

LONDON BOROUGH OF CAMDEN

STATEMENT OF ACCOUNTS 2007/08

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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 2008 and its income and expenditure for the year 2007/08. 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 Auditors' Report to the Members of the London Borough of Camden

Opinion on the accounting statements

We have audited the accounting statements and pension fund accounts of the London Borough of Camden for the year ended 31 March 2008 under the Audit Commission Act 1998. The accounting statements comprise:

- the Income and Expenditure Account;
- the Statement of Movement on the General Fund Balance;
- the Statement of Total Recognised Gains and Losses;
- the Balance Sheet;
- the Cash Flow Statement; and
- the related notes 1 to 57;
- the Housing Revenue Account; and
- the related notes 1 to 11;
- the Collection Fund; and
- the related notes 1 to 8.

The pension fund accounts comprise:

- the Fund Account;
- the Net Assets Statement ; and
- the related notes 1 to 11.

The accounting statements and 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 London Borough of Camden, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission. Our audit work has been undertaken so that we might state to the Authority those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority, as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of the Responsible Finance Officer and the independent auditors

The Responsible Finance Officer's responsibilities for preparing the statement of accounts, including the pension fund accounts, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 are set out in the Statement of Responsibilities for the Statement of Accounts.

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

We report to you our opinion as to whether the accounting statements and the pension fund accounts present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007:

- the financial position of the Authority and its income and expenditure for the year; and
- 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.

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

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We read other information published with the accounting statements and pension fund accounts, and consider whether it is consistent with the audited accounting statements and pension fund accounts. This other information comprises only the Explanatory Foreword. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounting statements and pension fund accounts. Our responsibilities do not extend to any further information.

Basis of Audit Opinion

We conducted our 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 pension fund accounts. It also includes an assessment of the significant estimates and judgements made by the Authority in the preparation of the accounting statements and pension fund accounts, and of whether the accounting policies are appropriate to the Authority's and pension fund's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the accounting 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 2007, the financial position of the Authority as at 31 March 2008 and its income and expenditure for the year then ended; and

- the pension fund accounts present fairly, in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial transactions of the Pension Fund during the year ended 31 March 2008, and the amount and disposition of the fund's assets and liabilities as at 31 March 2008, 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

Authority's Responsibilities

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

Under the Local Government Act 1999, the authority is required to prepare and publish a best value performance plan summarising the authority's assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Auditors' Responsibilities

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

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We are required by section 7 of the Local Government Act 1999 to carry out an audit of the authority's best value performance plan and issue a report:

- certifying that we have done so;
- stating whether we believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- where relevant, making any recommendations under section 7 of the Local Government Act 1999.

Conclusion

- We have undertaken our 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 December 2006, we are 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 2008.

Best Value Performance Plan

We issued our statutory report on the audit of the authority's best value performance plan for the financial year 2007/08 in December 2007. We did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

Certificate

The audit cannot be formally concluded and an audit certificate issued until we have completed our consideration of matters brought to our attention by local authority electors. We are satisfied that these matters do not have a material effect on the financial statements.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
St. Albans

Date 30 September 2008

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 accounting statements for 2007/08 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 2007/08.

There have been significant changes to the way in which the accounts are to be presented this year. The principal change is that there is a series of new requirements relating to the recognition, measurement, disclosure and presentation of financial instruments, following the adoption of FRS 25, FRS 26, and FRS 29 within the 2007 SORP. These changes will reflect, for example, the treatment of Premiums and Discounts which arise when loans are repaid early and the disclosure of "fair value" of fixed rate loans.

The Fixed Asset Re-instatement Account and the Capital Financing Account have been replaced by the Revaluation Reserve and the Capital Adjustment Account respectively. New regulations have come into force regarding the Minimum Revenue Provision relating to the repayment of debt, so that local authorities can opt to adopt a new methodology in providing for this.

Where necessary the figures for 2006/07 have been reworked to present the results for that year in the new format, so that year on year comparative information is meaningful. However, in some areas this is not required. Fair value valuations were not calculated as at 31 March 2007, therefore no figures appear for this. For the same reasons, no figures appear under 'Gains and Losses on Financial Instruments' for 2006/07.

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 authority 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 Practices, (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 are items that are taken into account in determining the council's budget requirement and its Council Tax demand.

The Statement of Total Recognised Gains and Losses This reports all the gains and losses experienced by a local authority 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.

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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 2007/08, 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 2008. The accounts do not include liabilities to pay pensions and benefits after that date.

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 authority is directed and controlled and its 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 be properly appreciated only 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 accounting statements therefore form an integral part of the accounts. There is also a glossary of terms and abbreviations at the end of this document.

Review of the Year

The 2007/08 Statement of Accounts is my third Statement of Accounts since I joined the Council in October 2005 as Director of Finance.

It has continued to be an extremely busy period, working with the new Partnership Administration to prioritise resources, whilst delivering a strong efficiency programme, securing £17.5m savings in 2007/08.

In February 2008 the Comprehensive Performance Assessment (CPA) results were released by the Audit Commission, and Camden was given the top possible four-star rating and considered to be 'improving strongly'. Camden was also assessed as providing 'excellent value for money' scoring a top marking of four in 'use of resources' and securing top scores for both financial management and financial standing. In May 2008 Camden received the top rating of four in the Corporate Management assessment, becoming the first Council in the country to achieve the top possible rating for its corporate assessment. The Council was given the top score of four in all areas of inspection, ambition, prioritisation, capacity, performance management and achievement. In June the Council won the 'Best Use of Resources' Municipal Journal 2008 award.

For 2008/09 the Camden element of the council tax increase was below inflation for the second year running, and the budget incorporated savings of some £13.7m. The Camden element of the council tax rose in 2008/09 to £1,021.53 at Band D – with an increase of 2.5%. The overall council tax at Band D, including the Greater London Authority (GLA) precept is £1,331.35.

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

Camden has agreed its strategy for bringing council homes up to standard and is investing an extra £15m to bridge the £242m shortfall. Another £22.6m has been set aside for investment in other priority areas, including support for Building Schools for the Future (BSF), the Government's largest single schools capital investment programme for over 50 years. The aim is to rebuild or renew every one of England's 3,500 state secondary schools during the 15 year lifetime of the £40 billion programme. University College London will sponsor a new Academy, which will bring 900 much needed school places to the borough for 11-16 year olds plus an extra 250 sixth form places. The new state of the art school building will be located alongside a brand new special school in Adelaide Road.

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Services for children run by the Council have been given the top four star rating and assessed as “excellent” with “outstanding” capacity for improvement in a national evaluation in the Government Annual Performance Assessment. 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 third year running of three stars for its Adult and Social Care Services. The Inspectors’ report also praised the Council as excellent for its ability to continue to improve the help it provides people and for the difference these services make to older and disabled adults’ lives. A Sheltered care housing scheme for older people opened in Mora Burnet House, Swiss Cottage. The residents will have twenty-four hour care and support, seven days a week on site. The £5.35m redevelopment by SPH Housing was in partnership with Camden Council. Plans have also been developed to deliver two state of the art 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. The two new homes will replace the Council’s four outdated care homes.

The Euro

During the year the Council has continued to keep a watching brief on progress towards the euro and its potential impact on its services, its financial systems and the Council’s stakeholders. The costs to date have been minimal.

The 2007/08 Revenue Outturn

The Council’s financial position at the end of the year remains strong, with general balances standing at £17.835m. Following a review of reserves and balances during the 2007/08 budget process, £9.6m was transferred to the future Capital schemes reserve to provide additional capital resources for the capital programme. A further £2.0m was transferred to specific reserves to fund support for delivering the Building Schools for the Future programme. £0.786m was transferred to establish a reserve to meet the risk of future variances in parking income.

The Council’s actual spend compared with its updated budget for 2007/08 is set out below: -

	Final Updated Budget 2007/08 £’000s	Actual Spend £’000s
Departmental Costs	233,957	223,626
Non-departmental Costs	4,992	(7,219)
Revenue funding of capital expenditure	6,338	8,919
Contributions into and out of departmental and other reserves	1,507	21,036
Additional Government Grants	(1,534)	(1,534)
Total	245,260	244,828
Net Under-spend on Revenue Account		(432)

Overall, departmental service costs were £10.331m lower than the final budget, made up of underspends in all service departments. The parking service benefited from additional income during the year, although it is not expected that this will be sustained over the next year. The surplus has therefore been transferred to the Parking Reserve. Additional income was also achieved from other income sources such as engineering and consultancy fees. Contingency budgets held corporately and within departments have not been required during the year. The return on the investment portfolio has been exceptional this year due to the combination of high interest rates and balances sustained throughout the year, giving a net return of £10.605m above the budgeted level. Departmental and non-departmental underspends will be reviewed as part of the consideration of the overall financial strategy in setting the budget for 2009/10 and 2010/11.

The levels of reserves and balances will be subject to review against the Council’s reserves and balances policy over the course of the next year. 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 £236.267m (£219.611m in 2006/07).

Balances held by schools at 31 March 2008 totalled £8.141m and there were also amounts held in departmental reserves, other than the HRA, totalling £7.455m.

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The 2007/08 Capital Outturn

Actual capital spend in the year was £80.465m, compared with a budget of £91.009m. Expenditure during the year was mainly funded from grants (49%), from usable capital receipts (2%), from borrowing (20%), from revenue contributions (21%) and from capital contributions (8%). In addition to the capital programme, the Council entered into leasing arrangements in respect of vehicles, plant and equipment with a capital value of £1.763m.

2007/08 represents the fourth 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 and with the Cooperative Bank. In 2007/08 the Council borrowed £15.3m to fund capital expenditure incurred during the year. In addition to new capital resources available in future years from capital receipts and capital grants, the Council also has at 31 March 2008 revenue contributions of £40.589m (non-HRA) and £26.575m (HRA), capital contributions of £10.981m and capital receipts of £74.851m have been set aside to meet future capital expenditure.

Housing

The Council is the main provider of rented accommodation in Camden with 24,245 units. In 2007/08 average council rents excluding service charges were £77.12 per week, an increase of £1.73, or 2.29%, over the 2006/07 level of £75.39 per week.

The HRA in 2007/08 had a net deficit of £14.812m, which when taken from its existing reserves of £78.976m resulted in £64.164m being carried forward at 31 March 2008. This reduction was due to a planned use of leasing reserves in the year. The proposed use of this reserve is set out in Note 10 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 change in the figure between years reflects the change in the estimated employers assets and the present value of the scheme liabilities. 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.

Changes In Functions

There were no significant changes in function in the year.

Illustrative overview

The following seven diagrams on pages 11 to 13 show in broad terms the net revenue cost of each Council service per resident, the service inputs 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

Members of the public have a statutory right to inspect the Accounts before the audit is completed. The availability of the Accounts for inspection is advertised in the local press and anyone wishing to do so may appear before the auditor in person to make objection to any item of account. The auditors' report on the Accounts precedes this foreword.

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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 2008 and its financial performance in the year then ended.



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

Date 30 September 2008

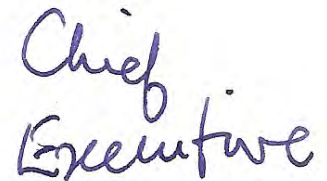
CHAIR'S APPROVAL OF STATEMENT OF ACCOUNTS

This Statement of Accounts was presented to the Audit Committee of the London Borough of Camden at its meeting on 30 September 2008, and was approved by resolution of the Committee.

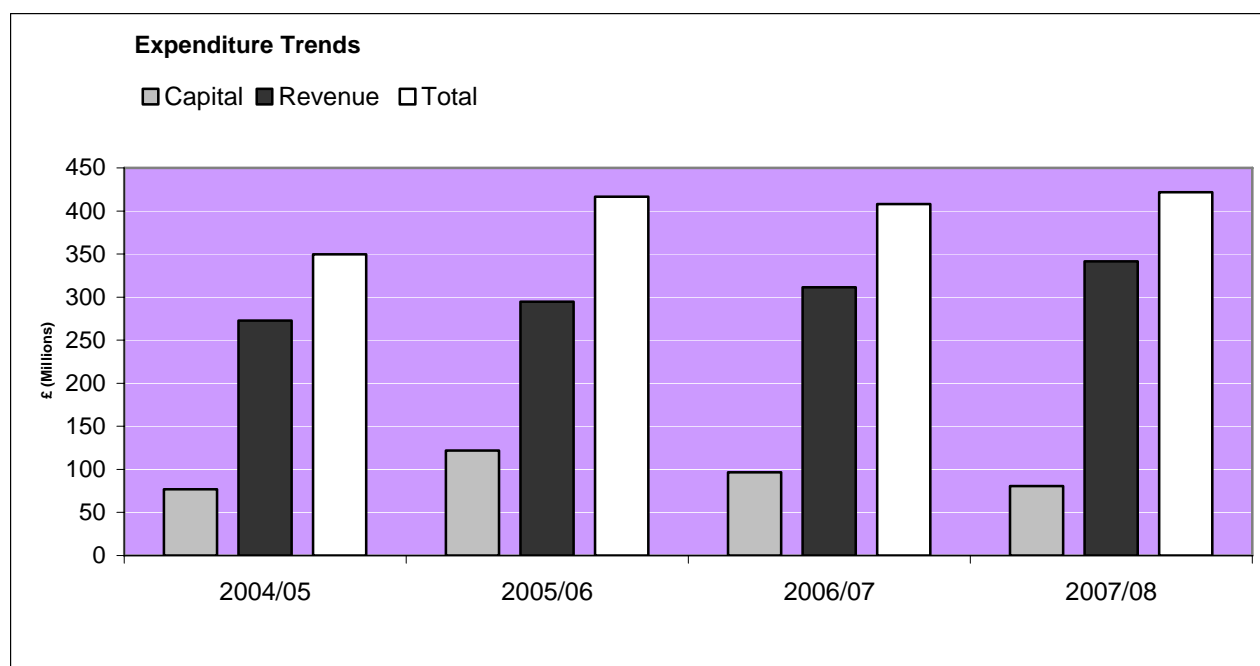


Councillor Duncan Greenland
Chair, Audit Committee

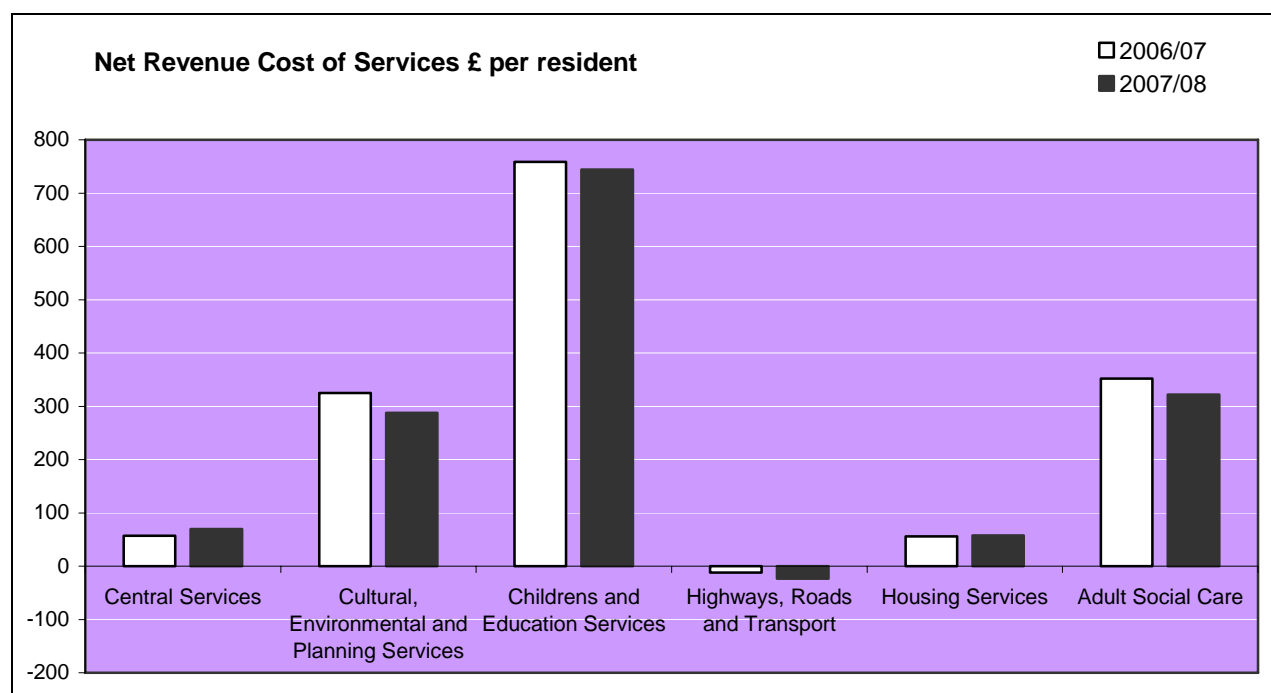
Date 30 September 2008



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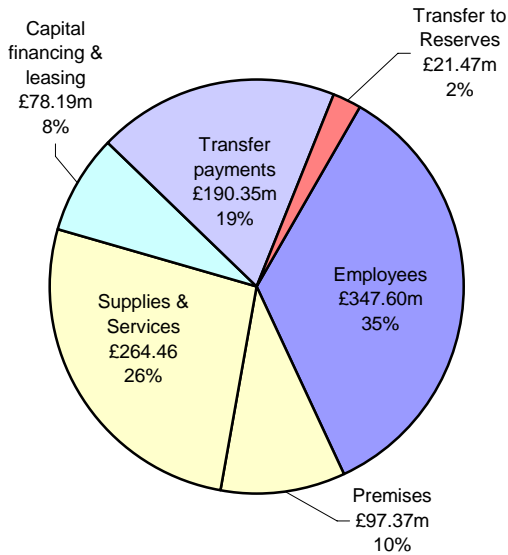


The above restated diagram shows trends in Camden's capital; net revenue adjusted for Dedicated Schools Grant and before transfers to and from reserves and payments to the Housing capital receipts pool, and total spending. Total spending in 2007/08 was £421.1m. Revenue spending rose by 9.3% in 2007/08 compared with the previous year.



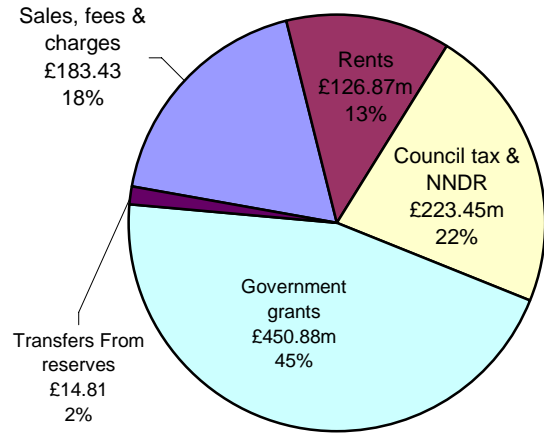
Resident population in 2007/08 was estimated by Camden at 238,500 compared with 220,700 in 2006/07. The net revenue cost per resident of all services, excluding HRA housing, in 2007/08 was £1,457. This was a decrease of £79 or 5.1% on 2006/07. The removal of notional interest has been adjusted for in these comparisons and Dedicated Schools Grant has been added back to show the full cost of Education Services.

Analysis of gross expenditure



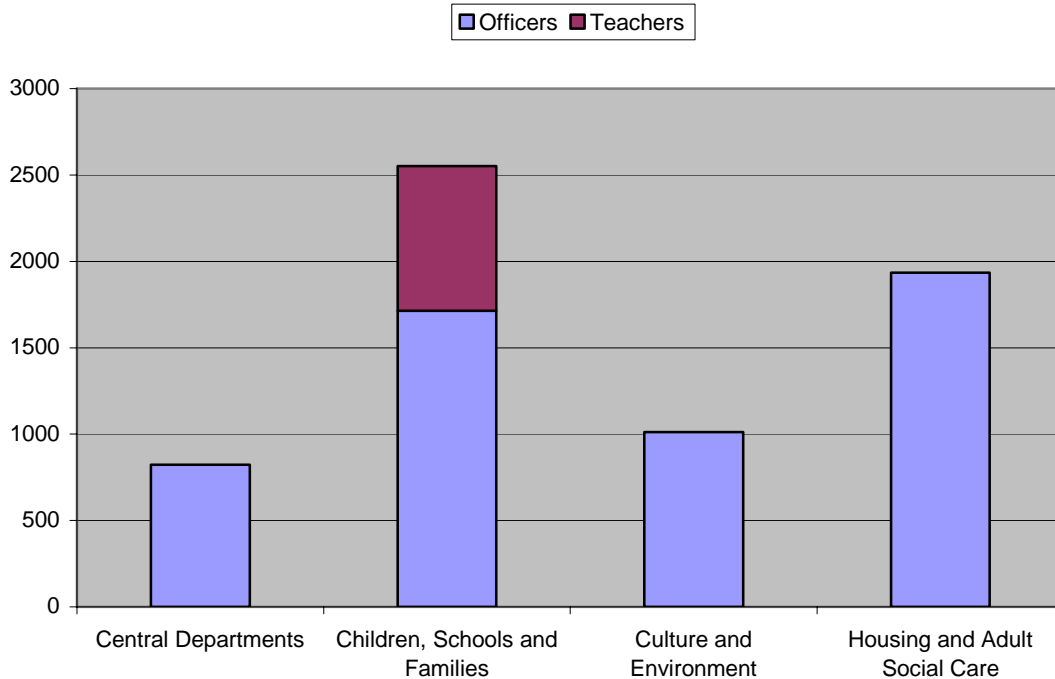
The pie chart above shows how Camden spent its money last year. Camden's gross expenditure in 2007/08 was £999.44m, an increase of £48.11m over 2006/07.

Analysis of gross income



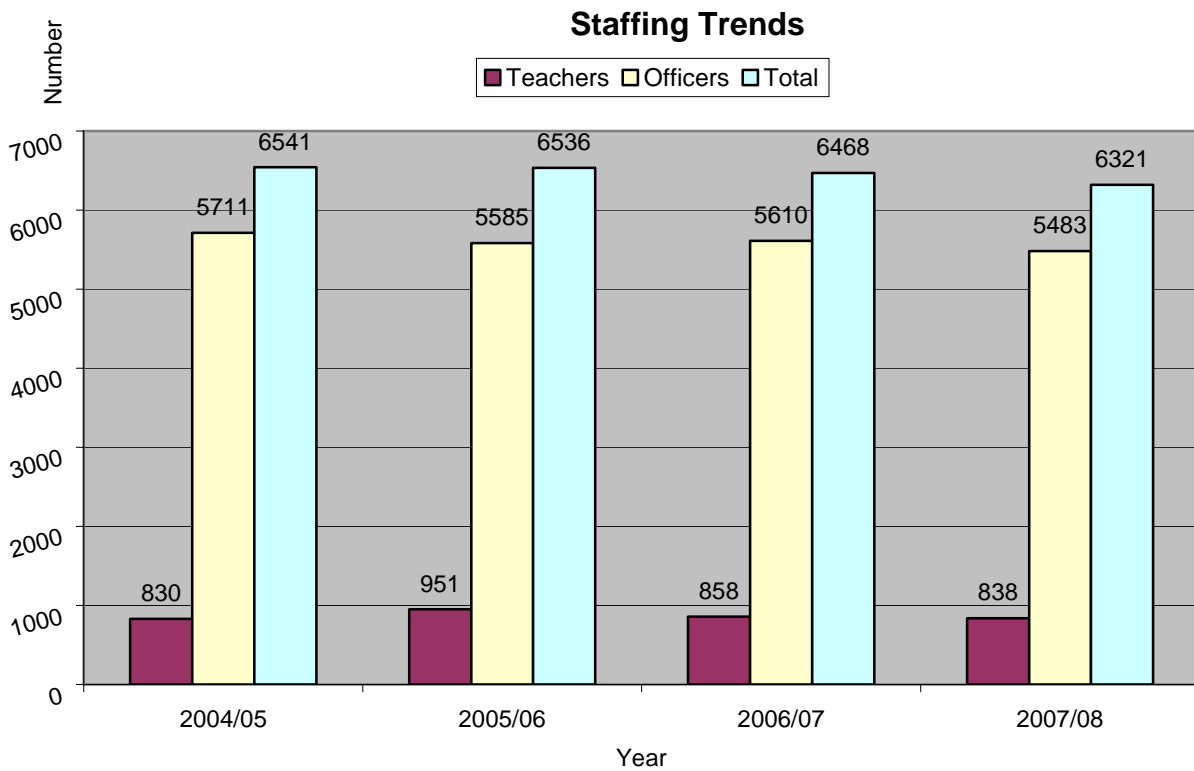
The pie chart above shows how Camden obtained its gross income of £999.44m in 2007/08. £92m, or just under 10% of the total, was attributable to Council Tax.

Number of Employees

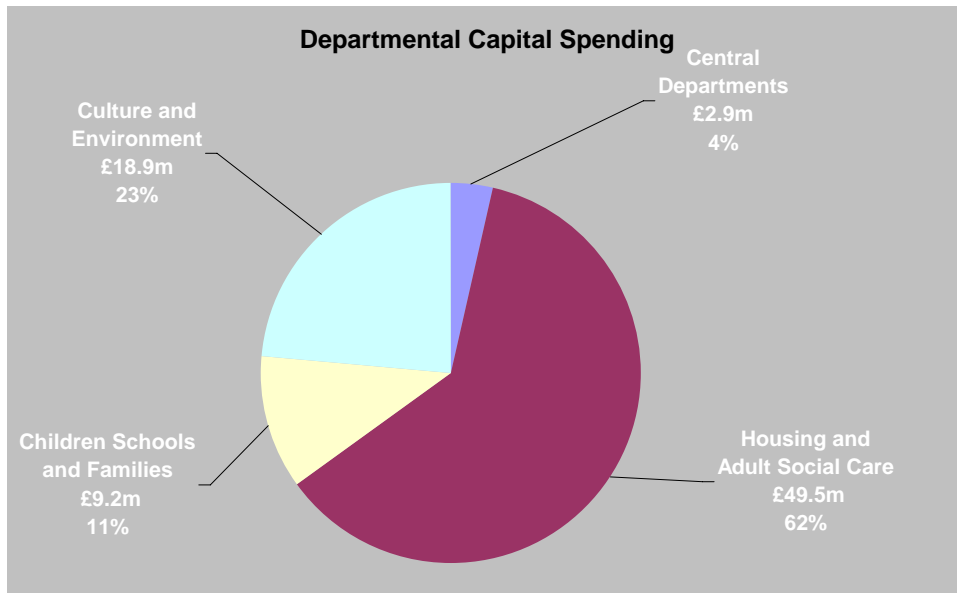


The above diagram shows Camden's staff numbers in 2007/08 for each directorate, expressed in terms of the number of full-time equivalents in post in each category of employment at 31 March 2008. The figures include staff providing services to housing tenants.

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The above diagram shows how Camden staff numbers have changed over recent years. Total FTE staffing fell by 147 between 2006/07 and 2007/08.



Camden spent £80.5m on capital projects in 2007/08, compared with £96.6m in 2006/07. The capital spending in 2007/08 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 which includes arrangements 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 and its 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.

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 2008 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. A new edition of the Strategy was published in 2006/07, which takes into account the policies of the administration elected in May 2006.
- The Corporate Plan 2007-11 translates the four aims set out in the Community Strategy into a set of 14 improvement 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 2007/08 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

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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 decisions are taken and the processes and controls required to manage risks. 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, 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. During 2007/08 the Council has undertaken work in relation to the identification and delivery of efficiency savings in line with the 'Better & Cheaper' requirements and has published the 'Annual Efficiency' Statement, which incorporated a 'forward look' on how efficiency would be delivered. The programme 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 2007/08 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 integrate 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 DMTs 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 and the Council has been rated as the highest performing authority in the country, scoring 4 in the corporate assessment and performing strongly. The Corporate Assessment by the Audit Commission considered that "Together with its partners [Camden] has set very challenging ambitions for this inner city borough. [Camden] provides leadership for a challenging community with diverse views but widely held high expectations."

Specific achievements include:

- delivering £17.5m savings in 2007/08 and on course to deliver a further £13.7m savings in 2008/09;
- securing thousands of jobs and homes and negotiating for sustainable regeneration with developers in the King's Cross redevelopment;
- reducing crime and anti-social behaviour, while retaining the value and colour of parts of the borough such as Camden Town;
- safeguarding vulnerable children and young people by working with partner agencies to give an excellent range of high-quality preventative services;
- achieved level 4 in Use of Resources assessment;
- establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation. In July 2007, the Council launched area forums as a new way for local people to influence the decisions that affect

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their local area and the development of their communities and worked with partners to develop the Social Cohesion Forum, bringing together those people in Camden's public and voluntary sectors who can make a real difference to maintaining and developing social cohesion;

- 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*) and reflecting these in the Council's overall governance arrangements.

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

The Council has also carried out a number of reviews and surveys to consider the views of residents and internal customers in relation to the department's

work and the regular performance reports to the DMT include a review of complaints.

Reviews of individual departmental services have highlighted the awards services have achieved during the last financial year and these include: -

- Winners of the Local Government Chronicle 2008 Procurement award for the procurement transformation programme.
- Winners of the 'Best Use of Resources' Municipal Journal 2008 awards.
- The Audit Commission have used Better & Cheaper as a national case study for Use of Resources.
- Commended in the Municipal Journal awards 2007 'Efficiency Achievement category for the e-buy purchasing system'
- Winners of the Government Opportunities (GO) Excellence in Public Procurement Awards 2007.
- Winners of the London Contracts and Supplies Group procurement 2007 award.
- Winner of the Best Risk Training Programme – 2008 European Strategic Risk Management Awards

The information in relation to key controls and assurance arrangements have been used to complete an assessment against the Council's key strategic and local risks and the necessary actions arising are set out in Section 5 of this statement.

We have been advised on the implications of the results of the review of the effectiveness of the governance framework by internal audit and a plan to address weaknesses and ensure continuous improvement of the system is in place.

5. Significant Governance Issues

Continuing work will be undertaken to develop the Council's medium term financial strategy and link this to the objectives identified in the Corporate Plan. The budget process for next year will cover the period 2009/10 to 2010/11 and seek to secure measures to deliver a balanced budget over the period of the CSR 07. The Council will continue to deliver a range of efficiency savings whilst maintaining proper control measures in key service areas.

The Corporate Plan has been updated in June 2008 for the period 2008-12 and the revised plan will reflect changes to the performance framework for local government and its partners, including the

implementation of Camden's new Local Area Agreement 2008-11. The Council will work with other key public service agencies within the Local Strategic Partnership to collectively address the challenges facing the borough.

The Council is now leading a working group to review community governance and empowerment in the borough. In tandem with the area forums review, the working group will consider how the Council integrates the requirements of new legislation with our own aims to extend the opportunities for residents in all Camden neighbourhoods to engage effectively with the Council.

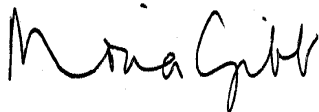
The Council will take forward its customer service transformation programme linking to a whole range of internal Council reform and continuous improvement. For example, the property area review will give new strategic focus to how the Council manages its property portfolio, ensuring assets deliver better point of contact with residents and improve value for money.

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.



CLLr Keith Moffitt
Leader of the Council
Date 12 September 2008



Moira Gibb
Chief Executive
Date 12 September 2008

Statement of Accounting Policies

The accounts have been prepared in accordance with the CIPFA Code of Practice issued in 2007. 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. There have been changes in accounting policies in respect of the treatment and disclosure of financial instruments which are set out below.

The SORP for 2007 requires that the full requirements regarding external interests and group accounts be implemented in 2007/08. 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. A new SEA has been introduced this year for Children's and Education Services, which consists of the SEA for Education together with the Children's Social

Services SEA which has been transferred from the Social Services SEA. The Social Services SEA has been renamed the Adult Social Care SEA.

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 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 2007/08 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, 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	5 years
Information technology assets	3 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. Notional interest ceased to be charged to service revenue accounts in 2006/07.

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 in accordance with 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.

Deferred Charges

Deferred charges represent capital expenditure which does not result in, or remain matched with, assets controlled by the Council e.g. capital grants made to other bodies or individuals. Deferred charges are amortised to revenue over an appropriate period consistent with the consumption of the economic benefits controlled by the Council.

Deferred Debits

Deferred debits represent the Housing Revenue Account's share of the costs of debt rescheduling which will be charged to the HRA over the life of the loans repaid.

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 exceptional circumstances. The Council also earmarks reserves for other purposes. The purpose of each earmarked reserve is set out in note 42 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 is a new reserve established on 1 April 2007 which will hold unrealised revaluation gains arising since that date from the holding of fixed assets. The Fixed Asset Restatement Account and the Capital Financing Account are 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 a number of 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.

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 will remain off the Council's balance sheet for the period of the concession.

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 2007/08 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 decreased the pension liability of the Camden fund by £48.346m (compared with a decrease of £51.064m in 2006/07) and of the London Pension Fund Authority fund by £6.612m (compared with a decrease of £0.827m in 2006/07).

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

Change in Accounting Policy in 2007/08

With effect from 1 April 2007, local authorities have had to adopt 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 has been based on major changes in international accounting standards which have resulted in this country in the introduction of new U.K. accounting standards for financial instruments – FRS 25, 26 and 29.

This has caused 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. The need for this has arisen in recent years through the high profile failure of a number of financial institutions e.g. Barings, Enron, World Com etc.

Amortised Cost

This change in accounting standards has meant that most financial instruments (whether borrowing or investment) have, in 2007/08, to be valued on an amortised costs basis using the effective interest rate (EIR) method.

However, it should be noted that figures for 31 March 2007 which appear in these disclosure notes are shown unaltered from those which were published in the accounts for 2006/07 i.e. they have not been restated to amortised cost etc. Consequently, the figures for 31 March 2007 and 31 March 2008 are not properly comparable as they have been produced on two different bases. This is a one-off problem which will not occur in the accounts for future years when two years' figures will be properly comparable.

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.

Guidance from CIPFA states that as fair value valuations were not calculated as at 31 March 2007, the column for fair value as at 31 March 2007 in these disclosure notes cannot be filled in and so no figures appear.

For the very same reasons, no figures appear under 'Gains and losses on financial instruments' for 2006/07.

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 2008

	Notes	2007/08 Gross Expenditure £'000	2007/08 Gross Income £'000	2007/08 Net Expenditure £'000	2006/07 Net Expenditure Restated £'000
Continuing services					
Adult Social Care	14	100,824	(24,089)	76,735	77,697
Central Services	5	52,245	(35,719)	16,526	12,574
Children's and Education Services	18	255,501	(196,402)	59,099	56,448
Cultural, Environmental and Planning Services	1,2	105,028	(36,312)	68,716	71,685
Highways, Roads and Transport Services	3	44,493	(50,129)	(5,636)	(2,681)
Housing Services – non HRA	4	199,673	(185,906)	13,767	12,376
Housing Services – HRA		158,978	(177,759)	(18,781)	(33,198)
Net Cost of Service	6 – 12,19	916,742	(706,316)	210,426	194,901
Losses on disposal of fixed assets				-	795
Levies by other authorities	13			1,837	1,836
Surplus transferred from trading accounts				(542)	(116)
Interest payable				38,930	25,054
Contribution to Housing Pooled Capital Receipts	40			18,436	14,967
Interest and investment income				(18,703)	(8,890)
Pensions Interest Cost and expected return on Pensions Assets				4,319	6,031
Net operating expenditure				254,703	234,578
Precept demanded from the Collection Fund				(91,960)	(91,162)
Prior Year Collection Fund surplus				(1,510)	(271)
Revenue Support Grant				(23,348)	(24,539)
Contribution from NNDR pool	16			(129,977)	(120,072)
Total income from grant and taxpayers				(246,795)	(236,044)
(Surplus)/Deficit for the year				7,908	(1,466)

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

for the year ended 31 March 2008

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	2007/08 £'000	2006/07 £'000
Movement on the General Fund Balance			
(Surplus)/Deficit on the Income and Expenditure Account		7,908	(1,466)
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	20	4,167	(9,044)
(Increase)/Decrease in General Fund Balance for the Year		12,075	(10,510)
General Fund balance brought forward		(29,910)	(19,400)
General Fund balance carried forward		(17,835)	(29,910)
Schools Balances			
Schools balances brought forward		(6,943)	(6,823)
Surplus for the year		(1,198)	(120)
Schools balances carried forward		(8,141)	(6,943)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2008

	Notes	2007/08 Net Expenditure £'000	2006/07 Net Expenditure £'000 Restated
Surplus or (Deficit) on the Income and Expenditure Account for the year		(7,908)	1,466
Surplus arising on revaluation of fixed assets	38	121,249	406,873
Financial Instruments Adjustment Account	49	(8,144)	-
Available for Sale Reserve	49	56	-
Actuarial gains and losses on pension fund assets and liabilities		49,432	54,423
Collection Fund	49	1,584	2,485
Other gains and losses		56,044	(50,710)
Total recognised gains for the year		212,313	414,537

Restatement of 2006/07 accounts :

The Collection Fund has been split out from "Other Gains and Losses" to reflect SORP guidance; all other figures are as presented in the Final 2006/07 accounts.

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BALANCE SHEET as at 31 March 2008

	Notes	31 March 2008 £'000	31 March 2008 £'000	31 March 2007 £'000 Restated	31 March 2007 £'000 Restated
Assets					
Intangible assets	25		1,010		975
Tangible Fixed assets	21,22,23,24,26				
Operational Assets					
Council Dwellings		2,310,051		2,188,266	
Other land and buildings		664,281		658,653	
Vehicles, plant, furniture and equipment		1,846		2,584	
Infrastructure assets		147,119		135,624	
Community assets		14,937		14,636	
Non-operational assets					
Investment assets		185,938		182,909	
Assets under construction		10,019		12,947	
Surplus assets held for disposal		8,651	3,342,842	3,205	3,198,824
Long-Term Investments	28		52,403		40,160
Long-term debtors	29		1,173		1,010
Deferred Premiums on early repayment of debt			-		4,055
Total long-term assets			3,397,428		3,245,024
Current assets	30				
Stocks		231		205	
Debtors and payments in advance		78,303		73,481	
Investments	34-37	200,191		157,891	
Cash and bank		11,749	290,474	17,697	249,274
Less current liabilities	31				
Borrowing repayable within one year		(18,414)		(124,664)	
Creditors		(166,602)		(172,330)	
Bank overdraft		(2,012)	(187,028)	(1,662)	(298,656)
Net current assets/(liabilities)			103,446		(49,382)
Total assets less current liabilities			3,500,874		3,195,642
Long-term loans outstanding	34-37	(416,538)		(279,432)	
Capital grants deferred	32	(100,698)		(89,120)	
Deferred capital income		(1,070)		(895)	
Provisions	33	(8,479)		(9,461)	
Pension Liability	51	(251,688)		(306,646)	
Total long-term liabilities			(778,473)		(685,554)
Total assets less liabilities			2,722,401		2,510,088

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BALANCE SHEET as at 31 March 2008 (continued)

		31 March 2008	31 March 2008	31 March 2007	31 March 2007
	Notes	£'000	£'000	Restated £'000	Restated £'000
Financed by					
Revaluation Reserve	38		121,268		-
Available for Sale Financial Instruments Reserve			56		-
Capital Adjustment Account	39		2,665,050		2,590,292
Financial Instruments Adjustment Account			(8,144)		-
Useable Capital Receipts Reserve	40		-		43,362
Major Repairs Reserve	41		-		-
Contributions to capital works unapplied	44		10,981		6,441
Earmarked reserves	42		88,971		56,627
Pension Reserve	49		(251,688)		(306,646)
Balances					
- Collection Fund – Camden share			5,767		4,183
- HRA			64,164		78,976
- Locally Managed Schools	43		8,141		6,943
- General Balances			17,835		29,910
Total equity	45,49		2,722,401		2,510,088

CASH FLOW STATEMENT for the year ended 31 March 2008

	Notes	2007/08 £'000	2007/08 £'000	2006/07 £'000	2006/07 £'000
Revenue Activities					
Cash outflows					
Payments to NNDR Pool		294,000		277,523	
Payments of precepts		28,470		26,464	
Cash paid in respect of employees		353,912		338,557	
Other operating payments		382,795		353,905	
Payments to the Capital Receipts Pool		18,436		14,967	
Housing benefit paid out		70,157	1,147,770	70,185	1,081,601
Cash inflows					
Receipts from NNDR Pool		(129,977)		(120,072)	
Non-domestic rate receipts		(290,800)		(280,657)	
Receipts from council tax payers		(97,654)		(94,054)	
Receipts from community charge payers		(3)		-	
Revenue Support Grant		(21,813)		(24,539)	
DWP grants for benefits		(169,260)		(152,557)	
Other Government grants	52	(274,711)		(263,712)	
Rents (after rebates)		(57,073)		(62,434)	
Cash received for goods and services		(155,100)	(1,196,391)	(152,371)	(1,150,396)
Net cash inflow from revenue activities	53		(48,621)		(68,795)
Servicing of finance					
Cash outflows - interest paid					
		24,053		25,006	
- finance lease interest					
		-		-	
Cash inflows - interest received					
		(9,688)	14,365	(6,803)	18,203
Net cash outflow from the servicing of loans			14,365		18,203
Capital activities					
Cash outflows					
Purchase of fixed assets		73,120		88,907	
Other capital cash payments		-		(301)	
Deferred charges		5,904	79,024	5,986	94,592
Cash inflows					
Sale of fixed assets		(51,721)		(35,976)	
Capital grants received		(17,018)		(19,492)	
Other capital cash receipts		(18,762)	(87,501)	(11,094)	(66,562)
Net cash (inflow)/outflow from capital activities			(8,477)		28,030
Net cash inflow from activities before financing	54,55		(42,733)		(22,562)
Management of liquid resources – change in short term investments					
	56		48,368		13,667
Financing					
Long/short-term loans raised		(140,915)		(334,395)	
Long/short-term loans repaid		141,578	663	334,990	595
Net cash outflow from financing and liquid resources			49,031		14,262
Net (increase)/decrease in cash	57		6,298		(8,300)

Notes To The Accounts

The Income and Expenditure Account

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

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

	2007/08 £'000	2006/07 £'000
Expenditure	1,022	1,202
Income from fees and charges	(827)	(873)
Deficit for the year	195	329
Deficit brought forward	1,620	1,291
Deficit carried forward	1,815	1,620

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 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 2007/08

	Chargeable £'000	Non Chargeable £'000	Total £'000
Expenditure	1,359	387	1,746
Income	(1,823)	(17)	(1,840)
(Surplus)/ Deficit for the year	(464)	370	(94)
2007/08	20	372	392

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 £0.522m.

3. On-street Parking (included within Highways, Roads 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 2007/08 was £21.311m (£19.018m in 2006/07). This was applied to defray revenue expenditure as follows:

	2007/08 £'000	2006/07 £'000
Income		
Surplus from on-street parking	(21,311)	(19,018)
Expenditure		
Off-street parking	1,004	663
Highways and traffic improvement:		
- revenue expenditure	2,086	1,820
- capital expenditure	-	-
- capital charges	4,085	3,966
Concessionary fares and Taxicard scheme	7,548	7,195
Transport planning costs	1,859	1,433
Home to School transport	2,846	2,629
Highways maintenance	1,883	1,312
Total expenditure defrayed from income from on-street parking	21,311	19,018

Notes To The Accounts (cont)

The Income and Expenditure Account

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

	2007/08	2006/07
	£'000	£'000
Gross rent allowances	70,157	70,184
Less subsidy income	(70,972)	(71,373)
Net cost of rent allowances	(815)	(1,189)
Gross cost of council tax benefits	24,994	25,092
Less subsidy income	(25,324)	(25,540)
Net cost of council tax benefits	(330)	(448)
Gross cost of rent rebates	69,970	64,436
Less subsidy income	(70,442)	(65,127)
Net cost of rent rebates	(472)	(691)
Net cost of all Housing Benefits to the General Fund	(1,617)	(2,328)

5. Costs of Audit

The following fees were incurred during the year relating to external audit and inspection. These were due to the Audit Commission in respect mainly of statutory inspections and to Deloitte and Touche LLP, the Council's Appointed Auditors, in respect of virtually all other external audit services: -

	2007/08	2006/07
	£'000	£'000
External Audit Services	401	391
Statutory Inspection Certification of grant claims and returns	151	26
Total	782	677

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 2007/08 was £3.731m (£3.506m in 2006/07). This can be analysed as follows:

	2007/08	2006/07
	£	£
Salaries	1,001,148	948,680
Job advertising	895,205	760,638
Publications	231,172	240,856
General publicity and advertising	1,289,333	1,266,034
Other costs	313,675	289,705
Total	3,730,533	3,505,913

7. Remuneration of Senior Staff and Members

The total sum paid to Members in 2007/08 was £834,000 (£824,000 in 2006/07). 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	2007/08	2006/07
50-60	198	115
60-70	73	36
70-80	25	14
80-90	9	7
90-100	12	11
100-110	8	3
110-120	3	-
120-130	2	3
130-140	2	-
140-150	1	1
150-160	1	-
160-170	1	-
170-180	-	1
180-190	-	-
190-200	-	-
200-210	1	-
Total	336	191

London Borough of Camden – Statement of Accounts 2007/08

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 2007/08 as follows:

	2007/08 £'000	2006/07 £'000
Arts	248	270
Children, young people and families	562	603
Community advice, development and support	205	679
Community care	16,907	19,259
Community centres	1,006	1,047
Employment and training	164	243
Housing associations	830	699
Multi-functional and infrastructure	696	138
Other	2,609	2,096
	23,227	25,034

The Council has also provided one of the housing associations with loan guarantees. The value of the loans in question was estimated at £0.996m at 31 March 2008.

The Council received £9.000m from local Health Trusts during the year for the provision of combined health and community care services.

This comprised:

	2007/08 £'000	2006/07 £'000
Camden Primary Care Trust	7,079	7,551
Islington Primary Care Trust	2	2
Camden & Islington Mental Health & Social Care Trust	1,919	1,132
	9,000	8,685

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 2007/08 it paid £6.716m to these bodies (£6.535m in 2006/07) and

received £0.580m in total (£1.175m in 2006/07). At 31 March 2008 it held £15.775m on behalf of these bodies (£14.223m at 31 March 2007) 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 £0.260m in LAML (See note 28).

9. Leasing

Operating Leasing

Operating leasing where the Council is the Lessee-

Vehicles, Plant and Equipment: -

	2007/08 £'000	2006/07 £'000
Lease Rentals		
Vehicles	956	554
IT Equipment	181	279
Other	77	512
	1,214	1,345

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

	2008/09 £'000
within one year	163
within two to five years	786
in more than five years	505
	1,454

Operating leasing where the Council is the Lessee-

Properties: -

	2007/08 £'000
Lease Rentals	
Amount payable in respect of:	
Operational Land and Buildings (GF)	4,526
Operational non-residential (HRA)	818
Operational residential (HRA)	8,757
	14,101

London Borough of Camden – Statement of Accounts 2007/08

Notes To The Accounts (cont)

The Income and Expenditure Account

Operating Leasing (cont)

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

	2008/09		Total
	excl. HRA residential	HRA residential	
	£'000	£'000	£'000
within one year	666	190	856
within two to five years	1,513	5,041	6,554
In more than five years	2,273	2,587	4,860
	4,452	7,818	12,270

Operating leasing where the Council is the Lessor – Properties: -

	2007/08
	£'000
Amount receivable in respect of:	
Non-operational Land and Buildings (GF)	5,164
Non-operational non-residential (HRA)	8,661
	13,825
Value of Assets held for use in operating leases:	31 March 2008
	£'000
Non-Operational Land & Buildings (GF)	
- Gross book Value	86,496
- Less accumulated depreciation	(80)
- Net Book Value	86,416
Non-Operational non-residential (HRA)	
- Gross book Value	99,522
- Accumulated depreciation	-
- Net Book Value	99,522

Finance Leasing

Finance leasing where the Council is the Lessee: -

	2007/08	2006/07
	£'000	£'000
Lease Rentals		
Non-operational land and buildings	11	16
Plant and Equipment	66	6
	77	22
Comprising		
Financing Charges	77	22
	77	22

Outstanding rentals on these finance leases at 31 March 2008 were as follows:

	£'000
Due within one year	76
Due within two to five years	182
Due in more than five years	16
	274

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 £106,182 in 2007/08 (£105,993 in 2006/07).

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 2007/08, the unitary charge payments remaining over the life of the concession are estimated to be £55.308m.

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 2007/08 the unitary charge payments remaining over the life of the concession are estimated to be £130.136m.

Notes To The Accounts (cont)

The Income and Expenditure Account

12. Pensions

(a) Teachers - In 2007/08 the Council paid £6.154m to the Department for Children, Schools and Families (£5.971m in 2006/07) in respect of teachers' pension costs, which represents 14.09% of teachers' pensionable pay (13.62% in 2006/07). In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2007/08 these amounted to £0.389m (£0.475m in 2006/07) representing 0.89% of pensionable pay (1.09% in 2006/07).

(b) Ex ILEA - In 2007/08 the Council paid £0.325m to the London Pensions Fund Authority (£0.419m in 2006/07) in respect of former ILEA employees' pension costs, which represents 19.0% of ex-ILEA employees' pensionable pay (19.8% in 2006/07). In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2007/08 these amounted to £0.056m, (£0.053m in 2006/07) representing 3.26% of pensionable pay (2.87% in 2006/07).

(c) Other Employees – In 2007/08 the Council's level of contribution into the Pension Fund was 21.9% (21.9% in 2006/07) for those employees paying 6% of pensionable pay and 18.25% (18.25% in 2006/07) (for manual staff that joined the scheme before 31 March 1998) for those employees paying 5% of pensionable pay. The actual cash payments made into the Fund by the Council were £29.606m (£29.185m in 2006/07) which represents 21.84% of Camden employees' pensionable pay (22.18% in 2006/07).

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 to 2007/08, contribution rates were 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 2007/08 these amounted to £2.697m, representing 1.99% of pensionable pay (£5.288m and 4.02% in 2006/07).

The capital cost of discretionary increases in pension payments (e.g. discretionary added years) agreed by the authority in 2007/08 was £nil (£0.172m in 2006/07).

There is further pension information in Note 51.

13. Levies by other local authorities

Levies were paid to other local authorities as follows:

	2007/08 £'000	2006/07 £'000
Environment Agency	169	106
Garden Squares	20	19
Lee Valley Regional Park	280	272
London Pension Fund Authority	1,368	1,439
	1,837	1,836

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 income and expenditure for 2007/08 were as follows:

	2007/08 £'000	2006/07 £'000
Funding		
London Borough of Camden	(728)	(728)
Camden PCT	(171)	(264)
Total	(899)	(992)
Expenditure	1,156	1,572
Net Overspend	257	580

Both parties made additional contributions to the pool to cover the overspend. The contribution made by the Council was £0.198m. In addition, the PCT made a £0.200m payment for costs incurred in 2006/07 that related to purely healthcare equipment. 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 2007/08 the local authority transferred £5.055m gross to C&IMHSCT and received £1.151m from C&IMHSCT as a contribution towards its services.

London Borough of Camden – Statement of Accounts 2007/08

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 2007/08:

	2007/08 £'000	2006/07 £'000
Departmental reserves		
Finance	-	(70)
Customers, Strategy and Performance	-	100
Children's, Schools and Families	-	617
Housing and Adult Social Care	140	814
Social Services	-	(1,196)
	140	265
Corporate reserves		
Future Capital Schemes	25,398	(3,735)
Match funding	-	(109)
Building Maintenance	-	(1,051)
Commercial Property	1,543	-
Modernising Government	(274)	(1,674)
Self-insurance	-	174
Kentish Town Sports Centre	(296)	-
Local Area Agreement Grants	37	1,167
Mental Health Aftercare	(590)	(647)
Haverstock School PFI Initial Payment	(130)	(130)
Haverstock School PFI	422	143
Corporate Initiatives	(240)	125
Licensing Reform	-	(170)
e-Procurement	-	(883)
Pay and Gratings review	606	373
Revenue Budget Funding	-	(2,041)
Mayors Charity	(8)	23
Dedicated Schools Grant	80	656
Severance Costs 2007/08	-	1,750
Workforce Remodelling and Efficiency projects	-	3,000
Parking Reserve	3,656	-
Building Schools for the Future	2,000	-
	32,204	(3,029)
Total Net Transfers	32,344	(2,764)

The following amounts included in the above were transferred to the following reserves from general balances in 2007/08: -

	£'000
From general balances	
- Building Schools for the Future	2,000
- Parking	786
- Corporate Initiatives Reserve	120
- to Future Capital Schemes reserve	9,600
	12,506

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 £129.977m in 2007/08 (£120.072m in 2006/07), 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

	2007/08		2006/07	
	£'000 Holborn	£'000 Camden Town	£'000 Holborn	£'000 Camden Town
Levy for year	828	474	803	445
Write Offs	(2)	(30)	2	(22)
Cost of Collecting Levy	(30)	(17)	(30)	(17)
	796	427	775	406
Paid to BID body	(800)	(471)	(777)	(314)
Surplus/(deficit) for year	(4)	(44)	(2)	92
Surplus brought forward	7	92	9	-
Surplus carried forward	3	48	7	92

Notes To The Accounts (cont)

The Income and Expenditure Account

18. Dedicated Schools Grant

In 2006/07, the arrangements for government support of schools changed. Previously funds were provided as part of the Council's overall Revenue Support Grant. Since 2006/07 the Council has received a specific grant – the Dedicated Schools Grant – of £118m which has been credited against the Education service outturn in the Income and Expenditure Account.

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, which includes the individual schools budget (ISB) and elements for a restricted range of services provided on an authority wide basis. The ISB is divided into a budget for each school. Over and underspends on the two elements are required to be accounted for separately.

Details of the deployment of DSG receivable for 2007/08 are as follows: -

Schools Budget Funded by Dedicated Schools Grant

	Central Expenditure £'000	Individual Schools Budget £'000	Total £'000
Original Grant allocation to Schools Budget	23,341	95,064	118,405
Adjustment to finalised grant allocation	(92)	-	(92)
DSG receivable for the year	23,249	95,064	118,313
Actual Expenditure for the year	23,169	93,866	117,035
Over/(Under) spend for the year	(80)	(1,198)	(1,278)
Over/(under) spend brought forward	(656)	(5,850)	(6,506)
Over/(under) spend carried forward	(736)	(7,048)	(7,784)

19. Local Area Agreement

The Council is a participant in a Local Area Agreement (LAA), an agreement between Government, the Council and its partners within the Camden area, working in a Local Strategic Partnership (LSP) to improve public services.

The purposes of Camden's LAA is to tackle inequality and address social cohesion, to increase economic activity and tackle worklessness, within the borough. The LAA encourages high quality partnership working, provides flexibility to define priorities at local level, and allows government funding to be redirected to local priority areas.

Camden is the accountable body for its LAA, and its partners in the LSP are the Camden Primary Care Trust (the PCT), the Metropolitan Police, Jobcentre Plus and representatives of the Voluntary and Community Sector in Camden.

In 2007/08, Camden received £12.177m of LAA grant. The PCT invested £0.408m directly into the LAA programme.

Funding streams that have been pooled within LAA include the Stronger and Safer Communities Fund, the Neighbourhood Renewal Fund, and a range of previously specific grants including Children's Services Grant, School Development Grant, Neighbourhood Management Pathfinder Grant and Waste Performance Efficiency Grant.

Notes To The Accounts

The Statement of Movement on the General Fund Balance

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

	2007/08 Net Expenditure	2006/07 Net Expenditure
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 and impairment of fixed assets	(16,619)	(13,350)
Depreciation charged to the HRA in excess of the Major Repairs Allowance element of Housing Subsidy	(9,100)	(5,182)
Difference between amounts charged to Income and Expenditure for amortisation of premiums and discounts and the charge for the year in accordance with statute	1,377	1,688
Government Grants Deferred Amortisation	3,725	3,721
Write down of Deferred Charges financed from capital resources	(513)	(2,254)
Losses on disposal of fixed assets	-	(795)
Net charges made for retirement benefits in accordance with FRS17	(30,379)	(36,764)
Total	(51,509)	(52,936)
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	3,198
Capital Expenditure charged to the General Fund Balance	16,512	16,286
Transfer from Useable Capital Receipts account to meet payments to the Housing Capital Receipts Pool	(18,436)	(14,967)
Employer's contributions payable to the pension funds and retirement benefits payable direct to pensioners	34,968	34,593
Total	36,299	39,110
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 to/(from) of the Housing Revenue Account balance	(14,812)	6,896
Voluntary revenue provision for the repayment of debt	647	529
Transfer to/(from) from earmarked reserves	15 19,838	(6,731)
Transfer to schools balances	1,198	120
Other transfers out of the Fund	15 12,506	3,968
Total	19,377	4,782
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	4,167	(9,044)

London Borough of Camden – Statement of Accounts 2007/08

**Notes To The Accounts
The Balance Sheet**

21. Fixed Assets - Movement of Fixed Assets

	OPERATIONAL ASSETS							NON-OPERATIONAL ASSETS					
	Council Dwellings HRA	HRA - Other	Other Land and Buildings	Vehicles, Plant and Equipment	Infra-structure	Community Assets	Total Operational Assets	HRA – Commercial Properties	HRA – Surplus Properties	Investment Assets	General Fund Surplus Properties	Fixed Assets under construction	Total Non-Operational Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
GROSS BOOK VALUES													
Gross Book Value at 31 March 2007	2,191,102	43,817	640,037	13,939	156,477	14,639	3,060,011	92,705	3,205	82,287	7,964	12,947	199,108
Less accumulated depreciation	(2,836)	(1,576)	(23,625)	(11,355)	(20,853)	(3)	(60,248)	-	-	(47)	-	-	(47)
Net Book Value at 1 April 2007	2,188,266	42,241	616,412	2,584	135,624	14,636	2,999,763	92,705	3,205	82,240	7,964	12,947	199,061
<i>Movement in 2007/2008</i>													
Corrections to Base	(649)	448	-	-	-	-	(201)	(286)	-	286	-	-	-
Additions – capital expenditure	43,572	590	5,172	497	15,117	302	65,250	620	708	343	-	7,314	8,985
Other additions	15,364	-	-	-	-	-	15,364	-	-	-	-	-	-
Disposals	(24,847)	-	-	-	-	-	(24,847)	-	(15,209)	(5,291)	(3,638)	-	(24,138)
Revaluations	92,204	-	1,642	-	-	-	93,846	6,592	8,985	9,007	2,819	-	27,403
Impairments	-	-	(401)	-	-	-	(401)	-	-	(42)	-	-	(42)
Transfers	(2,476)	193	6,395	1,004	-	-	5,116	(109)	2,585	(94)	1,232	(10,242)	(6,628)
Depreciation charge for the year	(29,492)	(1,057)	(8,480)	(2,239)	(3,622)	(1)	(44,891)	-	-	(60)	-	-	(60)
Accumulated depreciation written off to Revaluation Reserve/I&E account due to disposals	68	-	-	-	-	-	68	-	-	-	-	-	-
Accumulated depreciation written off to Revaluation Reserve due to revaluation	28,018	-	726	-	-	-	28,744	-	-	18	-	-	18
Accumulated depreciation written off to I&E account due to revaluations	-	-	400	-	-	-	400	-	-	9	-	-	9
Accumulated depreciation written off to Revaluation Reserve/I&E account due to correction to base	23	-	-	-	-	-	23	-	-	-	-	-	-
Movement in Net Book Value	121,785	174	5,454	(738)	11,495	301	138,471	6,817	(2,931)	4,176	413	(2,928)	5,547
Gross Book Value at 31 March 2008	2,314,270	45,049	652,845	15,440	171,594	14,941	3,214,139	99,522	274	86,495	8,377	10,019	204,687
Accumulated Depreciation at 31 March 2008	(4,219)	(2,634)	(30,979)	(13,594)	(24,475)	(4)	(75,905)			(79)			(79)
Net Book Value at 31 March 2008	2,310,051	42,415	621,866	1,846	147,119	14,937	3,138,234	99,522	274	86,416	8,377	10,019	204,608

Notes To The Accounts (cont)

The Balance Sheet

Movement of Fixed Assets (cont)

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

- Inland Revenue - Valuation Division
- 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 open 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	-	-	-	-	-	-	1,846	14,937	147,119	163,902
Valued at current value in										
2003/04	-	-	-	-	459,396	1,431	-	-	-	460,827
2004/05	-	-	-	3,800	46,674	185	-	-	-	50,659
2005/06	-	-	-	35,923	34,618	13,707	-	-	-	84,248
2006/07	34,827	-	-	1,809	69,494	78,305	-	-	-	184,435
2007/08	2,275,224	99,522	274	883	11,684	1,165	-	-	-	2,388,752
Net Book Value at 31 March 2008	2,310,051	99,522	274	42,415	621,866	94,793	1,846	14,937	147,119	3,332,823

Notes To The Accounts (cont)

The Balance Sheet

23. Council Assets

The assets of the Council at 31 March 2008 included the following:

Council dwellings	24,245
HRA commercial properties	473
HRA surplus properties	2
HRA other properties	195
Car parks	2
Cemeteries	2
Community centres	10
Day centres	11
Depots & workshops	7
Libraries	6
Miscellaneous buildings	17
Mortuaries & courts	2
Non-HRA housing properties	23
Offices	24
Play centres	5
Playing fields	2
Public conveniences	6
Residential homes	7
School keeper houses	10
Schools - nurseries	9
Schools - primary	21
Schools - secondary	5
Schools - special	5
Sports centres/pools	5
Kilometres of road	258
Parks, gardens & open spaces	68
Units of commercial property	443
Surplus/vacant/awaiting development properties	11

24. HRA Asset Valuations

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

	31 March 2008 £'000	1 April 2007 £'000
Operational Properties		
- dwellings	2,310,051	2,188,266
- other properties	42,415	42,241
Sub total	2,352,466	2,230,507
Non-operational Properties		
- commercial properties	99,522	92,705
- surplus	274	3,205
Sub Total	99,796	95,910
Grand Total	2,452,262	2,326,417

The vacant possession value of dwellings within the HRA at 31 March 2008 is £5.383bn.

The difference between the vacant possession value of £5.383bn and the balance sheet value of dwellings of £2.310bn 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	975
- Additions	705
- Depreciation	(670)
Closing Net Book Value	1,010

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

Notes To The Accounts (cont)

The Balance Sheet

26. Capital Expenditure and Funding

	2007/08	2006/07
	£'000	£'000
Expenditure		
Capital additions	66,921	20,707
Written off to Fixed Assets Restatement Account	-	61,958
Intangible assets	227	233
Investments	100	161
Fixed Assets Under Construction	7,314	7,531
Deferred charges	5,903	5,986
Total Capital Expenditure	80,465	96,576

	2007/08	2006/07
	£'000	£'000
Funding		
Loans	15,301	16,730
Usable capital receipts	1,806	15,576
Leaseholders' contributions	4,480	4,300
S106 contributions	535	1,212
Other contributions/ Insurance receipts	1,132	735
Major Repairs Allowance	21,651	21,284
Transport for London grants	8,871	8,614
PSA reward grant	40	-
Other capital grants	10,137	11,839
Revenue financing (HRA)	7,593	10,110
Revenue financing (GF)	8,919	6,176
Total	80,465	96,576

HRA capital expenditure in the year was as follows:

	2007/08	2006/07
	£'000	£'000
Works to HRA dwellings/other properties	44,879	54,030
Acquisitions	717	243
Fixed Assets Under Construction	593	135
Deferred Charges (includes House Purchase Grants)	151	1,126
Total	46,340	55,534

In addition, non-HRA housing capital expenditure of £3.690m (£2.775m in 2006/07) was incurred.

HRA capital expenditure was funded as follows:

	2007/08	2006/07
	£'000	£'000
Loans	10,643	10,643
Usable Capital Receipts	1,265	9,034
Revenue Financing	7,593	10,110
Major Repairs Allowance	21,651	21,284
Leaseholders' Capital Contributions	4,480	4,300
Other	708	163
Total	46,340	55,534

HRA Capital Receipts

Gross HRA capital receipts from disposals in 2007/08 were as follows:

	2007/08	2006/07
	£'000	£'000
Land	358	529
Dwellings	40,373	24,087
Other Properties	1,780	747
Total	42,511	25,363

Notes To The Accounts (cont)

The Balance Sheet

Capital Expenditure and Funding (continued)

Major items of capital expenditure during 2007/08 included

	£'000
Children Schools & Families	
Agar Grove Children's Centre	1,407
Primrose Hill School development	536
Culture & Environment	
Planned Improvements - footway works	2,368
Planned Improvements – carriageway works	1,166
Kentish Town Sports Centre	1,954
Kingsway Tram Tunnel	750
Kingsway & Southampton Row structural maintenance	757
Housing & Adult Social Care	
Hostels improvement programme – St. Mungos grant	2,543
Major repairs / improvements at :-	
Kingsgate Estate	1,404
Abbey Estate	605
Mortimer Estate	666
Amphill Square regeneration	5,896
Whittington Estate	2,190
North Holborn House	1,074
Broadfield	648
Gordon Mansions 1-75	3,680
Brunswick Centre	4,022
Levita House	766
Kennistoun - heating	566
Brunswick - heating	1,993
Snowman / Casterbridge	1,228
Kiln Place - heating	590
Other Schemes :-	
Bidborough House – reconfiguration	593

The Council has authorised capital expenditure of £323m to be incurred in the years 2008/09 to 2012/13, of which £85m has been contracted. These commitments include the following significant schemes:

	£'000
Children Schools & Families	
Primrose Hill School development	875
Culture & Environment	
Kentish Town Sports Centre refurbishment - fees	2,283
Housing & Adult Social Care	
Major repairs / improvements at :-	
100 Drummond Street	678
1-12 Ruscombe, Arlington Road	531
Beaumont	2,015
Spedan Close	1,700
Abbey Estate	5,117
Denton, Malden Crescent	3,014
Amphill Square regeneration	2,405
Whittington Estate	2,977
Maiden Lane	950
Holly Lodge	1,333
Broadfield 1-32	1,045
Gordon Mansions	1,706
Bourne Estate	1,070
Brunswick Centre	2,129
Levita House 61-133	518
Brunswick Centre	2,681
Other Schemes :-	
CCTV	1,000
Hostels Improvement Programme – Novas grant	15,803
Hostels Improvement Programme – St. Mungos grant	2,718
Crisis House development	1,154

The Balance Sheet

Capital Expenditure and Funding (continued)

A further £238m relates to schemes approved to proceed which were not contracted as at 31 March 2008. The following significant schemes are included :-

£,000

Children, Schools & Families

Hampstead School – technology/administrative block	1,247
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Culture & Environment

Planned Improvements - Highways Eversholt Street (Euston Road to Crowndale Road)	10,000 585
Kentish Town Sports Centre refurbishment	20,000

Finance

Jamestown Road offices refurbishment	2,470
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Housing & Adult Social Care

Major repairs / improvements at: -

Denton Estate	2,818
Waxham & Ludham	787
Bacton Estate	1,931
Alexandra Estate / Rowley Way	6,636
Maiden Lane	780
Kiln Place	989
Bucklebury	993
248-250 Camden Road	660

Other Schemes :-

Wind Turbines	975
Bidborough House – reconfiguration	2,214
Integrated Reception Systems	3,200

Notes To The Accounts (cont)

The Balance Sheet

27. Deferred Charges

	2007/08	2006/07
	£'000	£'000
Balance brought forward	-	-
Additions		
Improvement grants	669	653
Other capital grants	4,894	4,586
Voluntary aided schools	154	42
Other	186	705
Transferred from Fixed Assets under construction	23	-
Written off during the year	(5,926)	(5,986)
Balance carried forward	-	-

28. Long-Term Investments

In 2006/07 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 £0.260m in the new company.

The Council has advanced loans of £50m to banks and other financial institutions which are not due to be repaid before 2008/09 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.

29. Long-term Debtors

	31 March 2008	31 March 2007
	£'000	£'000
Loans to Housing Associations	142	148
Staff car loans	30	43
Right to buy mortgages	161	168
Capital service charge loans	757	552
Other mortgages	11	27
Works in default	72	72
	1,173	1,010

30. Current Assets

	31 March 2008	31 March 2007
	£'000	£'000
Stocks	231	205
Cash held by officers	102	101
Money on call/short notice	126,512	89,830
Other short-term lending	73,679	68,061
Cash at bank	11,647	17,596
Payments in advance	4,807	4,592
	216,978	180,385
Collection Fund debtors		
Community charge payers	377	380
Council tax payers	14,958	15,874
NNDR ratepayers	4,691	4,396
NNDR Pool	13,754	7,421
	33,780	28,071
Other debtors		
HRA rents	5,540	6,045
Central Government	12,464	12,848
Other local authorities	6,138	7,130
Other sundry debtors	71,490	71,939
	95,632	97,962
Total debtors	129,412	126,033
Less provisions for bad debts		
Collection Fund		
Community charge	(377)	(380)
Council tax arrears	(9,434)	(11,018)
NNDR arrears	(2,946)	(2,791)
	(12,757)	(14,189)
HRA rents	(3,920)	(4,222)
Other arrears	(39,239)	(38,733)
	(43,159)	(42,955)
Total provisions	(55,916)	(57,144)
Total current assets	290,474	249,274

Notes To The Accounts (cont)

The Balance Sheet

31. Current Liabilities

	31 March 2008 £'000	31 March 2007 £'000
		Restated
Loans <1 year	18,414	124,663
Depositors	2,553	2,047
Bank Overdraft	2,012	1,662
Receipts in advance	31,292	25,488
Charitable receipts	61	62
	54,332	153,922
Collection Fund creditors		
- Council tax payers	6,389	6,647
- NNDR ratepayers	8,102	8,364
- NNDR pool	-	-
	14,491	15,011
Other creditors		
- Pension Fund	-	4,286
- Central Government	17,674	19,231
- Other local authorities	4,184	17,545
- Other sundry creditors	96,347	88,661
	118,205	129,723
Total current liabilities	187,028	298,656

32. 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 2008 £'000	31 March 2007 £'000
Transport Supplementary Grant	4,014	4,158
Other infrastructure grants	53,987	45,708
Other grants (building works)	32,491	30,028
Equipment/Intangibles grants	892	1,136
Contributions	9,314	8,090
	100,698	89,120

33. Provisions

	31 March 2008 £'000	31 March 2007 £'000
Self-insurance provision	4,600	4,528
Tree root damage	3,379	2,913
Total insurance provisions	7,979	7,441
Repayment of grant	-	157
Industrial Leases	500	750
Personal Financial Services	-	1,113
Total general provisions	500	2,020
Total provisions	8,479	9,461

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 is moving 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 may be subject to a legal challenge in the future.

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 2008, £4.600m, is an estimate of outstanding payments on reported claims at that date.

	2007/08	2006/07
	£'000	£'000
Balance at 1 April	4,528	4,634
Contributions	1,803	3,047
	6,331	7,681
Payment of claims	(1,129)	(1,886)
	5,202	5,795
Transfer to / from self-insurance reserve	(602)	(334)
Transfer to Tree Root Damage Provision	-	(933)
Balance at 31 March	4,600	4,528

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.

Repayment of grant the provision has been made in respect of a liability to repay grant on properties that have been sold has been returned to balances.

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.

Personal Financial Services Provision for the repayment of monies to client accounts was fully used in 2007/08.

Notes To The Accounts (cont)

The Balance Sheet

34. 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 2008	31 March 2007	31 March 2008	31 March 2007
	£000s	£000s	£000s	£000s
Borrowings				
Financial liabilities at amortised cost	416,538		19,888	
Financial liabilities at fair value through profit and loss	-		-	
Cash Overdrawn	-		-	
Total borrowings	416,538	279,432	19,888	126,325
Investments				
Loans and receivables	52,142		138,711	
Available-for-sale financial assets	22,242		-	
Fair value through Profit and Loss	51,436		-	
Total investments	125,820	108,061	138,711	107,527

NOTES.

1. Since the balances at 31 March 2007 are not reclassified into the SORP 2007 categories, only the total borrowing and investment figures are shown in the table above (see introduction).
2. 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 B12 of SORP 2007 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.

Notes To The Accounts (cont)

The Balance Sheet

35. 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

2007/08	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	(26,020)				
Losses on derecognition	(12,658)			(1)	
Impairment losses					
Interest payable and similar charges	(38,678)			(1)	(38,679)
Interest income		14,338	202	2,862	
Gains on derecognition				145	
Interest and investment income		14,338	202	3,007	17,547
Gains on revaluation			1,156		1,156
Losses on revaluation					
Amounts recycled to the I&E account after impairment					
Surplus arising on revaluation of financial assets			1,156		1,156
Net loss for the year	(38,678)	14,338	1,358	3,006	(19,976)

Comparable figures are not available for 2006/07 due to the change in accounting standards.

Notes To The Accounts (cont)**The Balance Sheet****36. 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. Fair Values have not been calculated as at 31 March 2007.

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 064/08.
- 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 2008		31 March 2007	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000s	£000s	£000s	£000s
PWLB - maturity	285,620	325,081	280,095	
LOBOs	130,918	140,000	124,000	
Bank overdraft	1,474	1,474	1,662	
Short term borrowing	18,414	-	-	
Financial liabilities	436,426	466,555	405,757	

Notes To The Accounts (cont)

The Balance Sheet

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.

TABLE 4 – FAIR VALUE OF ASSETS CARRIED AT AMORTISED COST

	31 March 2008		31 March 2007	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000s	£000s	£000s	£000s
Cash	12,199	12,199	17,697	
Deposits with banks and building societies	178,654	150,336	129,830	
Callable Deposits	-	28,689	-	
Financial assets	190,853	191,224	147,527	

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 receivable is higher than the rates available for similar loans at the Balance Sheet date. This guarantee to receive interest above/below current market rates increases the amount that the authority would receive if it agreed to early repayment of loans.

Notes To The Accounts (cont)

The Balance Sheet

37. 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. The Council has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

1. Credit Risk

Credit risk arises from the short-term 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 £25m and a limit on the maximum size of one transaction in placing a deposit of £18m.

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.

TABLE 5 – CREDIT RISK (A)

	Amounts at 31 March 2008	Historical experience of default	Historical experience adjusted for market conditions as at 31 March 2008	Estimated maximum exposure to default and uncollectability
	£000s	%	%	£000s
Deposits with banks and other financial institutions	178,654	0%	0%	0
Bonds and other securities	73,678	0%	0%	0
Customers	16,394	19%	19%	3,115
Total	268,726			3,115

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, such that £10.080m of the £16.394m balance is past its due date for payment. There are no impaired debtors. The past due amount can be analysed by age as follows:

TABLE 6 – CREDIT RISK (B)

	31 March 2008 £000s
Less than three months	6,314
Three to six months	6,314
Six months to one year	2,627
More than one year	1,139
Total	16,394

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):

TABLE 7 – LIQUIDITY RISK

On 31 March 2008 £000s	Loans outstanding	On 31 March 2007 £000s
279,432	Public Works Loans Board	280,095
124,000	Market debt	124,000
18,414	Temporary borrowing	-
421,846	Total	404,095
19,154	Less than 1 year	663
827	Between 1 and 2 years	740
15,910	Between 2 and 5 years	16,399
62,855	Between 5 and 10 years	63,193
323,100	More than 10 years	323,100
421,846	Total	404,095

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.

According to this assessment strategy, at 31 March 2008, 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	<u>1,240</u>
Share of overall impact debited to the HRA	991
Decrease in fair value of 'available for sale' investment assets	<u>(91)</u>
Impact on STRGL	<u>(91)</u>
Decrease in fair value of fixed rate investment assets (no impact on I&E account or STRGL)	(5,608)
Decrease in fair value of fixed rate borrowing liabilities (no impact on I&E account or STRGL)	(1,087)

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

38. Revaluation Reserve

The Revaluation Reserve was created on 1 April 2007. The Reserve records the accumulated gains on the fixed assets held by the authority arising from increases in value as a result of inflation or other factors. 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.

	2007/08
	£'000
Balance brought forward 1.4.07	-
Revaluations	121,249
Depreciation written off on revaluation	28,762
Depreciation for year in respect of revalued amounts	(65)
Corrections to base	764
Fixed assets disposed of in year	(29,509)
Depreciation written off on disposal	67
Balance carried forward 31.3.08	121,268
Comprising:	
General Fund	8,057
HRA	113,211
	121,268

39. Capital Adjustment Account

The Capital Adjustment Account (CAA) was created on 1 April 2007 by merging two former accounts: the Capital Financing Account (CFA) and the Fixed Assets Restatement Account (FARA). The new CAA will show:

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.

	2007/08	2006/07
	CAA	CFA
	£'000	£'000
Balance brought forward	708,901	686,224
Prior Year adjustment		(1,354)
Balance on former FARA	1,881,391	-
Capital financing:		
- capital receipts	1,805	15,576
- revenue	16,512	16,286
Major Repairs Reserve	21,651	21,284
Reversal of Impairment charge to I & E A/C	(1,732)	-
Minimum Revenue Provision	3,903	3,727
Depreciation	(45,620)	(39,816)
Depreciation for year in respect of revalued amounts	65	-
Amortised Capital grants	3,456	3,505
Amortised Capital contributions	269	216
Leaseholders' capital contributions	4,480	4,300
Less deferred charges:		
- written down in year	(5,927)	(5,986)
- capital grant adjustment	5,414	3,733
NBV of assets disposed of	(19,475)	-
Debt repaid/ extinguishment of credit liabilities	15,116	1,206
Pre-application of Capital Receipts	74,841	-
Balance carried forward	2,665,050	708,901

Notes To The Accounts (cont)

The Balance Sheet

40. 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:

	2007/08 £'000	2006/07 £'000
Balance unapplied at 1 April	43,362	37,901
Receipts in Year		
Sale of Council dwellings	40,373	23,809
Sale of other land and buildings	11,348	12,167
Distribution of LRB receipts	-	28
Repayment of housing assoc loans/mortgages	6	1,206
Total Receipts	95,089	75,111
Application		
New capital expenditure	1,806	15,576
Capital Financing Account	6	1,206
Payment to national pool	18,436	14,967
Pre-application of capital receipts	74,841	
Total Application	95,089	31,749
Balance unapplied at 31 March	-	43,362

41. Major Repairs Reserve

This reserve came into operation in 2001/02 and reflected a change in the subsidy regime in that year. The movement in the reserve in 2007/08 was as follows:

	31 March 2008 £'000	31 March 2007 £'000
Opening Balance 1 April	-	-
Transferred to Reserve in year	30,751	26,466
Transferred to HRA in year	(9,100)	(5,182)
Used to fund capital expenditure on operational HRA property in year	(21,651)	(21,284)
Closing Balance at 31 March	-	-

42. Earmarked Reserves

The following earmarked reserves were maintained during 2007/08:

	31 March 2008 £'000	31 March 2007 £'000
Departmental reserves		
Finance	582	582
Organisational Development	21	21
Customers, Strategy and Performance	113	113
Children's, Schools and Families	2,835	2,835
Housing and Adult Social Care	3,904	3,764
Total Departmental Reserves	7,455	7,315
Corporate Reserves		
Future Capital schemes a	40,589	15,191
Risk Management b	228	228
Commercial property c	2,404	861
IT Systems Management d	1,642	1,642
Modernising Government e	43	317
Potential litigation f	670	670
Self-insurance reserve g	10,947	10,947
Kentish Town Sports Centre h	-	296
Local Area Agreement Grants i	1,226	1,189
Mental Health Aftercare Reserve j	1,125	1,715
Haverstock School PFI Initial Payment reserve k	2,927	3,057
Haverstock School PFI reserve l	4,414	3,992
Corporate Initiatives m	2,409	2,649
Licensing n	381	381
Pay & Grading review o	1,274	668
Revenue Funding Reserve p	80	80
Mayors Charity reserve q	15	23
Dedicated Schools Grant r	736	656
Workforce Remodelling and Efficiency projects 2007/08 s	1,750	1,750
Workforce Remodelling and Efficiency projects 2008/09 t	3,000	3,000
Parking Reserve u	3,656	-
Building Schools for the Future v	2,000	-
Total Corporate Reserves	81,516	49,312
Total Reserves	88,971	56,627

Earmarked Reserves (continued)

a This reserve has been created to cover the cost of various future schemes which were approved in 2007/08.

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 33) 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 £3,049,945 as at 31 March 2008.

h This reserve was set up to meet design and consultancy work on the Kentish Town Sports Centre.

i This reserve has been set up to meet Local Area Agreement grant commitments in future years.

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

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

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

m This reserve has been set up to provide funding for corporate initiatives by transferring resources from departmental reserves and from other funding sources.

n This reserve has been set up to hold funding allocated for the new Licensing Act that was implemented later than originally expected.

o This reserve has been set up to hold unspent budget provision in 2007/08 and earlier years for the pay and grading review.

p This reserve was set up to hold the funding for additional revenue spending approved for 2006/07 and the funding from general balances to support the Council's budget for 2007/08.

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

r 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.

s This reserve was set up to fund costs in 2007/08 and beyond that may arise from workforce remodelling and the Better and Cheaper agenda.

t This reserve was set up to fund costs in 2008/09 and beyond that may arise from workforce remodelling and efficiency projects under the Better and Cheaper agenda.

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

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

Notes To The Accounts (cont)

The Balance Sheet

43. 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 increased by £1.198m during the course of 2007/08.

	£'000
Schools balances as at 1 April 2007	6,943
Movement in year	1,198
Schools balances at 31 March 2008	<u>8,141</u>

44. Contributions to Capital and Other Works Unapplied

These comprise:

	31 March 2008 £'000	31 March 2007 £'000
Leaseholder Capital Contributions	10,981	6,421
Insurance Contributions	-	20
Total Contributions	<u>10,981</u>	<u>6,441</u>

Developers Contributions are now classified within sundry creditors as being contributions that are capable of being repaid.

45. Analysis of Net assets employed

	31 March 2008 £'000	31 March 2007 £'000
General Fund	522,060	422,802
HRA	2,200,341	2,095,132
	<u>2,722,401</u>	<u>2,517,934</u>

46. 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 42).

The Council has given a financial guarantee of £0.610m to LAML which gives rise to a contingent liability. (See also Notes 8 and 33). The legal standing of LAML is currently subject to a challenge.

47. Date of Accounts being authorised for issue

The Draft Statement of Accounts was authorised for issue on 27 June 2008 by Mike O'Donnell, Director of Finance.

48. Post Balance Sheet Events

There were no material post balance sheet events.

Notes To The Accounts (cont)

The Balance Sheet

49. 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 2008 £'000	Net Movement in Year £'000	Balance at 1 April 2007 £'000	Purpose of Reserve	Further Details of Movement
Revaluation Reserve	121,268	121,268	-	Store of gains on revaluation of fixed assets not yet realised through sales	See Note 38 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	2,665,050	74,758	2,590,292	Store of capital resources set aside to meet past expenditure	See Note 39 to the Core Financial Statement
Financial Instruments Adjustment Account	(8,144)	(8,144)	-	Balancing Account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments.	
Useable Capital Receipts	-	(43,362)	43,362	Proceeds of fixed asset sales available to meet future capital investment	See Note 40 to the Core Financial Statement
Contributions to Capital Works Unapplied	10,981	4,540	6,441	Contributions made to support future capital investments	See Note 44 to the Core Financial Statement
Major Repairs Reserve	-	-	-	Resources available to meet capital investment in Council housing	See Note 41 to the Core Financial Statement
Earmarked Reserves	88,971	32,344	56,627	Revenue resources earmarked for specific purposes	See Note 42 to the Core Financial Statement
Pensions Reserve	(251,688)	54,958	(306,646)	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	See Note 51 to the Core Financial Statement
Collection Fund – Camden share	5,767	1,584	4,183	Camden's share of the balance on the Collection Fund available to support future revenue spending	Collection Fund Statement page 70
Housing Revenue Account	64,164	(14,812)	78,976	Resources available to meet future running costs for council houses	Housing Revenue Account Statement page 66 to 69
Schools Balances	8,141	1,198	6,943	Balances of schools delegated budgets	See Note 43 to the Core Financial Statement
General Fund	17,835	(12,075)	29,910	Resources available to meet future running costs for non-housing services	Statement of Movement on the General Fund Balance page 23
Total	2,722,401	212,313	2,510,088		

Notes To The Accounts (cont)

The Balance Sheet

50. 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 2007 Restated*	Receipts 2007/2008	Payments 2007/2008	Balance at 31 March 2008
	£	£	£	£
Education	(8,070)	(425)	-	(8,495)
Social Services	(15,079)	(22,678)	1,300	(36,457)
Other Funds	(169,481)	(16,216)	-	(185,697)
Waterlow Park*	(212,993)	(371,860)	383,067	(201,786)
Emmanuel Vincent Harris Trust	(4,170,051)	(230,515)	175,900	(4,224,666)
	(4,575,674)	(641,694)	560,267	(4,657,101)

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 2008 was £3.826 million (£3.442 million as at 31 March 2007).

51. 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 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.

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.

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. A full actuarial valuation was carried out at 31 March 2007 and assumptions made for 31 March 2008 by a qualified independent actuary. The assumptions that have the most significant effect on this valuation are as follows: -

	As at 31 March 2008 % per annum	As at 31 March 2007 % per annum	As at 31 March 2006 % per annum
Price Increases	3.6%	3.2%	3.1%
Salary Increases	5.1%	4.7%	4.6%
Pension Increases	3.6%	3.2%	3.1%
Discount Rate	6.9%	5.4%	4.9%

The assets in the scheme and the expected rates of return were:

	31 March 2008		31 March 2007		31 March 2006	
	Long-term expected rate of return	Camden's share of the Fund £'000	Long-term expected rate of return	Camden's share of the Fund £'000	Long-term expected rate of return	Camden's share of the Fund £'000
Equities	7.7%	484,676	7.8%	531,510	7.4%	471,986
Bonds	5.7%	103,275	4.9%	87,759	4.6%	122,876
Property	5.7%	52,708	5.8%	65,248	5.5%	18,365
Cash	4.8%	26,705	4.9%	16,860	4.6%	38,136
Total market value of assets		<u>667,364</u>		<u>701,377</u>		<u>651,363</u>

Net Pension Liability

	31 March 2008 £'000	31 March 2007 £'000
Estimated Employer Assets	667,364	701,377
Present value of scheme liabilities	(915,841)	(998,200)
Net pension liability	<u>(248,477)</u>	<u>(296,823)</u>

The movement in the net pension liability for the year to 31 March 2007 is as follows:

	Year to 31 March 2008 £'000	Year to 31 March 2007 £'000
Deficit at beginning of year	(296,823)	(347,887)
Current Service Cost	(23,970)	(28,687)
Employer Contributions	31,685	30,198
Contributions in respect of Unfunded Benefits	3,706	3,547
Past Service Costs	(31)	(48)
Impact of Settlements and Curtailments	(1,655)	(1,454)
Net Return on Assets	(3,669)	(5,418)
Actuarial Gains/(Losses)	42,280	52,926
Deficit at end of year	<u>(248,477)</u>	<u>(296,823)</u>

Notes To The Accounts (cont)

The Balance Sheet

Pension and Similar Obligations (continued)

The actuarial gains and losses can be analysed as follows, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2008:

	Year to 31 March 2008 £'000	%	Year to 31 March 2007 £'000	%	Year to 31 March 2006 £'000	%	Year to 31 March 2005 £'000	%	Year to 31 March 2004 £'000	%
Differences between expected and actual return on assets	(78,027)	(11.7)	(7,208)	(1.0)	82,794	12.7	21,768	4.2	57,546	12.7
Differences between actuarial assumptions about liabilities and actual experience	(32,917)	(3.6)	(945)	(0.1)	44	-	44,568	5.3	(49,166)	(7.1)
Changes in the financial assumptions underlying the present value of the Scheme Liabilities	153,224		61,079		(117,056)		(143,151)		-	
	42,280	4.6	52,926	5.3	(34,218)	(3.4)	(76,815)	(9.2)	8,380	1.2

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. A full actuarial valuation was carried out at 31 March 2007 and assumptions made for 31 March 2008 by a qualified independent actuary. The assumptions that have the most significant effect on this valuation are as follows: -

	As at 31 March 2008 % per annum	As at 31 March 2007 % per annum	As at 31 March 2006 % per annum
Price Increases	3.6%	3.2%	3.1%
Salary Increases	5.1%	4.7%	4.6%
Pension Increases	3.6%	3.2%	3.1%
Discount Rate	6.9%	5.4%	4.9%

The assets in the scheme and the expected rates of return were:

	31 March 2008		31 March 2007		31 March 2006	
	Long-term expected rate of return	Camden's share of the Fund £'000	Long-term expected rate of return	Camden's share of the Fund £'000	Long-term expected rate of return	Camden's share of the Fund £'000
Cashflow matching	4.5%	26,620	4.5%	25,482	4.2%	25,150
Equity	7.7%	3,874	7.8%	4,406	7.4%	4,210
Cash	4.8%	626	4.9%	518	4.6%	950
Total market value of assets		<u>31,120</u>		<u>30,406</u>		<u>30,310</u>

Net Pension Liability

	31 March 2008 £'000	31 March 2007 £'000
Estimated Employer Assets	31,120	30,406
Present value of scheme liabilities	(34,331)	(40,229)
Net pension liability	<u>(3,211)</u>	<u>(9,823)</u>

The movement in the net pension liability for the year to 31 March 2008 is as follows:

	Year to 31 March 2008 £'000	Year to 31 March 2007 £'000
Surplus/(deficit) at beginning of year	(9,823)	(10,650)
Current Service Cost	(404)	(544)
Employer Contributions	458	427
Contributions in respect of unfunded benefits	56	60
Impact of Settlements and Curtailments	-	-
Net Return on Assets	(650)	(613)
Actuarial Gains/(Losses)	7,152	1,497
Deficit at end of year	<u>(3,211)</u>	<u>(9,823)</u>

Notes To The Accounts (cont)

The Balance Sheet

Pension and Similar Obligations (continued)

The actuarial gains and losses can be analysed as follows, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2008:

	Year to 31 March 2008		Year to 31 March 2007		Year to 31 March 2006		Year to 31 March 2005		Year to 31 March 2004	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Differences between the expected and actual return on assets	258	0.8	1	-	1,128	3.7	153	0.5	1,060	3.1
Differences between actuarial assumptions about liabilities and actual experience	4,203	12.2	20	-	(19)	-	(4,682)	(13.0)	(23)	(0.1)
Changes in financial assumptions underlying the present value of the Scheme Liabilities	<u>2,691</u>		<u>1,476</u>		<u>(3,821)</u>		<u>(5,114)</u>		<u>-</u>	
	<u>7,152</u>	<u>20.8</u>	<u>1,497</u>	<u>3.7</u>	<u>(2,712)</u>	<u>(6.6)</u>	<u>(9,643)</u>	<u>(26.8)</u>	<u>1,037</u>	<u>3.2</u>

Combined Net Pension Liability

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

	Net Pension Liability at 31 March 2008 £'000	Net Pension Liability at 31 March 2007 £'000
Camden Fund	(248,477)	(296,823)
London Pension Fund Authority	<u>(3,211)</u>	<u>(9,823)</u>
Total	<u>(251,688)</u>	<u>(306,646)</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 £6.154m and the agreed employer contribution rate from 1 April 2008 is 14.1%.

The Cash Flow Statement

Notes to the Accounts

52. Other Government Revenue Grants

	2007/08 £'000	2006/07 £'000
Asylum Seekers	2,085	1,900
Childcare Development	2,648	1,828
Children's Fund	632	644
Council Tax grants	1,126	1,132
Dedicated Schools Grant	118,313	110,974
HRA Subsidy	38,104	41,606
Mental Health Grants	2,182	2,593
Learning & Skills Council	16,891	15,989
Neighbourhood Renewal Fund (now within LAA)	-	6,495
Preserved Rights	1,040	1,105
Promoting Independence Grant	2,797	2,823
School Standards Grant	4,868	3,776
Standards Fund	15,762	15,608
Sure Start	3,237	4,439
Transport for London	2,051	352
Connexions	1,120	1,287
PFI grant	1,717	1,717
Supporting People Programme grant	35,723	36,452
New Opportunities Fund	231	111
Local Authority Business Growth Incentive (LABGI)	1,535	740
Carers Grant	1,311	1,312
Local Area Agreement (LAA)	12,177	1,385
LPSA	-	2,456
Other grants	9,161	6,988
	274,711	263,712

53. Reconciliation of Revenue Cash Flow

	2007/08 £'000	2006/07 £'000
Net General Fund Revenue surplus	(432)	(14,478)
Net HRA revenue (surplus)/deficit	14,815	(6,896)
Net Collection Fund revenue surplus	(2,131)	(2,485)
Expenditure debited to holding accounts and provisions	1,569	2,454
Deduct interest paid	(24,053)	(25,006)
Deduct contributions to provisions and reserves	(24,950)	(14,468)
Deduct revenue contributions to capital	(16,512)	(16,286)
Creditors increase	5,088	2,955
Increase/(decrease) in stock	26	(14)
Add interest received	9,688	6,803
Other financing	(19,035)	(11,687)
Minimum revenue provision	3,903	3,727
Add contributions from provisions and reserves	1,971	13,615
Debtors (decrease)/increase	1,432	(7,029)
Revenue activities net cash inflow	(48,621)	(68,795)

54. Net Debt

	31 March 2008 £'000	Movement In year 2007/08 £'000	31 March 2007 £'000
Cash in hand/at bank	11,749	(5,948)	17,697
Cash overdrawn	(2,012)	(350)	(1,662)
Debt greater than one year	(403,432)	(124,000)	(279,432)
Debt less than one year	-	124,663	(124,663)
Current Asset Investments	196,259	38,368	157,891
Long Term Investments	50,000	10,000	40,000
	(147,436)	42,733	(190,169)

Notes To The Accounts (cont)

The Cash Flow Statement

55. Movement in Net Debt

	2007/08 £'000	2006/07 £'000
Increase/(decrease) in cash	(6,298)	8,300
Add Back		
Cash flow from increase/decrease in debt and lease financing	663	595
Cash flow from increase in liquid resources	48,368	13,667
Change in net debt resulting from cash flows	42,733	22,562
Net Debt at 1 April	(190,169)	(212,731)
Net Debt at 31 March	(147,436)	(190,169)

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

56. Management of Liquid Resources

	2007/08 £'000	2006/07 £'000
Money on call or at short notice		
- deposited	1,743,261	1,005,949
- returned	(1,694,893)	(992,282)
	48,368	13,667

57. Movement in Cash

	31 March 2008 £'000	31 March 2007 £'000
Cash with accounting officers	102	101
Cash at bank (with no penalty)	11,647	17,596
Cash overdrawn	(2,012)	(1,662)
	2007/08 £'000	2006/07 £'000
Movement in cash with accounting officers	(1)	1
Movement in cash at bank (with no penalty)	5,949	(7,288)
Movement in cash overdrawn	350	(1,013)
Net cash (inflow)/outflow	6,298	(8,300)

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 March 2008

	Notes	2007/2008 £'000	2006/2007 £'000
Income			
Rents – dwellings	1,2,3,5	(95,834)	(94,060)
– non-dwellings		(9,287)	(8,954)
Charges for services and facilities		(30,479)	(24,501)
HRA Subsidy	4	(37,629)	(41,606)
Supporting People Grant		(4,177)	(4,323)
Government Grants deferred		(353)	(349)
Total income		(177,759)	(173,793)
Expenditure			
Repairs and maintenance		46,835	42,325
Supervision and management	– General	25,132	25,662
	– Special services	21,028	22,288
Unitary Payments to PFI provider		7,854	6,758
Capital Payments to PFI provider		3,562	-
Rents, rates and other charges		14,160	14,379
Increased provision for bad debts		1,027	102
Depreciation	7	31,439	26,466
Debt Management Expenses		5,720	250
Total expenditure		156,757	138,230
Net Cost of HRA Services per whole authority Income and Expenditure Account		(21,002)	(35,563)
HRA services share of Corporate and Democratic Core		2,221	2,365
Net Cost of HRA services		(18,781)	(33,198)
Loss on sale of HRA fixed Assets		-	95
Interest payable and similar charges	6,8	26,066	23,484
Premium		10,404	-
Investment Income		(3,802)	(3,556)
Pensions interest cost and expected return on pensions assets	9	648	1,004
Surplus/(Deficit) for the year on HRA services		14,535	(12,171)
Statement of Movement on the HRA Balance			
Surplus/(Deficit) for the year on the HRA Income and Expenditure Account		14,535	(12,171)
Net additional amount required by statute to be debited or credited to the HRA balance for the year	11	277	5,275
(Increase) or decrease in the Housing Revenue Account Balance		14,812	(6,896)
Housing Revenue Account surplus brought forward		(78,976)	(72,080)
Housing Revenue Account surplus carried forward	10	(64,164)	(78,976)

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 1.57% of properties used for permanent accommodation were vacant (1.50% in 2006/07). The average rent for all stock excluding service charges was £77.12 per week in 2007/08, an increase of £1.73 or 2.29%, over the 2006/07 level of £75.39 per week, which has been restated to exclude service charges.

2. Housing Stock

The Council was responsible at 31 March 2008 for managing self-contained and shared dwellings. The stock was as follows:

Property	No.
Bedsitter/1 Bed accommodation	10,031
2 Bed accommodation	7,515
3 Bed accommodation	4,927
4 Bed+ accommodation	1,443
	<u>23,916</u>
Multi-occupied dwellings	
Shared units *	329
Total	<u>24,245</u>

*Dwelling equivalent

The change in stock can be summarised as follows:

	2007/08	2006/07
Stock at 1 April	24,414	24,582
Less sales, demolitions, etc	(169)	(168)
Stock at 31 March	<u>24,245</u>	<u>24,414</u>

3. Rent Arrears

The arrears at 31 March 2008 were £5.540m (£6.045m at 31 March 2007). Amounts written off during the year totalled £0.816m (£0.892m in 2006/07) and the provision for bad debts at the year-end totalled £3.920m (£4.222m at 31 March 2007).

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:

	2007/08 £'000	2006/07 £'000
Notional expenditure		
Management and maintenance	66,402	66,295
Major Repairs Allowance	21,651	21,284
Charges for capital	32,362	29,985
PFI	6,824	6,114
Other	11,308	9,872
Total notional expenditure	<u>138,547</u>	<u>133,550</u>
Notional income		
Rents	(100,911)	(91,931)
Other	(7)	(13)
Total notional income	<u>(100,918)</u>	<u>(91,944)</u>
HRA Subsidy	<u>37,629</u>	<u>41,606</u>
Prior Year Adjustment	-	-
	<u>37,629</u>	<u>41,606</u>

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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 66% of the Council's tenants were receiving some help with the costs of rent, water and heating charges at 31 March 2008.

	2007/08 £'000	2006/07 £'000
Gross rent income	95,834	94,060
Gross tenant service charge income	10,155	7,004
Total	105,989	101,064
Rent rebates	69,970	64,436
Rebates as % of rent income	66.0%	63.8%

Housing Benefit is administered by the Finance Department under regulations laid down by the Department of Work and Pensions (DWP). The net cost of rent rebates granted to council tenants is met by council taxpayers 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:

	2007/08 £'000	2006/07 £'000
Operational Assets-dwellings	29,492	25,275
Operational Assets-other	1,259	1,191
Impairments	688	-
Total	31,439	26,466

8. Deferred Charges

Deferred charges consist of house purchase grants under the cash incentive scheme of £0.151m (£1.126m in 2006/07) which are made to tenants to assist them in purchasing homes in the private sector.

9. 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.

10. Surplus Carried Forward to Earmarked Reserves

The balance represented by the accumulated surplus of £63.724m at the end of the year was earmarked for the following purposes:

	2007/08 £'000	2006/07 £'000
Capital schemes – programmed	26,575	29,470
Major repairs programme	26,241	25,862
Heating Pool	1,258	86
Residential Leases	3,740	20,550
Working balance	6,350	3,008
	64,164	78,976

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Notes to the Housing Revenue Account (continued)

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

		2007/08 Net Expenditure	2006/07 Net Expenditure
	Notes	£'000	£'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		1,377	1,688
Loss on sales of HRA fixed assets		-	(95)
Government Grants Deferred Amortisation		354	349
Write down of Deferred Charges financed from capital resources	8	(151)	(1,126)
Net charges made for retirement benefits in accordance with FRS17	9	(4,762)	(6,241)
Total		(3,182)	(5,425)
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		(9,787)	(5,182)
Capital Expenditure funded by the HRA		7,593	10,110
Employers contributions payable to the pension funds and retirement benefits payable direct to pensioners	9	5,653	5,772
Total		3,459	10,700
Net additional amount required by statute and non-statutory proper practices to be debited to the HRA Balance for the year		277	5,275

COLLECTION FUND REVENUE ACCOUNT for the year ended 31 March 2008

	Notes	2007/08 £'000	2007/08 £'000	2006/07 £'000	2006/07 £'000
Income					
Council Tax					
Income from council tax (net of benefits)	1,2,3,4	(96,996)		(95,137)	
Council Tax benefits		(24,994)	(121,990)	(25,092)	(120,229)
Decrease in provision for uncollectable amounts	5,6		(1,920)		(2,118)
Community Charge					
Community charge collected			(2)		-
NNDR					
Income collectable from business ratepayers			(291,358)		(282,881)
Total income			(415,270)		(405,228)
Expenditure					
Council Tax					
Precepts and Council demand					
- LB Camden (including Garden Squares)		91,960		91,162	
- Greater London Authority		28,033	119,993	26,393	117,555
Distribution of surplus/(collection of deficit)					
- LB Camden		1,510		271	
- Greater London Authority		437	1,947	71	342
Amounts written off/(on)			(159)		1,245
Community Charge					
Transfer to General Fund					-
NNDR					
NNDR allowable costs and adjustments		3,691		3,163	
Contribution to the NNDR pool	8	287,667	291,358	279,718	282,881
Total expenditure			413,139		402,023
Surplus for the year			(2,131)		(3,205)
Collection Fund Balance					
Surplus at beginning of year			(5,394)		(2,189)
Surplus for the year			(2,131)		(3,205)
Surplus at end of year	7		(7,525)		(5,394)

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.

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.

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.

4. Council Tax Bands

Market Value in April 1991	Band	2007/08 Council Tax £	Number of properties at 31 March 2008	Number of properties at time of tax setting	Fraction 2007/08	Tax base for tax setting
Less than £40,000	A	867.02	2,884	2,503	6/9	1,237.62
£40,000 - £52,000	B	1,011.51	10,281	9,971	7/9	5,922.53
£52,000 - £68,000	C	1,156.02	19,161	18,963	8/9	13,288.41
£68,000 - £88,000	D	1,300.52	24,060	23,824	9/9	19,156.16
£88,000 - £120,000	E	1,589.53	16,523	16,371	11/9	16,307.57
£120,000 - £160,000	F	1,878.53	10,384	10,292	13/9	12,484.96
£160,000 - £320,000	G	2,167.54	11,667	11,670	15/9	16,692.72
£320,000 or more	H	2,601.04	4,055	4,034	18/9	7,160.03
Total			99,015	97,628		92,250.00

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 2007/08, the Council estimated that a band D charge of £1 would produce an income of £92,250. 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.

In 2007/08 the council tax for band D was set as follows:

	£
Camden	996.64
Greater London Authority	303.88
Total	1,300.52

This was an increase of £15.27 (1.19%) on the corresponding figure for 2006/07 of £1,285.25.

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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 £9.098m on 31 March 2008. This represents 61% of the outstanding arrears.

7. Fund Balance

The balance on the Collection Fund at 31 March 2008 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 2007	Change during 2007/08	31 March 2008
	£'000	£'000	£'000
Council tax			
-2004/05	-	-	-
-2005/06	(1,845)	1,845	-
-2006/07	(3,547)	102	(3,445)
-2007/08	-	(4,076)	(4,076)
Community charge	(2)	(2)	(4)
	<u>(5,394)</u>	<u>(2,131)</u>	<u>(7,525)</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 2008/09 and 2009/10. These payments may be analysed as follows:

	Refund 2008/09	Estimated Refund 2009/10	Total
	£'000	£'000	£'000
Camden	3,096	2,671	5,767
Greater London Authority	944	814	1,758
	<u>4,040</u>	<u>3,485</u>	<u>7,525</u>

8. Collection of National Non-Domestic Rates

Under the arrangements for National Non-Domestic Rates (NDR) 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 2007/08 is 44.1p and the non-domestic rating multiplier is 44.4p (42.6p and 43.3p in 2006/07 respectively). The total amount collectable, less certain reliefs and deductions, is paid into a national pool.

At 31 March 2008 the non-domestic rateable value of the borough was £804.333m (£831.648m at 31 March 2007). 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.

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Notes to the Collection Fund (continued)

Collection of National Non-Domestic Rates (cont)

	2007/08 £'000	2007/08 £'000	2006/07 £'000	2006/07 £'000
Income from business ratepayers				
Non-domestic rate charge		337,570		342,682
SBBR Supplement		1,327		4,808
Transitional relief	(5,827)		(11,621)	
Less - mandatory charity relief	(26,039)		(30,353)	
- empty property relief	(15,194)		(22,234)	
- discretionary relief	(479)	(47,539)	(401)	(64,609)
Income due from business ratepayers		291,358		282,881
NNDR collection costs, credited to the Council's General Fund	(1,126)		(1,133)	
Bad debt provision/losses on collection	(1,892)		(1,823)	
Discretionary relief charged to:				
The Council's General Fund	342		301	
Interest on refunds	(1,015)	(3,691)	(508)	(3,163)
Contribution to NNDR Pool		287,667		279,718

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 (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 2007 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 three professional fund managers, Baillie Gifford & Co, UBS Ltd and Schroder Investment Management Ltd. Each operates within policies and targets originally determined by the Council's Investment Panel in 1992 and amended in December 2005 so that now UBS Ltd have been given responsibility for 42.5% of the Fund, Schroder Investment Management Ltd 37.5% and Baillie Gifford and Co. 20%. The Pension Sub Committee also agreed certain performance benchmark changes in December 2005 connected with the long-term investment strategy which has been fully implemented since 2006/07.

Overall investment strategy is the responsibility of the 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 three 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 three Fund Managers as at 31 March 2008 is as follows:

	£'000
Council	3,004
Baillie Gifford and Co	156,656
UBS Ltd	321,445
Schroder Investment Management Ltd	294,820
	775,925

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 increase the employer's contribution rate from 2008/09 and continue at that level for the next two years. The rate of contribution during 2007/08 was 21.9% of pensionable pay.

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

2007/08	21.9%
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 2007/08, £0.501m was paid to the council for administration (£0.496m in 2006/07) and as at 31 March 2008, £2.712m was due from the Council to the Fund (£4.286m at 31 March 2007).

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 2008 were as follow:

- // 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.

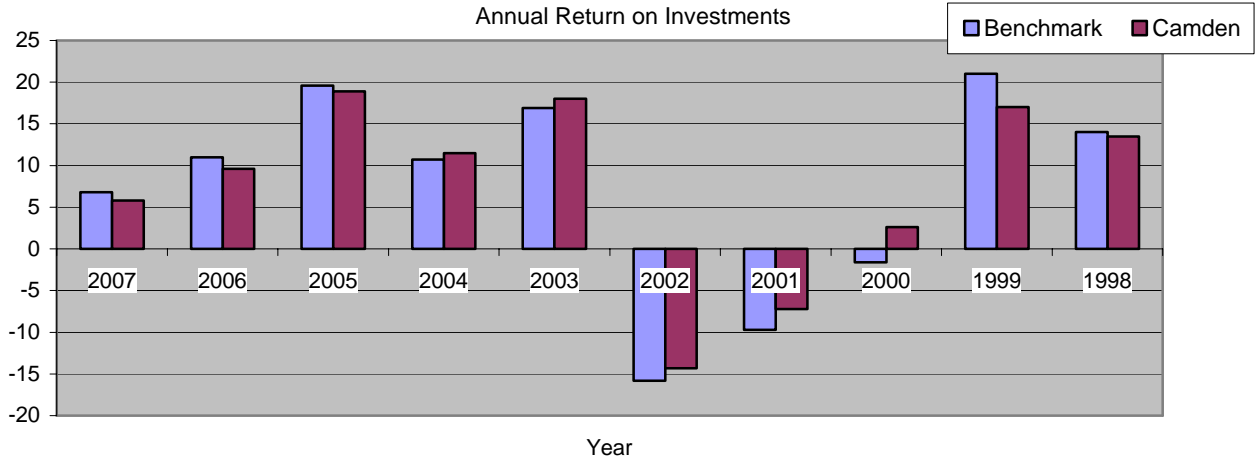
The Council has adopted a formal Statement of Investment Principles which has been published on the council website at www.camden.gov.uk.

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.

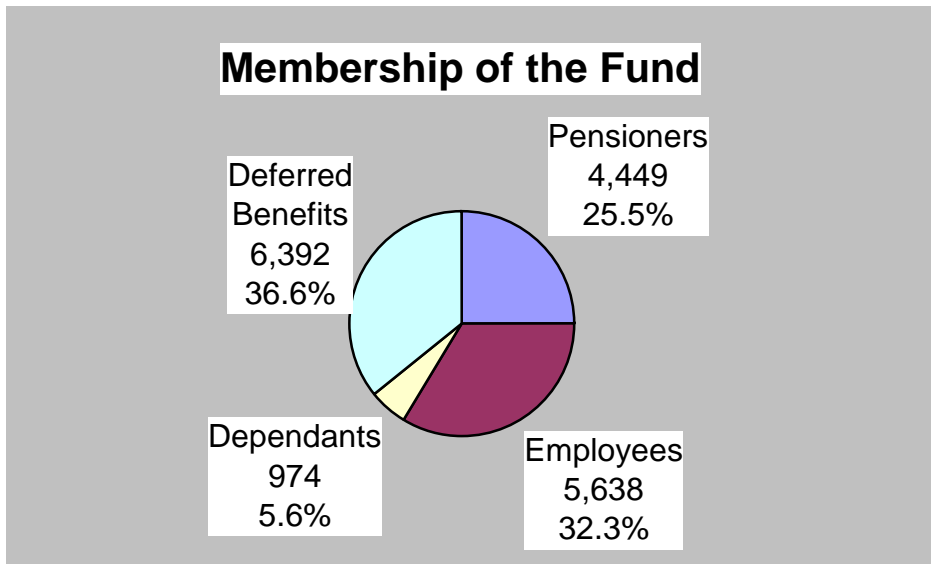
Scheduled Bodies

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



The overall value of the Fund has risen by 121% 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 eight years WM average and one year of the specific benchmark. The benchmark weightings are as follows: - UK Equities 40%, Overseas Equities 35%, Bonds 15% and Property 10%.



Total membership of the Fund at 31 March 2008 was 17,453 (17,266 in 2007). Within the totals shown in the pie chart are 497 employees, 361 pensioners, 32 dependants and 716 deferred benefits attributable to admitted bodies.

PENSION FUND ACCOUNT for the year ended 31 March 2008

	Notes	2007/08 £'000	2006/07 £'000
Contributions and benefits			
Contributions receivable:			
From Employees'		(9,753)	(9,691)
From Employer's		(33,792)	(33,421)
Transfers in (individual)		(6,560)	(7,099)
Augmentation Payments	2	(2,830)	(2,159)
Contribution equivalent Premiums	3	(46)	9
Retirement pensions		28,000	26,178
Commutation of pensions and lump sum retirement benefits		5,688	6,275
Lump sum death benefits		497	373
Refund of contributions		15	34
Transfers out (individual)		9,744	7,167
Administration costs		648	589
Other expenditure		641	534
Net additions from dealing with members		(7,748)	(11,211)
Returns on investments			
Investment income	4	(23,921)	(21,675)
Change in market value of investments		52,149	(21,427)
Management fees		1,429	1,330
Net returns on investments		29,657	(41,772)
Net increase/(decrease) in the fund		(21,909)	52,983
Net assets at 1 April 2007		797,834	744,851
Net assets at 31 March 2008		775,925	797,834

PENSION FUND NET ASSETS STATEMENT as at 31 March 2008

	Notes	31 March 2008 £'000	31 March 2007 £'000
Investments at market value			
Fixed interest securities			
Public sector		56,475	56,594
Corporate bonds		10,839	15,599
Pooled Investment Vehicle		21,641	15,996
Index linked securities			
-Public Sector		18,330	12,057
UK equities		296,421	319,531
Overseas equities		278,252	279,262
Property unit trusts		59,356	73,578
Venture capital	7	37	43
Cash deposits		28,114	16,984
Investment Income Receivable		3,392	3,374
	5,6,8	772,857	793,018
Other net assets			
Camden Debtor		2,712	4,286
Net current assets and liabilities	9	356	530
Net assets		775,925	797,834

The net asset statement includes all assets and liabilities of the fund at 31 March 2008, 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 mid-market values 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 mid-market price. Other quoted investments are valued on the basis of the mid-market value 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.

4. Pension Fund Investment Income

A detailed breakdown of this figure is shown below:

	2007/08 £'000	2006/07 £'000
Fixed interest securities		
- Public sector	2,601	3,287
- Corporate bonds	75	87
Index linked securities	308	301
UK equities	10,933	10,378
Overseas equities	6,160	5,039
Property unit trusts	2,349	1,338
Interest on cash deposits	1,495	1,245
Total income	23,921	21,675

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5. Investments

Pension Fund Purchases and Sales by Asset Type for the year ended 31 March 2008:

	2007/08 £'000	2006/07 £'000
Purchases		
Fixed interest securities		
- Public sector	51,040	106,213
- Corporate bonds	9,580	14,199
Life Fund	6,932	3,100
Index linked securities	14,074	12,186
UK equities	99,841	100,506
Overseas equities	137,789	113,873
Property Unit Trusts	-	48,499
Total purchases	319,256	398,576
Sales		
Fixed interest securities		
- Public sector	53,667	145,801
- Corporate bonds	16,794	7,072
Life Fund	1,346	858
Index linked securities	9,410	19,883
UK equities	80,098	101,024
Overseas equities	132,927	77,862
Property unit trusts	3,787	-
Venture capital	2	-
Total Sales	298,031	352,500

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6. Pension Fund Analysis of Investments at Market Value

	31 March 2008 £'000	31 March 2007 £'000			
Securities			New Zealand	86	333
Government fixed interest			Norway	697	913
UK	47,822	47,396	Singapore	1,410	2,020
Singapore	4,506	858	Spain	2,164	4,083
Sweden	1,874	4,130	Sweden	10,645	10,015
USA	2,273	4,210	Switzerland	15,234	16,755
Life Fund	21,641	15,996	USA	105,472	107,347
Government index linked			World miscellaneous	33,455	30,344
UK	18,330	12,057		278,252	279,262
Fixed interest corporate bonds			Property unit trusts		
UK	6,479	4,614	Hermes	3,663	4,133
Overseas	4,360	10,985	Schroder Exempt	27,907	33,502
	107,285	100,246	Threadneedle	1,110	1,255
UK equities			UBS Triton 11	26,676	34,688
Quoted	290,997	310,841		59,356	73,578
Life fund	5,238	8,504	Venture capital		
Convertibles	186	186	London Enterprise Venture Fund	3	1
	296,421	319,531	Midland Growth Fund	34	42
Overseas equities				37	43
Asia miscellaneous	6,843	6,196	Investment Income Receivable	3,392	3,374
Australia	6,086	8,977	Cash Deposits	28,114	16,984
Austria	392	168	Total asset value	772,857	793,018
Belgium	1,916	2,020			
Canada	2,538	2,130	7. Venture Capital		
China	-	218	The valuation dates for the venture capital holdings were as follows:		
Denmark	1,117	1,186	London Enterprise Venture Fund 2nd	31 March 2008	
Europe miscellaneous	700	1,718	Midland Growth Fund	31 March 2008	
Finland	1,181	1,510			
France	16,506	21,223			
Germany	16,706	12,809			
Greece	334	373			
Holland	8,397	10,043			
Hong Kong	4,542	4,596			
Ireland	3,222	3,606			
Italy	2,248	2,994			
Japan	35,541	27,360			
Luxembourg	820	325			

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8. Analysis of Contributors and Benefits

	2007/08	2006/07
	£'000	£'000
Contributions receivable		
Administering authority	(45,178)	(43,540)
Scheduled Bodies	(281)	-
Admitted bodies	(7,522)	(8,830)
	(52,981)	(52,370)
Benefits payable		
Administering authority	40,816	37,082
Scheduled Bodies	134	6
Admitted bodies	4,283	3,608
	45,233	40,696

9. Analysis of Net Current Assets and Liabilities

	2007/08	2006/07
	£'000	£'000
Assets		
Capital Costs receivable	187	477
Admitted Authorities payments receivable	408	415
Inland Revenue	140	101
Liabilities		
Creditors	(176)	-
Unpaid Benefits	(203)	(463)
	356	530

10. 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 £76,806.

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.

Deferred Charges Expenditure of a capital nature for which there is no tangible asset (e.g. improvement grants).

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.

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 Spending on day-to-day items, including salaries and wages, premises costs and supplies and services.

Revenue Support Grant The main grant paid by central government to a local authority towards the costs of all its 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