

LONDON BOROUGH OF CAMDEN	WARDS: All
REPORT TITLE 2024/25 Revenue Estimates and Council Tax Setting	
REPORT OF Cabinet Member for Finance and Cost of Living	
FOR SUBMISSION TO Resources and Corporate Performance Scrutiny Committee Cabinet Council	DATE 27 th February 28 th February 4 th March
STRATEGIC CONTEXT <p>In March 2022, we published We Make Camden – our refreshed vision for the future of Camden. It sets out what we want to collectively achieve and lead together and was developed following conversations with residents, partners and community leaders. We Make Camden highlights the big issues facing Camden that we all agree are important, alongside practical ways we can make change together and the change we want to see in the short, medium and long term.</p> <p>The development of our new Medium Term Financial Strategy and the Council’s response to the challenges facing the borough have informed the setting of this years’ budget, with investments focused on community priorities arising from feedback on the development of We Make Camden.</p>	
SUMMARY OF REPORT <p>The Medium Term Financial Strategy (MTFS) agreed by Cabinet in January 2023 not only took steps to ensure that the Council could continue to operate on a sound financial footing over the medium term, but also to align the Council’s limited resources to achieving the ambition for our borough, residents and communities.</p> <p>The recommendations in this report build on the Council’s new Medium Term Financial Strategy and will support the vision of We Make Camden to make Camden a place where everyone has a chance to succeed, where nobody gets left behind, and where everybody has a voice.</p> <p>In summary this report:</p> <ul style="list-style-type: none"> • Presents budget and funding proposals that will enable the Council to balance its budget in 2024/25 and utilise available resources towards the achievement of We Make Camden outcomes, including investment in key areas of support for residents across the borough. 	

- Provides an update on the overall medium-term financial position for the Council, including detail from the Local Government Finance Settlement for 2024/25, and updates on other government announcements and the main areas of financial risk.
- Recommends a council tax increase of 4.99%, made up of:
 - A rise of 2.99% in the 2024/25 core council tax level to support council funding at large, and;
 - A rise of 2% from the levying of an Adult Social Care Precept to support the Council in its response to the unprecedented demographic and demand pressures facing adult social care.
- Sets out the required level of council tax income to balance the budget as:
 - £141,130,750 which equates to a proposed Camden element of council tax of £1,539.17 at the Band D level for residents not in garden squares.
- Sets out the Garden Squares Levies for 2024/25.
- Sets out the proposed Greater London Authority precept at £471.40, for Band D properties, an increase of 8.58% on last year (subject to Greater London Authority approval of the budget), making the total council tax charge at Band D £2,010.57.
- Includes the Executive Director Corporate Services' assessment of the adequacy of general balances available to manage financial risk and the robustness of the budget.
- Recommends fees and charges for approval by Cabinet and by Council where required.
- Recommends that the Council implement the 100% Council Tax premium for second homes.

Local Government Act 1972 – Access to Information

The following document(s) has been used in the preparation of this report:

Contact Officer: Jason Blackhurst
 Head of Finance
 Corporate Services
 5 Pancras Square
 N1C 4AG

Telephone 020 7974 4729
E-mail jason.blackhurst@camden.gov.uk

RECOMMENDATIONS

THE SCRUTINY COMMITTEE is asked to consider the report and make any recommendations to the Cabinet.

THE CABINET is recommended to:

1. Exempt the decisions made regarding the recommendations in this report from call in (as agreed by the Chair of the Resources and Corporate Performance Scrutiny Committee) on the grounds of urgency, and for the reasons set out in paragraphs 2.3 to 2.4 of the report.
2. Note that the Council has not received any feedback following the consultation with Non-Domestic Ratepayers, and have due regard to the result of the equality impact assessment in Appendix G.
3. Recommend to Council for approval:
 - (a) The council tax requirement for the year 2024/25 of £141,130,750.
 - (b) The calculations for determining the council tax requirement for the year 2024/25 in accordance with the Local Government Finance Act 1992 as set out in Appendix B.
 - (c) To note that the 2024/25 Greater London Authority (GLA) precept set out in this report is £471.40 for Band D and is subject to Greater London Authority approval of the budget on 22 February 2024.
 - (d) That the Council sets the amount of council tax for 2024/25 as detailed in Appendix B and notes that this will mean a Camden element of council tax of £1,539.17 for Band D residents not in garden squares.
 - (e) That the Council hereby determines that its basic amount of council tax for the financial year 2024/25 is not excessive as outlined in paragraph 2.39.
 - (f) The budget summary as set out in Appendix C.
 - (g) The budget investments included in paragraphs 2.18 to 2.36, including the continuation of the £2m Cost of Living Crisis Fund.
 - (h) Note the statutory Section 25 notice detailed in paragraphs 7.1 to 7.20 summarising the assurance that the budget is set using sound assumptions and the level of reserves is deemed adequate.
 - (i) The Garden Squares levy requirements received for each Garden Square Committee for 2024/25 as shown in Appendix B.
4. In relation to fees and charges;
 - (a) Agree the new fees and charges and those increasing above 7% discussed in paragraphs 2.48 to 2.49 and in Appendix D1 and listed in Appendix D2.

(b) Delegate authority to the relevant Executive Director to decide increases to existing fees and charges up to a maximum of 7%, in consultation with the relevant portfolio holders.

5. Note in Paragraphs 2.55 to 2.62 the planned use of reserves, and in Paragraph 7.20 the adequacy of reserves as stated, and that no major allocations of general balances are being considered at this stage.

6. Having due regard to the obligations set out in section 149 of the Equality Act 2010 and having considered the results of the equalities impact assessment at Appendix F1 to

(i) recommend to Council that the new Council Tax second home 100% premium is chargeable on qualifying properties from 1 April 2025 and supersedes the 0% discount currently in place as detailed in paragraphs 2.63 to 2.64 and appendix F.

and

(ii) recommend to Council that the qualifying period to be charged the 100% Council Tax premium on long term empty properties is reduced from 2 years to 1 year from 1 April 2025 as details in paragraph 2.63 to 2.64 and Appendix F.

COUNCIL is recommended to:

1. Note the information set out in this report.
2. Note that the Council has not received any feedback following the consultation with Non-Domestic Ratepayers, and have due regard to the results of the equality impact assessment in Appendix G.
3. Agree:
 - (a) The council tax requirement for the year 2024/25 of £141,130,750.
 - (b) The calculations for determining the council tax requirement for the year 2024/25 in accordance with the Local Government Finance Act 1992 as set out in Appendix B.
 - (c) To note that the Greater London Authority (GLA) precept set out in this report is £471.40 for Band D and as shown for all bands in Appendix B and is subject to Greater London Authority approval of the budget on 27 February 2024.
 - (d) That the Council sets the amount of council tax for 2024/25 as detailed in Appendix B and notes that this will mean a Camden element of council tax of £1,539.17 (4.99% increase) for Band D residents not in Garden Squares.
 - (e) That the Council hereby determines that its basic amount of council tax for the financial year 2024/25 is not excessive as outlined in paragraph 2.39.

- (f) The budget summary as set out in Appendix C.
 - (g) The budget investments included in paragraph 2.18 to 2.36. including the continuation of the Cost-of-Living Crisis Fund.
 - (h) Note the Section 25 notice detailed in paragraphs 7.1 to 7.20 summarising the assurance that the budget is set using sound assumptions and the level of reserves is deemed adequate.
 - (i) The Garden Squares levy requirement received for each Garden Square Committee for 2024/25 as shown in Appendix B.
4. In relation to fees and charges;
- (a) Agree the new fees and charges and those increasing above 7% discussed in paragraphs 2.48 to 2.49 and in Appendix D1 and listed in Appendix D2.
 - (b) Delegate authority to the relevant Executive Director to decide increases to existing fees and charges up to a maximum of 7%, in consultation with the relevant portfolio holders.
5. Note in paragraphs 2.55 to 2.62 the planned use of reserves, and in Paragraph 7.20 the adequacy of reserves as stated, and that no major allocations of general balances are being considered at this stage.
6. Having due regard to the obligations set out in section 149 of the Equality Act 2010 and having considered the results of the equalities impact assessment at Appendix F1 to:
- (i) agree that the new Council Tax second home 100% premium is chargeable on qualifying properties from 1 April 2025 and supersedes the 0% discount currently in place as detailed in paragraphs 2.63 to 2.64 and Appendix F.
 - (ii) To agree that the qualifying period to be charged the 100% Council Tax premium on long term empty properties is reduced from 2 years to 1 year from April 2025 as detailed in paragraph 2.63 to 2.64 and Appendix F.

Signed: Agreed by Jon Rowney, Executive Director of Corporate Services

Date: 16th February 2024.

1. CONTEXT AND BACKGROUND

- 1.1. We Make Camden sets out our commitment to investing in our communities, our organisation and our staff to achieve our ambitions of a fairer, more equal and more sustainable Borough. In the absence of a national funding system for local government that reflects the capacity and opportunity of councils in communities, we believe that the Council can and should step forward to plan its spending in a way that is aligned with its values and priorities.
- 1.2. A key component of the Council's ability to deliver the outcomes of We Make Camden is strong financial planning to ensure the Council remains financially resilient and makes best use of the resources available. The Council has faced significant government funding reductions since 2010 and as a result we have been forced to cut close to £230m from our budgets. The Government has no sustainable strategy for funding local government and this is demonstrated by the increasing number of councils issuing section 114 notices – effectively a declaration of bankruptcy.
- 1.3. In Camden, we have a proud track record of sound, long term financial planning and living within our financial means. However in order to remain financially resilient, it is likely that there will be further difficult choices in the future without further resources and support from central government.
- 1.4. 2024/25 is the second year of the Council's current Medium Term Financial Strategy (MTFS). The new strategy agreed by Cabinet in January 2023 includes the commitment to deliver savings of £27m over the three years of the strategy to 2026 while providing for investment in areas that we feel will best support the delivery of We Make Camden. In the event that the Council needs to make further savings or changes to its budget or services those decisions will be taken in line with the Council's governance arrangements and will include financial and equality impact assessments as appropriate.
- 1.5. This report proposes the detailed budget and council tax levels for 2024/25 to support the delivery of services and the renewal to the borough. The Council Tax increase of 4.99% recommended in this report, including the 2% adult social care levy is designed to ensure the Council can continue to fund high quality services and support the borough through the current cost-of-living crises and as it recovers from the Covid pandemic. The proposed Council Tax and Social Care Levy increases are both in line with Government assumptions on local Council Tax rises and local government spending. In the context of Government funding reductions from 2010, increasing council tax is necessary for the sustainability of council services. However this is accompanied by significant investment in a council tax reduction scheme and cost of living support to support financially vulnerable residents.

2. PROPOSAL AND REASONS

A Legal Framework for Setting the Budget

- 2.1. The decisions within this report are among the most important that local authorities are called upon to make during the year and the manner in which

they must be made is closely prescribed by law. Members are required to give careful consideration to the information and advice set out in this report and to the relevant legal considerations set out in Appendix A. In approving the budget and the individual lines the Council is not making decisions as to the implementation, form or detail of service delivery. These are by law, in the most part matters for the Executive - being the Cabinet and Cabinet Members and on occasion delegated Chief Officers, and in the service delivery decision makers will be required to consider all relevant matters including the results of any consultation and the Council's equality duties.

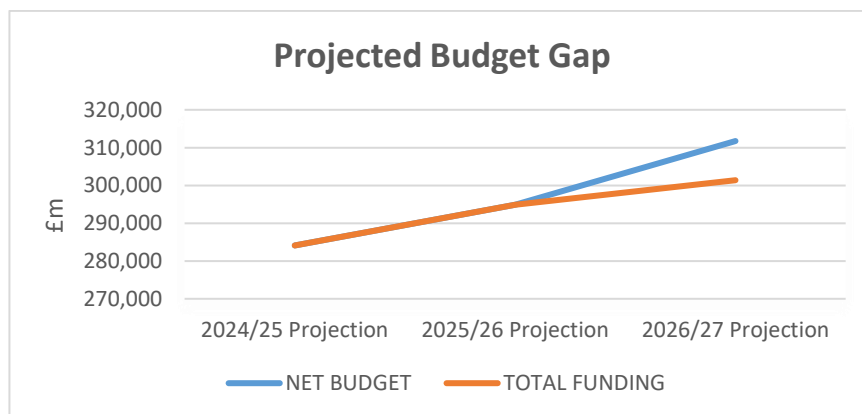
- 2.2. By law, the Council is required to set the Council Tax before the 11 March for the following financial year. In order to approve a budget and Council Tax, Council will need to pass a resolution on the statutory determination of tax in the form attached to this report as Appendix B.
- 2.3. The Cabinet is asked to agree that this report is urgent and therefore exempt from the call-in procedure. A decision is urgent if any delay likely to be caused by the call-in process would seriously prejudice the Council's or the public interest. In order to set the council tax by the 11 March, the recommendations of this report must be considered by the Council at its meeting on the 4 March 2024. If the Cabinet's decision were to be called in, it is unlikely that the correct constitutional procedures could be followed in time to allow for this matter to be dealt with at the full Council meeting on the 27 February. Failure to comply with the legal requirement to set the council tax before the 11 March would seriously prejudice the Council's interests.
- 2.4. Given that the final decision on the budget and the council tax rests with Council and all Members will have an opportunity both to speak and vote on the matter at the full Council meeting, the rationale for the call-in procedure will effectively be met. The consent of the Chair of the Resources and Corporate Performance Scrutiny Committee needs to be sought if the Cabinet decides that this decision is urgent. The Chair has confirmed that this report can be exempted from the call-in procedure.

Financial Context and Outlook

- 2.5. The outlook for the UK economy and local government funding remains extremely uncertain beyond 2024-25. Camden, alongside many in local government, face a perfect storm of prolonged high inflation, an ever-growing need to support the most vulnerable in our communities and insufficient government funding. Nationally, some local authorities have issued section 114 statement with others suggesting that they may be in a similar position. While our position remains challenging, we are not facing the same extreme challenge and continue to take a long-term, preventative approach to ensure our financial stability.
- 2.6. Our Medium Term Financial Strategy (MTFS) sits at the heart of our approach to financial planning here in Camden – and an important part of our MTFS involves us looking ahead, predicting the challenges on the horizon and doing all we can to tackle those challenges before they begin to really bite. We've shown that we can both save money and deliver improved

outcomes by planning over the long term and by investing and working with our communities and partners.

- 2.7. Over the years, we have continued to rebalance our limited resources and investment towards prevention and early intervention to support families. Combined with an asset-based model of support, this has allowed us to support our citizens and families in need to find solutions early on and improve outcomes, which in turn reduces the need for costly crisis support. While this approach has not completely avoided the need for those more costly interventions, it has allowed us to plan our resources in a more sustainable way.
- 2.8. Importantly by taking that long term approach, we haven't had to rely on reserves to fill gaps in our budget. The use of reserves for day-to-day spending is not sustainable and risks undermining an organisation's financial health, limiting its ability to respond to unexpected events. This is something we have avoided doing.
- 2.9. In January 2023, Cabinet considered the financial outlook from 2023/24 to 2025/26 and at the time, it was forecast that we faced a budget gap of c.£40m over this three year period. In response Cabinet agreed an overall savings programme of £28m (of which £20m related to the general fund). Based on our analysis to date and the outcome of the latest local government finance settlement, we believe that this still represents our best view of this three year period. As such, there remains a further £10m of savings to identify for 2025/26 or 2026/27. The timing of the budget gap will depend on a number of factors including future funding decisions by the government and the timing of expected demographic pressures in a number of services. Further work is currently underway and a progress update will be provided to Cabinet in July.



Local Government Finance Settlement and Government Funding

- 2.10. The proposed budget reflects the government's 2024-25 Finance Settlement for Local Government published on the 5 February 2024. The Finance Settlement outlines the funding allocations for local authorities for one year. This will be the sixth year running that local authorities have received a one-year settlement, making long term financial planning difficult.

2.11. The Local Government financial settlement refers to a local authorities 'Core Spending Power'. This is an estimate of the total resources available to a Council from a combination of Government Grants, assumed use of Council Tax raising powers and retained Business Rates. Table One shows the government's estimate of the Council's core spending power in 2023/24 and 2024/25.

Table One – Core Spending Power

Core Spending Power	2023/24	2024/25
	£'m	£'m
Revenue Support Grant and Estimated Retained Business Rates	137.6	146.4
Core Government Grants	45.2	50.8
Estimated available Council Tax	135.7	143.3
Total Core Spending Power	318.5	340.5

2.12. The financial settlement for 2024/25 provided an increase in 'Core Spending Power' of 7.5% across England. Camden's specific core spending allocation is £340.5m, which equates to an increase of £22m (6.9% increase), lower than the national average (7.5%) and London average increase of 7.3%. This is despite Camden having some of the most deprived areas in the country, high inflation, a worsening homelessness crisis and fast-increasing demand for services especially adult and children's social care. As such, the current funding settlement for Camden represents a real terms cut in funding. London Councils estimates that London boroughs' overall resources remain 18% lower in real terms than in 2010.

2.13. The Government estimate for Core Spending Power assumes that the Council will increase Council Tax by the maximum 4.99%. In Camden, approximately 34% of the increase in 'Core Spending Power' relates to an assumed increase in Council Tax of 4.99%. The 'Core Spending' also assumes that the Council will be able to retain business rates equal to a 'spending assessment' set by the government a number of years ago. However, there is a level of risk and reward built into the Business Rates system that will affect the level of business rates that a Council can retain.

2.14. Approximately 67% of the core spending power available to the Council in 2024/25 relates to government grants and available council tax precept that are designed to fund pressures in the social care system including improving the discharge of patients from hospital and supporting the sustainability of the social care market.

2.15. It is disappointing that the Household Support Fund was not included in the government announcement of local authority funding. In 2023/24, Camden has received £4m and this has been a key feature of the package of support for low-income families during the cost-of-living crisis. With this funding, we have been able to provide school holiday vouchers, financial awards to households ineligible for national schemes and expert advice to support them

to maximise their income. The withdrawal of this funding does threaten our ability to provide this support and we continue to lobby government, via London Councils and the Local Government Association, to preserve this funding.

2024/25 Budget Overview

- 2.16. This report recommends a balanced budget for 2024/25. The Council's ability to balance the general fund revenue budget is a result of its ongoing delivery of the Council's Medium Term Financial Strategy and associated budget savings that have helped to provide the resources needed to meet the financial pressures that the Council is facing.
- 2.17. The Council's financial planning is built on forecasting long term pressures from inflation, demographic pressures, and policy and legislative changes across services. This allows the Council to take a long-term view of the budgetary pressures it is facing and take time to plan and develop a medium term financial strategy to ensure the Council remains financial resilient. While the 2024/25 budget includes significant budget pressures on existing services of approximately £30m, including contingencies to manage the risk in areas such as social care and homelessness services, the MTFs allows the Council to set a balanced budget and to invest in the We Make Camden missions to support the residents and businesses of the borough.

Strategic Investments and Pressures

- 2.18. In shaping the MTFs and through our outcomes-focused approach, Cabinet acknowledged that there was an inevitable need to provide investment to enable longer term benefits to be realised, as well as addressing the needs of the borough, and funding priorities. Therefore in setting a balanced budget for 2024/25, the Council has ensured the necessary spending plans are in place to deliver the ambitions of We Make Camden along with supporting residents and businesses in the borough through the cost of living crisis. As such, the following investments are being made to ensure that the Council continues to focus on achieving its strategic aims and addressing emerging priorities.

Supporting our most financially vulnerable

- 2.19. In response to the cost-of-living crisis the Council has continued to invest in services to support the least well off in the borough.

Council Tax Support Scheme

- 2.20. Camden's current scheme, launched in 2020/21, remains one of the most generous Council Tax Support schemes in the country with income bands based on London Living Wage, ensuring that around 16,000 households (including pensioners) in Camden currently receive 100% support and do not pay any Council Tax. The estimated cost of the scheme in 2024/25 is **£31m**. The exact cost will depend on the number of households who qualify for the scheme over the year.

Cost of Living Fund

- We recognise the profound impact the cost of living crisis is having on our residents and communities and in 2023/24, we invested £2m in our Cost of Living Fund. This has become a critical part of our efforts to support those in most need and **it is recommended that this £2m fund continues in 2024/25**. This will sit alongside our ongoing investment in our free employment advice service to help residents with career advice and support.
- In 2023/24 we implemented a self-referral system to increase accessibility and free-up time to deliver specialist support by a core team of tackling poverty officers, providing income maximisation advice and a tell us once approach for longer term, sustainable outcomes.
- In 2023 we received 8,533 referrals of which 84% have been approved, paying out £2.2m in direct awards. Since the launch of the self-referral process in May 2023 51% of applications have come via self-referrals.

Family Crisis Fund and the loss of the Household Support Fund

- 2.21. For the past three years the government has provided funding to local authorities for a Household Support Fund. This fund, worth £4m to Camden in 2023/24, has been used to support the most vulnerable and poorest families during the cost-of-living crisis. It is expected that the central government funding will come to an end in March 2024.
- 2.22. The loss of the Household Support Fund will have a significant detrimental impact on our ability to support the borough's poorest families, affecting around 16,500 children and more than 8,000 households, reducing the level of support they receive including direct financial awards and food supermarket vouchers during the school holidays.
- 2.23. In July 2023 the Council agreed a one-off funding allocation of £1.3m from its own resources for a Cost-of Living Family Crisis Fund to help support the most vulnerable people in the borough. In response to the continuing cost of living crisis it is recommended that the Family Crisis fund continues and is increased to **£2.1m** for 2024/25.
- 2.24. The Family Crisis Fund will continue to focus on reducing the harm caused by the cost-of-living crisis with a particular focus on ensuring children have access to nutritious, affordable and sustainable food in line with Camden's Food Mission. This investment will be in addition to the funding of free school meals for primary school children for the next academic year by the London Mayor.

Environmental Services

Street Cleaning

2.25. We Make Camden missions include the drive to ensure all of our homes, estates and neighbourhoods are healthy and sustainable. As part of this Mission we will invest an additional £1.04m into creating cleaner streets and a better public realm for our whole community. As a result of the investment pavements will be brighter with dirt and stains removed through jet washing. More sweepers and electric cargo bikes will be responsive to local issues, removing litter and emptying new bins. A night-time cleansing service alongside timetabled waste collections will improving the night-time environment, supporting the night-time economy. Overall cleaning standards will improve across the borough but we will focus impact on High Streets where the need is greatest.

2.26. An independent assessment measured 95% of Camden's streets at a satisfactory standard of cleanliness across a broad range of measures such as litter, graffiti, fly tipping and staining. However, there is a need to improve the cleanliness standards of litter and staining in retail and commercial areas which were rated unsatisfactory. Therefore, we are targeting new investment to improve the cleanliness of commercial and retail environments across the borough which would have the greatest impact for our neighbourhoods.

Family Focused Retro-fit

2.27. The Council has previously recruited two energy retrofit advice workers to work with households to provide advice on how to address poor heat retention in homes and try to minimise heating costs. This has been highly successful to date with proactive outreach to residents who are both on low-incomes and living in energy inefficient homes. The advice workers have residents referred to them from the Green Camden Helpline, Contact Camden and Wish Plus and other sources.

2.28. This work was funded on a temporary basis from the one-off resources from the Family Friendly Fund and from a 'windfall' payment from the North London Waste Authority. The new budget provides for permanent funding of **£0.4m** from Council resources to continue to support those struggling with their energy bills by improving the energy efficiency of their homes. This year the scheme has;

- Contacted 1,000 tenants asking them if they are interested in support from the project.
- We received 110 requests for support, all of them have received Home Energy Advice and where suitable we are now working with contractors to make improvements to tenant's homes.
- So far, 2 homes have had insulation installed and 21 properties have had retrofit assessments. There are currently 3 properties due for works shortly and the rest are moving through the pre-installation survey process (asbestos, fire safety etc).
- There are a further 40+ properties on the waiting list, the first batch of these will receive retrofit assessments shortly.
- These energy efficiency measures are estimated to save the residents £100s on their energy bills and will make their homes warmer and more comfortable.

Preventative Services

Council Tax Support for Shared Lives

- 2.29. In addition to the Council Tax Support scheme the Council has also recently recommended, via a report to Cabinet due to be considered on 28 February, that the cost of Council Tax for households that are part of the 'Shared Lives' programme is met by the Council. The Shared Lives model offers placements which provide adults with a social care support needs with an alternative and highly flexible form of accommodation and/or care and support which is provided by individuals or families in the local community in their homes.
- 2.30. If approved this will be for both in-borough and out of borough placements. The recommendations in respect of the 'shared lives' scheme are a critical component of Camden's ambitions to encourage more of our residents to support our 'We Make Camden' ambition that our communities themselves support good health, wellbeing and connection for everyone. We acknowledge the vital contribution main carer and respite carers can make to support adults aged 18+, with learning disabilities or autism to live well and gain skills that will enable them to live independent lives as part of our 'Shared Lives' service.

Social Care

- 2.31. There is financial pressure across social care services as a result of both inflationary and demographic pressures in both adults and children's social care. The Council has made significant investments in social care over the past five years and the 2024/25 budget includes additional resources of £20m across Adults & Health and Children and Learning Teams. This includes a contingency of £5m to help manage the risk of significant cost pressures across Children's commissioned services.
- 2.32. Social Care continues to see significant additional cost pressures across a range of services, including demographic pressures in Homecare and residential placements. Learning disabilities costs are being driven by a continued increase in complex care being provided across the borough. The increase in London Living Wage of 10%, while welcome, has also increased the cost of many social care services that need to be funded. The cost pressures facing the Council for adult social care services mean that the Council Tax precept levy is a vital component of the Council's ability to ensure social care services are properly funded and the Council is able to deliver high quality social care services.
- 2.33. Children's social care has significant pressures from an increase in the number of looked after children and a significant increase in the cost of individual residential care. Supporting vulnerable adults and children continues to be a core priority for the council and our investment focuses on early intervention and delivering compassionate, relational support.

Homelessness

- 2.34. The worsening homelessness crisis is a key factor driving boroughs' budget pressures across London. One in 50 Londoners is currently homeless and living in temporary accommodation arranged by their local borough. This includes 83,000 children, meaning an average of at least one child in every London classroom is homeless. Analysis by London Councils has shown that homelessness presentations have continued to increase across London year-on-year, rising by 14.5% in September 2023 compared to a year earlier.
- 2.35. Camden continues to invest in preventative services to help alleviate homelessness and is building new homes in the borough through its Community Investment Programme. In addition, the aim of the Council's Temporary Accommodation Purchase Programme (TAPP) is to bring a number of properties back into public ownership which will reduce the cost of providing temporary accommodation in the borough. Despite this, the Council continues to see significant pressures on its temporary accommodation budgets. The recommended budget for 2024/25 includes a contingency of £4m to mitigate against increased costs of providing temporary accommodation.
- 2.36. Supporting those facing street homelessness continues to be a key priority for the council and a priority for investment. The 2024/25 budget includes investment of £3.9m to directly support street homeless people and a further £11m to fund hostel and 'move on' accommodation to help homeless people move towards settled accommodation.

Council Tax and Social Care Precept

- 2.37. The Government has confirmed that local councils can raise Council Tax by up to 3% without the need to hold a local referendum in 2024/25 and they will have the flexibility to raise a dedicated Social Care precept by up to a further 2% on the council tax level in 2024/25 for authorities such as Camden that have responsibility for adult social care services. Each 1% increase represents an additional £14.66 per year for a band D property in Camden and would in total raise an additional £1.34m in 2024/25. As detailed in paragraph 2.34 it is recommended that the raising of the adult social care levy is a vital component of assuring the Council can continue to provide high quality social care services.
- 2.38. This report recommends a 4.99% increase in council tax, made up of 2.99% in core council tax and 2% from the adult social care precept. This will mean that the increase in the Council's element of the council tax for a Band D property is £73.15 for the year or £6.10 a month. This is in line with Government expectations and HM Treasury spending plans for the Council.
- 2.39. The authority will be considered to have set an excessive increase in council tax if the increase in the level of band D council tax for 2024/25 is 5% (comprising 2% for expenditure on adult social care, and 3% for other expenditure), or more than 5%, greater than its relevant basic amount of council tax for 2023-24. Any proposals to increase tax above this threshold would require consent gained through a local referendum. The proposed

increase in council tax of 4.99% does not exceed the relevant thresholds set out by the government and is therefore, in terms of the legislation, not deemed as being excessive. The Council should, however, formally declare this at the time of making the decision and there is a recommendation to this effect (recommendation 3 (e)).

- 2.40. The setting of the council tax requirement is a decision reserved to Council. It is the role of the Cabinet to recommend the council tax level to Council, having given consideration to the information and advice in this report.
- 2.41. The Executive Director Corporate Services states that the budget for 2024/25 is robust and balanced, subject to the passing of the appropriate recommendations by Cabinet and Full Council recommended in this report, including the recommended Council Tax levels. Further details of the Executive Directors assessment of the Council's financial position are in paragraphs 7.1 to 7.20.

Table Two - Council Tax Requirement

Council Tax at Band D	Budget 2024/25 £000
Expenditure charged to revenue account (incl. savings)	1,027,868
Income credited to revenue account (incl. savings)	-755,460
Sub Total	272,407
Retained Business Rates and Reliefs Grant	-122,175
Revenue Support Grant	-28,226
Collection Fund - Council Tax Deficit	2,138
Collection Fund - Business Rates Deficit	16,986
Sub Total	141,131
Council Tax Requirement	141,131
Garden Squares	-27
Excluding Garden Squares	141,103
<hr/>	
Band D Council Tax (£s)	1,539.17
Percentage change over 2023/24	4.99%

Greater London Authority Precept

- 2.42. The Greater London Authority (GLA) issues an overall precept, which is added to London Borough Council Tax bills and which includes core GLA services (the Metropolitan Police Authority, the London Fire and Emergency Planning Authority, Transport for London and the London Development Agency).
- 2.43. The Mayor has proposed an increase of £37.26 (8.6%) in the GLA precept for 2024/25, resulting in a band D GLA element of the council tax of £471.40. The GLA precept is being levied to provide additional resources to support frontline policing and fire and rescue services and provide a sustainable

funding position for Transport for London including the provision of concessionary travel fares.

Total Council Tax for 2024/25 including GLA Precept

- 2.44. Table Three below shows how the level of Council Tax at Band D recommended for 2024/25 compares with the amount set in 2023/24. This does not apply to residents living within garden squares.

Table Three - Total Level of Council Tax for Residents not in Garden Squares

Total Council Tax at Band D	2023/24	2024/25	Increase / (Decrease)	Change
	£	£	£	%
Camden Element	1,466.02	1,539.17	73.16	4.99%
GLA Precept (Proposed)	434.14	471.40	37.26	8.58%
Total	1,900.16	2,010.57	110.42	5.81%

Council Tax Base

- 2.45. The tax base for Council Tax in 2024/25 has decreased slightly to 91,675. This is driven partly by an increase in the expected take up of the Council Tax Support Scheme.
- 2.46. The Council Tax base also forecasts that the Council Tax Support Scheme will reduce the collectable Council tax by £31m. This is based on the current average Council Tax charge in 2023/24. If the recommended Council Tax increase in this report is agreed for 2024/25 the cost of the scheme will also increase.

Directorate and Departmental Budgets

- 2.47. Directorate budgets and the levies payable by the Council in 2024/25 are detailed in **Appendix C**.

Fees and Charges

- 2.48. Cabinet approved most fees and charges to apply in 2024/25 in the December 2023 Medium Term Financial Strategy report. Where possible the Council is working to keep fees and charges increases below inflation, however significant inflationary and service pressures mean some fees and charges will be increasing above 7%.
- 2.49. This report lists new fees and charges that require full Council approval. Further details regarding the fees and charges can be found in **Appendix D1**. The associated fees and charges for approval by Council can be found in **Appendix D2**.

Climate Budget

- 2.50. Camden formally declared a “climate and ecological emergency” in November 2019 and committed to do everything it can to make Camden net zero carbon by 2030. The Council’s approach to addressing the emergency is set out in the Camden Climate Action Plan (CAP) 2020-2025. The CAP sets out a five-year programme of projects and activities across the themes of People, Places, Buildings and Organisations.
- 2.51. The [2022/23 annual report](#) shows that good progress continues to be made on delivering climate action in Camden with 97% of the actions either delivered or underway, and borough wide carbon dioxide emissions now 49% below 2005 levels. Camden has achieved a 63% reduction in emissions since 2009/10 from its own estate and operations. However, achieving a net zero carbon Camden by 2030 remains a major challenge given that the financial investment required across the borough and the Council’s own estate and operations far exceeds Council budgets.
- 2.52. Making the Council’s own estate and operations zero carbon through our Carbon Management Plan remains a major challenge given that the financial investment required will be in the region of £167m to £200m and the national funding landscape in support of energy efficiency improvements to public buildings remains limited and governed by one off funding rounds that typically only meet approximately 25% of the costs of energy efficiency improvements to buildings.
- 2.53. The Council has therefore supplemented successful funding applications to Government with its own budgets and new forms of finance such as Community municipal investment “bonds” and local carbon offsets. The Council has also continued to work with regional partners such as London Councils, the Greater London Authority and Future Cities Catapult to make the case to Government for additional funding for Council retrofit programmes. The Council is part of the Cities Commission for Climate Investment Coalition (3CI) and have applied to be a pilot site for new models to deliver net zero neighbourhoods.
- 2.54. The Council has developed its first Climate Budget with the aim of improving transparency about the alignment of Council budgets with the commitment to target net zero carbon by 2030. The Council’s Climate Budget will initially focus on the Council’s plans to reduce emissions from own estate and operations. Appendix E provides more details about the Council’s work on its climate budget.

Reserves and Balances

- 2.55. The Council sets aside specific resources in our reserves as part of our wider approach to prudent financial management. Reserves are treated like long-term savings held for specific purposes and the Council will use them only when strictly necessary. With the on-going financial pressures still being felt by the Council it has been increasingly difficult to transfer unspent income into our reserves. When money is drawn down from reserves and not

replenished in equal or greater proportion reserves start to deplete increasing the risk to the Council's financial resilience.

- 2.56. In accordance with Chartered Institute of Public Finance and Accountancy (CIPFA) guidance, we have a number of both general balances and earmarked reserves. General balances are held as a wider financial contingency against unexpected financial shocks while the latter are held for several specific purposes. This includes, but is not limited to, the support to the delivery of our key strategic outcomes within We Make Camden, (for example resources to catalyse data and discovery work for the Diversity mission), to contribute to our Capital Programme, (such as the delivery of our Transport Strategy), to mitigate future known financial risks (such as insurance liability or a decline in business rates) and to provide investment and pump prime initiatives that will deliver future financial benefit and longer-term savings as we head into the next round of our three-year savings plan. For example, investments in new digital and data solutions across services to support service improvement through, and to fund pilot projects such as the 'Independent Travel' project for children and the provision of We Make Camden kits to support local residents and organisations. In managing our reserves over the medium term, we have recognised that they are a one-off resource and not a sustainable solution to the financial challenges that we face over the medium term.
- 2.57. As part of our prudent financial management, all reserves are regularly reviewed to ensure that they remain at appropriate levels and are relevant. If they are no longer required for the purposes originally intended, they are reallocated to best support our strategic priorities.
- 2.58. The Council has a strategy to increase where possible reserve levels. These have historically been held at a low level. Our general fund balances currently stand at £15.8m or roughly 5.5% of our net budgeted expenditure and our general fund earmarked reserves stand at £147.8m. This historic approach has been based on our confidence in our ability to deliver Medium Term Finance Strategy savings and our strong track record of living within our means. The Council's financial strategy does not assume that any reserves will be used for ongoing day to day expenditure. As reserves are one-off resources using them to fund day to day expenditure is unsustainable.
- 2.59. Both of these positions are now uncertain over the medium term owing to significant inflationary pressures and the resulting cost of living crisis along with a lack of certainty over our future funding. The level of reserves are a vital element of the Council's financial resilience and help to support the Council against any future financial shocks.
- 2.60. This judgment has been influenced by the current factors, which should be viewed as both standalone issues as well as cumulative and compounding issues:
- As a sector, local government has seen significant cuts to its funding over the past decade. This leads to additional pressure and if the Council doesn't build up resilience this could impact its ability to serve its residents and communities.

- The financial outlook also remains uncertain due to central government agreeing a one-year settlement for 2024/25 and the outcome of local government funding reforms still being unknown.
- The long-term impact of both Covid-19 and Brexit means the Council continues to experience an unprecedented level of uncertainty over the medium term.

2.61. The forecast balances for earmarked reserves to the end of the financial year are presented in Table Four below. It should be reiterated that use of earmarked reserves would not be considered where there are ongoing structural budget deficits in the organisation.

2.62. The main drawdown from reserves during 2023/24 relate to one-off funding for capital schemes as part of the Council's planned capital strategy and the use of balances to 'repay' collection fund deficits as a result of reductions in the level of Council Tax and Business Rates collected.

Table Four: Summary of Reserves

Earmarked Reserves	Forecast Reserves 31/03/23	Out of Reserves	Into Reserves	Forecast Reserves 31/03/24	Net Movement 2024/25	Forecast Reserves 31/03/25
	£000	£000	£000	£000	£000	£000
Reserves to support Council Priorities	41,571	-6,845	7,009	41,735	3,010	44,745
Reserves with Conditions	44,425	-1,729	0	42,696	-600	42,096
Reserves to Support Capital Activity & Asset Management	26,099	-9,228	7,241	24,112	749	24,861
Reserves to Manage Future Risk	35,746	-6,800	13,323	42,269	6,370	48,639
Total Earmarked Reserves	147,841	-24,602	27,573	150,812	9,529	160,341
General Balances	15,858	0	1,000	16,858	1,500	18,358

Council Tax Second Homes

2.63. The Levelling-Up and Regeneration Act 2023 received Royal Assent on 26 October 2023. Sections 79 and 80 of the Act were aimed at Council Tax to assist reducing the number of empty homes across the Country to aid housing shortages. This in turn should help to address record levels of rent increases. These sections in the Act update the existing Local Government Finance Act 1992 to enable changes to empty and second home premiums.

2.64. It is recommended that the Council implement the new second homes empty premium charge of 100% from April 2025. In addition, it is recommended that the Council reduce the qualifying period for the 100% premium to be charged on long term empty properties from 2 years to 1 year. Again, this

reduced timescale was introduced by the Levelling-Up and Regeneration Act 2023.

- 2.65. Full details of the proposals for the second home empty premium charge are detailed in Appendix F.

3. OPTIONS APPRAISAL

- 3.1. To finance the proposed revenue budget proposals there is a net council tax requirement of £141,130,750 which equates to a Band D council tax level of £1,539.17 for residents not in Garden Squares – a 4.99% increase from 2023/24, the maximum permitted without holding a referendum. The Council could choose a different council tax level (within limitations imposed by the government), with reductions in council tax funded through expenditure reductions or increased income, and (subject to a referendum) increases in council tax used to fund additional expenditure or reduced income.
- 3.2. The proposed 4.99% increase includes a 2% 'precept' for adult social care, the justification for which is set out in paragraph 2.33 to 2.34. This will generate much needed additional adult social care funding to help manage significant cost pressures from demographic changes and inflation. Cabinet and Council could choose not to levy this precept in 2024/25, which would mean a reduction in the Adult Social Care budgets and could restrict the ability of the Council to respond to rising demand in social care.
- 3.3. The report sets out the proposed departmental budgets for 2024/25. Cabinet and Council could choose alternative budget allocations.
- 3.4. The report proposes new fees and charges for 2024/25 in addition to those agreed by Cabinet on 20 December 2023. Cabinet could decide not to agree these fees and charges. The report also sets out fees and charges that are at the discretion of Council to agree. Council could decide not to agree these fees and charges.
- 3.5. It is worth noting that the Local Government Act 1992, Section 32 requires that all known and anticipated revenue budgetary requirements of the Authority for the forthcoming year be calculated prior to setting the Council Tax. This must be done no later than 11th March in the preceding financial year, therefore, there are no alternatives other than to agree a balanced budget by the statutory deadline.

4. WHAT ARE THE KEY IMPACTS / RISKS? HOW WILL THEY BE ADDRESSED?

Economic Uncertainty

- 4.1 The cost of living crisis and economic uncertainty continue to create significant risk to the Council's ability to control its costs and collect income from local taxes and fees & charges. The report on the Council's Medium

Term Finance Strategy to the Council's Cabinet on 20th December 2023 set out in detail the economic and service risks most of which remain.

Local Government finance system

- 4.2 The Local Government finance system is outdated and in need of reform to ensure that resource is equitably distributed on a needs-basis to address demographic changes and the changing requirements of Councils which have evolved most recently to meet the needs of our communities and residents during the cost of living crisis. At present there is no certainty regarding the timing of future funding reforms or the potential impact for Camden.

Homelessness

- 4.3 After a long period of reducing homelessness, the number of households in Camden housed in temporary accommodation by the Council has risen rapidly since the beginning of the pandemic. In September 2022, homeless households were at 544, an increase of 8% in 2 years. Homelessness numbers in December 2023 now stand at 703 placements per night a further increase in one year of 22%. The main cause of this increase is that private rents are now at an all-time high in London, mainly because there is huge demand for a limited reducing supply and people on median/lower incomes have less ability to access the affordable private rented housing market.
- 4.4 This increase in demand for temporary accommodation has been accompanied by a scarcity of supply of self-contained, private sector temporary accommodation (TA). The remaining supply is only available at a premium rate for emergency nightly accommodation. Proprietors are also seen to be increasing the price of existing supply and withdrawing stock from the TA market. Councils are forced to use expensive chain hotels, and these are often only available for short stays, so moves between TA homes occur more often causing more upset for homeless clients. The available supply of private sector assured shorthold tenancies, especially those affordable to people on lower incomes, are exceptionally limited. This means that the prevention and relief of homelessness is more difficult to end with an offer of a settled home.
- 4.5 The twin drivers of increased demand and reduced supply are placing major strain on the homelessness budget. The Council is forecast to overspend by £5.8m on homelessness in 2023/24. It has set aside additional budget for 2024/25, has received additional Homelessness Prevention Grant from central government and is taking a number of steps to prevent homelessness and reduce the cost of temporary accommodation. Despite this, there is a real risk that it will overspend on homelessness again in 2024/25.

Social Care Costs

- 4.6 Market sustainability complexities, the 9.8% increase in the National Living Wage and 10% increase in the London Living Wage coupled with increases in complexity of care needs and a growing ageing population will continue to create pressures within Adult Social Care. New demand for Adult Social Care in Camden is starting to return to pre covid levels, however, we are

still addressing a significant backlog of casework that reached unprecedented levels post the pandemic and we continue to meet demand that is driven by NHS pressures. We are therefore likely to see an increase in care purchasing for both home based care and residential and nursing based care expenditure in 2024/25 as the service continues to work through these backlogs and continues to support the NHS with timely hospital discharges.

- 4.7 The provider market for social care continues to demonstrate instability in some areas, particularly in relation to regional/national Voluntary and Community Sector (VCS) organisations that have acquired services that residents draw on locally. The full social care reform programme is on hold until 2025, however significant work has been undertaken since the publication of Camden's Market Position Statement which formed part of the reforms. There are also indications that bedded care, particularly nursing care, and other accommodation settings will continue to be challenged in central London due to organisational mergers. The Council's ability to respond in an agile way to inflation and cost of living increases, alongside our statutory role to manage the provider market and respond to potential provider failures, continues to be essential to the overall market sustainability and assurance that there will be continuity of care for Camden residents.

5. CONSULTATION/ENGAGEMENT

- 5.1 The Council consulted local businesses as part of the decision-making process that culminates with this proposed budget. The consultation was published on the Council's website as a news item. If there are any further responses arising following the publication of this report, the Cabinet will receive a verbal update.
- 5.2. The investments set out in the Strategic Investments and Pressures section above are informed by the consultation and engagement carried out as part of the Renewal Commission and We Make Camden, the refresh of the Camden 2025 borough strategy.

6. LEGAL IMPLICATIONS

- 6.1 Members should give careful consideration to the legal comments regarding the setting of the budget are set out at paragraphs 2.1 -2.4 and Appendix A of this report.
- 6.2 Section 79 of the Levelling-Up and Regeneration Act 2023 changes the period from which an empty property is liable for the empty home premium from 2 years to 1 year in subsection 8 of section 11B of the Local Government Finance Act 1992 and the latter provision allows billing authorities the discretion to adopt this by way of a determination to that effect.
- 6.3 Section 80 of the Levelling-Up and Regeneration Act 2023 facilitates the implementation of the new second homes 100% premium by inserting a new section 11C of the Local Government Finance Act 1992 setting out the conditions for which a second homeowner would be liable for the new charge.

The changes to the Local Government Finance Act 1992 are explicit that at least 1 financial years notice prior to the year in which it will come into force in Camden must be given which means it can only be charged from 1 April 2025.

- 6.4 The decisions in respect of both premiums are by law for Full Council. If Full Council approve the recommendations in this report the Council must publish the outcome in at least one newspaper circulating in the area within 21 days of its decision.
- 6.5 When making their decisions Cabinet Members must take into account the Council's equality duties. In summary, these legal obligations require the Council, when exercising its functions, to have 'due regard' to the need to: eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act; to advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and foster good relations between people who share a relevant protected characteristic and those who do not (which involves tackling prejudice and promoting understanding). Under the Duty the relevant statutory protected characteristics are: Age, Disability, Gender reassignment, Pregnancy and maternity, Race, Religion, Sex, Sexual orientation. In respect of the first aim, the protected characteristic of marriage and civil partnership is also relevant. In discharging the Duty the Council has also given a public commitment to give due weight to evidence in relation to the Key Local Characteristics relating to the groups of people referred to page 9 of the attached Equalities Impact Assessment (EIA) (given the strong probability that many people within those groups will have protected characteristics) . The relevant groups are Foster carers, Looked after children/care leavers, Low-income households, Refugees and asylum seekers, Parents (of any gender, with children aged under 18), People who are homeless,, Private rental tenants in deprived areas, Single parent households and Social housing tenants.

7. RESOURCE IMPLICATIONS

Section 25 statement/ Councils Financial Resilience

- 7.1. Section 25 of the Local Government Act 2003 requires each local authority, when setting its annual General Fund budget and level of Council Tax, to take account of a report from its Section 151 Officer on the robustness of estimates and adequacy of reserves.
- 7.2. As detailed in this report, the Council is facing significant financial pressures this year and over the medium term. We've estimated a budget gap of c.£35-£40m between 2023/24 and 2025/26 after having delivered savings of close to £200M – the cumulative impact of which cannot be underestimated. We are not alone with recent analysis from London Councils showing that London boroughs face a perfect storm of prolonged high inflation, rising interest rates, fast-increasing demand for services, and insufficient government funding. In particular, boroughs are facing acute pressure on

adult and children's social care, as well as rising expenditure on temporary accommodation due to the capital's housing crisis.

- 7.3. This is against a backdrop where the local government finance system is in much-needed reform. Originally fixed in 2013, the system has not kept pace with local demographics nor need. A recent report by the Institute for Fiscal Studies (IFS) found London boroughs have a 17% gap between estimated need and actual funding per capita. This has been exacerbated by the failure of the finance system to reflect the changing role of local councils over the past 15 years. The pandemic and the current cost of living crisis being two examples where our role has grown and expanded, particularly in respect of employment, financial and welfare support while the core local government system has remained broadly unresponsive.
- 7.4. The General Fund account is not the only part of our finances under pressure. Our role as social landlord is funded through our Housing Revenue Account (HRA). Like many urban authorities with large housing stock and ambitious house building programmes, Camden faces significant financial pressure from high inflation, rising interest rates and increasing regulatory requirements. Set against the scale of the financial pressure, it should be noted that rental increases are the sole way in which resources can be increased to meet these pressures. Without any further funding support from central government, this is an unprecedented financial challenge for all local authority social landlords. We will need to develop further our current medium term financial strategy, aligned with a robust 30-year business plan, to provide us with greater confidence about our financial resilience and sustainability. This is something that we will need to keep under close scrutiny in Camden.
- 7.5. The extreme financial pressure facing local government is leading to a growing risk of financial and service failures. Nationally, we have seen a number of councils issue s114 notices (effectively a declaration of bankruptcy) and with the spectre of more to come. Based on our current assessment of our financial position, I can confirm that we are not at risk of issuing a section 114 notice.
- 7.6. However, it remains important that we continue to monitor our financial position carefully; plan over the medium term; deliver our savings plans; continue to live within our financial means and continue to invest in early intervention and prevention, which we know has a proven track record of strong outcomes and avoids the more costly crisis support delivery models.
- 7.7. In response to the significant medium-term risks that we are facing, I have sought to continue to provide an assessment on the Council's longer term financial resilience and stability.

Robustness of Estimates

- 7.8. One of the key elements of the Council's financial planning arrangements is the use of robust estimates for setting its annual budgets and its medium term financial forecasts. One of the 'lessons learnt' from recent failures within the sector has been that business cases and assessments of future

income and expenditure for Council services haven't been detailed enough nor widely challenged and understood.

- 7.9. When setting the 2024/25 budget, the Council has taken a two step approach to identifying inflationary and demographic pressures in its budgets. A standard rate of inflation is used to inflate existing budgets based on expenditure and income types. This is informed by external estimates of future inflation from the Bank of England and Office for National Statistics (ONS). Officers then work to identify and include any additional inflationary pressures arising from specific contractual obligations or areas of spend, such as energy costs, where inflation is higher than the standard level set. This process allows the Council to identify and make robust budget estimates as part of the budget setting process for 2024/25.
- 7.10. The Council's medium term financial forecasting is vital to identify future financial pressures and informs the Council's projected budget gap over the medium term. Officers work with service directors to identify long term service trends and cost pressures from demographics, legislative changes and the Council's own policy priorities summarised in We Make Camden. These assumptions are then subject to discussion and challenge across the Council to ensure they are sufficiently robust and are factored into the budget alongside the agreed savings programme.
- 7.11. The Council's capital programme includes planned capital investment of over £1billion of the next ten years and is a vital element of the Council's delivery of We Make Camden. The annual review of the Capital Programme provides an opportunity to re-examine and update spending plans, estimates and assumptions for the capital programme in light of the previous year's outturn, the availability of new external resources and current projections of the cost and delivery timetables for individual schemes. This also allows us to capture and factor in the revenue impact of our capital investment decisions to our medium term planning.
- 7.12. As set out in the Council's Annual Governance Statement, there is a well-established system of internal controls and a governance framework that supports our decision making.

Adequacy of Reserves and CIPFA Resilience Index

- 7.13. In accordance with CIPFA guidance, we have a number of both general balances and earmarked reserves. General balances are held as a wider financial contingency against unexpected financial shocks while the latter are held for several specific purposes. This includes, but is not limited to, the support to the delivery of our key strategic outcomes within We Make Camden, to contribute to our Capital Programme, to mitigate future known financial risks (such as insurance liability or a decline in business rates) and to provide investment and pump prime initiatives that will deliver future financial benefit and longer-term savings as we head into the next round of our three-year savings plan. In managing our reserves over the medium term, we have recognised that they are a one-off resource and not a sustainable solution to the financial challenges that we face over the medium term.

7.14. CIPFA's resilience index is a comparative analytical tool intended to support good financial management and shows a range of measures associated with financial stress and risk. A screen shot of the index is provided below:



7.15. The index shows that on a range of measures such as external debt, the proportion of social care in the budget and reserves sustainability, Camden is at the lower end of the risk spectrum compared to other local authorities of similar size and characteristic.

7.16. That said, the index shows that the ratio of reserves to income is low and as such represents a risk if any of the sources of income are reduced. Similarly, it shows a greater than average reliance on council tax. While our reserve position is average for similar sized local authorities, this is something that needs careful monitoring. I think particular attention should be paid to the HRA reserve levels, especially given the unprecedented pressure on the annual revenue budget. While the HRA reserve levels provide a limited level of resilience, I believe that further work is required to bolster them over them over the medium term. Creating the financial capacity to do this is a considerable challenge given the complex operating context.

7.17. In recent years, the Council has recognised the need to bolster reserves and as part of the agreed MTFs, the Council is increasing both its general reserve balance and HRA reserve over the medium term. The successful implementation of this strategy is dependent on the Council working within its annual revenue budget and delivering its agreed savings programme. This is a situation that we will need to continue to monitor.

CIPFA Financial Management Code

7.18. A key element of the Council's strategy for maintaining financial resilience and stability is to work within the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code (FM Code). The FM Code has been designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code is built on six broad principles that local authorities should consider when developing and maintaining their financial planning and governance arrangements. Officers consider the principles of the FM Code

when managing financial planning and reporting. As further assurance, we have undertaken an internal audit review within the last 12 months. The review assessed the design of the Council's processes and controls in terms of the ability to demonstrate High, Medium or Low compliance with the 17 standards set out in the CIPFA FM Code. Against the 17 standards, we were judged to have 10 instances of high compliance with the remaining 7 being medium compliance. As such, I am satisfied that the Council's financial arrangements do comply with the FM Code in line with best practice.

Conclusion

- 7.19. As part of consideration of this budget, The Executive Director Corporate Services :
- Confirms the proposed budget is based on robust of estimates for both our income and expenditure, and
- 7.20. States that while the level of reserves is under constant review, they are adequate for an organisation of the Council's size. However, it remains a priority to improve the level of HRA reserves in the context of a very challenging operating context.

8. ENVIRONMENTAL IMPLICATIONS

- 8.1. The Council continues to recognise the climate emergency and associated environmental challenges as one of the most serious threats faced by the borough's residents. The budget provides financial resources for all the Council's services.
- 8.2. The Council's Climate Action Plan published in June 2020 sets out how the Council will contribute to tackling the climate emergency with the aim of achieving a zero carbon Camden by 2030.
- 8.3. The Climate Budget highlights the significant gap between national funding available to support public sector decarbonisation and the anticipated level of funding that is needed to make Camden's own estate and operations net zero.
- 8.4. The Climate Budget helps to direct Council budgets and future investment in alignment with the commitment to tackling the climate emergency and realising a net zero Camden by 2030, focusing initially on the reduction of emissions from the Council's own estate and operations and using the Carbon Management Plan as a framework to guide this work.
- 8.5. The recommendations of this report do not represent any reduction in the allocation of Council funds or financial support towards tackling the climate emergency and achieving a net zero Camden, nor any other environmental programmes delivered by the Council.

9. TIMETABLE FOR IMPLEMENTATION

- 9.1. The Council operates a robust financial governance and monitoring process. Chief Officers receive regular reports on the financial position and regularly review the capital programme and the medium-term assumptions that underline the Council's modelling.
- 9.2. The report will be considered by the Resources and Corporate Performance Scrutiny Committee as well as Cabinet and Full Council.

10. APPENDICES

A The Legal Framework Governing Budget Decisions

B Statutory Determination of Council Tax 2024/25

C Directorate Budgets and Levies

D Fees and Charges

E Climate Budget

F Council Tax Second Homes

G Equality Impact Assessment

REPORT ENDS