

London Borough of Camden

STATEMENT OF ACCOUNTS 2003 - 2004

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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 Borough Treasurer;

to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;

to approve the Statement of Accounts.

The Borough Treasurer's Responsibilities

The Borough Treasurer is responsible for the preparation of the Council's statement of accounts which is required by the CIPFA/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 2004 and its income and expenditure for the year 2003/2004. In preparing this statement of accounts, the Borough Treasurer 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 Borough Treasurer 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 Camden London Borough Council

We have audited the statement of accounts which comprise:

- the consolidated revenue account;
- the housing revenue account;
- the collection fund revenue account;
- the consolidated balance sheet;
- the statement of total movements in reserves;
- the cash flow statement;
- the pension fund account,
- the pension fund net asset statement,
- and the related notes

which have been prepared under the accounting policies set out therein, together with the Explanatory Foreword.

This report is made solely to Camden London Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 54 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission. To the fullest extent permissible by law, we do not accept or assume responsibility to anyone other than the Council for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and Auditors

As described in the Statement of Responsibilities for the Statement of Accounts, the Borough Treasurer is responsible for the preparation of the statement of accounts in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2003. Our responsibilities, as independent auditors, are established by statute, the Code of Audit Practice issued by the Audit Commission and our profession's ethical guidance.

We report to you our opinion as to whether the statement of accounts present fairly:

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

the financial transactions of its Pension Fund during the year and the amount and disposition of the Fund's assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year.

We review whether the statement on internal control reflects compliance with CIPFA's guidance "The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003" published on 2 April 2004. We report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered whether the statement on internal control covers all risks and controls. We are also not required to form an opinion on the effectiveness of the authority's corporate governance procedures or its risk and control procedures. Our review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

We read the other information published with the statement of accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the statement of accounts.

Basis of Audit Opinion

We conducted our audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission which requires compliance with the relevant auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements and of whether the accounting policies are appropriate to the Council'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 statement of 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 financial statements.

Our audit has been carried out as described above and has been substantially completed. However, the audit cannot be formally concluded and an audit certificate issued until questions and objections raised by local government electors under the Audit Commission Act 1998 have been formally concluded.

Opinion

In our opinion the statement of accounts present fairly the financial position of Camden London Borough Council as at 31 March 2004 and its income and expenditure for the year then ended.

Opinion on the Pension Fund accounts

In our opinion the financial statements present fairly the financial transactions of Camden London Borough Council Pension Fund during the year ended 31 March 2004, and the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year.



Deloitte & Touche LLP

Chartered Accountants

St Albans

13 October 2004

Notes: An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the statement of accounts since first published. These matters are the responsibility of the Council but no control procedures can provide absolute assurance in this area.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

Foreword by the Borough Treasurer



John Mabey Borough Treasurer and Chief Finance Officer

The purpose of this foreword is to provide an easily understandable guide to the most significant matters reported in the Council's accounts. Camden's financial statements for 2003/2004 have been prepared in accordance with the standard format for local authority accounts recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA). They comprise:

The Consolidated Revenue Account This reports the expenditure for the year of the major services for which the Council is responsible and compares that cost with the income provided from charges made by the Council, from investments, from council tax and from central Government.

The Housing Revenue Account (HRA) There is a statutory duty to account separately for local authority housing provision. The HRA shows the major elements of Council housing revenue expenditure on maintenance, administration, rent rebates and capital financing costs - and how these are met by rents, subsidy and other income.

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 rates pool, along with the payments due to preceptors including Camden itself, are met from this account.

The Consolidated 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 Statement of Total Movements in Reserves This brings together all the movements in the Council's reserves.

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

The Pension Fund Accounts These show contributions to the Council's Pension Fund for employees during 2003/2004, 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 2004, except that the accounts do not include liabilities to pay pensions and benefits after that date.

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 financial statements, therefore forms an integral part of the accounts. There is also a glossary at the end of this document.

Review of the Year

The year began with the opening of the newly refurbished Swiss Cottage Library after a major refit. The redevelopment of the remainder of the Swiss Cottage site continued during the year. The Private Finance Initiative for the replacement of Haverstock School was also signed in the year. The council's initial contribution of £4.7m will be augmented over the life of the contract by PFI credits of £20.9m from central government, and should produce additional Revenue Support Grant of £38.7m over the life of the project. The total value of the Unitary Charge payments over the life of the concession is estimated to be £62.9m. The scheme will provide a brand new teaching environment for both staff and students.

Also during the year, the council was invited to consider forming its housing department into an Arms Length Management Organisation. After a long and carefully considered debate, a tenant's poll just before Christmas came out in favour of the status quo, and members acceded to the wishes of tenants. Discussions continued with central government over ways of releasing the funding direct to the council that might have come through to an ALMO.

Funding from the Neighbourhood Renewal Grant continued during the year, and towards the end of the year further funding of up to £12.6m for the programme was approved.

Following a “light touch” inspection by our auditors, Camden’s Comprehensive Performance Assessment was again confirmed as “excellent “ and some more of the freedoms and flexibilities foreseen under the regime started to come into effect. During the year, Moira Gibb CBE joined Camden as its new Chief Executive, taking over from Steve Bundred who is now Chief Executive of the Audit Commission.

Camden’s council tax rose in 2003/2004 by £151.37 at band D – an increase of 15%. This arose because of increased spending responsibilities, and was compounded by a low government grant settlement. The increase for Camden itself was 12%, with the remaining 3% covering the increase in the Greater London Authority precept.

During the year, Camden’s loan debt fell by £45m. Some maturing loans were repaid and a rescheduling of the debt portfolio late in the year will see the council’s interest bill fall in the future. The council also earned nearly £5m from its invested cash balances.

The council’s assets increased in value by £358m to £2.8bn, due in the main to the cyclical revaluation of our school buildings.

The Euro

During the year the Council has kept 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 2003/2004 Revenue Outturn

The Council’s financial position has again been sufficiently strong to allow departments at this stage to carry forward budget underspends from 2003/2004 as earmarked reserves into 2004/2005.

The Council’s actual spend compared with its updated budget for 2003/2004 was as set out below: -

	Updated Budget 2003/2004 £’000	Actual Spend £’000
Departmental Costs	309,270	303,341
Non-departmental Costs	(19,017)	(17,702)
Contributions into and out of reserves	(1,475)	1,071
Use of balances	(2,320)	(1,820)

	Updated Budget 2003/2004 £’000	Actual Spend £’000
Taken from general balances	-	8,985
Total	286,458	293,875
Net Overspend on Revenue Account		7,417

As the above table shows, the Council ended the year having drawn £7.417m net from balances to fund a number of schemes agreed during the year. An overall accumulated surplus, ignoring earmarked reserves and balances held by schools and the HRA, of £12.555m now remains in general balances. The net operating expenditure for the year, before contributions to and from reserves and balances are taken into account, was £259.720m (£237.665m (restated) in 2002/2003).

Balances held by schools at 31 March 2004 totalled £6.144m, and there were also earmarked reserves held by departments, other than the HRA, totalling £18.659m.

The 2003/2004 Capital Outturn

Actual capital spend in the year was £106.678m, compared with a budget of £109.397m. Expenditure during the year was mainly funded from grants (38%), from usable capital receipts (16%), from borrowing (20%), from revenue contributions (10%) and from capital contributions (16%). In addition to the capital programme the Council entered into leasing arrangements in respect of assets with a capital value of £0.970m.

The council has current borrowing facilities with the Public Works Loan Board and with the Council’s bankers. In 2003/2004 the council borrowed £20.948m 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 2004 revenue contributions of £6.615m (non-HRA) and £41.435m (HRA), capital contributions of £3.152m and capital receipts of £13.176m in hand to meet future capital expenditure.

From 2004/2005 a new system governing local authority capital expenditure is being introduced. Credit approvals are being abolished and local authorities will be free to set their own levels of borrowing to fund capital expenditure within prudential limits. In doing so they will be required to have regard to the Prudential Code published by the Chartered Institute of Public Finance and Accountancy.

Housing

The Council is the main provider of rented accommodation in Camden with c. 25,300 units. In 2003/2004 average council rents were £69.34 per week, an increase of £2.11, or 3.14%, over the 2002/2003 level of £67.23.

The HRA for 2003/2004 shows that earmarked reserves of £73.879m have been carried forward at 31 March 2004, and their proposed use is set out in Note 26.

Pensions

The requirements of Financial Reporting Standard 17 (FRS 17) have been implemented in stages over the last three years, and this year the accounts comply fully with the standard and include a net pension liability within the balance sheet. For comparison purposes, the main accounting statements for 2002/2003 have been restated to include the pension liability for that year. The restatement had no effect on either the revenue or HRA outturn or balances. The restatement introduced a pension liability and a matching pension reserve into the balance sheet. The change in the figure between years reflects market volatility in the short term and valuation at a point in time. The council's triennial valuation takes a longer-term view and provides a more appropriate measure of pension obligations.

Changes In Functions

On 1st April 2003 Camden began to operate the government's Supporting People programme in the borough, using government grant of around £40m to support services to vulnerable people living in the borough. There were no other significant changes in Camden's functions during the year.

Illustrative overview

The following seven diagrams 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

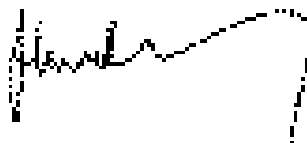
Further information about the accounts is available from

The Borough Treasurer, 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.

My signature below certifies that the accounts were prepared in accordance with the requirements of Regulation 8 of the Accounts and Audit Regulations 1996, issued under the Local Government Finance Act 1982 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 2004 and its financial performance in the year thus ended.



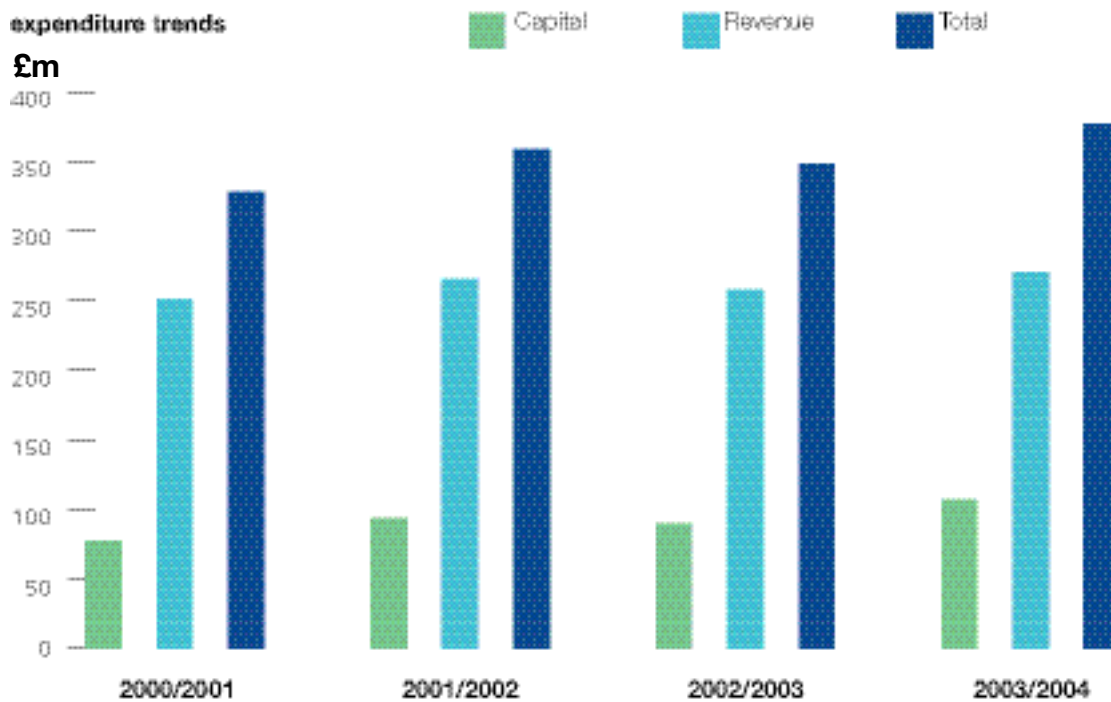
John Mabey, CPFA
Borough Treasurer and Chief Finance Officer
13 October 2004

Chair's Approval of Statement of Accounts

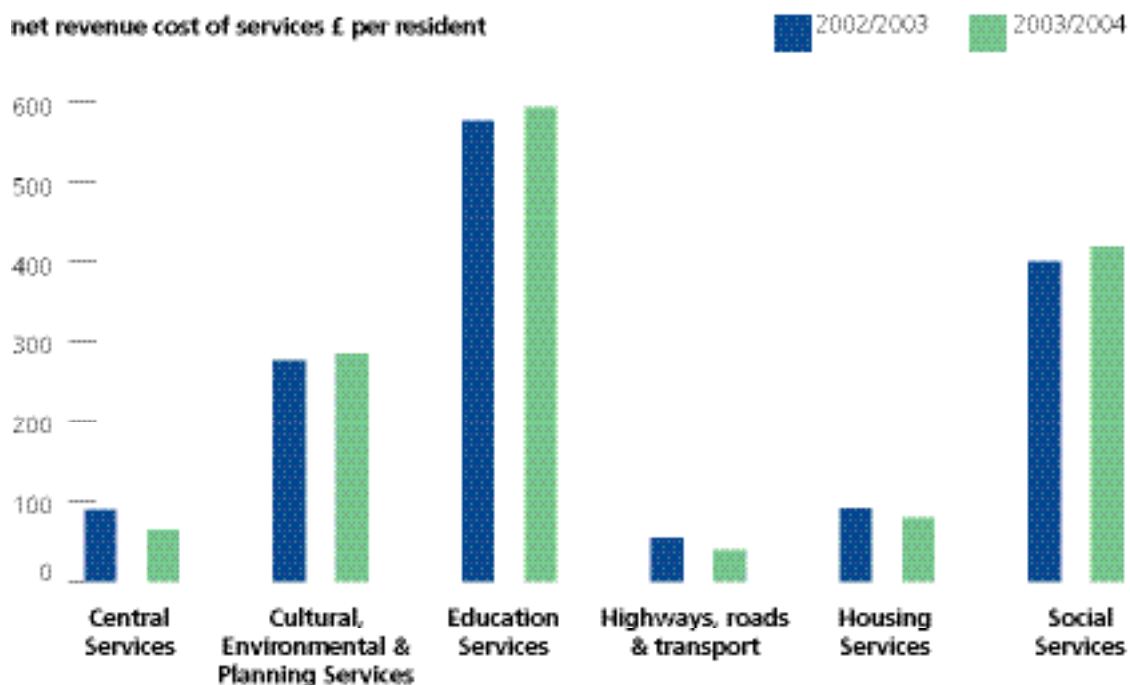
This Statement of Accounts was presented to the General Purposes Committee of the London Borough of Camden at its meeting on 13 October 2004, and was approved by resolution of the Committee.



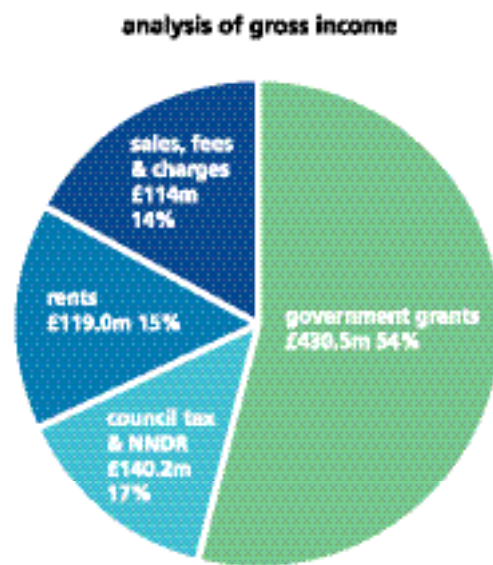
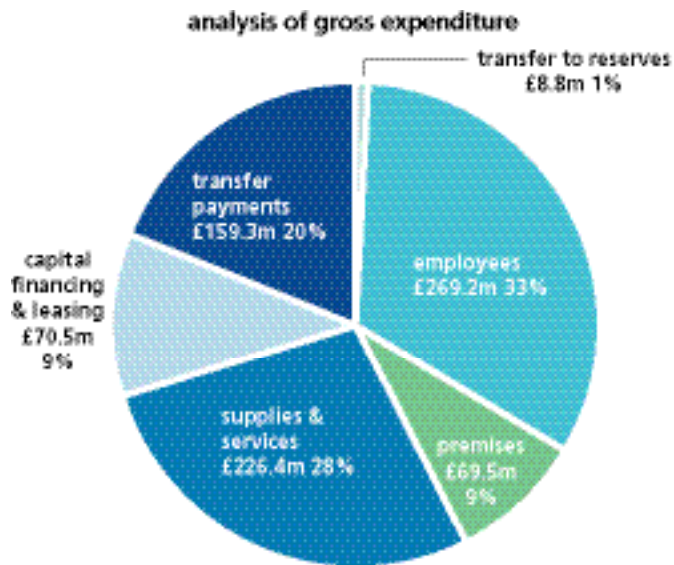
Councillor Roy Shaw
Chair, General Purposes Committee
13 October 2004



The above diagram shows trends in Camden's capital, net revenue before transfers to and from reserves and total spending. Total spending in 2003/2004 was £377m. Revenue spending rose by 4.9% in 2003/2004 compared with the previous year.



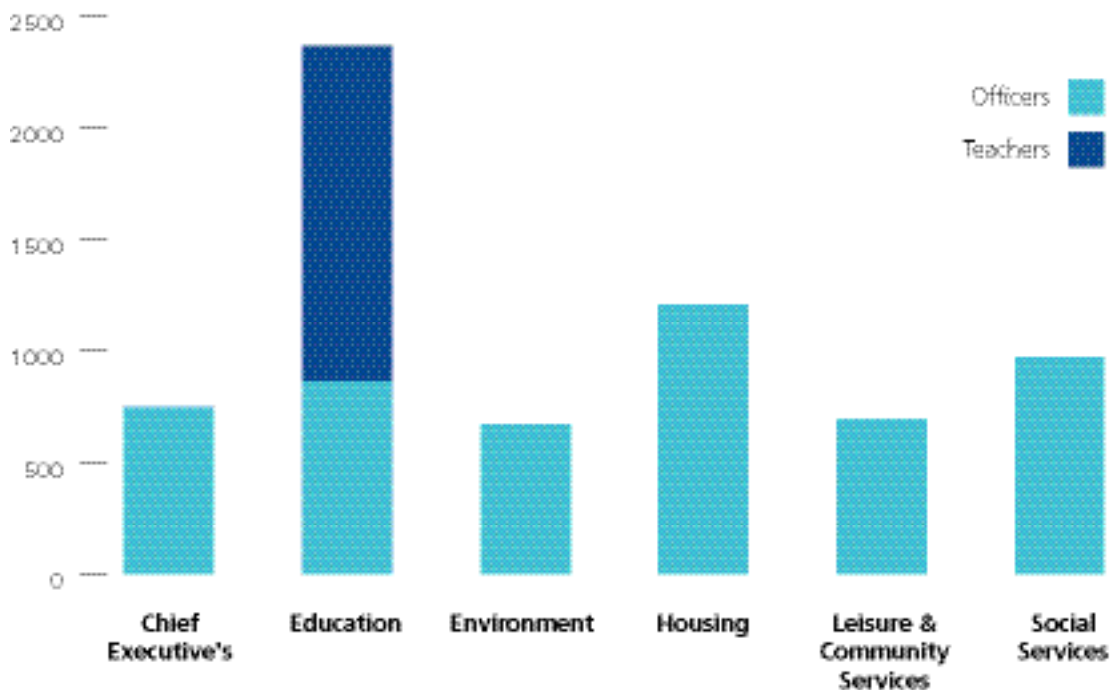
Resident population in 2003/2004 was estimated by Camden at 204,400 compared with 194,820 in 2002/2003. This increase results from data collected in the 2001 census and used in budget returns to central government. The net revenue cost per resident of all services, excluding HRA housing, in 2003/2004 was £1,473. This was a decrease of £53 or 3.5% on 2002/2003.



The pie chart above shows how Camden spent its money last year. Camden's gross expenditure in 2003/2004 was £803.7m, an increase of £57.3m over 2002/2003.

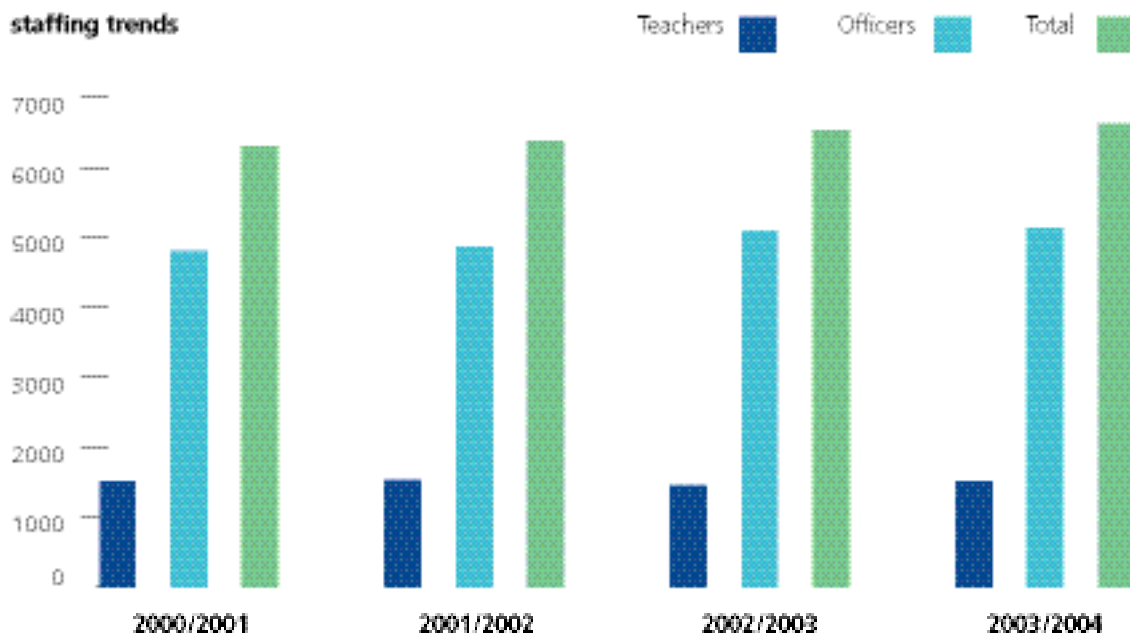
The pie chart above shows how Camden obtained its gross income of £803.7m in 2003/2004. £82m, or 10% of the total, was attributable to Council Tax.

number of employees



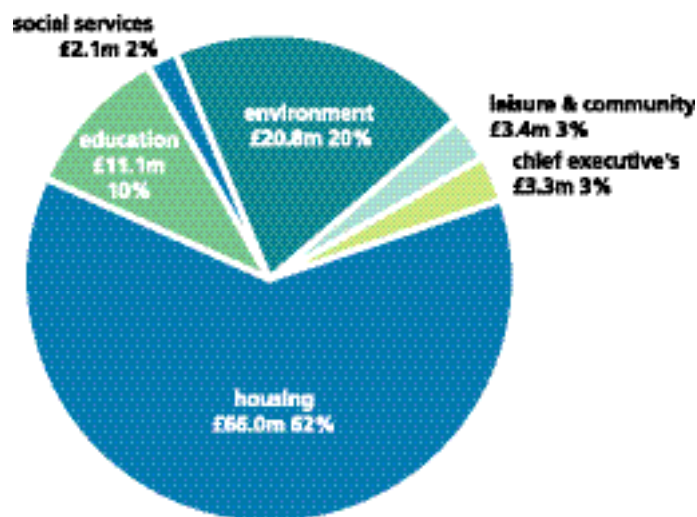
The above diagram shows Camden's staff numbers in 2003/2004, for each department, expressed in terms of the number of full-time equivalents in post, in each category of employment at 31 March 2004. The figures include staff providing services to tenants.

staffing trends



The above diagram shows how Camden staff numbers have changed over recent years. Total FTE staffing rose by 99 between 2002/2003 and 2003/2004.

departmental capital spending



Camden spent £106.7m on capital projects in 2003/2004, compared with £89.9m in 2002/2003. The capital spending in 2003/2004 is analysed by department in the chart above.

Statement on the System of Internal Control

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, and that public money is safeguarded and properly accounted for, and 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.

In discharging this overall responsibility, the London Borough of Camden is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the London Borough of Camden's functions and which includes arrangements for the management of risk.

2 The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it 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 London Borough of Camden'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 main elements of a formal system of internal control have been in place throughout the year 2003/2004. Work has been undertaken in the year and has been ongoing since 1 April 2004 to formalise controls and risk management arrangements at a corporate level. Significant progress has been achieved on this and action plans have been developed to address weaknesses and gaps identified.

3 The Internal Control Environment

The key elements of the internal control environment in which the council functions can be summarised as follows:

- The council has a clearly defined set of objectives in terms of service delivery which are contained within its Community Strategy. The targets detailed in the strategy are subject to ongoing updating and review and Members/Camden Management Team (CMT) receive regular reports on progress and achievement. The council has a number of ongoing major initiatives with regard to reviewing its corporate objectives and defining its overall aims and is in the process of developing a new framework to establish and monitor these.
- Policy and decision-making are managed and controlled within a strong well-established framework. The council's written constitution sets out in detail how the council operates, how decisions are made and the procedures to be followed to ensure efficiency, transparency and accountability. Political and management control is exercised through the Executive and Camden Management Team who work to defined and established processes.
- Compliance with policies, laws and regulations is dealt with through a range of written rules and procedures which are regularly reviewed and updated. These include the Constitution, Standing Orders, Financial Standing Orders, Financial Regulations, Code of Conduct, and the Anti-Fraud and Corruption Strategy.

Officer responsibilities and actions are controlled through Schemes of Officer Delegation which are in place in all council departments.

The Council has agreed recently a new strategic approach to the management of risk and is committed at Member and Chief Officer level to the embedding of the risk management process throughout the council. An action plan has been developed to control this process and in-depth training initiatives for both members and officers are ongoing.

- The effectiveness and efficient use of resources and the securing of continuous improvement is achieved through a range of review processes. Best Value reviews have been conducted across a wide range of council services in accordance with legislative requirement. Business/Service Planning is well-established although initiatives to improve this process are currently being developed. External reviews of individual council services have resulted in the council achieving eighteen Charter Marks, twelve Beacon Council Awards for individual services and

schools, numerous accreditations for quality systems and a range of other awards for individual services.

- The financial management of the authority is organised through a wide range of well-established processes and procedures which deliver strong financial control arrangements. The council has in place a detailed strategic budget planning process which includes detailed written procedures and which is supported by comprehensive Financial Standing Orders and Financial Regulations, both of which have recently been subject to in-depth review. Members and Chief Officers receive and consider detailed financial information on a regular basis and this facilitates the political decision making process.

Other features of the corporate financial control environment include an annual financial survey, regular financial digests, a standing Financial Management Group and schemes of officer delegation. This is further supported by individual schemes of control for specific areas including a Treasury Management Strategy, Investment Strategy, etc.

- Performance management within the authority 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.

Regular and detailed reports are considered by both the Executive and CMT with regard to corporate and service specific performance.

The Comprehensive Performance Assessment process brings together a range of performance management information to provide a corporate assessment of the council's performance and Camden Council are rated in the "excellent" category on current performance.

4 Review of Effectiveness

The London Borough of Camden has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the authority who have responsibility for the development, maintenance and ongoing assurance in respect of the internal control environment covering their individual areas of responsibility. This is also supported by reviews conducted by the external auditors and other review agencies and inspectorates.

The council has undertaken a review of its system of internal control in accordance with best practice advice as published by CIPFA in meeting the requirements of the Accounts and Audit Regulations 2003.

The review conducted has also taken account of the methods employed by the London Borough of Camden in providing corporate and service-based assurance on the overall system of internal control in operation. Information utilised includes:

- Local Management Information Systems
- Comprehensive Performance Assessment
- External Audit reviews/reports
- Internal Audit reviews/reports
- Overview and Scrutiny arrangements
- Reports from Inspectorates
- Best Value Performance Plan
- Performance Indicator Information
- Residents/Staff surveys
- Analysis of awards/accreditations.

The information in relation to key controls and assurance arrangements has been used to complete an assessment against the council's key strategic risk areas and the necessary actions arising are set out in section 5 of this statement.

5 Matters for future action

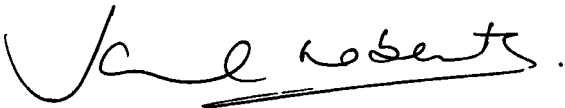
Following the review of its system of internal control for the year 2003/2004, the London Borough of Camden recognises that there are a number of specific areas where action is necessary to deal with matters that are considered relevant to the review process. In all cases work is already ongoing to deal with the action points. These are:

- The council will continue in 2004/2005 to develop its arrangements for the introduction of a corporate strategy that will set its direction/objectives on a council-wide basis and deliver priorities in the medium term.
- Work will continue during 2004/2005 to further review the role of the council's support services to ensure that services are effective, fit for the purpose and coordinated to meet corporate objectives as well as service requirements, thus improving corporate governance and internal control.

- We will develop and enhance our strategies for Emergency Planning and Business Continuity and improve arrangements both corporately and departmentally and to embrace the requirements of the Civil Contingencies Bill.
- In 2004/2005 we will produce and obtain member agreement to a new Investment Strategy.
- We will continue to enhance and improve our data capture arrangements and procedures related to Performance Indicator Information.
- There will be concerted effort and resources to achieve embedding risk management and ownership of risks throughout the organisation.

6 Signed Agreement

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



Cllr Jane Roberts
Leader of the Council
21 September 2004



Moira Gibb
Chief Executive
20 September 2004

Statement of Accounting Policies

The accounts have been prepared in accordance with the CIPFA Code of Practice issued in April 2004. 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. A significant change in accounting policy has taken place in 2003/2004 insofar as the accounts now fully reflect the provisions of Financial Reporting Standard 17 (FRS 17) and more information is given in this section under the Pensions paragraph.

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 2003 Accounts and Audit regulations.

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 analysis follows the CIPFA Best Value Accounting Code of Practice for both the year of account and the prior year.

Cost of Central Support Services

The costs of central support services are charged to service departments by way of internal transfers. The main bases for apportionment are actual usage,

adjusted gross expenditure and headcount. The cost of each central administrative building is allocated on an average cost basis in accordance with actual floor area occupied by services in the building. The classification of central services follows CIPFA's 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 and Housing Act 1989.

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 Consolidated 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 Consolidated 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.

Depreciation

Depreciation is provided for on all operational capital assets. Depreciation is provided for on all categories of assets except community 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.

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 total charge covers the

annual provision for depreciation, where appropriate, plus a capital financing charge determined by applying a specified notional interest rate to net asset values. In 2003/2004 this rate is 3.5% for assets carried at current value, and 4.625% for assets carried at historical costs, that is infrastructure and community assets.

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 in the Asset Management Revenue Account (AMRA) and replaced by external interest payable and the statutory Minimum Revenue Provision for debt repayment. The latter figure is calculated in accordance with the provisions of part IV of schedule 3 to the Local Government and Housing Act 1989. The principal repayment is 2% of the debt outstanding at the start of the financial year for HRA advances and 4% for other advances.

Deferred Charges

Deferred charges represent capital expenditure financed from borrowing where there is no tangible asset, such as capital grants made to other bodies or individuals. Deferred charges are written off in the period of benefit to the Council.

Deferred Debts

Deferred debts 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 AMRA over the useful lives of the assets to which they relate, to match the depreciation charged on the assets.

Reserves

It is the Council's policy to allow departments to carry forward budget underspends in certain circumstances. These underspends are treated as earmarked reserves in the financial statements. The Council also earmarks reserves for other purposes. The purpose of each earmarked reserve is set out in note 53 to the Consolidated Balance Sheet.

There are certain other reserves required by the SORP that are shown in the balance sheet. The Fixed Asset Restatement Reserve represents the balance of the surpluses or deficits arising from the periodic revaluation of fixed assets. The Capital Financing Reserve represents amounts set aside from revenue or capital receipts to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing transactions.

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

During 2003/2004 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 (FRS5) as supplemented by HM Treasury Taskforce Guidance (Technical Note 1) the new capital assets being 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 TTF Guidance Note.

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.

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 2003/2004 fully reflect the provisions of FRS 17, and under this standard the way in which amounts for pensions are charged to service accounts and to other accounts has changed compared with previous years. In order to show a true comparison of costs, however, the main accounting statements for 2002/2003 have been restated here following the FRS 17 rules.

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 Consolidated Revenue 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 has been treated in the same way as all other service departments and the change in HRA service costs has 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 schemes are as follows:

- a) Teachers** - This is an unfunded scheme administered by the Department for Education and Skills (DfES). The employer's pension cost charged to the accounts is fixed by the contribution rate set by the DfES 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 actuaries at the triennial valuation.

Consolidated Revenue Account for the year ended 31 March 2004

		2003/2004 Gross Expenditure	2003/2004 Gross Income	2003/2004 Net Expenditure	2002/2003 Net Expenditure (Restated)
	Notes	£'000	£'000	£'000	£'000
Continuing services					
Central Services		52,836	(39,807)	13,029	17,144
Cultural, Environmental and Planning Services	1, 2	86,455	(28,618)	57,837	53,845
Education Services		176,138	(54,832)	121,306	112,089
Highways, Roads and Transport	3	46,710	(39,027)	7,683	10,336
Housing Services	4	354,651	(317,153)	37,498	89,685
Social Services		121,339	(35,924)	85,415	77,725
Net cost of services	5 - 11	838,129	(515,361)	322,768	360,824
Surplus transferred from trading accounts				(244)	(84)
Asset Management Revenue Account	12			(73,306)	(127,748)
Interest and investment income				(4,985)	(5,242)
Levies by other authorities	13			3,771	3,760
Pensions Interest Cost and expected return on Pensions Assets				11,716	6,155
Net operating expenditure				259,720	237,665
Transfers to Capital Financing Reserve	14, 15			10,696	20,221
Transfers to/(from) earmarked reserves (net)	16			9,183	(7,211)
Transfers to/(from) Schools' balances				(661)	599
Transfers to HRA balance				16,527	7,956
Contribution to/(from) Pensions reserve	59			(1,590)	3,909
Amount to be met from government grant and local taxpayers				293,875	263,139
Precept demanded from the Collection Fund				(81,183)	(71,968)
Prior Year Collection Fund surplus				(907)	(448)
Revenue Support Grant				(146,273)	(137,862)
Contribution from NNDR pool	17			(58,095)	(60,082)
Total income from grant and taxpayers				(286,458)	(270,360)
Deficit/(Surplus) for the year				7,417	(7,221)
Consolidated Revenue Account Balance				2003/2004	2002/2003
				£'000	£'000
Balance at beginning of year				(19,972)	(12,751)
Deficit/(Surplus) for the year				7,417	(7,221)
Balance at end of year				(12,555)	(19,972)

Housing Revenue Account for the year ended 31 March 2004

	Notes	2003/2004 £'000	2002/2003 £'000 (Restated)
Income			
Rents - dwellings	18,19,20	(90,460)	(89,112)
- non dwellings		(8,163)	(7,280)
Charges for services and facilities		(11,280)	(14,425)
HRA Subsidy	21	(107,116)	(107,385)
Supporting People Grant		(7,899)	-
Reduced provision for bad debts		(644)	-
Total income		(225,562)	(218,202)
Expenditure			
Repairs and maintenance		37,952	35,648
Supervision and management - General		26,454	23,976
- Special services		19,064	19,832
Rents, rates and other charges		11,906	9,705
Rent rebates	22	55,509	58,383
Increased provision for bad debts		-	1,203
Cost of Capital	23	72,581	119,090
Depreciation	24	23,501	22,512
Debt Management Expenses		219	225
Total expenditure		247,186	290,574
Net Cost of Service		21,624	72,372
Asset Management Revenue Account		(46,446)	(90,750)
Amortised Premiums		1,499	1,672
Investment Income		(1,730)	(1,681)
Net Operating Income		(25,053)	(18,387)
Revenue Contribution to Capital Expenditure		174	980
HRA contribution to Minimum Revenue Provision		8,576	9,134
Write down of Deferred Charges	25	(612)	(483)
Transfer from Major Repairs Reserve		(963)	(454)
Contribution to Pensions reserve		1,351	1,254
Surplus for the year		(16,527)	(7,956)
		2003/2004	2002/2003
		£'000	£'000
Housing Revenue Account Balance			
Surplus at beginning of year		(57,352)	(49,396)
Surplus for the year		(16,527)	(7,956)
Surplus at end of year	26	(73,879)	(57,352)

Collection Fund Revenue Account for the year ended 31 March 2004

	Notes	2003/2004 £'000	2003/2004 £'000	2002/2003 £'000	2002/2003 £'000
Income					
Council Tax					
Income from council tax (net of)	27, 28, 29	(81,069)		(71,783)	
- Council Tax benefits		(21,490)	(102,559)	(18,385)	(90,168)
- Decrease in provision for uncollectable amounts			-		(1,216)
Community Charge					
Community charge collected			(3)		(4)
NNDR					
Income collectable from business ratepayers	33		(219,745)		(216,028)
Total income			(322,307)		(307,416)
Expenditure					
Council Tax					
Precepts and Council demand					
- LB Camden (including Garden Squares)		81,183		71,968	
- Greater London Authority		19,523	100,706	15,035	87,003
Distribution of surplus/(collection of deficit)					
- LB Camden		900		424	
- Greater London Authority		188	1,088	80	504
Provision for uncollectable amounts	30, 31		191		-
Amounts written off			2,502		4,090
Community Charge					
Transfer to General Fund			7		23
NNDR					
NNDR allowable costs and adjustments		2,638		4,334	
Contribution to the NNDR pool	33	217,107	219,745	211,694	216,028
Total expenditure			324,239		307,648
Deficit for the year			1,932		232
Collection Fund Balance					
Surplus at beginning of year			(1,269)		(1,501)
Deficit for the year			1,932		232
Deficit/(Surplus) at end of year	32		663		(1,269)

Consolidated Balance Sheet as at 31 March 2004

		31-March 2004	31-March 2004	31-March 2003 (Restated)	31-March 2003 (Restated)
	Notes	£'000	£'000	£'000	£'000
Net assets					
Fixed assets	34-37		2,835,952		2,477,084
Deferred charges	38		-		-
Long-term debtors	39		2,401		2,717
Deferred Debits			11,059		-
Current assets	40	197,100		190,725	
Less current liabilities	41, 45	(150,535)		(203,480)	
Net current assets/(liabilities)			46,565		(12,755)
Total assets less current liabilities			2,895,977		2,467,046
Long-term loans outstanding	42-44	(355,223)		(331,200)	
Capital grants deferred	46	(39,876)		(24,533)	
Deferred capital income		(744)		(737)	
Provisions	47	(6,081)		(6,615)	
Pension Liability	59	(237,139)		(290,721)	
Total long-term liabilities			(639,063)		(653,806)
Total assets less liabilities			2,256,914		1,813,240
Financed by					
Fixed Asset Restatement Reserve	48		1,686,373		1,395,807
Capital Financing Reserve	49		633,305		546,019
Capital receipts unapplied	51		13,176		4,699
Major Repairs Reserve	52		-		-
Contributions to capital works unapplied	55		5,951		17,888
Earmarked reserves	53		63,333		54,150
Pension Reserve	59		(237,139)		(290,721)
Balances					
- Collection Fund			(663)		1,269
- HRA			73,879		57,352
- Locally Managed Schools	54		6,144		6,805
- General Balances			12,555		19,972
Total equity	58		2,256,914		1,813,240

Statement of Total Movements in Reserves for the year ended 31 March 2004

	Fixed Asset Restatement Reserve	Capital Financing Reserve	Capital Receipts Unapplied	Contribution to Capital Works Unapplied	Pension Reserve	Fund Balances & Earmarked Reserves	Total
Notes	48	49	51	55	59	52-54	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2003	1,395,807	546,019	4,699	17,888	(290,721)	139,548	1,813,240
Surplus or deficit for year	(74,724)	23,156	-	(11,937)	44,165	15,700	(3,640)
Unrealised gains on fixed asset revaluation	412,302	-	-	-	-	-	412,302
Actuarial Gains and Losses	-	-	-	-	9,417	-	9,417
Disposal of fixed assets:							
- cost or value of assets	(47,012)	-	-	-	-	-	(47,012)
- proceeds of disposal	-	46,913	25,694	-	-	-	72,607
Net (deficit) / surplus on disposal	(47,012)	46,913	25,694	-	-	-	25,595
Financing of capital expenditure	-	17,217	(17,217)	-	-	-	-
Balance at 31 March 2004	1,686,373	633,305	13,176	5,951	(237,139)	155,248	2,256,914

The impact of the prior period adjustment made, following the adoption of FRS17, was to reduce reserves by £290.721m at 31st March 2003.

Cash Flow Statement for the year ended 31 March 2004

		2003/2004	2003/2004	2002/2003	2002/2003
Revenue Activities	Notes	£'000	£'000	£'000	£'000
Cash outflows					
Payments to NNDR Pool		229,468		219,918	
Payments of precepts		19,711		15,115	
Cash paid in respect of employees		273,398		263,064	
Other operating payments		342,961		245,915	
Housing benefit paid out		63,151	928,689	65,974	809,986
Cash inflows					
Receipts from NNDR Pool		(58,095)		(60,082)	
Non-domestic rate receipts		(228,981)		(219,731)	
Receipts from council tax payers		(81,967)		(73,747)	
Receipts from community charge payers		(3)		(4)	
Revenue Support Grant		(146,273)		(137,862)	
DWP grants for benefits		(84,699)		(73,868)	
Other Government grants	60	(223,797)		(177,645)	
Rents (after rebates)		(62,463)		(54,760)	
Cash received for goods and services		(120,448)	(1,006,726)	(87,676)	(885,375)
Net cash inflow from revenue activities	61		(78,037)		(75,389)
Servicing of finance					
Cash outflows - interest paid					
- interest paid		31,530		30,682	
- finance lease interest		-		-	
Cash inflows - interest received					
- interest received		(4,035)	27,495	(5,476)	25,206
Net cash outflow from the servicing of loans			27,495		25,206
Capital activities					
Cash outflows					
Purchase of fixed assets		101,676		86,484	
Other capital cash payments		(6)		533	
Deferred charges		4,488	106,158	2,796	89,813
Cash inflows					
Sale of fixed assets		(72,335)		(57,996)	
Capital grants received		(17,105)		(14,764)	
Other capital cash receipts		(4,530)	(93,970)	(8,644)	(81,404)
Net cash outflow from capital activities			12,188		8,409
Net cash inflow from activities before financing	62, 63		(38,354)		(41,774)
Management of liquid resources	64		(13,161)		23,131
Financing					
Long/short-term loans raised		(405,075)		(310,495)	
Long/short-term loans repaid		450,613	45,538	314,489	3,994
Net cash outflow from financing and liquid resources			32,377		27,125
Net increase in cash	65		(5,977)		(14,649)

Notes To The Accounts - The Consolidated Revenue Account

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

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

	2003/2004	2002/2003
	£'000	£'000
Expenditure	988	834
Income from fees and charges	(743)	(792)
Deficit for the year	245	42
Deficit brought forward	519	477
Deficit carried forward	764	519

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, Planning and Environmental 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 2003/2004

	Chargeable	Non Chargeable	Total
	£'000	£'000	£'000
Expenditure	1,173	451	1,624
Income	(1,156)	(87)	(1,243)
(Surplus)/Deficit for the year	17	364	381
2002/2003	(209)	363	154

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, highways improvement schemes, highways maintenance and public passenger transport services. Any amount not so used is carried forward in a parking reserve account to the next financial year.

The surplus from on-street parking in 2003/2004 was £18.842m (£13.280m in 2002/2003). This was applied to defray revenue expenditure as follows:

	2003/2004	2002/2003
	£'000	£'000
Income		
Surplus from on-street parking	(18,842)	(13,280)
Expenditure		
Off-street parking	881	600
Highways and traffic improvement:		
- revenue expenditure	2,099	977
- capital expenditure	1,789	1,836
- capital charges	3,176	3,331
Concessionary fares and Taxicard scheme	5,898	5,562
Transport planning costs	1,280	974
Home to School transport	1,973	-
Highways maintenance	1,746	-
Total expenditure defrayed from income from on-street parking	18,842	13,280

4 Expenditure on Housing Benefits (included within Housing Services)

	2003/2004	2002/2003
	£'000	£'000
Gross rent allowances	62,872	65,974
Less subsidy income	(60,160)	(63,290)
Net cost of rent allowances	2,712	2,684
Gross cost of council tax benefits	21,500	18,349
Less subsidy income	(20,400)	(17,476)
Net cost of council tax benefits	1,100	873
Net cost of benefits	3,812	3,557

5 Costs of Audit

The following fees were payable during the year to the Audit Commission in respect of statutory inspections, and to Deloitte and Touche LLP, the council's Appointed Auditors, in respect of all other external audit services: -

	2003/2004	2002/2003
	£'000	£'000
External Audit Services	332	362
Statutory Inspection	30	85
Certification of grant claims and returns	245	159
Other Services	13	30
Total	620	636

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 2003/2004 was £3.725m (£3.635m restated in 2002/2003). This can be analysed as follows:

	2003/2004	2002/2003
	£	£
Salaries	834,308	785,469
Job advertising	1,247,240	1,256,812
Publications	177,652	104,149
General publicity and advertising	1,025,086	1,055,178
Other costs	440,362	433,463
	3,724,648	3,635,071

7 Remuneration of Senior Staff and Members

The total sum paid to Members in 2003/2004 was £787,000 (£735,000 in 2002/2003). 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.

£'000	2003/2004	2002/2003
50-60	64	19
60-70	12	18
70-80	15	6
80-90	3	5
90-100	4	3
100-110	2	1
110-120	1	-
	101	52

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 2003/2004, as follows:

	£'000
Arts	486
Children, young people and families	624
Community advice, development and support	1,860
Community care	9,693
Community centres	873
Employment and training	191
Housing associations	1,803
Multi-functional and infrastructure	1,081
Other	2,054
	18,665

One of the housing associations has also been provided with loan guarantees by the Council. The value of the loans in question was estimated at £3.2m at 31 March 2004.

Notes To The Accounts - The Consolidated Revenue Account

8 Related Party Transactions (contd)

The Council received £6.766m from local Health Trusts during the year for the provision of combined health and community care services.

This comprised:

	£'000
Camden Primary Care Trust	5,713
Islington Primary Care Trust	62
Camden & Islington Mental Health & Social Care Trust	952
Royal Free Hampstead National Health Service Trust	39
Total	6,766

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 2003/2004 it paid £6.386m to these bodies and received £0.736m in total. At 31 March 2004 it held £22.808m on behalf of these bodies which is included in the cash at bank balances and the current liabilities in the accounts.

9 Leasing

Lease rentals paid in 2003/2004 and included within departmental expenditure, were as follows:

	2003/2004	2002/2003
	£'000	£'000
Operating leases	997	1,218
Finance leases (secondary rentals)	40	43
	1,037	1,261

The lease periods range between three and ten years.

Outstanding rentals on operating leases at 31 March 2004 were as follows:

	£'000
Due within one year	898
Due within two to five years	981
Due in more than five years	223
	2,102

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. In 2003/2004 the limit of £704,434 was the product of £3.55 multiplied by Camden's relevant population of 198,432. Expenditure on grants and subscriptions amounted to £92,897 in 2003/2004 (£115,295 in 2002/2003).

11 Pensions

a Teachers In 2003/2004 the Council paid £5.754m to the Department for Education and Skills (£3.234m in 2002/2003) in respect of teachers' pension costs, which represents 13.5% of teachers' pensionable pay (8.4% in 2002/2003). In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2003/2004 these amounted to £0.344m (£0.339m in 2002/2003) representing 0.81% of pensionable pay (0.88% in 2002/2003).

b Ex ILEA In 2003/2004 the Council paid £0.373m to the London Pensions Fund Authority (£0.388m in 2002/2003) in respect of former ILEA employees' pension costs, which represents 18.1% of ex-ILEA employees' pensionable pay (18.9% in 2002/2003). In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2003/2004 these amounted to £0.061m, (£0.059m in 2002/2003) representing 2.98% of pensionable pay (2.89% in 2002/2003).

c Other Employees In 2003/2004 the Council's level of contribution into the Pension Fund was 19.5% (19.5% in 2002/2003) for those employees paying 6% of pensionable pay and 16.25% (16.25% in 2002/2003) (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 was £21.789m (£20.593m in 2002/2003) which represents 19.48% of Camden employees' pensionable pay (19.48% in 2002/2003).

The employer's contribution rate is determined by the Fund's actuary based on triennial actuarial valuations, the last review being at 31 March 2001.

Under Pension Fund regulations applying to 2003/2004, contribution rates were required to meet 100% of the overall liabilities of the Fund, 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 years benefits it has awarded, together with the related increases. In 2003/2004 these amounted to £2.223m, representing 1.99% of pensionable pay (£2.234m and 2.11% in 2002/2003).

There were no discretionary increases in pension payments (e.g. discretionary added years) agreed by the authority in 2003/2004.

There is further pension information in Note 59.

12 Asset Management Revenue Account

The balance on this account consists of the following items:

	2003/2004	2002/2003
	£'000	£'000
Income		
Capital charges		
General Fund	(38,326)	(37,780)
HRA	(72,691)	(119,127)
Transfer from Capital Grants		
Deferred Account	(1,754)	(9,792)
	(112,771)	(166,699)
Expenditure		
Depreciation provision		
General Fund	10,385	8,642
HRA	963	454
External interest	28,117	29,855
	39,465	38,951
Net Balance	(73,306)	(127,748)

13 Levies by other local authorities

Levies were paid to other local authorities as follows:

	2003/2004	2002/2003
	£'000	£'000
Environment Agency	1,331	1,293
Garden Squares	15	15
Greater London Magistrates' Court Authority	645	668
Lee Valley Regional Park	234	227
London Pension Fund Authority	1,546	1,557
	3,771	3,760

14 Transfer to the Capital Financing Reserve

The transfer to this account consists of the following items: (see also Note 50 – Consolidated Balance Sheet)

	2003/2004	2002/2003
	£'000	£'000
Deferred charges	(4,490)	(2,796)
Capital grant adjustment	2,288	900
Capital grants deferred	1,754	9,792
MRP appropriation	(7,528)	(6,068)
HRA consolidation	7,613	8,680
Revenue contributions to capital	11,059	9,713
	10,696	20,221

15 Minimum Revenue Provision

The Local Government and Housing Act 1989 requires the Council to charge to the revenue account a provision for the redemption of debt. This is then reduced by the depreciation charge already made to AMRA to leave the net MRP chargeable to the revenue account. For 2003/2004 the amount was £11.433m (£11.708m in 2002/2003) and the Housing element of this (£8.576m) has been met by the HRA.

	2003/2004	2002/2003
	£'000	£'000
Minimum Revenue Provision	2,857	2,574
Less - Depreciation	(10,385)	(8,642)
Transfer from Capital Financing Reserve	(7,528)	(6,068)

Notes To The Accounts - The Consolidated Revenue Account

16 Transfers (from)/to Earmarked Reserves

The following amounts were transferred (from)/to earmarked reserves in 2003/2004:

	2003/2004 £'000	2002/2003 £'000
Departmental reserves		
Chief Executive's	(1,303)	797
Education	492	(196)
Environment	2,369	(72)
Housing	2,784	(41)
Leisure and Community Services	236	225
Social Services	1,732	2,107
	6,310	2,820
Future capital schemes	(3,387)	(2,082)
IT investment	-	(43)
Central equipment	(64)	286
Match funding	24	(147)
Added Years Commutation	-	(5,600)
Building Design Services	(226)	-
Housing former DSOs	(118)	61
Commercial property	-	(9)
IT Systems Management	(587)	(945)
Modernising Government	(444)	(1,291)
Self-insurance	1,700	(2,078)
Swiss Cottage Development	(400)	(702)
Lighthouse Block	-	(4,200)
Camden Initiatives in		
Kings Cross Railway Lands	(234)	(397)
Kentish Town Sports Centre	-	(4)
Neighbourhood Renewal Fund	(786)	141
Swiss Cottage Library book stock	-	(250)
Schools support teacher absences	(42)	136
e-Government	-	4,600
Education Funding Reserve	(1,500)	1,500
Section 117 Funding Reserve	2,500	673
Insurance Funding Reserve	(320)	320

	2003/2004 £'000	2002/2003 £'000
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Haverstock School PFI Initial Payment reserve	3,446	-
Haverstock School PFI reserve	1,733	-
People @ Camden reserve	1,578	-
	2,873	(10,031)
Total Net Transfers	9,183	(7,211)

17 Income from Business Rates

Income to the national non-domestic rates pool is redistributed directly to both billing and precepting authorities on the basis of resident population.

Population figures are determined by the Registrar General. The Council received £58.095m in 2003/2004 (£60.082m in 2002/2003), which was credited to the Consolidated Revenue Account based on a population of 198,432 (202,827 in 2002/2003).

Notes To The Accounts - The Housing Revenue Account

18 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 1.94% of properties used for permanent accommodation were vacant (2.17% in 2002/2003). The average rent for all stock was £69.34 per week in 2003/2004, an increase of £2.11 or 3.14%, over the 2002/2003 average rent of £67.23 per week.

19 Housing Stock

The Council was responsible at 31 March 2004 for managing self-contained and shared dwellings. The stock was as follows:

Property	No
1 Bed accommodation	10,373
2 Bed accommodation	7,871
3 Bed accommodation	5,124
4 Bed+ accommodation	1,536
	<u>24,904</u>
Multi occupied dwellings	
Shared units *	348
Total	<u>25,252</u>

*Dwelling equivalent.

The change in stock can be summarised as follows:

	2003/2004	2002/2003
Stock at 1 April	25,921	26,529
Less sales, demolitions, etc	(669)	(608)
Stock at 31 March	<u>25,252</u>	<u>25,921</u>

20 Rent Arrears

The arrears at 31 March 2004 were £6.637m (£5.811m at 31 March 2003). Amounts written off during the year totalled £0.504m and the provision for bad debts at the year end totalled £5.510m (£4.700m at 31 March 2003).

21 HRA Subsidy

HRA Subsidy is a grant paid by the Office of the Deputy Prime Minister (ODPM) towards the costs of local authority housing. It represents the shortfall of notional rent and other income against expenditure deemed by the ODPM to have been incurred for management and maintenance, charges for capital and rent rebates. Income is calculated as follows:

	2003/2004	2002/2003
	£'000	£'000
Notional expenditure		
Management and maintenance	63,419	59,060
Major Repairs Allowance	22,539	22,058
Charges for capital	39,987	42,858
Rent rebates	56,038	57,516
Other	3,156	2,553
Adjustment to prior year entitlement	1,560	-
Total notional expenditure	<u>186,699</u>	<u>184,045</u>
Notional income		
Rents	(79,559)	(76,634)
Other	(24)	(26)
Total notional income	<u>(79,583)</u>	<u>(76,660)</u>
HRA Subsidy	<u>107,116</u>	<u>107,385</u>

22 Rent Rebates

Assistance with rents is available under the Housing Benefits scheme for those on low incomes. About 62% of the Council's tenants were receiving some help with the costs of rent, water and heating charges at 31 March 2004.

	2003/2004	2002/2003
	£'000	£'000
Gross rent income	90,460	89,112
Rent rebates	55,509	58,383
Rebates as % of rent income	61.4%	65.5%

Housing Benefit is administered by the Chief Executive's department under regulations laid down by the Department of Work and Pensions (DWP). The net

Notes To The Accounts - The Housing Revenue Account

cost of rent rebates granted to Council tenants is the total amount of rebates paid out less subsidy, which is calculated as part of the overall HRA Subsidy entitlement. While the net cost of non-HRA rent rebates and rent allowances for private tenants is met from Council tax payers, the net cost of benefits falling upon Council tenants under these arrangements is as follows:

	2003/2004	2002/2003
	£'000	£'000
Rent rebates granted*	56,582	59,159
Less subsidy income	(56,038)	(57,516)
Net cost of benefits	544	1,643

*Including adjustments relating to previous financial years.

23 Capital Financing Costs

Costs of capital charged to the Housing Revenue Account are determined 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.

The determination specifies that the HRA should be charged with a 3.5% notional interest charge in line with that made for non-HRA assets and represents the cost of public sector capital tied up in HRA assets. In order that the HRA only bears the proper HRA interest charge relating to interest on notional HRA debt, an entry is made to the Asset Management Revenue Account representing the difference between these amounts.

24 Depreciation

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

Depreciation is made up as follows:

	£'000
Operational Assets (dwellings/other)	23,035
Non-operational Assets	466
Total	<u>23,501</u>

25 Deferred Charges

Deferred charges consist of house purchase grants under the cash incentive scheme of £0.584m (£0.483m in 2002/2003) which are made to tenants to assist them in purchasing homes in the private sector, and £0.028m net of grant for the purchase of computer software to improve house letting services.

26 Surplus Carried Forward To Earmarked Reserves

The balance represented by the accumulated surplus of £73.879m at the end of the year was earmarked for the following purposes:

	2003/2004	2002/2003
	£'000	£'000
Capital schemes - programmed	24,972	39,695
Major repairs programme	16,856	-
Reactive repairs	-	4,300
Elm Village	17,000	-
Heating	547	650
PFI Development	500	500
Other	10,009	9,000
Working balance	3,995	3,207
	73,879	57,352

Notes To The Accounts - The Collection Fund

27 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 Consolidated Revenue Account, Collection Fund balances do form part of the Consolidated Balance Sheet.

28 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.

29 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.

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

The tax for each band is set, by law, as a fraction of the band D charge. For 2003/2004, the Council estimated that a band D charge of £1 would produce an income of £87,000.00. 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 single occupancy, 25%, and no occupants, 50%), exemptions, and non-collection, and multiplying by the appropriate fraction for that band.

In 2003/2004 the council tax for band D was set as follows:

	£
Camden	932.97
Greater London Authority	224.40
	1,157.37

This was an increase of £151.37 (15%) on the corresponding figure for 2002/2003 of £1,006.00.

Council Tax Bands

Market Value at April 1991	Band	2003/2004 Council Tax £	Number of properties at 1 April 2003	Number of properties at time of tax setting	Fraction 2003/2004	Tax base for tax setting
Less than £40,000	A	771.58	1,965	1,916	6/9	831.76
£40,000 - £52,000	B	900.17	9,566	9,442	7/9	5,460.37
£52,000 - £68,000	C	1,028.78	18,753	18,628	8/9	12,666.29
£68,000 - £88,000	D	1,157.37	23,570	23,497	9/9	18,341.90
£88,000 - £120,000	E	1,414.57	16,124	16,019	11/9	15,421.58
£120,000 - £160,000	F	1,671.75	9,948	9,882	13/9	11,451.37
£160,000 - £320,000	G	1,928.95	11,594	11,571	15/9	16,049.29
£320,000 or more	H	2,314.74	3,957	3,947	18/9	6,777.44
Total			95,477	94,902		87,000.00

Notes To The Accounts - The Collection Fund

30 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 is transferred to the Council's General Fund.

	Refund	Estimated repayment	Total
	2004/2005	2005/2006	
	£'000	£'000	£'000
GLA	10	(140)	(130)
Camden	42	(579)	(537)
	52	(719)	(667)

31 Council Tax - Uncollectable Amounts

The provision to cover bad debts stood at £16.347m on 31 March 2004. This represents 88% of the outstanding arrears.

32 Fund Balance

The balance on the Collection Fund at 31 March 2004 represents deficits and surpluses that have arisen since 1 April 2002 in respect of council tax and community charge transactions. These may be analysed as follows:

	31-March 2003	Change during 2003/04	31-March 2004
	£'000	£'000	£'000
Council tax			
-2000/2001	(4)	4	-
-2001/2002	(961)	961	-
-2002/2003	(291)	122	(169)
-2003/2004	-	841	841
Community charge	(13)	4	(9)
	(1,269)	1,932	663

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

The deficit in respect of council tax will be paid by preceptors and the Council's General Fund in 2004/2005 and 2005/2006. These payments may be analysed as follows:

33 Collection of National Non-Domestic Rates

Under the arrangements for National Non-Domestic Rates (NNDR) the Council collects business rates for its area, which are based on local rateable values multiplied by a national uniform rate (set by the Government) of 44.4p (43.7p in 2002/2003) in the pound. The total amount collectable, less certain reliefs and deductions, is paid into a national pool.

At 31 March 2004 the non-domestic rateable value of the borough was £658.54m (£645.330m at 31 March

2003). On 1 April 2000 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 which resulted in lower income being received from business ratepayers.

	2003/2004	2003/2004	2002/2003	2002/2003
	£'000	£'000	£'000	£'000
Income from business rates				
Non-domestic rate charge		254,967		252,467
Transitional relief	5,202		(1,920)	
Less – mandatory charity relief	(18,684)		(20,024)	
- empty property relief	(21,373)		(14,155)	
- discretionary relief	(367)	(35,222)	(340)	(36,439)
Income due from business ratepayers		219,745		216,028
NNDR collection costs, credited to the Council's General Fund	(1,092)		(1,086)	
Bad debt provision/losses on collection	(466)		(2,533)	
Discretionary relief charged to the Council's General Fund	236		249	
Interest on refunds	(1,316)	(2,638)	(964)	(4,334)
Contribution to NNDR Pool		217,107		211,694

Notes To The Accounts - The Consolidated Balance Sheet

34 Fixed Assets

	Council Dwellings	Other operational HRA property	HRA commercial property non-operational	Total HRA	Other Land & Buildings	Vehicles Plant & Equipment	Infra-structure	Community Assets	Investment Assets	Fixed Assets under construction	Total General Fund	Total Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
GROSS BOOK VALUES												
Gross Book Value at 1 April 2003	1,912,805	23,603	56,853	1,993,261	368,098	11,474	86,878	8,201	55,259	7,821	537,731	2,530,992
Additions	7,215	(68)	337	7,484	5,432	813	19,590	-	(336)	-	25,499	32,983
Disposals	(45,905)	-	(733)	(46,638)	(100)	(2,863)	(207)	-	(747)	-	(3,917)	(50,555)
Revaluations	113,689	830	8,431	122,950	251,484	-	-	-	5,546	-	257,030	379,980
Transfer/Reclassification	650	(1,452)	1,452	650	(1,188)	-	-	-	539	(5,639)	(6,288)	(5,638)
Gross Book Value at 31 March 2004	1,988,454	22,913	66,340	2,077,707	623,726	9,424	106,261	8,201	60,261	2,182	810,055	2,887,762
DEPRECIATION												
Depreciation at 1 April 2003	(21,848)	(926)	-	(22,774)	(14,514)	(7,534)	(9,058)	(1)	(27)	-	(31,134)	(53,908)
Depreciation for Year	(23,034)	(467)	-	(23,501)	(6,751)	(1,200)	(2,413)	(1)	(21)	-	(10,386)	(33,887)
Write Offs for Revaluations	21,848	20	-	21,868	10,453	-	-	-	9	-	10,462	32,330
Reclassifications	-	43	-	43	69	13	(13)	-	-	-	69	112
Disposals	468	-	-	468	6	2,849	220	-	-	-	3,075	3,543
Depreciation at 31 March 2004	(22,566)	(1,330)	-	(23,896)	(10,737)	(5,872)	(11,264)	(2)	(39)	-	(27,914)	(51,810)
Net Book Value at 1 April 2003	1,890,957	22,677	56,853	1,970,487	353,584	3,940	77,820	8,200	55,232	7,821	506,597	2,477,084
Net Book Value at 31 March 2004	1,965,888	21,583	66,340	2,053,811	612,989	3,552	94,997	8,199	60,222	2,182	782,141	2,835,952

Additions in 2003/2004 include corrections to base.

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

- Colliers Erdman Lewis Chartered Surveyors
- Inland Revenue - Valuation Division

- London Borough of Camden - Head of Property Services – Fellow of the Royal Society 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 Institute of Chartered Surveyors by members of that institute.

All land and buildings held within the HRA have been valued as at 1 April 2003 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 discounting the values by 53% to reflect the continuing occupation by secure tenants. The notional acquisition costs associated with this method of valuation are £40.227m and are not included in the above table.

Non-operational assets such as shops have been valued at open market value. The notional disposal costs associated with this method of valuation are £1.327m and are not included in the above table.

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 is 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 - The Consolidated Balance Sheet

35 Council Assets

The assets of the Council at 31 March 2004 included the following:

25,252	Council dwellings
485	HRA commercial properties
171	HRA other properties
2	Car parks
2	Cemeteries
8	Community centres
12	Day centres
7	Depots and workshops
6	Libraries
10	Miscellaneous buildings
2	Mortuaries and courts
1	Museums and galleries
24	Non-HRA housing properties
22	Offices
5	Play centres
5	Playing fields
6	Public conveniences
7	Residential homes
9	School keeper houses
8	Schools - nurseries
25	Schools - primary
6	Schools - secondary
5	Schools - special
4	Sports centres/pools
4	Teacher residences
263	Kilometres of road
69	Parks, gardens and open spaces
438	Units of commercial property
7	Surplus/vacant properties

36 HRA Asset Valuations

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

	31 March 2004 £'000	1 April 2003 £'000
Operational Properties		
- dwellings	1,965,888	1,890,957
- other properties	21,583	22,676
Sub Total	1,987,471	1,913,633
Non-operational Properties		
- commercial properties	66,340	56,853
Sub Total	66,340	56,853
Grand Total	2,053,811	1,970,486

The vacant possession value of dwellings within the HRA at 31 March 2004 is £4.206bn.

37 Capital Expenditure and Funding

	2003/2004	2002/2003
	£'000	£'000
Expenditure		
Capital additions	32,823	27,970
Written off to Fixed Assets		
Restatement Reserve	69,368	58,698
Deferred charges	4,488	2,796
Advances to housing associations	-	468
	106,679	89,932

	2003/2004	2002/2003
	£'000	£'000
Funding		
Loans	20,948	18,695
Usable capital receipts	17,217	20,452
Leaseholders contributions	15,015	3,735
S106 contributions	864	262
Other contributions/ Insurance receipts	1,417	100
Major Repairs Allowance	22,539	22,058
Transport for London grants	8,290	5,983
Single Regeneration Budget Grant	689	1,173
Other capital grants	8,127	7,608
Capital creditors	514	154
Revenue financing (HRA)	174	980
Revenue financing	10,885	8,732
	106,679	89,932

HRA capital expenditure in the year was as follows:

	2003/2004	2002/2003
	£'000	£'000
Works to HRA dwellings/ other properties	57,755	48,858
Acquisitions	6,287	81
Deferred Charges (House Purchase Grants)	798	483
	64,840	49,422

In addition, non-HRA housing capital expenditure of £1.244m was incurred, (£1.344m in 2002/2003).

	2003/2004	2002/2003
	£'000	£'000
Borrowing	15,847	14,586
Using Capital Receipts	9,886	5,902
Revenue Contributions	174	980
Major Repairs Reserve	22,539	22,058
Other	16,394	5,896
	64,840	49,422

HRA Capital Receipts

Gross HRA capital receipts from disposals in 2003/2004 were as follows:

	2003/2004	2002/2003
	£'000	£'000
Land	40	21
Dwellings	66,698	45,746
Other Properties	1,310	160
Total	68,048	45,927

Notes To The Accounts - The Consolidated Balance Sheet

Major items of capital expenditure during 2003/2004 included:

	£'000		£'000
Chief Executive's		Bourne Estate – contract 2	1,114
Local Authority Websites		Tybalds Close	2,235
National Website project	795	Drury Lane	640
Education		Cavendish/Laystall	561
South Camden Community School – phase 4 sixth form	1,594	Ossulston Street	1,615
Hampstead School redevelopment	1,325	Clyde Court/Coopers Lane phase 2	1,107
Torriano Infants school - extension	907	Clyde Court/Coopers Lane phase 3	755
Kentish Town CE Primary School – disabled resource base	517	Parker Street Hostel	564
		Hastings House – lease extension	6,054
Environment		Leisure and Community Services	
Planned Improvements - footway works	1,020	Waterlow Park – landscaping improvements	1,200
Planned Improvements – carriageway works	836	Social Services	
Boulevard Project	5,357	33-43 Caversham Road – redevelopment of children's centre	1,185
Traffic Implementation - CCTV	623		
Grays Inn Road – structural maintenance	644		
West End Lane Over-Ground rail bridge	599		
Housing		The council has authorised capital expenditure of £311m to be incurred in the years 2004/2005 to 2007/08, of which £185m has been contracted. These commitments include the following significant schemes:	
Major repairs/improvements at: -			£'000
Rowley Way/Alexandra Road	1,750	Education	
Hilgrove Estate	1,794	Hampstead School redevelopment	526
Belsize Grove	500	Environment	
Fellows Road Estate	1,160	Gospel Oak Streets for people project – phase 1	572
Harben Road	1,495	Grays Inn road – structural maintenance	655
Lymington Road Estate	1,960	Leisure and Community Services	
Old Westcroft Estate	1,438	Swiss Cottage development - landscaping	2,781
Fordwych Road	908	Kentish Town Sports Centre - refurbishment	960
Webheath/Netherwood Street	1,119	Housing	
New Westcroft Estate	584	Major repairs/improvements at:-	
Una House	578	Henderson Court	646
Ferdinand House	3,116	Oakshott Court/Polygon Road	1,710
New Harmood Estate	747	Godwin & Crowndale	7,100
Curnock Street	676	Rowley Way/Alexandra Road	6,120
Brook/Cranleigh	520		
Three Fields	648		
Gaisford Area	502		
Allensbury Place 1-30	906		

Hilgrove Estate	1,859
Fellows Road Estate	1,042
Harben Road	988
Lymington Road Estate	2,848
Old Westcroft Estate	1,593
Fordwych Road	557
Gascony Avenue	525
Webheath/Netherwood Street	515
Snowman & Casterbridge	2,753
Bridge House/Ainger Road	850
Barnfield/Woodfield	1,064
Silverbirch House	549
Fleet Road Estate	1,775
Una House	589
Ferdinand House	3,478
Castle Road Estate	675
New Harmood Estate	846
Waxham/Mansfield	737
Curnock Street Estate	598
Bayham Street	829
Carol Street	692
College Place Estate	3,901
Holly Lodge Mansions	772
Makepeace Mansions	2,613
Whittington Estate	809
Dartmouth Park Hill A & B	727
Agar Grove Estate	576
Allensbury Place 1-30	580
Bourne Estate – contract 2	1,300
Tybalds Close	2,107
Goldsmiths Place	520
Abbey Estate	576
Ossulston Street	1,222
Levita House	1,922
Coopers Lane - phase 2	770
Ingestre Road – phase 2	3,500
Whittington Estate – phase 2	3,464
Regents Park Estate – phase 4	690

A further £130m relates to schemes approved to proceed which were not contracted as at 31 March 2004. The following significant schemes are included:

£'000

Chief Executive's

Deane House refurbishment	1,900
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Education

St George's Annex – new nursery	520
Classrooms of the Future project	529
Parliament Hill School redevelopment	4,114
Fitzjohn's School modernisation/development	988
Secondary school autism unit	750
2 additional Primary School resource bases	1,793

Environment

Boulevard project	3,800
Traffic implementation CCTV	800
Royal College Street – structural maintenance	500
Parking Solutions IT system replacement	900

Leisure & Community Services

Kilburn High Road Library – fit out costs	1,229
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Housing

Major repairs/improvements at: -	
Holly Lodge	3,000
Broadfield	2,580
Mary Green, Snowman & Casterbridge	2,500
Pakenham Street	1,185
Bourne Estate	1,100
Ingestre Road	1,000
Bernard Shaw Court	600
Whittington Estate – phase 3	500

Notes To The Accounts - The Consolidated Balance Sheet

38 Deferred Charges

	2003/2004	2002/2003
	£'000	£'000
Balance brought forward	-	-
Additions		
- Improvement grants	549	776
- Other capital grants	1,167	989
- Voluntary aided schools	1,633	550
- Other	1,141	481
Written off during the year	(4,490)	(2,796)
Balance carried forward	-	-

39 Long-term Debtors

	31 March	31 March
	2004	2003
	£'000	£'000
Loans to Housing associations	1,506	1,763
Staff car loans	63	67
Right to buy mortgages	226	261
Capital service charge loans	433	372
Other mortgages	101	130
Works in default	72	124
	2,401	2,717

40 Current Assets

	31 March	31 March
	2004	2003
	£'000	£'000
Stocks	164	186
Cash held by officers	105	99
Money on call/short notice	71,345	85,700
Other short-term lending	42,219	41,025
Cash at bank	11,798	9,542
Payments in advance	6,552	2,147
	132,183	138,699
Collection Fund debtors		
- Community charge payers	383	387
- Council tax payers	18,664	18,155
- NNDR ratepayers	7,145	10,979
- NNDR Pool	8,107	-
	34,299	29,521
Other debtors		
- HRA rents	6,637	5,811
- Central Government	12,185	9,958
- Other local authorities	2,989	3,231
- Other sundry debtors	74,721	77,736
	96,532	96,736
Total debtors	130,831	126,257
Less provisions for bad debts		
- Community charge	(383)	(387)
- Council tax arrears	(16,348)	(16,156)
- NNDR arrears	(5,067)	(6,904)
	(21,798)	(23,447)
- HRA rents	(5,510)	(4,700)
- Other arrears	(38,606)	(46,084)
	(44,116)	(50,784)
Total provisions	(65,914)	(74,231)
Total current assets	197,100	190,725

4.1 Current Liabilities

	31 March 2004	31 March 2003
	£'000	£'000
Temporary loans	8,490	12,600
PWLB <1 year	477	65,928
Depositors	1,695	1,569
Bank Overdraft	1,501	5,216
Receipts in advance	13,693	8,456
Charitable receipts	77	69
	25,933	93,838
Collection Fund creditors		
- Council tax payers	6,901	5,494
- NNDR ratepayers	10,719	5,317
- NNDR pool	-	4,254
	17,620	15,065
Other creditors		
- Pension Fund	9,796	6,765
- Central Government	10,245	4,885
- Other local authorities	30,195	17,071
- Other sundry creditors	56,746	65,856
	106,982	94,577
Total current liabilities	150,535	203,480

4.2 Loans Outstanding

	2003/2004	2002/2003
	£'000	£'000
Loans raised	405,075	310,495
Loans repaid	(450,613)	(314,489)
Net decrease in external borrowing	(45,538)	(3,994)

4.3 Loans Outstanding By Type

	31 March 2004	31 March 2003
	£'000	£'000
Money Market Loans	124,000	15,000
PWLB > 1 year	231,223	316,200
PWLB < 1 year	477	65,928
Temporary loans	8,490	12,600
Total loans outstanding	364,190	409,728

4.4 Long-term Loans Outstanding By Maturity

	31 March 2004	31 March 2003
	£'000	£'000
1 – 2 years	533	477
2 – 5 years	125,998	36,290
5 - 10 years	32,114	67,477
10 years +	196,578	226,956
	355,223	331,200

4.5 Cash Managers

The Council currently uses two cash managers to invest surplus funds. As at 31 March 2004 the investments represented:

	31 March 2004	31 March 2003
	£'000	£'000
Investment Income	(1,060)	(1033)
Change in Market Value of Investments		
- Realised	351	(108)
- Unrealised	(576)	(341)
- Management Fees	78	60
Net Return on Investments	(1,207)	(1,422)
Initial Investment	(40,389)	(40,000)
Net increase in the fund	(1,207)	(1,422)
Taken to the Consolidated Revenue Account	1,205	1,033
Balance at 31 March 2004	(40,391)	(40,389)

Notes To The Accounts - The Consolidated Balance Sheet

46 Capital Grants Deferred

In respect of grants used to finance asset acquisition, sums are released to the Asset Management Revenue Account (AMRA) in line with the depreciation charged on the new assets. In respect of grants used to finance works to existing assets, sums are released to AMRA in line with depreciation charged on the asset. In respect of leaseholder capital contributions applied, the sums are credited to the Capital Financing Reserve.

	31 March 2004	31 March 2003
	£'000	£'000
Transport Supplementary Grant	4,590	4,734
Other infrastructure grants	20,160	11,989
Other grants (building works)	9,599	3,424
Equipment grants	2,613	2,994
Contributions	2,914	1,392
	39,876	24,533

47 Provisions

	31 March 2004	31 March 2003
	£'000	£'000
Self-insurance provision	3,524	4,196
Tree root damage	1,502	1,517
Total insurance provisions	5,026	5,713
Repayment of grant	305	152
Industrial Leases	750	750
Total general provisions	1,055	902
Total provisions	6,081	6,615

Self-Insurance Provision Since 1 April 1993, the Council's property, public and employer's liability and motor insurance policies have been arranged with Zurich Municipal with a substantial excess, currently £100,000 for each and every claim.

Through agreement with Zurich Municipal, aggregate annual limits of £0.1m and £2.5m apply to the Council's current exposure to property and liability claims respectively.

A self-insurance provision has been established to meet claims within the excess and aggregate limits. Contributions to the provision are made from departmental expenditure. The HRA contributes to the provision and claims are paid from the provision, which, if uninsured, would be met by the HRA. There are other uninsured risks, which departments retain; in the event of losses occurring, payments will have to be met from existing budgets.

The balance of the provision at 31 March 2004, £3.524m, is an estimate of outstanding payments on reported claims at that date.

	2003/2004	2002/2003
	£'000	£'000
Balance at 1 April	4,196	4,250
Contributions	2,280	2,447
	6,476	6,697
Payment of claims	(946)	(1,806)
	5,530	4,891
Transfer to self-insurance reserve	(1,700)	(245)
Transfer to Tree Root Damage Provision	(306)	(450)
Balance at 31 March	3,524	4,196

Tree Root Damage From 1994/95 the Council has held a provision to fund legal liability claims arising from damage to private property by the root action of trees owned by the Council. The provision includes an amount for claims that would otherwise have been paid from the HRA. Contributions totalling £0.65m were made in 2003/2004 including £0.07 from the HRA and £0.31m from the Self Insurance Provision (total contributions in 2002/2003 were £0.8m). The balance at the end of the year provides 100% cover on outstanding claims and is sufficient to meet anticipated claim payments in 2004/2005.

Repayment of grant Provision has been made for the liability to repay urban aid grant received on properties that have since been sold. An additional provision of £0.153m has been made in the year in respect of a liability to repay slum clearance grant on a property that has been sold.

Industrial Leases Provision has been made for the liability arising under tax indemnity clauses relating to the letting of industrial units.

48 Fixed Assets Restatement Reserve

The Fixed Assets Restatement Reserve was established on 1 April 1994. At this date the balance represented the difference between the valuation of assets under the previous system of capital accounting and the revaluation at that date. The reserve is written down by the net book value of assets as they are disposed of and capital expenditure which did not enhance asset values. It is also debited or credited with the deficits or surpluses arising on revaluations.

	31 March 2004	31 March 2003
	£'000	£'000
Balance brought forward	1,395,807	1,268,455
Revaluations	407,292	227,928
Adjustments	(346)	-
Capital expenditure which did not enhance asset values	(69,368)	(58,698)
Net Book Value of fixed assets disposed of in 2003/2004	(47,012)	(41,878)
Balance carried forward	1,686,373	1,395,807
Comprising:		
General Fund	454,560	206,441
HRA	1,231,813	1,189,366
	1,686,373	1,395,807

49 Capital Financing Reserve

The Capital Financing Reserve contains the amounts that are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue and from usable capital receipts. It also contains the difference between amounts provided for depreciation and the Minimum Revenue Provision (MRP) for the redemption of external debt. An amount equal to the amortisation of capital grants and contributions is also credited to this account.

	31 March 2004	31 March 2003
	£'000	£'000
Balance brought forward	546,019	472,277
Reserved capital receipts	46,913	34,010
Prior Year adjustment	-	(252)
Capital financing		
capital receipts	17,217	20,452
revenue	11,059	9,713
Major Repairs Reserve	22,539	22,058
MRP (less depreciation)	(22,454)	(19,446)
Capital grants	1,679	5,880
Capital contributions	15,090	3,912
Less deferred charges		
written down in year	(4,490)	(2,796)
capital grant adjustment	2,288	900
Debt repaid	(32)	(689)
Premia charged to CFR	(2,523)	-
Balance carried forward	633,305	546,019

50 Provision for Credit Liabilities

In accordance with statutory requirements the Council is required to set aside sums as a provision to repay external loans and for other limited purposes. In 1997/1998 the Council decided in future fully to apply the balance on the Provision for Credit Liabilities for the repayment of external debt. The Council does not keep an account within the accounting records for the PCL, as there is no need to do so, but maintains a memorandum account which is set out below:

	31 March 2004	31 March 2003
	£'000	£'000
Balance brought forward	-	-
Minimum Revenue Provision	11,433	11,708
Reserved receipts	46,913	34,010
Debt repaid	(55,823)	(45,718)
Funding of Premia	(2,523)	-
Balance carried forward	-	-

Notes To The Accounts - The Consolidated Balance Sheet

51 Capital Receipts Unapplied

The Local Government and Housing Act 1989 requires that a percentage of capital receipts secured by local authorities after 1 April 1990 must be set aside to meet credit liabilities. Capital receipts unapplied are those receipts that are available to finance new capital expenditure. Details of the sources and application of capital receipts are shown below:

	2003/2004	2002/2003
	£'000	£'000
Balance unapplied at 1 April	4,699	-
Receipts in Year		
Sale of Council dwellings	66,698	45,746
Sale of other land and buildings	5,637	12,251
Distribution of LRB receipts	240	222
Repayment of housing assoc loans/mortgages	32	690
Prior year adjustment	-	252
Total Receipts	77,306	59,161
Application		
New capital expenditure	17,217	20,452
Capital Financing Reserve	46,913	34,010
Total Application	64,130	54,462
Balance unapplied at 31 March	13,176	4,699

52 Major Repairs Reserve

This reserve came into operation in 2001/2002 and reflected a change in the subsidy regime in that year. The movement in the reserve in 2003/2004 was as follows:

	31 March 2004	31 March 2003
	£'000	£'000
Opening Balance 1 April	-	-
Transferred to Reserve in year	23,502	22,512
Transferred to HRA in year	(963)	(454)
Used to fund capital expenditure in year	(22,539)	(22,058)
Closing balance at 31 March	-	-

53 Earmarked Reserves

The following earmarked reserves were maintained during 2003/2004:

	2003/2004 £000	2002/2003 £000
Departmental reserves		
Chief Executive's	2,617	3,920
Education	2,321	1,829
Environment	4,293	1,924
Housing	4,199	1,415
Leisure & Community Services	1,390	1,154
Social Services	3,839	2,107
Total Departmental Reserves	18,659	12,349
Corporate Reserves		
Future Capital schemes a	6,570	9,957
Central Equipment b	1,180	1,244
Match funding c	1,350	1,326
Building Design Services d	-	226
Housing former DSO e	1,126	1,244
Risk Management f	228	228
Commercial property g	861	861
IT Systems Management h	1,768	2,355
Modernising Government i	917	1,361
Potential litigation j	826	826
Self-insurance reserve k	14,275	12,575
Swiss Cottage development l	-	400
Camden initiatives in Kings		
Cross Railway Lands m	-	234
Kentish Town Sports Centre n	296	296
Neighbourhood Renewal Fund o	418	1,204
Schools Support teacher absences p	329	371
e-Government q	4,600	4,600
Education Funding Reserve r	-	1,500
Section 117 Funding Reserve s	3,173	673
Insurance Funding Reserve t	-	320
Haverstock School PFI Initial		
Payment reserve u	3,446	-
Haverstock School PFI reserve v	1,733	-
"People @ Camden" project		
reserve w	1,578	-
Total Corporate Reserves	44,674	41,801
	63,333	54,150

- a** This reserve has been created to cover the cost of various future schemes which were approved in 2003/2004.
- b** This reserve exists to enable departments to purchase items of equipment for which operating leases would be inappropriate and to spread the cost over a number of years.
- c** This reserve has been created to ensure that match funding is available to support applications for national lottery and other funds by Council departments and voluntary organisations.
- d** Before externalisation, Building Design Services operated a separate trading account and the balance on the account was held in the reserve to meet the winding down costs. Part of the reserve was applied in the year and the balance transferred to the Housing general fund earmarked reserve.
- e** The trading surplus of the Building Maintenance Division and the cumulative surpluses of the former Housing Management and Building Maintenance DSOs are held in this earmarked reserve.
- f** This reserve contains monies paid to the Council by its insurers and allocated through budgets for use on risk management initiatives.
- g** This reserve has been set up to meet dilapidations and other payments in respect of commercial and other properties.
- h** This reserve has been set up to meet the cost of the replacement and enhancement of the Council's major financial systems.
- i** This reserve has been created to meet the costs of Modernising Government by developing e-services.
- j** A reserve has been created to protect the Council's position in relation to a number of legal actions.
- k** In addition to the provision for reported claims (see note 12) the Council has established a reserve against potential claims arising out of past circumstances and for potential increases in reported claims values. Potential claims, which, if "uninsured", would be paid from the HRA, are included in the assessment of the reserve level. The reserve also includes provision for claims against policies taken out with Municipal Mutual Insurance (MMI) prior to 1 April 1993. MMI went into "run-off" in September 1992 and subsequently established a scheme of arrangement whereby claims paid since January 1994 will be subject to total or partial clawback in the event of insolvency. The maximum potential clawback was £3m at 31 March 2004. A further £0.515m was reserved against claims outstanding with MMI at that date.
- l** This reserve was set up to support the costs of the Swiss Cottage development.
- m** This reserve was set up to meet the costs of initiatives in connection with the redevelopment of the Kings Cross Railway Lands.
- n** This reserve was set up to meet design and consultancy work on the Kentish Town Sports Centre in 2002/2003.
- o** This reserve has been set up to meet Neighbourhood Renewal Fund commitments in future years.
- p** This reserve has been set up to meet the funding of teacher absences.
- q** This reserve has been set up to support the funding of the Council's e-Government agenda.
- r** This reserve was set up to meet Education funding from balances agreed as part of the 2003/2004 budget.
- s** This reserve has been set up to meet the repayment of charges under Section 117 of the Mental Health Act 1983 and has been funded from balances agreed as part of the 2003/2004 budget.
- t** This reserve was set up to meet an insurance funding from balances agreed as part of the 2003/2004 budget.
- u** This reserve has been set up to hold the funding for the initial payment made under the Haverstock School PFI contract.
- v** This reserve has been set up to hold the balance of funding received in respect of the Haverstock School PFI.
- w** This reserve has been set up to fund the development of the People @ Camden electronic human resources system over the life of the project.

54 School 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 school balances fell by £0.661m during the course of 2003/2004.

	£'000
School balances as at 1 April 2003	6,805
Movement in year	(661)
School balances at 31 March 2004	6,144

The Education department makes budgetary provision for the funding of teacher absences, which is apportioned to schools as and when it is required. The unspent balance on this budget of £0.329m has been set-aside in a specific earmarked reserve and is shown in note 53.

Notes To The Accounts - The Consolidated Balance Sheet

55 Contributions to Capital Works Unapplied

These comprise:

	31 March 2004	31 March 2003
Leaseholder Capital Contributions	753	12,081
Developer Contributions	5,198	5,807
	5,951	17,888

56 Trust Funds and Other accounts

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

	Balance at 1 April 2003	Receipts 2003/2004	Payments 2003/2004	Balance at 31 March 2004
	£	£	£	£
Education	(6,374)	(47)	-	(6,421)
Social Services	(20,059)	(2,112)	878	(21,293)
Other	(147,096)	(4,368)	-	(151,464)
Waterlow Park	(218,302)	(231,648)	237,498	(212,452)
	(391,831)	(238,175)	238,376	(391,630)

In addition, the authority administers funds on behalf of Social Services clients including funds administered by officers as Court appointee or receiver. The amount of these funds as at 31 March was £1.613 million (£1.501 million as at 31 March 2003).

57 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. The Council is in

discussion with one association regarding one such arrangement where the lease runs out shortly.

There is a potential liability in respect of the occupation of a council building, which may require a compensation payment in respect of possible rights of possession.

There is a potential liability in respect of an unresolved claim against the Social Services department on a matter of financial responsibility for a client, which is estimated to be up to £0.277m.

58 Analysis of Net assets employed

	31 March 2004	31 March 2003
	£'000	£'000
General Fund	405,373	76,149
HRA	1,851,541	1,737,091
	2,256,914	1,813,240

59 Pension and similar obligations

The Statement of Accounting Policies includes a section dealing with the pension schemes in which the Council participates, and Note 11 to the Consolidated Revenue Account 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 (FRS17), which in 2003/2004 requires the pension asset or liability to be incorporated into the Consolidated Balance Sheet.

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

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

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 31st March 2001 and updated to 31st March 2004 by a qualified independent actuary. The assumptions that have the most significant effect on this valuation are as follows:

	As at 31 March 2004	As at 31 March 2003	As at 31 March 2002
	<i>% per annum</i>	<i>% per annum</i>	<i>% per annum</i>
Price Increases	2.9%	2.5%	2.8%
Salary Increases	4.4%	4.0%	4.3%
Pension Increases	2.9%	2.5%	2.8%
Discount Rate	6.5%	6.1%	6.4%

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

	31 March 2004		31 March 2003		31 March 2002	
	Long-term expected rate of return	Camden's share of the Fund	Long-term expected rate of return	Camden's share of the Fund	Long-term expected rate of return	Camden's share of the Fund
		£'000		£'000		£'000
Equities	7.7%	333,800	8.0%	247,152	7.5%	323,379
Bonds	5.1%	75,844	4.8%	72,774	5.5%	76,171
Property	6.5%	13,759	6.0%	13,238	6.0%	12,431
Cash	4.0%	28,682	4.0%	20,665	4.0%	26,406
Total market value of assets		<u>452,085</u>		<u>353,829</u>		<u>438,387</u>

Net Pension Liability	31 March 2004	31 March 2003
	£'000	£'000
Estimated Employer Assets	452,085	353,829
Present value of scheme liabilities	(691,993)	(601,140)
Net pension liability	<u>(239,908)</u>	<u>(247,311)</u>

Notes To The Accounts - The Consolidated Balance Sheet

The movement in the net pension liability for the year to 31 March 2004 is as follows:

	Year to 31 March 2004 £'000	Year to 31 March 2003 £'000
Deficit at beginning of year	(247,311)	(132,793)
Current Service Cost	(13,854)	(13,223)
Employer Contributions	21,727	20,550
Past Service Costs	3,415	-
Impact of Settlements and Curtailments	(821)	(594)
Net Return on Assets	(11,444)	(6,311)
Actuarial Gains/(Losses)	8,380	(114,940)
Deficit at end of year	(239,908)	(247,311)

The actuarial losses can be analysed as follows, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2003.

	Year to 31 March 2004 £'000	%	Year to 31 March 2003 £'000	%
Differences between the expected and actual return on assets	57,546	12.7	(117,308)	(33.2)
Differences between actuarial assumptions about liabilities and actual experience	(49,166)	(7.1)	2,368	0.4
	8,380		(114,940)	

London Pensions Fund

The London Pensions Fund is a multi-employer funded pension scheme, with assets held in separately administered funds. A full actuarial valuation was carried out at 31st March 2001 and updated to 31st March 2004 by a qualified independent actuary. The assumptions that have the most significant effect on this valuation are as follows:

	As at 31 March 2004 % per annum	As at 31 March 2003 % per annum	As at 31 March 2002 % per annum
Price Increases	2.9%	2.5%	2.8%
Salary Increases	4.4%	4.0%	4.3%
Pension Increases	2.9%	2.5%	2.8%
Discount Rate	6.5%	6.1%	6.4%

	31 March 2004		31 March 2003		31 March 2002	
	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%	4,580	8.0%	3,016	7.5%	15,765
Bonds	5.1%	28,466	4.8%	28,029	5.5%	15,622
Property	6.5%	-	6.0%	-	6.0%	-
Cash	4.0%	1,633	4.0%	1,978	4.0%	1,245
Total market value of assets		34,679		33,023		32,632

	31 March 2004	31 March 2003
Net Pension Asset	£'000	£'000
Estimated Employer Assets	34,679	33,023
Present value of scheme liabilities	(32,692)	(31,921)
Net pension asset	1,987	1,102

The movement in the net pension asset for the year to 31 March 2004 was as follows:

	Year to 31 March 2004	Year to 31 March 2003
	£'000	£'000
Surplus at beginning of year	1,102	2,399
Current Service Cost	(334)	(382)
Employer Contributions	391	399
Contributions in respect of unfunded benefits	63	-
Net Return on Assets	(272)	156
Actuarial Gains	1,037	(1,470)
Surplus at end of year	1,987	1,102

The actuarial gains can be analysed as follows, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2004:

	Year to 31 March 2004		Year to 31 March 2003	
	£'000	%	£'000	%
Differences between the expected and actual return on assets	1,060	3.1	(319)	1.0
Differences between actuarial assumptions about liabilities and actual experience	(23)	(0.1)	(1,151)	(3.6)
	1,037		(1,470)	

Combined Net Pension Liability

The combined net pension liability is made up as follows:

	Net Pension Asset/ (Liability) at 31 March 2004	Net Pension Asset/ (Liability) at 31 March 2003
	£'000	£'000
Camden Fund	(239,908)	(247,311)
Unfunded Benefits Liability (included in Camden Fund in 2003/2004)	-	(45,018)
Contributions for Past Service and Curtailments	782	506
London Pension Fund Authority	1,987	1,102
Total	(237,139)	(290,721)

Teachers Pension Scheme

The Council participates in the Teachers Pension Scheme. This is an unfunded, defined benefit multi-employer scheme, independent from the Council. The Council is unable to identify its share of the underlying liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme. Contributions to the scheme for the year were £5.754m and the agreed employer contribution rate from 1st April 2004 is 13.5%.

Notes To The Accounts - The Cash Flow Statement

60 Other Government Revenue Grants

	2003/2004	2002/2003
	£'000	£'000
Asylum Seekers	5,934	7,180
Children's Fund	1,774	1,102
Children's Services Grant	6,082	4,998
Council Tax grants	1,092	1,086
Education Maintenance Allow.	930	1,126
HRA Subsidy	106,952	105,214
Mental Illness Specific Grant/ Homeless Mentally ill	853	1,310
Learning & Skills Council	14,288	12,509
Neighbourhood Renewal Fund	4,245	3,309
Nursery Education Grant	45	1,136
Preserved Rights	1,747	1,681
Promoting Independence Grant	888	1,684
School Standards Grant	2,273	1,905
SRB	2,393	1,552
Standards Fund	11,822	11,756
Sure Start	3,225	1,495
Teachers' Pay	488	1,309
Connexions	1,600	-
PFI grant	1,053	-
Supporting People Programme grant	40,497	-
New Opportunities Fund	1,681	-
Section 168 Grant (Housing)	2,145	782
Other grants	11,790	16,511
	223,797	177,645

61 Reconciliation of Revenue Cash Flow

	2003/2004	2002/2003
	£'000	£'000
Net General Fund		
Revenue deficit/(surplus)	7,417	(7,221)
Net HRA revenue surplus	(16,527)	(7,956)
Net Collection Fund revenue deficit	1,932	232
Expenditure debited to holding accounts and provisions	2,462	2,569
Deduct interest paid	(31,530)	(30,682)
Deduct contributions to provisions and reserves	(24,718)	(15,822)
Deduct revenue contributions to capital	(10,885)	(31,770)
Creditors increase	(4,485)	(8,278)
Increase in stock	(22)	10
Add interest received	4,035	5,476
Other financing	(24,594)	(261)
Minimum revenue provision	(11,433)	(11,708)
Add contributions from provisions and reserves	13,015	18,505
Debtors increase	17,296	11,517
Revenue activities net cash inflow	(78,037)	(75,389)

62 Net Debt

	31 March 2004	Movement in Year 2003/04	31 March 2003
	£'000	£'000	£'000
Cash in hand/ at bank	11,903	2,262	9,641
Cash overdrawn	(1,501)	3,715	(5,216)
Debt greater than one year	(355,223)	(24,023)	(331,200)
Debt less than one year	(8,967)	69,561	(78,528)
Current Asset Investments	113,564	(13,161)	126,725
	(240,224)	38,354	(278,578)

63 Movement in Net Debt

	2003/2004	2002/2003
	£'000	£'000
Increase in cash	5,977	14,649
Add Back		
Cash flow from increase in debt and lease financing	45,538	3,994
Cash flow from increase in liquid resources	(13,161)	23,131
Change in net debt resulting from cash flows	38,354	41,774
Net Debt at 1 April	(278,578)	(320,352)
Net Debt at 31 March	(240,224)	(278,578)

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

64 Management of Liquid Resources

	2003/2004	2002/2003
	£'000	£'000
Money on call or at short notice		
- deposited	832,084	1,253,406
- returned	(845,245)	(1,230,275)
	(13,161)	23,131

65 Movement in Cash

	31 March 2004	31 March 2003
	£'000	£'000
Cash with accounting officers	105	99
Cash at bank (with no penalty)	11,798	9,542
Cash overdrawn	(1,501)	(5,216)
	2003/2004	2002/2003
	£'000	£'000
Movement in cash with accounting officers	(6)	1
Movement in cash at bank (with no penalty)	(2,256)	(9,542)
Movement in cash overdrawn	(3,715)	(5,108)
Net cash inflow	(5,977)	(14,649)

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 and amending regulations 1999, 2000, 2002 and 2003, the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 and the Teachers' (Compensation for Redundancy and Premature Retirement) Regulations 1997.

The Accounts have been prepared in accordance with the LGPS Regulations 1997, and the 2003 Code of Practice on Local Authority Accounting in Great Britain 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, widow's and children's pensions and death gratuities.

The accounts comply with the recommendation of the SORP as far as appropriate for local government.

Basis for Accounting for Income and Expenditure

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 (July 1996) Financial Reports of Pension Schemes.

Basis of Investment Valuation

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.

Foreign Currency Transactions

Debtors in respect of dealings done in foreign currencies have been converted to sterling at the closing rates of exchange at the Net Assets Statement date.

Fund Management

The day-to-day management of the Fund is split between the Borough Treasurer (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 determined by the Council's Investment Panel in 1992, with Schroder Investment Management Ltd and UBS Ltd having responsibility for 82.5% of the Fund, the Council 2.5%, and with Baillie Gifford and Co. having 15% and higher performance targets than the other Fund Managers.

Overall investment strategy is the responsibility of the Investment Panel, which consists of eight councillors who receive advice from the Chief Executive, the Borough Treasurer and the Borough Solicitor, the three Fund Managers, and Pensions Investment Research Consultants Ltd. Trade union representatives and retired members are also invited to attend the Panel as observers. Panel 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 2004 was as follows:

	£'000
Council	3,074
Baillie Gifford and Co	73,441
UBS Ltd	238,886
Schroder Investment Management Ltd	209,294
	<hr/>
	524,695

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 2001.

The discounted market value of the Fund's assets at the valuation date was £526m and their actuarial value of £645m represented 82% of the Fund's accrued liabilities, allowing for future pay increases.

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	6.75% per annum
Bonds	5.75% per annum
Rate of general pay increases	4.3% per annum
Rate of increases to pensions in payment in excess of guaranteed minimum pensions	2.8% per annum

Assets were valued at the discounted value of future income assuming a 2.4% 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 2001 was sufficient to meet only 82% of the liabilities, it has been necessary to increase the employer's contribution rate from 2002/2003 and continue at that level for the next two years. The rate of contribution during 2002/2003 was 19.48% of pensionable pay.

The recommended rates of employer's contribution, expressed as a percentage of employees' contributions, were as follows:

	%
2003/2004	325
2004/2005	325

The actuarial valuation as at 31 March 2001 was obtained from Hymans Robertson. In July 1997, the Chancellor announced the abolition of advance corporation tax relief to pension schemes. This reduced Pension Fund income from 1997/98 onwards. The actuarial review incorporated an increase in the employer's contribution rate to maintain the solvency of the Fund. The next actuarial valuation will be carried out as at 31 March 2004. The results will be known in November 2004 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 2003/2004, £0.630m was paid to the Council for administration (£0.592m in 2002/2003) and as at 31 March 2004, £9.796m was due from the Council to the Fund (£6.765m at 31 March 2003) (Note 41).

Investment Policy

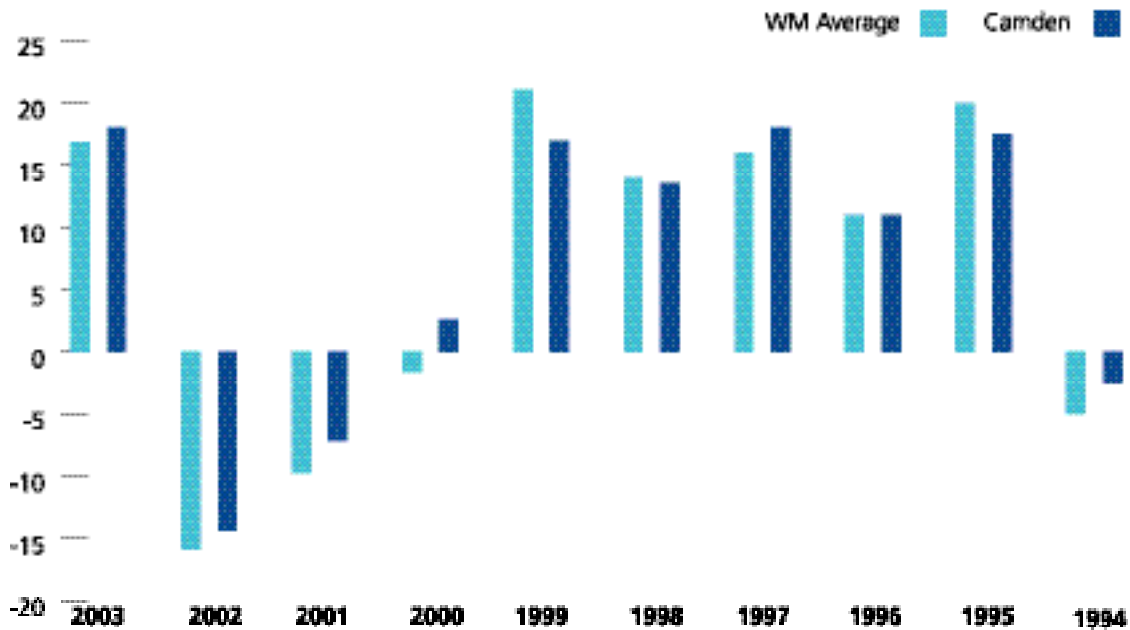
The LPGS Regulations impose certain limits on different types of investments. Within this framework the Fund imposes its own supplementary limits on the types of assets which may in aggregate be held as follows:

- The maximum that may be held in fixed-interest Government bonds is 40% of the Fund. Within that limit no more than 20% may be held in overseas Government bonds. The maximum that may be held in corporate bonds is 10% of the fund, but must be rated either AA or A according to recognised credit agencies.
- No more than 80% and no less than 25% may be invested in UK equities (including convertibles). Up to 10% of the UK equity portfolio may be invested in small companies exempt funds, subject to investment in the manager's 'in-house' funds being restricted to a holding of no more than 5% of that fund's value.
- Direct property investments (including property unit trusts) and venture capital may not exceed 15% of the Fund.
- No more than 12.5% may be in cash for a period greater than two months.
- 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.
- Investments placed with the Council, other than short-term temporary deposits, may not exceed 5% of the Fund.
- No more than 30% may be invested in overseas equities.
- No more than 15% of the Fund should be invested in insurance contracts.
- No more than 15% of the Fund should be invested in a combination of Unit Trusts and Open Ended Investment Companies.

Fund Portfolio and Diversification

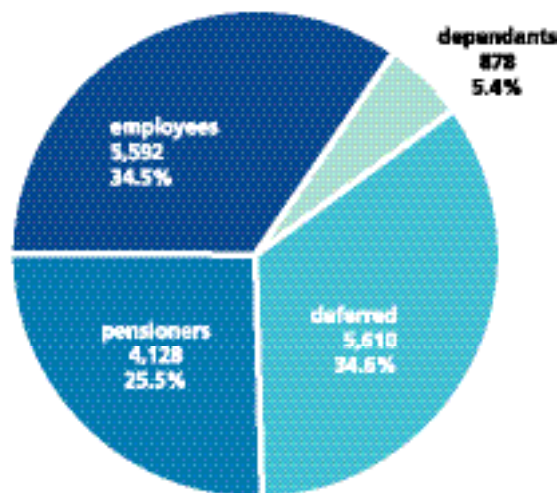
The Regulations require that regard should be paid by the Trustees and Fund Managers to the need to diversify investments and also to the suitability of particular investments.

Annual Return on Investments



The overall value of the Fund has risen by 98% 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.

Membership of the Fund



Total membership of the Fund at 31 March 2004 was 16,208 (15,605 in 2003). Within the totals shown in the pie chart are 681 employees, 272 pensioners, 33 dependants and 592 deferred benefits attributable to admitted bodies.

Pension Fund Account for the year ended 31 March 2004

	Note	2003/2004 £'000	2002/2003 £'000
Contributions and benefits			
Employees' contributions		(8,261)	(7,548)
Employer's contributions		(25,023)	(23,203)
Transfers in		(13,006)	(8,159)
Capital costs	1	(732)	(866)
Pension indexation		6,532	6,432
Retirement pensions		15,374	15,033
Retiring allowances		1,981	1,490
Death gratuities		518	564
Transfers out		9,922	9,108
Contribution equivalent Premium	2	52	77
Administration costs		687	600
Other expenditure	3	259	218
Return of contributions		84	126
Net receipts from dealing with members		(11,613)	(6,128)
Returns on investments			
Investment income	4	(15,705)	(14,892)
Change in market value of investments			
- Realised		5,587	18,274
- Unrealised		(89,723)	99,484
- Management fees		991	894
Net returns on investments		(98,850)	103,760
Net (decrease)/increase in the fund		110,463	(97,632)
Net assets at 1 April 2003		414,232	511,864
Net assets at 31 March 2004		524,695	414,232

Following a revaluation on 1 October 1992 the distinction between realised and unrealised assets is distorted. The exact impact is unquantifiable but results in the value of the unrealised change in market value being overstated. The extent of the distortion will reduce over the next few years and has no effect on the overall viability of the Fund, other than a presentational one.

Pension Fund Net Assets Statement as at 31 March 2004

	Note	31 March 2004 £'000	31 March 2003 £'000
Investments at market value			
Fixed interest securities	5, 6		
- Public sector		58,088	56,118
- Corporate bonds		5,429	6,440
Life Fund		6,154	6,842
Index linked securities			
-Public Sector		18,048	13,401
-Corporate Bonds		305	289
UK equities	8	241,325	185,431
Overseas equities		146,086	101,017
Property unit trusts		15,969	15,039
Venture capital	7	139	319
		491,543	384,896
Other net assets			
Cash		20,260	19,476
Camden Debtor		9,795	6,765
Debtors less creditors		3,097	3,095
Net assets		524,695	414,232

The net asset statement includes all assets and liabilities of the fund at 31st March 2004, 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 Capital Costs

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.

2 Contributions Equivalent Premiums

This is a payment to the Contributions Agency to reinstate employees into State Earnings Related Pension Scheme. This applies only to employees who have received a refund for contributions.

3 Other Expenditure

Included in this figure is a sum of £136,929 for overseas withholding tax on overseas equities, of which about 40% is non refundable.

4 Pension Fund Investment Income

A detailed breakdown of this figure is shown below:

	31 March 2004 £'000	31 March 2003 £'000
Fixed interest securities		
- Public sector	2,849	2,888
- Corporate bonds	169	304
Index linked securities	383	295
UK equities	7,844	7,102
Overseas equities	2,601	2,175
Property unit trusts	863	960
Venture capital	-	2
Interest	996	1,166
Total income	15,705	14,892

5 Investments

Pension Fund Purchases and Sales by Asset Type for the year ended 31 March 2004

	2003/2004 £'000	2002/2003 £'000
Purchases		
Fixed interest securities		
- Public sector	117,019	86,898
- Corporate bonds	3,138	4,933
Life Fund	596	1,209
Index linked securities	18,303	13,872
UK equities	35,729	39,879
Overseas equities	51,083	59,010
Property Unit Trusts	-	850
Total purchases	225,868	206,651
Sales		
Fixed interest securities		
- Public sector	114,732	97,056
- Corporate bonds	2,254	11,162
Life Fund	3,554	199
Index linked securities	14,426	11,946
UK equities	31,057	25,520
Overseas equities	37,459	38,086
Property unit trusts	-	765
Venture capital	23	38
Total Sales	203,505	184,772

Notes to the Pension Fund Accounts

6 Pension Fund Analysis of Investments at Market Value

	31 March 2004 £'000	31 March 2003 £'000		31 March 2004 £'000	31 March 2003 £'000
Securities					
Government fixed interest					
- UK	42,341	34,888	Denmark	312	420
- Australia	-	2,048	Europe miscellaneous	1,559	1,288
- Canada	-	55	Finland	2,210	1,381
- France	-	199	France	10,761	8,543
- Germany	7,570	9,859	Germany	6,871	4,797
- Holland	701	713	Greece	510	-
- Italy	142	311	Holland	6,023	5,114
- New Zealand	1,046	-	Hong Kong	3,976	2,128
- Spain	299	211	Ireland	2,589	1,922
- USA	1,149	746	Italy	4,153	3,041
- Other overseas	4,841	7,088	Japan	24,892	13,319
Life Fund	6,153	6,842	New Zealand	359	253
Government index linked			Norway	571	487
- UK	17,802	12,777	Portugal	810	717
- Canada	-	97	Singapore	1,291	957
- France	-	194	Spain	2,516	2,611
- USA	246	333	Sweden	2,818	1,613
Fixed interest corporate bonds			Switzerland	9,787	7,260
- UK	2,627	5,986	USA	31,651	22,982
- Overseas	2,802	743	World miscellaneous	18,718	11,779
Index linked corporate bonds			146,086	101,017	
- UK	305	-			
	88,024	83,090	Property unit trusts		
UK equities			Hermes	2,698	2,545
Quoted	234,273	179,780	Sackville	895	863
Life Fund	6,534	5,181	Schroder Exempt	4,371	4,214
Convertibles	518	470	UBS Triton 11	8,005	7,417
	241,325	185,431	15,969	15,039	
Overseas equities			Venture capital		
Asia miscellaneous	6,369	4,826	Causeway Development Capital Fund	7	7
Australia	5,759	4,881	London Enterprise Venture Fund	57	143
Austria	58	63	Midland Growth Fund	75	169
Belgium	794	451	139	319	
Canada	501	184			
China	228	-	Total asset value	491,543	384,896

7 Venture Capital

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

Causeway Development Capital Fund	30 September 2002
London Enterprise Venture Fund	30 September 2003
Midland Growth Fund	31 March 2004

8 Pension fund – analysis of UK Equities at Market Value by Industrial Sector

	31 March 2004	31 March 2003
	£'000	£'000
Resources	28,450	26,687
Basic Industrials	12,611	7,821
General Industrials	4,714	2,511
Cyclical Consumer Goods	547	366
Non-Cyclical Consumer Goods	40,800	33,762
Cyclical Services	35,498	24,836
Non-Cyclical Services	27,486	21,775
Utilities	7,792	7,530
Financials	64,830	47,389
Information Technology	3,131	1,922
Unit Trusts	15,466	10,832
	241,325	185,431

9 The Funds 10 Largest Equity Holdings at 31 March 2004

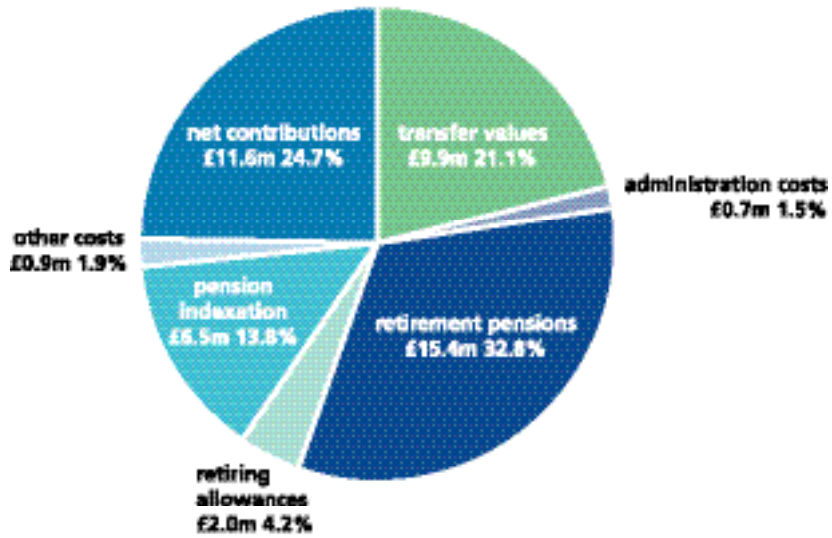
NB 5% of the Fund's net assets is £26.2m

Company	Market value £'000	% of net assets
BP PLC	16,936	3.23
Glaxosmithkline PLC	15,452	2.95
Vodafone Group PLC	13,538	2.58
HSBC Holdings PLC	12,790	2.44
Royal Bank of Scotland Group PLC	12,697	2.42
Shell Transport & Trading Co PLC	9,415	1.79
AstraZeneca Group PLC	6,623	1.26
Lloyds TSB Group PLC	5,647	1.08
Barclays PLC	5,164	0.98
BT Group PLC	4,500	0.86

10 Analysis of Contributors and Benefits

	2003/2004 £'000	2002/2003 £'000
Contributions receivable		
Administering authority	(38,186)	(34,680)
Admitted bodies	(8,836)	(5,096)
	(47,022)	(39,776)
Benefits payable		
Administering authority	32,486	31,110
Admitted bodies	2,922	2,538
	35,408	33,648

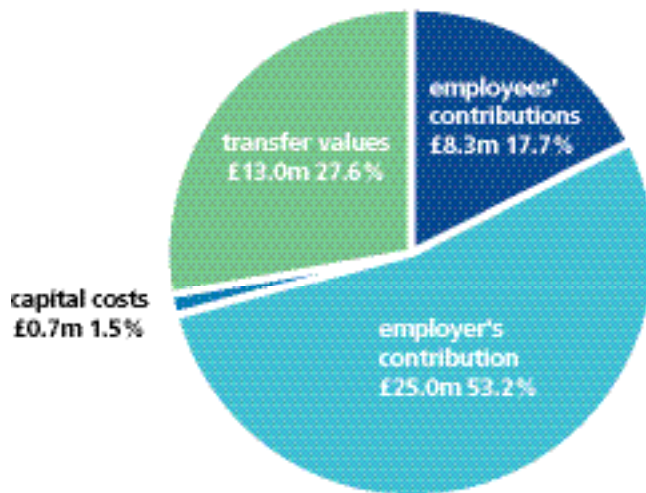
Analysis of Benefits



Analysis of Benefits

The pie chart shows how the total pension fund benefits payable of £47.0m is broken down over the various categories. Pensions and pensions indexation together account for nearly 47% of the total, while administration accounts for less than 2%.

Analysis of Contributions



Analysis of Contributions

The pie chart shows where the total contributions received of £47.0m available to the Pension Fund in 2003/04 came from.

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, based on the value of assets employed, and comprising interest and depreciation (where appropriate).

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 debt charges (principal repayments and interest charges), 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 Consolidated 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.

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 which is met from borrowing but 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 made to tenants and home-owners towards rent and council tax which is then reimbursed by central government.

ABBREVIATIONS

AMRA Asset Management Revenue Account

BDS Building Design Service

CIPFA Chartered Institute of Public Finance and Accountancy

DfES Department for 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

ILEA The former Inner London Education Authority

LGPS Local Government Pension Scheme

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)

ODPM Office of the Deputy Prime Minister

PCL Provision for Credit Liabilities

PFI Private Finance Initiative

PPP Public Private Partnership

PWLB Public Works Loans Board

SORP Statement of Recommended Practice

SRB Single Regeneration Budget

SSA Standard Spending Assessment (abolished 2003)

SSAP Statement of Standard Accounting Practice