

LONDON BOROUGH OF CAMDEN	WARDS: All
REPORT TITLE 2024/25 Update on the Council's Medium Term Financial Position (CS/2024/13)	
REPORT OF Cabinet Member for Finance and Cost of Living	
FOR SUBMISSION TO <ul style="list-style-type: none"> - Resources and Corporate Performance Scrutiny Committee - Cabinet 	DATE 15 th July 2024 17 th July 2024
STRATEGIC CONTEXT <p>We Make Camden is our communities' vision for Camden. Camden has a proud history of investment in supporting our residents and businesses. In January 2023, Cabinet agreed our Medium Term Financial Strategy, which seeks to ensure that our increasingly limited resources are focused on achieving the ambitions and aspirations set out in We Make Camden.</p> <p>The Council continues to face a number of significant challenges following a prolonged period of significant government funding reductions which has meant that the Council has been forced to cut close to £230m from our budgets since 2010 and will continue to need to make further budget savings over the medium term. In addition, the global pandemic and the current cost of living emergency have continued to put additional financial pressure on the Council. This report presents an updated overview of the Council's financial position as it seeks to support our citizens, communities and businesses. This report notes the Council's ongoing work to address the cost-of-living crisis including allocations of additional funding to support families, children and young people continuing to experience hardship. The report also includes recommendations for investments across services to support the delivery of the wider We Make Camden Missions.</p>	
SUMMARY OF REPORT <p>This report provides an update on:</p> <ul style="list-style-type: none"> • The Council's new Medium Term Financial Strategy and the Council's financial resilience. • The finances of the Housing Revenue Account including an update on actions being taken to manage the financial pressures on the account. 	

- Our response to the cost-of-living emergency and recommended investments to support the delivery of the We Make Camden Missions.
- 2023/24 Revenue outturn and allocation of reserves
- 2023/24 Capital outturn and updated capital programme
- An update on the Council's Capital Investment Strategy
- Recommended new Fees and Charges

Local Government Act 1972 – Access to Information

No documents that require listing were used in the preparation of this report.

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RECOMMENDATIONS

Resource and Corporate Performance Scrutiny Committee is asked to;

- (a) Consider the report and make any recommendations to the Cabinet

Cabinet is recommended to:

- (a) Note the update on the Council's Medium Term Financial Strategy and the Council's medium term financial position summarised in paragraphs 2.2 to 2.3.
- (b) Note the impact of inflation and the cost-of-living emergency on the borough and the steps being taken to help support residents detailed in paragraphs 2.5 and 2.17.
- (c) Agree the revised Capital Programme, funding and capital receipts targets summarised and presented in paragraphs 2.37 to 2.40 of the report, and Appendix B.
- (d) Agree to the additions to the capital programme in paragraphs 2.42 to 2.68 including the delegations of authority set out in paragraph 2.53 to the Executive Director Corporate Services and Director of Development

respectively for the capital investment summarised in paragraphs 2.51 to 2.53.

- (e) Agree to the recommended additional fee detailed in paragraph 2.31 to 2.36.
- (f) Note the 2023/24 General Fund & Housing Revenue Account revenue and outturn positions set out in paragraphs 2.18 to 2.23 and the capital outturn in paragraph 2.41.
- (g) Agree the allocations to and from earmarked reserves as set out in paragraphs 2.24 to 2.30 and Appendix A for inclusion in the Statement of Accounts.

Agreed by: Daniel Omisore, Director of Finance
Date: 04 July 2024

1. CONTEXT AND BACKGROUND

- 1.1 Camden, like many local authorities is facing significant financial strain across both the General Fund (universal services) and our Housing Revenue Account (social landlord function). High inflation is driving up our core costs, the level of need within our communities is rising and in response, we are increasing and enhancing our support to the most vulnerable in the borough, particularly in social care, welfare support, homelessness and public health. At the same time, our resources remain significantly constrained as support from government fails to keep pace with inflation and wider service pressures. There also remains reductions in income such as from rents, fees and charges placing further financial pressure on the Council.

- 1.2 2024/25 is the second year of the Council's current three-year Medium Term Financial Strategy (MTFS) agreed by Cabinet in January 2023. The delivery of the MTFS is vital if the Council is to remain financially resilient and able to continue to support local residents and businesses by investing in vital services. The Council's planning across both its revenue budgets for delivering services to the borough and capital investment for developing and maintaining the Council's assets are a vital component of the plans to deliver the aims of We Make Camden.

2. PROPOSAL AND REASONS

- 2.1 This report provides an update on a number of financial matters:
 - An update of the Council's new Medium Term Financial Strategy and the Council's financial resilience including an update on the finances of the Housing Revenue Account and actions being taken to manage the financial pressures on the account.
 - Recommendations for new capital investments to support the delivery of the We Make Camden Missions.
 - 2023/24 Revenue outturn and allocation of reserves.
 - 2023/24 Capital outturn and updated capital programme.
 - Recommended new fees and charges.

THE MEDIUM-TERM FINANCIAL STRATEGY

- 2.2 The Council's Medium Term Financial Strategy (MTFS) is driven by the principles of We Make Camden and the Council seeks to allocate its resources across the General Fund, Housing Revenue Account and Capital Programme in order to support the delivery of the Council's missions and ensure the Council's financial resilience. In January 2023 Cabinet agreed the Council's new Medium Term Finance Strategy including £27m of savings to help address the Council's medium term budget gap. At the time, we anticipated a budget gap of between £35-£40m. In January 2024 Cabinet agreed to further savings of £3.9m in the Housing Revenue Account (HRA) to ensure the HRA remained financially

sustainable in the face of significant inflationary pressures especially across energy and repair costs. Table One below summarises the budget savings that have been agreed as part of the MTFs and the additional budget savings agreed for the Housing Revenue Account.

Table One: Summary of Budget Savings

	2023/24	2024/25	2025/26
	£m	£m	£m
General Fund	13.71	3.70	3.05
Housing Revenue Account	2.93	3.1	1.48
Total MTFs Savings	16.64	6.80	4.53
Additional HRA Savings Agreed		3.9	
Total Agreed Budget Savings	16.64	10.70	4.53

- 2.3 Based on our current assessment, it is estimated that the Council will need to identify a further £8M - £10m of savings across the General Fund for 2025/26 to ensure its financial resilience and be in a financially sustainable position to continue to deliver the goals of We Make Camden over the medium term. It should be noted that at the time of writing the Council has no details of the local government funding settlement beyond the current year. This represents a significant level of uncertainty and risk to the Council's long term financial resilience and may mean that the Council has to find further budget savings in order to remain financially resilient.
- 2.4 The General Election result on 4 July 2024 means that there will be a new Labour Government. The national Labour Party manifesto includes a commitment to 'give councils multi-year funding settlements and end wasteful competitive bidding' as well as providing 'capacity and support to councils'. A multi-year settlement will give the Council greater certainty and stability and better support the long-term planning of resources. The details of any multi-year settlement are likely to be available in the coming months and will feed into the Council's Medium Term Financial Strategy.

Economic Impact

- 2.5 In March 2024 inflation was 3.2%, its lowest level since September 2021. Bank of England forecasts are for inflation to continue to reduce to the government target of 2% by the middle of 2024. However the Bank of England also note that some costs such as insurance and rents are still rising at rates 'well above past averages'¹. This is continuing to cause significant financial hardship for a number of people. Residents and businesses will continue to feel the impact of the cost-of-living emergency. However, this will continue to be felt disproportionately by lower income households. A recent report by the Institute

¹ [Monetary Policy Report - May 2024 | Bank of England](#)

for Fiscal Studies² shows that the proportion of individuals experiencing food insecurity rose by almost a half between 2019-20 and 2022-23 (8% to 11%). In addition the report shows that the rate of material deprivation rose from 15% to 19% (10 million to 13 million), and the proportion unable to heat their home more than doubled from 4% to 11% (from 2.9 million to 7.2 million) over the same period. The current situation shows little sign of easing and the impact on local residents, businesses and all of our community will continue to be felt for the foreseeable future.

Local Government Budget Pressures

- 2.6 Local government across London is experiencing significant cost pressures because of inflation and an increase in demand for services across a number of areas. Recent analysis by London Councils has shown that the most significant financial pressures across London boroughs are in by Adult and Childrens' social care services and from the cost of providing temporary accommodation and other homelessness services. The analysis has also shown that London boroughs expect to overspend their General Fund budget by an average of £15m as a result of these pressures this year and also expect to have to make average budget savings of £64m over the next four years.
- 2.7 The Council is facing the same financial pressures as the rest of London both this year and forecast over the medium term. The Council has invested in preventive services and continues to look to mitigate the cost pressures it is facing through a wide range of interventions.

Homelessness and Temporary Accommodation

- 2.8 The worsening homelessness crisis continues to be a key factor driving boroughs' budget pressures across London. The Council acknowledges this situation and as part of setting the 2024/25 budget included a contingency of £4m to mitigate against the increase cost of providing temporary accommodation. 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 Council's Temporary Accommodation Purchase Programme (TAPP) aims to bring a number of properties back into public ownership which in turn should reduce the cost of providing temporary accommodation in the borough. The 2024/25 budget includes £11m to fund hostel and 'move on' accommodation to help homeless people move towards settled accommodation.
- 2.9 Despite the Council's investment in preventative services and in-house temporary accommodation provision the cost of procured temporary accommodation has risen significantly over the past five years. Table Two illustrates the rising demand for temporary accommodation to the Council.

² [New statistics show large increases in material deprivation and food insecurity during cost-of-living crisis, which headline poverty measures do not reflect | Institute for Fiscal Studies \(ifs.org.uk\)](https://www.ifs.org.uk/news-and-views/new-statistics-show-large-increases-in-material-deprivation-and-food-insecurity-during-cost-of-living-crisis-which-headline-poverty-measures-do-not-reflect)

Table Two: Temporary accommodation household numbers



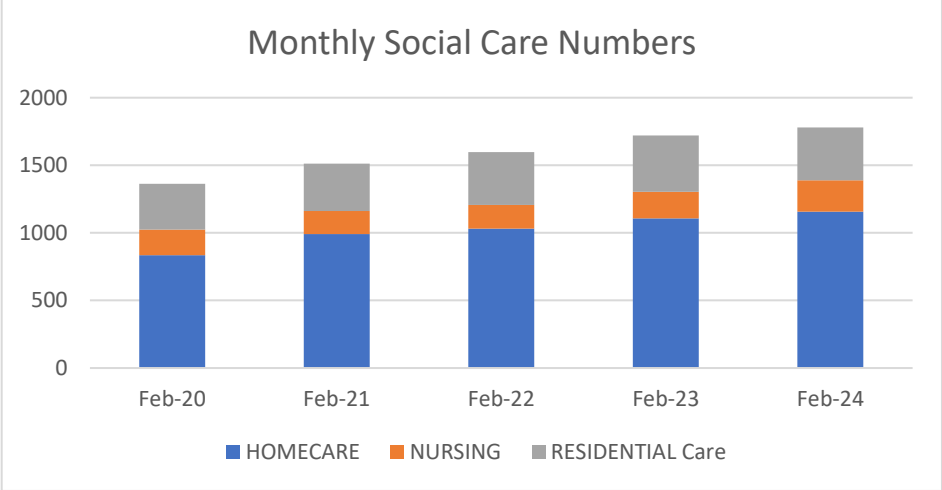
Adult Social Care

2.10 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 the London Living Wage of 10%, is welcome and the Council supports the payment of the London Living Wage for all Council funded contracts. The increase is not supported by any direct increase in government funding and so has to be met from the Council's overall resources. 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.

The increase in demand for some of the Council’s social care services is shown in Table Three below.

Table Three: Monthly Adult Social Care Demand

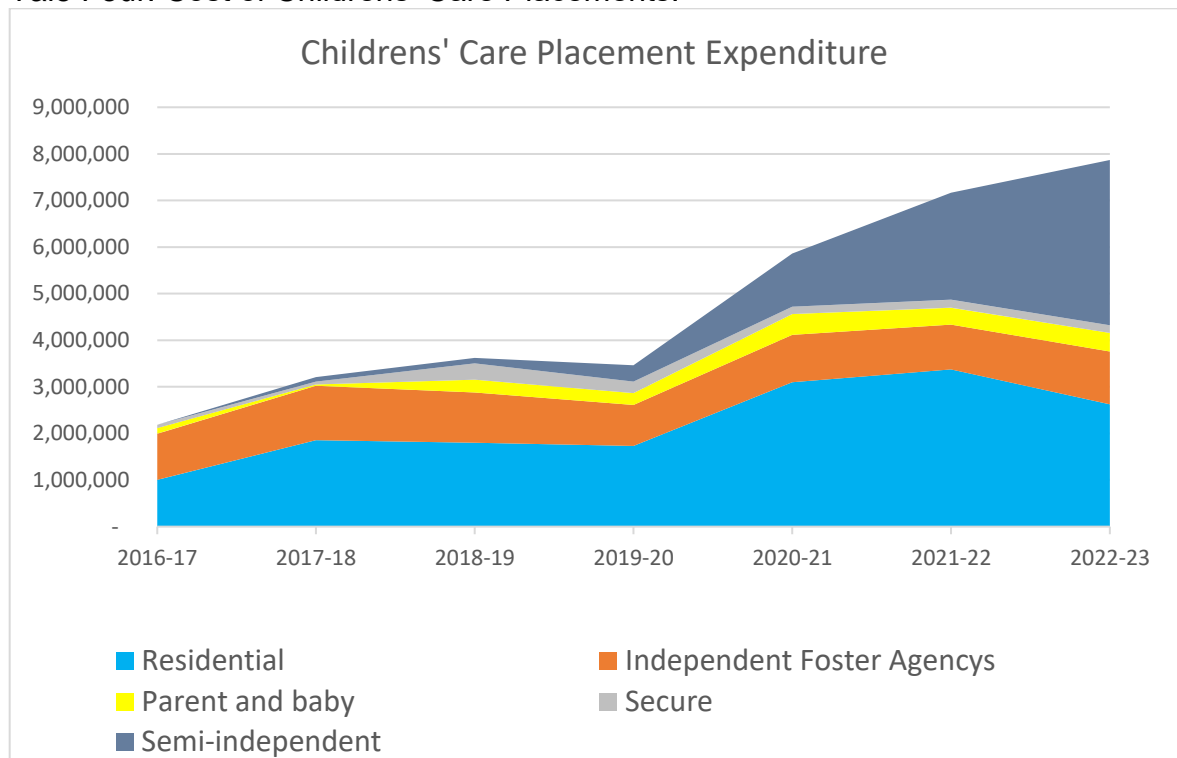


Childrens’ Social Care

2.11 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. Social care services are also experiencing significant staff costs as a result of staff shortages across the sector. 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. This approach, focusing on early intervention and prevention helps to support better outcomes for residents and means the Council avoids expensive interventions at later stages. Despite the significant work that the Council has undertaken on prevention work the cost of Childrens’ care placements has risen

significantly over the seven years. Table Four below illustrates the increase in costs of childrens' care placements since 2016/17.

Tale Four: Cost of Childrens' Care Placements.



2.12 Both Adults and Childrens social care costs are expected to continue to be a significant cost to the Council over the medium term. A key part of the Council's work to remain financially resilient will be to have fully funded social care services. This will require the Council to continue to work to forecast the medium term pressure on social care services and to continue to invest in preventative services.

UPDATE ON THE HOUSING REVENUE ACCOUNT (HRA)

2.13 The Housing Revenue Account rent setting report in January 2024 set out in some detail the significant financial pressures it faces, both structural and more recent.

2.14 The provisional 2023/24 outturn for the Housing Revenue Account was £1m overspent. The main areas of overspend were damp and mould, disrepair legal fees and compensation, insurance premiums and interest payable on borrowing. These overspends were partially offset by underspends on supported accommodation as power prices have started to fall and by overachievement of dwelling rental income, leaseholder contributions and interest receivable and by a reduction in the bad debt provision for leaseholder income.

- 2.15 The latest medium term financial forecast for the HRA predicts continued pressures from damp and mould, building safety and regulation, insurance and retrofit. The forecast also includes increased contributions to reserves which have been depleted over recent years and which are essential to secure the long term financial sustainability of the HRA.
- 2.16 The Council is refreshing the HRA capital maintenance programme and its 30 year business plan in line with the recent stock condition survey and regulatory standards. The medium-term financial forecast includes increased contributions to the Major Repairs Reserve (MRR) which is the primary source of funding for the HRA capital maintenance programme. The programme will prioritise blocks and estates most in need of investment. Even with prioritisation the MRR alone is unlikely to be sufficient to fund the capital programme. Therefore the Council is also developing an Asset Management Strategy to be considered by Cabinet later in the year, which will set out a fully funded 5 year capital investment plan.

Investment to Support We Make Camden

- 2.17 Despite a challenging financial position the Council continues to invest in services to support the delivery of the We Make Camden Missions. In February 2024 the Council agreed investment in a number of areas to support residents through the cost of living crisis. These included a funding allocation for the Family Crisis Fund of £2.1m to help support the most vulnerable people in the borough. The fund is focused 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 has become a critical part of our efforts to support those in most need and will sit alongside our ongoing investment in our free employment advice service to help residents with career advice and support. The service is evolving the advice service, using our data to make proactive contact with residents who are in, or at risk of debt, to make sure we are reaching those who need this support most. The service will continue the self-referral system set up in 2023/24 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.

23/24 REVENUE BUDGET OUTTURN

- 2.18 The Council has completed the closing of the financial year to 31 March 2024 and is finalising preparation of the draft accounts. Despite the continued financial stresses still felt through the impact of the cost-of-living crisis along with the continuous funding uncertainty, the Council continues to maintain strong financial management and oversight. It is expected to report a marginal underspend of £0.26m for the year in the General Fund and an overspend of £1.62m in the Housing Revenue Account.
- 2.19 Across both funds there have been a number of significant cost pressures that have impacted the Council's financial position which have been driven largely by the current economic climate. This includes inflation across most areas of

expenditure, demographic pressures across Children Social Care as well as Property Management and Housing Services pressures across the General Fund and Housing Revenue Account. Where possible officers have taken action in year to lessen the impact of inflationary pressures and work within budget. Table Five below summarises the council's revenue outturn position.

Table Five – Revenue Outturn 2023/24

	Full Year Budget	Outturn	Final Outturn Variance
	£m	£m	£m
Directorates:			
Children & Learning	78.89	83.60	4.71
Supporting Communities	88.50	99.98	11.49
Corporate Services	30.26	31.71	1.45
Adults and Health	152.50	149.25	(3.26)
Cross-Cutting Budgets	(42.94)	(57.59)	(14.65)
Total: GF	307.21	306.95	(0.26)
Housing Revenue Account	-	1.62	1.62
Total: HRA	0.00	0.00	1.62

2.20 The outturn position in the General Fund for 2023/24 is largely derived by significant overspends across large part of council services mitigated by non-departmental interest on balance totals. It is important to note that these interest on balance totals are one off in nature and is a result of the inflationary increases experienced across the economy over the last year. The Council has seen permanent scarring from the pandemic and now cost of living crisis which includes reductions in many rents, fees and charges as well as a need to provide ongoing support to many residents through funding vehicles such as the Council Tax Support Fund. In addition, the in-year impact of inflationary pressures has meant that officers have needed to carefully manage budgets through-out the year to help mitigate the impact of these pressures.

As summarised in paragraphs 2.6 to 2.12 the main budget pressures facing the Council's General Fund are:

- In Children and Learning there has been significant pressures in Children's Social Care mainly due to increases in placement and salary costs creating budgetary pressures on contracts which are driven by the cost of living and high inflation experienced over the last year. The directorate have mitigated the pressure in part through underspends across Education as well as the directorate management code.

- Underlying budgetary pressure across Adult and Health have been mitigated by funding secured from the NHS to provide additional support for people being discharged from hospital as well as the utilization of the Market sustainability and improvement fund. This funding is one-off ad-hoc money received by the Council during the year, it should be noted that this is a temporary funding position and there remains significant underlying budget pressures across Adults and Health. There has also been delays to a couple of significant projects within the directorate contributing to the overall outturn position reported.
- Supporting Communities directorate are showing a significant overspend mainly due to the cost of temporary accommodation which is affecting boroughs across the capital. The cost-of-living crisis is also impacting a number of services from reduced income from fees and charges as well as significant additional pressures across property costs due to 2023/24 disproportionately high inflation on utilities, repairs, and staff costs.
- The Cross Cutting budgets have continued to experience inflationary pressures with contingencies set for pressures across pay, utilities and major contracts all being significantly higher than historic totals. This has been offset by better than budgeted for interest on balances as a result of historically high interest rates.
- The HRA overspent by £1.62m driven by an increase in costs for insurance, repairs, and the continuing work to tackle damp and mould across the housing estates. These costs have been offset on part by a reduction in energy costs. The HRA overspend will be met from the HRA reserve.

2.21 The cost pressures that the Council experienced in 2023/24 are likely to remain over the medium term as inflation remains high. The expected inflationary impacts on budgets were factored into the Council's Medium Term Financial Strategy and help to inform the level of savings needed in both the General Fund and the Housing Revenue Account in order to close the expected medium term budget gap.

2.22 The ongoing cost pressures remain a risk to the Council's financial stability especially in the Housing Revenue Account with continuing pressures on the cost of demand led housing repairs along with additional planned investment in damp and mould and ongoing investment in fire safety work.

2.23 Officers are closely monitoring the significant pressures facing the Housing Revenue Account and the Council is committed to an ambitious programme of transformation that seeks to address issues around finance, performance, culture, staff empowerment and most importantly, resident experience.

RESERVE BALANCES

Reserve Balances

- 2.24 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.
- 2.25 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 our We Make Camden plan, 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.
- 2.26 The Council holds one-off balances in specific earmarked reserves (funds which are committed to finance known or predicted future costs, or to manage corporate and medium-term risks). The 2023/24 opening balances on earmarked general fund reserves totalled £156.5m. This includes funding received to support the long-term impacts of Covid. With proposed transfers to reserves set out in Appendix A, there will be a net movement into earmarked reserves of £48.6m during 2023/24 and a total closing balance of £212.0m as of 31 March 2024. The main movement into Earmarked Reserves is the S31 Business Rates relief grants received from Central Government to fund the application of Business Rates Relief in 2023/24.
- 2.27 Pre-Covid, the Council was following a strategy of low reserves to allow for the maximum level of resources to be allocated to achieving the aims of We Make Camden. Our General Fund balances currently stands at £16.9m or roughly 3.6% of our net budgeted expenditure and our earmarked reserves stand at £212.0m or 45.9% of net expenditure.
- 2.28 The COVID-19 crisis and now the Cost-of-Living Emergency in addition to uncertainty around government funding will impact the Council's ability to deliver further required savings over the medium term which in turn means that we will be operating with a substantial reduction in our financial flexibility. This position will need to be closely monitored moving forward to ensure that

reserve levels remain at an appropriate level to provide a strong level of resilience and flexibility to respond to any emerging financial shocks.

2.29 In support of the Council’s financial resilience Members agreed to increase the Council’s general reserve balance by £1.5m a year over the medium term. This means that the general reserve balance is forecast to increase to £21.4m by 2027 which is estimated to be 4.5% of net service expenditure. The need to increase general reserve balances to support the Council’s financial resilience has been driven by a number of 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 Covid-19, the Cost-of-Living crisis and the war in Ukraine means the Council remain to experience an unprecedented level of uncertainty over the medium term.

2.30 Table Six below summarises the forecast position for the Council’s reserves over the medium term. This is based on our best estimate of movements to and from reserves over the medium term. Some reserves are held to deal with unexpected events or to fund future projects whose timing is currently undecided the actual use of reserves and as such the actual timing of the use of some reserves are uncertain.

Table Six: Forecast Reserve Balances

Earmarked Reserves	Actual Reserves 31/03/23	Reserves 31/03/24	Reserves 31/03/25	Reserves 31/03/26	Reserves 31/03/27	Reserves 31/03/28
	£m	£m	£m	£m	£m	£m
Reserves to support key Council priorities	41.570	44.434	47.760	51.965	50.394	48.823
Reserves holding funds with conditions	43.096	52.011	51.411	51.311	51.211	51.111
Reserves supporting ongoing capital activity & asset management	26.100	36.102	36.587	37.331	38.055	38.729
Reserves to mitigate future corporate risk	44.369	78.173	65.419	52.665	39.911	27.157
Total	155.135	210.719	201.176	193.271	179.570	165.819
General Balances						
General Balances	15.858	16.858	18.358	19.858	21.358	22.858

Housing Revenue Account	22.967	24.223	28.223	32.370	36.174	39.389
Schools Balances	17.500	20.988	20.988	20.988	20.988	20.988
Total	56.325	62.069	67.569	73.216	78.520	83.235
Covid Related Reserves						
Ringfenced Covid Reserves	1.329	1.329	1.329	1.329	1.329	1.329
Total	1.329	1.329	1.329	1.329	1.329	1.329
Total GF and HRA Reserves	212.788	274.116	270.073	267.815	259.418	250.382

FEES AND CHARGES

2.31 We Make Camden has an ambition that Camden should be a green, clean, vibrant, accessible and sustainable place with everyone working together to keep them clean, safe, and accessible. It also means being tough on those who disrupt our streets by littering and fly-tipping and making sure that the council services are responsive in keeping our streets clean.

2.32 Littering, fly tipping and other associated environmental offences, blight our communities and impose avoidable costs on the public purse. The Environmental Offences Regulations (Fixed Penalties) (Amendment) (England) 2023 came into force on 31st July 2023 and increased the maximum level of Fixed Penalty Notices (FPN) that councils can impose for environmental offences. Local authorities can choose whether they wish to use the increased penalties or not.

The changes made under the 2023 regulations are, in summary, as follows:

- the upper limit for littering FPNs is increased from £150 to £500;
- the upper limit for FPNs issued in respect of graffiti and fly-posting offences is increased from £150 to £500;
- the upper limit for fly-tipping FPNs is increased from £400 to £1000, and;
- the upper limit for FPNs issued in respect of a breach of the household waste duty of care is increased from £400 to £600.

2.33 Camden's updated Enforcement Policy (2024) makes clear that we undertake enforcement action in a reasonable and proportionate manner. However, we will not hesitate to use the full range of enforcement tools at our disposal against those businesses or individuals whose activities threaten the health, safety and wellbeing of people or our environment. We will take firm action against local environmental quality (LEQ) violations such as littering and fly tipping by both businesses and individuals using all enforcement tools at our disposal, which includes formal Notices, Fixed Penalty Notices (FPNs) and prosecutions. Fixed penalty notices are used as an alternative to prosecutions and enable cases to be diverted from the court system.

2.34 Table Seven below shows the existing and new recommended Fixed Penalty Notices. The recommended new FPNs include a significant increase in the full penalty and a significant incentive for early repayment. If an FPN is paid within 10 days of issue the amount is reduced to the discount penalty. The increase in existing fees above 7% is required to be agreed by Cabinet in line with the existing delegated authority for fees and charges agreed by Cabinet on 28 February 2024.

Table Seven – Recommended Fixed Penalty Notices

	<i>Existing Fines</i>		New Recommended Fines	
	<i>Current Full Penalty</i>	<i>Discounted rate</i>	Recommended New Full Penalty	Recommended Discounted rate
Fly Tip FPN	£400	£200	£1,000	£500
Littering FPN	£100	£80	£120	£100
Graffiti/fly posting FPN	£80	£50	£300	£150

Library Service

2.35 The library service is looking at number of new initiatives to raise income and support the provision of library services. Traditional income from services such as DVD rentals has significantly reduced over the previous few years and the Library Service has been working to identify new income streams. One new initiative is the sale of strong branded tote bags which will be a good way to promote Camden libraries as well as providing addition income to help support the service.

2.36 New fees and charges levied by the Council need to be agreed by Cabinet. To support the funding of the library service it is recommended that a charge of £4.50 per bag is agreed.

REVIEW OF THE CAPITAL PROGRAMME FROM 2024/25

2.37 The annual review of the Council's Capital Programme provides an opportunity to re-examine and update spending plans 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. Where new funding has been secured, additional projects are also added to the programme.

2.38 A summary of the capital programme and the changes made following the review of existing capital schemes are shown in Table Eight below with a further summary on the funding of the programme in Appendix B. The majority of the additional budget is the extension of the Community Investment Programme agreed in year, additional transport strategy schemes funded from Transport for

London grants and developer contributions, and projects funded from grants received in year such as the Levelling Up Fund and Decarbonisation Grants.

Table Eight: Summary of Revisions to the Capital Programme - 2023/24 & Future Years.

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	Total
Approved Budget	295,684	309,875	202,427	171,674	145,826	68,727	29,771	1,223,985
Revised Budget	230,508	309,363	217,133	188,817	124,154	109,022	92,180	1,271,178
Total Change	-65,176	-512	14,706	17,143	-21,673	40,295	62,410	47,193

2.39 The Capital Programme is frequently monitored and emerging risks are proactively managed throughout the year. A degree of flexibility and contingency is built into the programme to ensure that it remains affordable and to reduce the cashflow challenges of a programme that relies to a significant extent upon capital receipts. Where the market conditions for disposal are unfavourable, alternative funding sources will be explored and plans enacted for making alternative use of these assets over the medium term, generating additional income or supporting the Council in meeting its We Make Camden objectives.

2.40 The Council's Capital Programme remains affordable, sustainable and based on prudent expenditure and funding assumptions. Nonetheless, our wide-ranging programme faces a number of risks and challenges, exacerbated by emerging economic trends. This includes the impact of inflation driving rising costs in supplies, labour and materials, responding to new regulation such as social housing reforms and the prospect of rising interest rates and its impact on the cost of borrowing. This is mainly managed through the use of contingencies and regular updating of estimates as part of the capital review.

Capital Outturn

2.41 The capital programme under spent by £65m in 2023/24 due to a number of delays and slippages to complex capital projects. This is due to a range of issues across the projects.

Table Nine: Capital Outturn 2023/24

Capital Expenditure 2023/24			
	2023-24 Budget £m	2023-24 Outturn £m	2023-24 Variance
GF			
Development	20.1	18.3	(1.8)
Property Management	18.5	10.2	(8.3)
Environment and Sustainability	24.3	19.2	(5.1)
Public Safety	0.2	0.0	(0.2)
Recreation	5.3	3.3	(2.0)
ICT Corporate Services	4.0	1.2	(2.9)
GF total	72.4	52.3	(20.2)
HRA			
Development	57.7	46.1	(11.6)
Property Management	165.6	132.1	(33.5)
HRA total	223.3	178.2	(45.0)
Total expenditure (HRA + GF)	295.7	230.5	(65.2)

NEW CAPITAL INVESTMENTS

2.42 In addition to the Capital Programme summarised in Appendix B this report makes a number of recommendations for further capital investment, which if agreed, will be added to the Capital Programme. The Capital Programme is fundamental to ensuring that the Council meets the We Make Camden Missions, realises its ambitions set out in Camden 2025 and responds to many of the operational and financial challenges found across local government. A robust

Capital Strategy helps the Council best use its limited resources to manage its many investment priorities, including:

- Providing decent, safe, warm and family-friendly housing to support our communities
- Making Camden a clean, vibrant, sustainable place and tackling the climate emergency
- Ensuring Camden's estates and neighbourhoods are healthy, sustainable and unlock creativity
- Supporting young people in accessing economic opportunities that enable them to be safe and secure
- Helping everyone in Camden live healthy, independent lives
- Investing in our highways, green spaces and buildings to ensure that they are safe and compliant with legislative requirements

2.43 The Council's approach to its Capital Strategy was outlined in the March 2022 'Capital Estimates and Capital Pipeline Priorities' (CS/2022/07) report to Cabinet and Council. It set out that a key element of the Council's Capital Strategy would be to retain a level of flexibility within the programme, allowing new capital investment to be added to the programme at regular intervals as new priorities emerge. As part of this strategy, Cabinet Members agreed a 'pipeline' of future capital priorities that would be regularly updated to allow the Council to assess the full range of capital investment requirements and priorities over the coming years. This pipeline allows the Council to take a more iterative and strategic approach to bringing forward new capital projects, which could be included in the Capital Programme at the point that business cases are fully developed and projects are ready to proceed.

2.44 The additional capital investment detailed below is designed to deliver key We Make Camden objectives and improve the infrastructure of the borough for residents and businesses.

Tackling the Climate Emergency – Refuse Vehicles

2.45 Camden's 2025 vision identifies clean air as a priority for Camden citizens and the [Clean Air Action Plan](#) 2023-2026 was launched which requires Camden to find solutions for improving air quality targeting specific areas, which includes reducing emissions from Camden's fleet, road vehicles, services and freight. Road transport-based emissions account for approximately 30.9% of all nitrogen dioxide and 19.6% of ultra fine particulate matter emissions in Camden, thus representing a significant contributing sector to air pollution in the borough.

2.46 Investing in electrification of the fleet vehicles for delivery of these services is essential to meet these commitments but requires significant capital investment of and development of supporting electrification infrastructure at depots and across Camden. Evaluation of fleet electrification is being developed alongside a depot strategy to ensure the contract can transition as soon as possible taking into account infrastructure, funding opportunities, developing technology and

availability of some specialised vehicles as electric, value for money and ability to adapt to changes in legalisation.

- 2.47 A capital investment of £16.7m is recommended over the next two years to support the acquisition of the new vehicles.

Tackling the Climate Emergency – Retrofit

- 2.48 As part of the retrofit strategy across Camden’s corporate and schools estate we are targeting buildings with life expired heating plant, with a view to investigating how gas or oil burning equipment can be replaced with low carbon alternatives. A series of condition surveys was carried out to identify a priority list based on carbon emissions, type of building and eligibility to access external grant funding. Using this approach, we have developed further low carbon retrofit proposals at Talacre Community Sport Centre, Spectrum Centre and Primrose Hill Primary School and have successfully applied to the Government’s Public Sector Decarbonisation Scheme (PSDS) to obtain grant to partially finance the proposed works. In addition, we are leveraging money from the S106 Carbon Offset fund.
- 2.49 Tackling the climate emergency across the borough will require significant funding and the Council is seeking to maximise external funding wherever possible. The Council has recently secured an additional £0.83m from the PSDS fund to support work on these three sites. The full cost of the retro-fit work across the three sites is £4.586m, with £1.563m funded from the s106 block provision for sustainability work, £0.83m from PSDS grant funding and £2.19m from the Council’s general resources. Retrofit works across the three sites (Talacre, Spectrum and Primrose Hill Primary School) and at Highgate Library, a PSDS funded site are forecast to produce annual energy cost savings of £44,000 and reduce Camden’s emissions by more than 150 tonnes of CO₂e annually.

Green Space and Play Areas

- 2.50 We Make Camden missions include the drive to ensure all of our homes, estates and neighbourhoods are healthy and sustainable. To support this mission it is recommended to invest £3.54m over the next three years to ensure public green spaces and play areas are well maintained and provide good quality play equipment to support residents enjoyment of public spaces and help to contribute to healthy sustainable lifestyles.

Homelessness Support - Solo Haus Temporary Accommodation scheme

- 2.51 As part of our efforts to increase house building through our Community Investment Programme, we have secured six Solo-Haus modular homes for single homeless persons under a turnkey package. The modules are designed to provide a robust, high-quality home that can be used as a stepping-stone to support individuals who have been homeless or are at risk of homelessness. To increase the size of the development Camden has an option to purchase an additional six larger two person units. This opportunity will help to alleviate

Camden's dependency on the use of hotels for families and single persons. The modules will provide self-contained homes with kitchens where occupants can cook meals and wash clothes. The investment in additional temporary accommodation will help to avoid placing families and residents out of borough, thereby helping to maintain community ties, family and other support networks and prevent disrupting children's schooling.

- 2.52 The subsidised cost of the units means that there are significant savings over the life of the modular units compared to the cost of providing alternative temporary accommodation in hotels and B&B's and will mitigate some of the financial pressures from homelessness services discussed in this report. A bid for grant funding from the Local Authority Housing Fund run by Department for Levelling Up, Housing and Communities (DLUHC) has been made, which if successful will see the savings generated by the scheme increase significantly.
- 2.53 It is recommended that Cabinet delegate authority to the Executive Director Corporate Services in consultation with the Cabinet Member for Better Homes to make a final decision on the purchase of the additional six units of temporary accommodation and to agree a capital budget, expected to be approximately £1.2m, and to delegate to the Director of Development, in consultation with the Director of Finance, the authority to take all other necessary actions including contract award in order secure the additional temporary accommodation units for the Council.

Special Educational Needs Capacity

- 2.54 Settings in Camden are facing increasing challenge in meeting the needs and aspirations of children with Special Educational Needs and Disabilities (SEND), both in terms of higher numbers of children and higher levels of complexity of needs. This has been highlighted through our self-evaluation, SEND Joint Strategic Needs Assessment (JSNA) and feedback we have received from school leaders and Special Educational Needs Coordinators (SENCOs). The rise in number of children with SEND alongside falling school rolls mean that the proportion of pupils with SEND in Camden has increased by 17% between 2018 and 2023. This growth is largely driven by increases in the number of children with autistic spectrum disorder (ASD) which has increased by 57% between 2019 and 2024.
- 2.55 As a result of these rising numbers, mainstream schools are increasingly struggling to provide a high-quality education experience for children with SEND. Over the same time period, we have seen the number of children accessing education in independent and non-maintained settings and accessing education other than at school (EOTAS) packages increase.
- 2.56 In response to this, we are seeking to use capital funding to increase the number of specialist places within the mainstream school estate and to increase capacity within mainstream provision to meet a wide range of needs. We will do this in three ways:

- Capital funding grants to enable schools to adapt their accessibility and interventions spaces. Schools will be able to make applications for projects to improve the quality and quantity of places for children with SEND.
- Special school satellite provision to be located within existing mainstream school estate
- Additional resourced provision (ARP) within a mainstream school

2.57 It is recommended to include £3m per year for the next three years in the capital programme to support this work funded from the central government ring-fenced capital grant.

Schools Conditions Investment

2.58 Each year the Council receives School Condition Allocation Funding to support the capital maintenance work in our schools. A recent stock condition survey has shown that in order to ensure the schools continue to be well maintained and fit for purpose an additional investment of £0.4m over the next two years is required to ensure all necessary capital works are completed.

Highways, Bridges and Walls - Priority Condition Works

2.59 It is recommended to that the Council investment £26.04m over the next three years for priority works on highways, bridges, walls and street lighting. The investment is designed to ensure that the Council meets its legal and contractual obligations, conducts condition works to control maintenance costs and replaces assets at the end of their lives. These essential works are driven by condition surveys of the Council's existing assets, which have identified the level of investment required. The work will also support the good maintenance of the public realm and contribute to the We Make Camden missions include the drive to ensure all of our homes, estates and neighbourhoods are healthy and sustainable.

Public Buildings – Talacre Community Sports Centre

2.60 Talacre Community Sports Centre is a popular and unique community facility with a range of activities available for users. The centre is over 20 years old and in need of modernisation to improve the quality, accessibility and its viability. Work is now underway to expand and upgrade the facility and the public realm between the Town Green and the Sports Centre. The proposed improvements to the existing centre are in response to increased demand and local need.

2.61 This upgrade forms part of a wider programme of work part-funded by the Council's successful bid for funds from the Government's Levelling Up scheme (total of £7.7m). The overall aim of the project is to:

- Remodel Talacre Community Sports Centre to increase the capacity and quality of activity spaces. The works are part of a package of civic and physical infrastructure projects to increase opportunities for the communities of Gospel Oak, Haverstock, and Kentish Town South to live healthier and more fulfilled lives.
- Create “Green mobility hubs” - a mix of sustainable active travel options to increase active travel levels to, from and around Talacre Community Sports Centre.
- Redevelop a vacant building at 2 Prince of Wales Road into a community hub that connects residents, community organisations, businesses, and public institutions in the community to support an active and connected neighbourhood and create a healthy and connected neighbourhood.

2.62 The Council is committed to provide match funding for the project and in order to meet the current cost of the project it is recommended that an additional Council investment of **£0.5m** is included in the capital programme to support the current cost of the project.

Public Buildings – Kilburn Library

2.63 The Council has successfully secured funding of £0.5m from the Library Improvement Fund to support the refurbishment of Kilburn Library. In order to receive the grant and to provide funds for the full refurbishment work it is recommended that the Council includes £0.7m of its own resources to bring the Kilburn Library capital project budget to £1.2m.

2.64 Kilburn Library is a valuable public space that is open for resident customers to browse and choose their own books. It also provides public computers and study spaces to support residents.

Public Toilets

2.65 Good quality public toilets are important to communities, but the provision of public toilets is not a statutory function of local authorities and no government funding is received to provide and maintain public toilets. The Council is committed to maintaining a public toilets service across the borough, increasing the number of accessible toilets and the number of changing places facilities. Public toilets provided by Camden include 5 attended toilets located in historical buildings that are aging, 4 locations are subterranean, and some are Grade II listed and/or listed in the London Square Preservation Act 1931.

2.66 A survey was undertaken in July 2023 to determine essential repair work required to maintain the facilities over 10 years. The survey included the built fabric, structural issues, electrical, mechanical and alluvial requirements. The report indicates the 10-year cycle of works, but it is more practical to undertake all the works at once to maximise the impact operationally, aesthetically and to minimise service closure/downtime. It is recommended that a capital investment of £1m

is made over the next three years to ensure the public toilets remain in good condition and available to the public.

Digital and Data Investments

- 2.67 The Council's Digital Strategy aims to enable improved internet access through the acceleration of high-speed connectivity, including public wireless systems. This includes rolling out connected community spaces where their residents can come together and deliver their own digital inclusion projects, making use of hardware and free internet connections provided by Camden, as well as enabling spaces in their communities. As part of this commitment, it is recommended to invest £0.3m in improving connectivity in public buildings and to refresh the provision of devices for libraries.
- 2.68 A key element of We Make Camden is the Council's digital transformation journey, so that Camden benefits from the opportunities that modern digital developments bring. Crucially, this means improving how we use data and information, so we can join up our services and make it easier for our citizens. In order to achieve this it is important that the Council continues to invest in the digital capabilities of its services. As part of this work it is recommended to invest £6.2m over the next four years to support the digital devices and capabilities across Council services.

3. OPTIONS APPRAISAL

- 3.1 The report proposes the allocation of 2023/24 year end revenue balances to reserves. Cabinet could make allocations to other reserves to finance alternative future spend, however, if different allocations were made, this could impact upon funding of the Council's strategic priorities.

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

- 4.1 In January 2023 Cabinet agreed the current Medium term financial strategy for the Council for 2023-2026. As part of that report a range of financial risks relating to a number of services were discussed. These risks are still valid and can be found in the following [Cabinet Report](#)

5. LINKS TO WE MAKE CAMDEN

- 5.1 The vision and ambition set out in We Make Camden sit at the heart of our medium-term financial strategy. Through our outcomes-based budgeting approach, we have aligned our financial resources in support of the outcomes detailed in Our Camden Plan.

6. CONSULTATION/ENGAGEMENT

- 6.1 There has been no formal public consultation. The Council has undertaken

extensive engagement with residents and businesses throughout the Covid-19 crisis to date.

7. LEGAL IMPLICATIONS

7.1 The Borough Solicitor has been consulted and comments are included with the report.

8. RESOURCE IMPLICATIONS

8.1 Comments of the Executive Director Corporate Services are included within this report.

9. ENVIRONMENTAL IMPLICATIONS

9.1 This report highlights further proposed capital investment of £2.19m in improving the energy efficiency of our buildings. The investment will help to protect our estate from energy price volatility while contributing to carbon dioxide emission reduction. Carbon dioxide emissions are now 63% below our 2010 baseline across our corporate and schools estate, however the Council's recently published "Climate budget" shows that there remains a funding gap of c.£150m to reach the ambitious 2030 zero carbon target.

9.2 The report also identifies future investment in our vehicle fleet to ensure compliance with strengthening air quality focused road charging regulations. Air quality remains the largest environmental risk for public health with over 4,000 deaths attributable to air pollution in London annually. Camden was the first local authority to align its air quality objectives with the guidelines recommended by the World Health Organization, but our diesel fuelled vehicle fleet remains a significant source of pollution in Camden. The investment would help to ensure that the Council's operational activities align with our We Make Camden ambition for a borough "where no person experiences poor health because of the air they breathe".

10. TIMETABLE FOR IMPLEMENTATION

10.1 Implementation of proposals will occur as outlined in the body of the report, with reserve allocations being agreed in line with timescales for the Statement of Accounts.

10.2 If agreed the fees and charges recommended in this report will be implemented from 1 August 2024.

11. APPENDICES

11.1 Further information is provided in the attached appendices:

Appendix A - A Summary of the Council's Reserves

Appendix B – A Summary of the Council's Updated Capital Programme

REPORT ENDS