

<b>LONDON BOROUGH OF CAMDEN</b>	<b>WARDS:</b> All
<b>REPORT TITLE:</b> Camden Living Financial Statements 2022/23	
<b>REPORT OF:</b> Director of Finance	
<b>FOR SUBMISSION TO:</b> Audit and Corporate Governance Committee	<b>DATE:</b> 18 <sup>th</sup> July 2024
<p><b>SUMMARY OF REPORT:</b> This report covers the audited financial statements for Camden Living Limited and highlights key points of Camden Living Limited's financial position and performance for the 12-month period to 31<sup>st</sup> March 2023.</p> <p><b>LOCAL GOVERNMENT ACT 1972 – ACCESS TO INFORMATION:</b> No documents that require listing were used in the production of this report.</p> <p><b>CONTACT OFFICER:</b> Paresh Shah Finance Business Partner 5 Pancras Square London N1C 4AG <a href="mailto:paresh.shah@camden.gov.uk">paresh.shah@camden.gov.uk</a></p>	
<p><b>RECOMMENDATION</b></p> <p>The Committee is asked to note and comment on the report and Camden Living Limited's financial statements for the 12-month period to 31<sup>st</sup> March 2023.</p>	
<p><b>SIGNED:</b> As approved by the Director of Finance</p> <p><b>DATE:</b> 3 April 2024</p>	

## 1. Purpose of the Report

- 1.1 This report presents Camden Living Limited's (CL) 2022/23 financial statements, attached as **Appendix A**. Financial Reporting Standard (FRS) 102 1A of the standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities) is the applicable law and the basis for preparation of Camden Living Limited's financial statements.
- 1.2 Given Camden Living Limited is a wholly-owned subsidiary, the Audit and Corporate Governance Committee is asked to note the financial statements of Camden Living Limited both to complement its role in approval of the Council's main accounts and also as part of its role in overseeing the Council's governance structures.

## 2. Key messages

### What is Camden Living

- 2.1 Camden Living Limited is a wholly owned subsidiary of the London Borough of Camden as incorporated under Company Law. The operational decision-making is overseen by an unpaid board made up of Council officers with a spread of expertise.
- 2.2 On the 7<sup>th</sup> September 2022, Cabinet agreed to update CL's structure to create a "CL Registered Provider" Company as a tool available to optimise delivery of social housing (initially delivering 34 new social rent homes in Central Somers Town by 2024). The new holding company called 'Camden Living Group Ltd' under which sits two subsidiary companies *Camden Living Ltd* and 'Camden Living Social Offer Ltd' which is applying to become a Registered Provider has been set up. However, this report relates to Camden Living Ltd.'s most recent audited accounts which predate the new structure.
- 2.3 CL acquired its first units in March 2018 and currently owns and lets 65 intermediate rent units. The Council provided CL with a loan (£5.085m) to purchase these homes at an interest rate comparable to the Market rent. The loan is not repayable but is secured by a debenture that acts as a floating charge over the assets. This is a similar model to that employed by housing associations. Should circumstances necessitate (if CL ever ceased to be a viably trading going concern) the debenture would crystallise and the title of the assets would revert to the London Borough of Camden.
- 2.4 In 2020, CL was granted a short lease of 48 units under an operating lease arrangement, Camden Council retains freehold ownership of these assets.
- 2.5 The 65 intermediate units are rented at a lower than market rent. The aim is to provide an intermediate rent product affordable to households with lower earnings. While 48 leased assets are rented at the market rate. CL has been making a modest profit on these units since the model was established except

for the first year. CL's core business model is both low risk and profitable, because:

- Intermediate and market rent homes have a healthy demand, as a result, CL has a low level of void homes.
- The company remains a going concern as demand for the product remains strong with minimal rent arrears despite the COVID-19 and high cost of living.

### **Audit of the 2022/23 Financial Statements**

- 2.6 CL has a duty to prepare and file statutory financial statements. Mazars, CL's independent auditors, have completed the audit of CL's Financial Statements for the period ending 31<sup>st</sup> March 2023. Mazars have expressed an unqualified audit opinion, this means the auditors believe the accounts give a true and fair view and have been properly prepared in accordance with generally accepted principles and applicable laws.
- 2.7 The company has made a profit of £160k after tax for the year to 31<sup>st</sup> March 2023. The cumulative profit is £184k. Camden Living has a bank balance of £3.2m with net assets of £621k as at 31<sup>st</sup> March 2023 (March 2022 £593k).
- 2.8 It is also worth mentioning that (although this does not form part of the profit and loss account of the company) the operating lease relating to the 48 market rent units generated the sum of £650k (rent paid by tenants less CL's management costs) for the Council and which is paid by the Company to the Council's Housing Revenue Account.
- 2.9 The current cost-of-living crisis and high interest rates does create uncertainty for landlords and tenants alike. Nonetheless, as noted the auditors confirm the CL Director's assessment that CL is a going concern and trading viably.

### **3. Finance Comments of the Executive Director Corporate Services**

- 3.1 This is a report of the Director of Finance, whose financial comments are incorporated into this report.

### **4. Legal Comments of the Borough Solicitor**

- 4.1 Legal Comments are incorporated in the Report.

### **5. Environmental Implications**

- 5.1 There are no environmental impacts arising from this report.

### **6. Appendices**

**Appendix A** Camden Living Limited Financial Statements for the year ended 31<sup>st</sup> March 2023.

