outstanding at 31 March.

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.

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.

Formula Grant The main grant paid by central government to a local authority towards the costs of all its services.

Provisions Monies set aside for liabilities and losses which are likely to be incurred but where exact amounts or dates on which they will arrive are uncertain.

Revenue Expenditure from Capital under Statute (REFCUS) spending on items normally classed as revenue but which are defined by statute as capital eg improvement grants.

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.

ABBREVIATIONS

CIPFA Chartered Institute of Public Finance and Accountancy

DCLG Department for Communities and Local Government

DCFS Department for Children, Schools and Families (formerly DfES – Department of Education and Skills) (Central Government)

DWP Department of Work and Pensions (Central Government)

FTE Full Time Equivalent

GLA Greater London Authority

HRA Housing Revenue Account

LAML Local Authority Mutual Limited

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)

MRP Minimum Revenue Provision

NNDR National Non Domestic Rates (Business Rates)

OEIC – Open Ended Investment Company

PFI Private Finance Initiative

PWLB Public Works Loans Board

SOLACE Society of Local Authority Chief Executives

SORP Statement of Recommended Practice

SSAP Statement of Standard Accounting Practice