

LONDON BOROUGH OF CAMDEN	WARDS: All
REPORT TITLE Review of the Camden Medium Term Financial Strategy (CS/2021/25)	
REPORT OF Cabinet Member for Finance and Transformation	
FOR SUBMISSION TO Resources and Corporate Performance Scrutiny Committee Cabinet	DATE 13 December 2021 15 December 2021
STRATEGIC CONTEXT <p>The Council is facing an unprecedented and challenging outlook following the global pandemic. This report presents an updated overview of the Council’s financial position as it seeks to support our citizens, communities and businesses through the COVID-19 crisis. During the crisis the Council stepped in and mobilised staff, organisations and volunteers to ensure that the most vulnerable have homes, food, social contact and the financial support they need. At the same time, we have continued to provide those critical services that we know our communities rely on.</p> <p>In our response to these challenges, in the spirit of Camden 2025, we have developed an approach that continues to have social justice and tackling inequality at the heart of what we do.</p> <p>The report also provides an update on the financial pressures facing the Council over the medium term, taking into account the economic outlook over the medium term, the uncertainties about the level of funding the Council will receive in the future and the risks and issues facing various Council services.</p>	
SUMMARY OF REPORT This report provides an update on: <ul style="list-style-type: none"> • The Council’s response to the pandemic • Government response to the pandemic including funding announcements • Financial resilience and sustainability • The latest outlook for the Council’s funding and spending • Spending Review – Autumn Budget update 	

- Economic Outlook
- Reserves and balances position including planned use
- 2022/23 Budget setting considerations
- Capital review update
- Local Climate Bond
- Forecast outturn position for 2021/22
- Recommended Fees & Charges for 2022/23

Local Government Act 1972 – Access to Information

The following resources have been used in the preparation of this report and are available online via the web address: www.camden.gov.uk/MTFS:

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RECOMMENDATIONS

The Resources and Corporate Performance Committee is asked to:

Consider the report and make any recommendations to Cabinet.

Cabinet is recommended to:

- (a) Note the financial impact of the Council's response to the Covid pandemic outlined in paragraphs 2.2 – 2.14.
- (b) Note the continued challenging and uncertain funding outlook for the council set out in section two of the report
- (c) In relation to fees and charges discussed in section 2.72 and Appendix:
 - i. Delegate authority to the relevant Executive Director to decide increases to existing fees and charges up to a maximum of 5%, in consultation with the relevant portfolio holders.
 - ii. Note the particular content in Appendix B setting out supporting information for the new fees and charges and the fees and charges where the proposed increase is over 5%.
 - iii. Agree the new fees and charges, and the increase in fees and charges where the proposed increase is over 5%, as shown in Appendix B, delegating authority to the relevant Director to introduce those changes.
- (d) Note the forecast 2020/21 revenue and capital outturn positions set out in sections 2.65 and 2.66

(e) Agree the Council's planned use of Reserves summarised in Appendix A

(f) Note the risks outlined in section four of the report.

Agreed by: Director of Finance

Date: 3 December 2021

1. CONTEXT AND BACKGROUND

- 1.1. The Council continues to face significant financial challenges following the global pandemic which is expected to have a lasting impact on the Council and its financial position. Without action this has the potential to severely undermine and threaten our financial sustainability and resilience.
- 1.2. Since the outbreak of the pandemic the Council has taken a leadership role and mobilised our resources to support our residents, businesses and communities. Our approach has been strongly rooted in the ambitions and themes of Camden 2025 and social justice and these themes will continue to be at the centre of our approach as we support the renewal of the borough.
- 1.3. The Council is facing a period of financial risk. There is still significant uncertainty regarding the local and national economy and combined with that, the pandemic and its impacts on local people and businesses is ongoing. This makes it very difficult to predict the full financial impact of COVID on our medium-term finances because so much depends on the speed and strength with which the local, national and global economy recovers, how the economy is altered by the pandemic and the future trajectory of the pandemic. What we do know is that the effects of COVID will continue to be felt over the medium term and that we will need to continue to invest in supporting our most vulnerable residents and to help support the renewal of the borough.
- 1.4. The impact of the pandemic has been felt across nearly all Council services including the Housing Revenue Account (HRA), where the Council manages the income and expenditure relating to its role as a social housing landlord. This pressure is mainly driven by expected rent losses (i.e. income that we have billed but do not expect to receive) from our tenants, leaseholders and commercial tenants, all of whom have faced significant financial struggles as a result of the pandemic. Unlike the General Fund no specific grants have been made available to alleviate the financial pressures on the HRA resulting from the pandemic.
- 1.5. In addition to this, following 12 years of deep and sustained government funding cuts the Council is currently estimating a funding gap of anywhere between £35m to £40m by 2025/26, all though much of this is dependent on the economic recovery post covid, the level of government support going forward and greater certainty on key future funding and policy decisions.
- 1.6. Despite these pressures and uncertainties, we remain ambitious. The Council is committed to supporting the renewal of the borough with bold and ambitious missions, using recovery as an opportunity and a catalyst for reimagining Camden's future, to create a fair and sustainable Camden for everyone.
- 1.7. Achieving our goals will require the Council to remain financially resilient and innovative in the utilisation of our resources. As part of this refreshed approach we are planning to issue our first Local Climate Bond next year. This will allow the Council to raise part of the capital needed to fund crucial sustainable initiatives in our neighbourhoods, from electric vehicle infrastructure to solar panel installations and will give the opportunity for local residents and other

members of the public to directly contribute to tackling the climate emergency in their area.

2. PROPOSAL AND REASONS

2.1. This report provides an update on a number of financial matters:

- Update on the Council's response to the pandemic
- Government response to the pandemic including funding announcements
- Financial resilience and sustainability
- The latest outlook for the Council's funding and spending
- Spending Review – Autumn Budget update
- Economic Outlook
- Reserves and balances position including planned use
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Update on the Council's response to the Pandemic

- 2.2. Since March 2020, the Council's priority has been to support residents, businesses and the wider community to get through the pandemic with everything from purchasing Personal Protective Equipment (PPE) for frontline workers, to providing local testing, distributing financial support to local businesses and food and other essentials to vulnerable residents. More recently, the Council has worked with health partners to deliver a local vaccination programme using hyper-local outreach and a vaccination bus to help increase vaccine uptake in parts of the borough where vaccination rates were low. Balancing the pandemic response with delivering business as usual services has been a challenge for the organisation.
- 2.3. Although many restrictions have now ended and for many life in the borough is returning to normal, the virus has not yet been defeated. The Council continues to support the community with local testing and tracing, supporting the NHS in its vaccination programme and support for people self-isolating. It stands ready to step up this support once more should a new wave of infections hit the borough. Much of the ongoing Covid support is delivered by staff redeployed from other services, although now they are beginning to slowly return to normal this is creating conflicting demands on redeployees.
- 2.4. Nevertheless, the borough is entering a new phase in its response to Covid 19, with the Council's attention turning to the after-effects of the pandemic – demand for services such as social care and housing is steadily increasing, whilst residents and businesses are adjusting to a new environment as government support in many areas is withdrawn.

2.5. At the core of this response will be the plan for the renewal of the borough co-created by the Council and the community through the “We Make Camden” approach. It consists of four missions:

- By 2030, those holding positions of power in Camden are as diverse as our community – and the next generation is ready to follow
- By 2025, every young person has access to economic opportunity that enables them to be safe and secure
- By 2030, everyone eats well every day with nutritious, affordable, sustainable food
- By 2030, Camden's estates and their neighbourhoods are creative, healthy and sustainable

Government response to the pandemic including funding announcements

2020-21

- 2.6. As a recap, during 2020/21 the Council incurred gross pressures of £68m relating to the pandemic. This was due to a combination of lost income, additional expenditure to support residents and businesses as well as delays to savings projects. To fund this pressure the Council applied £49m in one-off government grants with a further £19m coming from the Council's own resources.
- 2.7. During 2020/21 the Council's own resources had to be freed up through in-year action to make savings by delaying recruitment, stopping non-essential activities and by redeploying staff from their usual activities to support the response to Covid.
- 2.8. These measures were necessary and part of the Council's wide-ranging emergency response but meant that some non-covid related services had to be paused in order to free up Council resources. However, as we emerge from the pandemic this approach will not be sustainable beyond 2021/22 as the Council begins to re-establish services and meet pent-up demand that has built up from the early days of the pandemic.
- 2.9. Within the £68m cost pressure noted above includes £21.8m from non-payment of taxes (business rates and council tax). Following a one-off change to regulations this loss can be spread over three years. However this rule applies to 2020/21 only and any similar losses in future years will therefore need to be addressed in one year placing additional pressures on the Council's finances.

2021/22

- 2.10. The Government's response to the financial pressures facing local government continues to be piecemeal as was the case in 2020/21. To support service

pressures, the Council has received 27 distinct service grants announced at different times throughout 2020/21 amounting to £58.23m. £49.10m has been utilised in 2020/21 with the balance set aside for known ongoing Covid pressures.

2.11. The current estimate for Covid related pressures in 2021/22 stands at £28.8m. The Council has received a number of one-off grants to support these pressures, but to date there has been no additional funding announcements beyond 2021/22. **Table A** shows the level of one-off covid grants and reserves the Council has in place to support covid related pressures over the medium term. However, based on current trajectories the current general Covid “non-ring fenced” reserves balance (c £20.0m) might not be sufficient to cover the expected future Covid related pressures.

Table A - Covid related Grants and Reserves Available 2021/22 onwards	Reserves brought forward 31/03/2021	Received or due to be received in 21/22	Total
	£m	£m	£m
<u>Ring-fenced Funding</u>			
Public Health Test and Trace	1.8	-	1.8
Containing the Outbreak Management Fund	1.5	2.3	3.8
Welcome Back Fund	-	0.2	0.2
Tax Income Guarantee	3.9	-	3.9
Other ringfenced grants		1.7	1.7
Total Ring Fenced Covid Reserves	7.2	4.2	11.4
<u>General Covid Reserves</u>			
Recovery and Renewal Reserve	9.9	-	9.9
LA Support Grant	-	9.0	9.0
New Burdens Funding (administering Business Support Grants)	-	0.5	0.5
Extension of the loss of Sales Fees and Charges Scheme		0.6	0.6
Total Non-Ring Fences (General) Covid Reserves	9.9	10.1	20.0
Grand Total All Covid Reserves	17.1	14.3	31.4

2.12. Based on the early assumptions concerning local policy decisions still to be made, the pace of the economic recovery and in the absence of additional government financial support – further Covid related pressures (based on our medium case estimate) are predicted to be approx. £28m in 2021/22, £12.7m in 2022/23 and £8.6m in 2023/24.

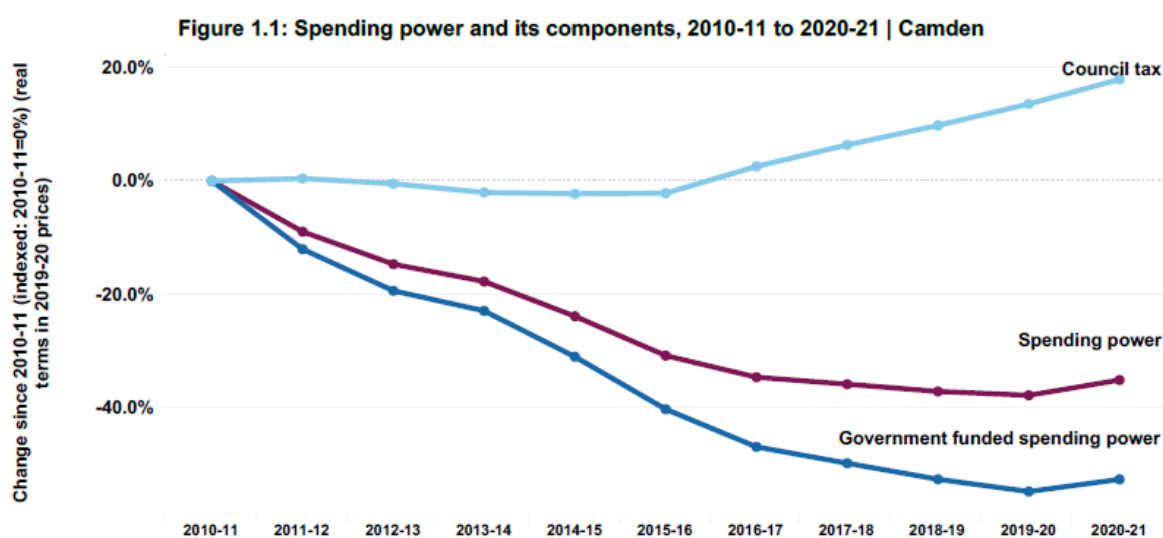
2.13. The list of specific Covid funding above excludes various “claim-based grants” for example additional funds where the Council is compensated for running testing sites. The Council will be reimbursed for the cost of the test sites, up to a maximum of £14 per test. This also does not include money passported to other organisations like local businesses. Furthermore there is no additional funding for the work the Council is doing to support Covid vaccinations, the cost of which will need to be met from the grants summarised in Table A.

2.14. In addition the Council has administered a large number of grant payments directly to local residents and businesses to support them through the Covid emergency.

Financial resilience and sustainability

2.15. The ongoing response to Covid is in the context of large-scale, persistent cuts to funding. The Council’s overall funding from government has reduced by over 50% in the ten years between 2010/11 and 2020/21. The Council has had to raise Council Tax in recent years to lessen the impact of this fall and protect vital local services – see chart 1 below.

CHART 1 – Spending power in Camden 2010/11 to 2020/21



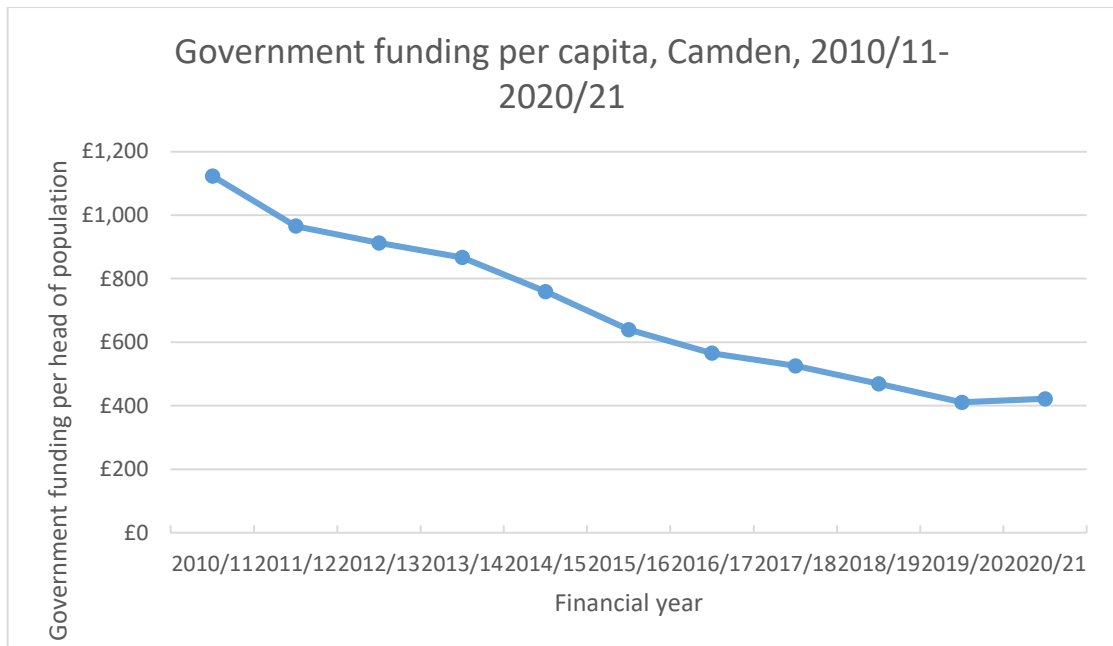
Source:  National Audit Office

2.16. Over a similar period, demand for council services has continued to grow with the borough’s population increasing by 20% between 2011 and 2021¹. The population aged 85 and over, which are most likely to use social care, has increased by 57%.

2.17. This means that the Council’s core funding from government on a per resident basis has dropped from £1,123 per person to £422 per person – a cut of 62% (see Chart 2).

CHART 2 – Government funding per capita

¹ Source: GLA 2019-based Projections Scenario 3 v3 – the Council’s preferred population projections.



- 2.18. Nevertheless, according to CIPFA’s Financial Resilience Index, the Council entered the pandemic with its finances in relatively good shape. On many measures Camden compared well with other London boroughs – its reserves although on the low side were broadly sustainable, it had relatively low levels of debt and the Council had been recovering a relatively healthy proportion of its service expenditure through fees and charges.
- 2.19. The impact of and the recovery from Covid has changed much of this picture or puts it at risk. Uncertainty about the Council’s finances is compounded by forthcoming changes to Council funding about which little is known as well as the new Adult Social Care duties (see below). In July 2021, the Cabinet agreed transfers to reserves to build up its reserves as protection against these uncertainties. This was a good start but as the [July 2021 report](#) made clear the Council was starting from a relatively low level of reserves so this process will need to continue to ensure the Council has the resilience to weather future financial storms.
- 2.20. As noted above, the Council’s income from fees and charges has not yet fully recovered to pre-pandemic levels and government support for 2021/22 is limited to the first quarter. Many of these fees and charges are related to economic activity in the borough and are therefore dependant on the economic outlook for the borough (see below). Residents’ and businesses’ ability to pay fees and charges is also at risk with council services having to make greater provisions for doubtful and bad debt. Arrears on charges for adult social care are of increasing concern. Rent arrears are discussed in the HRA section below.
- 2.21. As with all local authorities, Council Tax is an extremely important source of funding to Camden. However, Camden is much more reliant on retained business rates than English local authorities as a whole – they make up 40% of

Camden's funding compared with 25% nationally². Council Tax and Business Rates collection rates are still some way below pre-Covid levels and it is unclear how they will develop over the remainder of this financial year.

- 2.22. This will impact the Council's financial resilience but the effect will be limited this financial year because the Council budgeted for a lower collection rate in 2021/22. However, the current Medium Term Financial Strategy (MTFS) assumption is that collection rates will return to normal in 2022/23 and beyond. The economic outlook local and national will largely drive whether this does turn out to be the case - see the *Economic environment and outlook* and *Economic Uncertainty* sections below.
- 2.23. The government reforms to the funding of local government may put the Council's financial resilience at risk by changing how funding is distributed to local authorities across England and the rebasing of business rates threatens to strip out the pre-pandemic business rates growth which the Council has been able to retain. If the funding reforms do have this effect and the Council receives less funding from business rates, more of the funding burden will fall on Council Taxpayers and there will be a greater need to reduce Council expenditure.
- 2.24. The after-effects of Covid may put at risk other areas where in the past the Council has been seen to be financially resilient. The social care ratio measures the proportion of the Council's net revenue expenditure, which is spent on adult and children's social care, which is largely demand-led. Camden has historically managed demand in these areas well, but over 2020/21 and 2021/22 has seen growth in demand, especially for homecare. Furthermore, the recently announced new Adult Social Care duties will increase demand – see risks section below.
- 2.25. Camden's interest payable as a proportion of net revenue expenditure is nearly the lowest in London, in part because in the past, due to a buoyant property market, it has been able to use capital receipts to fund capital projects. It may not be able to rely on this in future as Brexit and Covid have dampened down property prices in the borough.
- 2.26. Another key component of the Council's financially resilient position entering the pandemic not captured in the CIPFA Resilience Index is its track record of delivering savings. It has had to make over £190m worth of savings in the ten years to 2020/21. It delivered 97% of the savings agreed as part of the 2015-2019 Medium Term Financial Strategy and despite the disruption caused by Covid, is on track to deliver at least 80% of the savings agreed in the 2019-2022 Medium Term Financial Strategy. As a result, the Council is now a smaller organisation, with staffing reduced by 20% over the past ten years. Recent experience elsewhere in local government has shown that a failure to agree sufficient savings and/or to deliver the agreed savings can lead to overspends which in turn lead to the unsustainable use of reserves in order to balance the accounts.

² [Financial sustainability of local authorities visualisation: update - National Audit Office \(nao.org.uk\)](https://nao.org.uk/publications/financial-sustainability-of-local-authorities-visualisation-update)

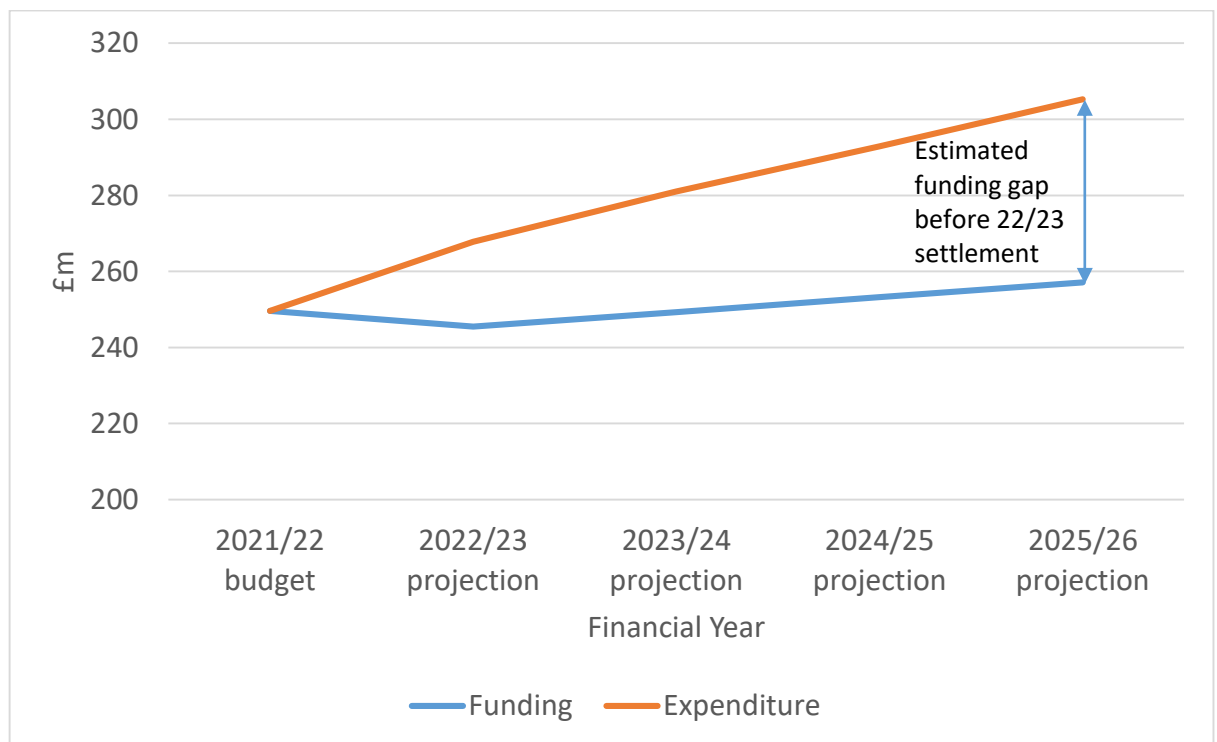
Latest outlook for the Council's funding and spending

2.27. These issues and risks along with others set out in Section 4 below have been incorporated into the Medium Term Financial Forecast (MTFF).

2.28. It is now becoming clearer that the Covid-19 crisis will have a long-term impact on the Council's financial position and require the Council to review its medium-term financial strategy to ensure that it is still able to deliver the outcomes of Camden 2025, support the renewal of the borough, and maintain the financial resilience of the Council. There still remains a great deal of uncertainty over the precise impact which is still difficult to predict.

2.29. Aside from the Covid emergency the Council is forecasting a budget gap of between £35m and £40m by 2025/26 after the 2022/23 Local Government Financial Settlement due in mid-December 2021 – see Chart 4 below.

CHART 4 - Estimated Medium Term Financial Pressure (November 2021)



2.30. Chart 4 sets out our current working assumption ahead of the settlement and this is being refined as our understanding of the impact of the pandemic improves as well as other pressures on Council finances.

2.31. The exact level of budget gap will depend on several factors, including:

- The economic outlook, the level of support that our residents and businesses need over the medium term and the speed and extent to which the economy recovers

- The level of funding set out by the government to support local authorities and how that is allocated to individual councils
- The need to replenish reserves to support the financial stability of the Council. This would be subject to the financial outturn position in the current year and the extent to which we would need to rely on reserves to meet the budget shortfall
- The policy decisions that the Council takes to support the renewal of the borough
- Changes to the Council Tax base, uptake of the Council Tax Reduction Scheme and the changes to the Business Rates model

2.32. The current Medium Term Financial Strategy (MTFS) comes to an end this financial year. At present, it is expected that the new strategy will begin from 2023/24 with no new savings required to balance the budget in 2022/23. However, this is constantly under review and is dependent on the delivery of agreed MTFS savings and increasing council tax and the adult social care precept by the maximum allowable amount. As ever, this position may change depending on the ongoing impact of Covid on the Council's finances.

2.33. The impact of the Covid emergency has placed significant additional financial pressure on the Council that is likely to be felt for several years. Based on the early assumptions concerning local policy decisions still to be made, the pace of the economic recovery and in the absence of additional government financial support – further covid related pressures at a medium estimate are predicted to be approx. £28m in 2021/22, £12.7m in 2022/23 and £8.6m in 2023/24.

2.34. These forecasts are predicated on assumptions around specific activities and decisions, including;

- local policy decisions (that will need to be taken) on the extent to which certain additional services can be maintained, enhanced, or ceased, such as the continuation of additional support packages for example
- the scale of ongoing investment in Public Health, Social Care measures and the Public Realm to support the renewal of the borough
- operational requirements such as additional cleaning in our public buildings and maintenance and renewal of IT solutions introduced during the pandemic
- the recovery of some income streams to pre-covid levels
- the impact on services from pent-up demand and the long-term effects of covid
- national policy decisions and the ongoing impact of Covid on the economy and society

2.35. There is also a significant level of uncertainty regarding the Council's income streams from local taxes, rents, fees and charges and the extent to which they will recover as the economy emerges from the worst impacts of the Covid crisis.

2.36. It should be noted that the figures in 2.33 above are the current best estimate of the additional financial pressures relating to Covid. The actual impact remains unknown particularly in 2022/23 onwards.

Spending Review and Autumn Budget Update

2.37. The recent Spending Review had no further announcements regarding the timing of the Fair Funding Review. The Spending Review did indicate that, as a whole, local government spending power would increase by 3% in real terms in 2022/23, this would be a from a combination of government grants and assumed Council Tax rises. It is expected that the additional cost of National Insurance increases and compensation for the freezing of Business Rates will have to be met from within this 3% increase in spending power. The Spending Review included an announcement that Council's would be able to increase Council Tax by 1.99% without a local referendum, with an additional 1% rise allowed for Council's that provide social care services. How the central government funding is allocated to individual local authorities will be determined by the Local Government Finance Settlement that is likely to be published in December 2021.

2.38. Any increases in spending power would need to fund social care pressures, increased national insurance and London Living Wage costs and all other service pressures.

Council Tax and Adult Social Care Precept

2.39. Increasing demand for adult social care is one of the major pressures on the Council's budget over the medium term. The Government's Plan for Health and Social Care announced in September made it clear that it sees the Adult Social Care precept as one of the main funding sources for demographic and unit cost pressures in the sector. The recent Spending Review indicated that a social care precept of 1% would be available to Councils to meet demographic pressures on social care budgets. A precept of 1% would go some way to addressing the pressures in the service and the remaining projected council funding gap as each 1% increase would generate c.£1.2m to help close the Council's expected medium term budget shortfall. The risks around Adult Social Care are discussed in section 4 below.

Fair Funding Review and Levelling Up

2.40. Central government funding for local authorities is based on an assessment of its relative needs and resources. The overarching methodology that determines how much funding each authority receives each year was introduced over ten years ago and has not been updated since 2013/14.

2.41. The government first announced that they were planning to review the methodology in January 2016 via a 'fair funding' review, however the review has been postponed for a number of times. At present there is no confirmed timeline for the completion of the review. This means that the Council, along with all other local authorities, is facing a continued period of uncertainty regarding the level of funding it will receive over the medium term.

2.42. In addition the government is expected to publish a white paper on ‘levelling up’ which the government have said will focus on ‘improving living standards, growing the private sector and increasing and spreading opportunity’. It is not yet clear what the practical outcomes of the levelling up agenda will be in terms of local authority funding but it is hoped that the government will provide additional funding for ‘levelling up’ the areas of London with high levels of deprivation and homelessness.

Economic outlook

2.43. The state of the national and local economy is critical to the Council’s medium term financial position. It affects demand for Council services, its costs, income from sales, fees and charges and its ability to raise funding from business rates and council tax. As the country emerges from the pandemic, the economic situation is complex, fast changing and at times contradictory. Nevertheless, there is considerable evidence that Camden’s local economy is recovering but doing so more slowly than the national economy.

2.44. The main economic factors and their implications for Camden are summarised below – with the detailed analysis included in Appendix C.

Economic Factor	Details	Considerations/potential impact for Camden
Gross domestic product (GDP)	Nationally, gross domestic product (GDP) is estimated to have grown by 0.4% in August 2021, and remains 0.8% below its pre-coronavirus (COVID-19) pandemic level (February 2020). The Office for Budget Responsibility (OBR) and other forecasters expect it to recover to pre-pandemic levels by early 2022 although there will remain permanent economic damage done by the pandemic.	Camden is highly integrated into the national economy and so residents and businesses will be affected by changes to GDP.
Services output	Services output grew by 0.3% in August 2021 and remains 0.6% below its pre-coronavirus (COVID-19) pandemic level of February 2020.	Camden’s economy in common with much of the UK is highly reliant on services.
Footfall and mobility in the borough	Although Covid restrictions have largely ended, footfall in Central London is still far below pre-pandemic levels. Tube journeys in September/October 2021 were still nearly 40% lower than the same period in 2019. Google Mobility data show how visits and length of stay at different places change compared to a pre-pandemic baseline. Recent data shows that across the borough as a whole, visits and length of stay at workplaces and retail & recreation locations in Camden are still well	While the economy in the more residential parts of the borough may benefit from continued homeworking, the Central London part of Camden generates most of the borough’s business rates revenue; reduced footfall has an immediate impact on those businesses which rely on face-to-face customers and clients. In the longer term, larger businesses based in Camden may review their office space requirements if widespread homeworking

	below pre-pandemic levels, whereas they are much closer for the UK as a whole.	continues, with a potential impact on business rates revenue.
Unemployment	The unemployment claimant count in Camden has more than doubled since the beginning of the pandemic. However at 4.6% it is still below Great Britain and London levels and other parts of London have experienced a greater increase in unemployment. Unemployment in the borough peaked in March 2021 but is now decreasing.	Increased unemployment impacts the welfare of Camden residents, may well increase demand for services and impact council tax and rent arrears.
Inflation	The OBR, Bank of England and IFS forecast a sharp but relatively short-lived increase in inflation. The OBR has forecast that CPI inflation will peak in Q2 2022. The average quarterly inflation forecast for the financial year 2022/23 is 3.7%, higher than the Bank's 2% target.	Increased inflation has an impact on the Council's costs and those of its supply chain. Rising costs for local residents and businesses may affect their ability to pay local taxes.

Reserves and balances position including planned use

- 2.45. 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. The recent financial climate has meant that it has been increasingly difficult to transfer unspent income into our reserves. Like savings, when money is drawn down from reserves and not replenished in equal or greater proportion, the money can only be used once and reserves start to deplete.
- 2.46. 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 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. 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.
- 2.47. 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. A summary of the current and forecast balances of reserves is presented in **Appendix A**.

- 2.48. Pre-Covid, the Council was already following a strategy of low reserves. Our general fund balances stand at £14.8m or roughly 3.5% of our net budgeted expenditure and our earmarked reserves stand at £108.3m or 25.9% of our net expenditure. This is at the lower end of the acceptable range, but this historic approach has been based on our confidence in our ability to deliver MTFS savings and our strong track record of living within our means. The Covid-19 crisis meant that both of those things are now in doubt over the medium term, and we will be operating with a substantial reduction in our financial flexibility.
- 2.49. In response to this uncertainty officers have been looking at ways to increase our resilience as an organisation against future adverse impacts. In line with the recommendations agreed by Cabinet in July 2020 officers have completed a further review of the current reserve allocation with the view to re-appropriating some reserves to support the Council's financial resilience and its response to the Covid-19 crisis. This would mean re-appropriating earmarked reserves where they are no longer needed into general balance to give the Council greater resilience in the case of further unforeseen financial pressures. Reserve balances will be kept under review.
- 2.50. Also, in recognition that the COVID-19 crisis is continuing and there is expected to be pent up demand for services where accessing those services has been delayed, £4m has been transferred to a Renewal Reserve to support the expected pressures. The increase in reserves is part of the Council's strategy to ensure it remains financially resilient through the COVID-19 crisis and can withstand any future financial shocks.
- 2.51. To maintain its financial resilience and flexibility the Council also needs to increase its unallocated reserves to ensure it has resources in place to meet any immediate financial pressures the Council may face in supporting residents. The need to develop new savings projects to help deliver the Council's next MTFS will also inevitably require additional investment from reserves.

2022/23 Budget setting considerations

- 2.52. As noted above, increased inflation will be an important consideration for the 2022/23 budget. However given the pressures on the budget overall, the Council's intention is to apply additional inflation to the budget lines subject to the highest inflation such as energy, materials and contracts subject to the National Living Wage and London Living Wage to ensure service budgets are able to meet the increased costs.

Update on National Non-Domestic Rates – London Pool

- 2.53. Between 2018 and 2021 Camden, along with all London authorities and the Greater London Authority, have been participating in a pilot scheme to pool business rates income across the capital and retain an increased proportion of any business rate income growth, as the government sought to make moves towards greater local financial autonomy. The economic uncertainty as a result of Covid-19 meant that the Pooling arrangements were paused in 2021/22. The continuing uncertainty regarding the level of collectable business rates across

London has meant that Leaders across London have taken the decision to continue to pause participation in the London wide pool during 2022/23.

Capital review update

- 2.54. Work to review the Council's capital strategy was paused at the beginning of the Covid emergency, due to the uncertainty around the financial impact of covid and as a consequence the level of resources available to fund our capital investment priorities. Officers now intend to bring recommendations to Cabinet in March 2022 to review the capital programme and agree new capital investment priorities.
- 2.55. Our capital investment plans form an integral part of our plans to deliver on the Camden 2025 vision and the renewal of the borough after the devastating impact of the Covid pandemic. It is capital investment which builds the new houses our residents need, new schools to ensure our children get the best start in life, cleaner and more vital public spaces that form the heart of our neighbourhoods and communities, and funds the digital innovation which will improve people's access to the services they rely on.
- 2.56. The review of the current Capital Programme is an opportunity to update future spending plans in the light of the outturn position of the previous year, schemes' progress, and revised cost estimates on major projects in the context of the latest economic projections. It also adds new projects to the programme where new funding has been secured.

North London Waste Authority

- 2.57. The North London Waste Authority (NLWA) is the Waste Disposal Authority for seven north London boroughs, including London Borough of Camden, and has statutory responsibility for managing waste disposal on behalf of these boroughs, serving over two million people. The main disposal facility in Edmonton is around 50 years old and it is essential that this facility be replaced to enable the future management of North London's waste.
- 2.58. In 2015 following public consultation, Camden along with the other six partner members of the NLWA approved the submission of the application for a Development Consent Order (DCO) for a replacement Energy Recovery Facility (ERF) at the Edmonton EcoPark to the Planning Inspectorate. It was approved in February 2017 and the NLWA began the procurement of the works to develop an ERF to replace the existing Energy from Waste facility. The ERF forms part of the wider North London Heat and Power Project (NLHPP), which will generate electricity for use on site and export to the National Grid, alongside supply low-carbon heating and hot water for use in up to 20,000 homes in Enfield, with a capacity for up to 50,000 local homes and businesses. Other aspects of the NLHPP include:
- Resource Recovery facility, enabling a range of waste types to be managed and supporting increased recycling.
 - A new reuse and recycling centre for public use.

- EcoPark house – a community and education facility, and replacement centre for the local Sea Cadets.

2.59. The disposal of waste is currently paid for through a levy apportioned across the seven boroughs, some which is based on actual tonnages and some which is split based on council tax. This payment system was changed in 2016/17 to a more equitable approach, namely ‘menu pricing’, and so paying a market rate for the waste / recycling tonnes managed.

2.60. The development of the NLHPP will increase costs for all boroughs. Camden is planning for the increase in costs by setting aside an annual sum in a reserved account to smooth the impact of this future financial pressure.

Local Climate Bond

2.61. Local Climate Bonds are a type of ‘community municipal investment’ that will allow the council to raise capital to fund specific initiatives in our neighbourhoods, from electric vehicle infrastructure to solar panel installations where residents and investors can invest as little as £5.

2.62. For the council Local Climate Bonds potentially offer a source of funds cheaper than the Public Works Loan Board, a way to diversify our funding base. Importantly, it also offers a valuable way to engage our residents in plans for decarbonisation and projects identified in our climate strategy, encouraging wider collective action.

2.63. For citizens, the Local Climate Bond provides a low-risk and fixed return investment, comparable to other Government-backed investments, and a way to mobilise their savings to help tackle the climate emergency in their area.

2.64. A range of suitable projects are currently being appraised and the formal engagement process has commenced.

Forecast outturn position for 2021/22

2.65. At the second quarter of 2021/22 the forecast revenue position is for an overspend of £12m on service budgets which is a combination of £17.8m pressures relating to Covid less an underlying underspend of £5.8m. There is also an expected pressure of £11m from a reduction in local taxes (Council Tax and Business Rates) against budget which will be a pressure on the General Fund next year. In the Housing Revenue Account the forecast position is for a slight overspend of £0.2m at the year end. Further details on the forecast can be found in the following document [2021/22 Financial Outturn Forecast \(Month 6 – September\)](#)

2.66. The forecast position for the capital programme is an underspend of £39m this year due to delays in expenditure on some projects.

Update on the Housing Revenue Account Financial Challenge

- 2.67. The Housing Revenue Account (HRA) is a ring-fenced account within the General Fund containing the income and expenditure arising from a housing authority's landlord functions. As it is a requirement to set a balanced budget each year, expenditure needs to be kept in line with income. However, the HRA's main source of income is from social rents which are exposed to losses from right to buy (albeit partly offset from new CIP units) and changes to the Government rent standards.
- 2.68. The HRA has and continues to face financial challenges and in 2020/21 ended the year with an overspend of £3.3m. The main variance related to bad debt provision higher than budget, driven by the pandemic. The HRA reserve reduced by a total of £7m including the overspend and movement out of earmarked reserves, from £27.4m (as of 1 April 2020) to £20.4m (as of 1 April 2021).
- 2.69. The four years of rent reduction, from 2016-17 to 2019-20, of 1% per annum has had a significant impact on the HRA rental income generated and as a result has impacted the HRA's ability to cover its costs at a time that the Council was facing rising costs from inflation, fire safety and repair pressures.
- 2.70. This rent reduction equated to a loss of rental income to the HRA of £69m during that time (compared to what could have been raised). Even though a savings programme was undertaken to bridge the shortfall; over that period HRA reserves fell from £39.2m (2015/16) to £27.4m (2019/20), largely due to costs relating to the evacuation of the Chalcots estate and essential fire safety works but also from cost pressures in demand-driven repairs.
- 2.71. The 2021/22 financial year continues to look challenging. However, significant work is underway to mitigate lost income. This includes work to reduce the length of time taken to turn around empty homes so that their rental income is maximised. The current forecast is around a £0.2m overspend for the 2021/22 financial year which, if holds, would be a significant improvement on prior financial years. It is worth noting that there are several factors that could result in a worsening of this position throughout the rest of the year, including increases in materials costs (that impact repairs budgets) and increases in gas prices.

Recommended Fees & Charges for 2022/23

- 2.72. Fees and charges are proposed by officers and approved by Cabinet and, where required, by Council, on an annual basis. Fees requiring approval by Council will be presented in full in the budget setting report on 2nd March. Reporting to Cabinet is on an exception basis, with new fees or those fees or charges with proposed increases above the threshold of 5% listed individually. These are listed in **Appendix B**, together with detail on the reasons for the charges. Cabinet is recommended to agree the fees as presented, and to agree that decisions on increases up to 5% on existing fees are delegated to Executive Directors in consultation with the relevant Cabinet Members.

3. OPTIONS APPRAISAL

Alternative Fees and Charges

- 3.1. The report asks the Cabinet to agree the introduction of new fees and charges, and individual fees and charges where the proposed increase is more than 5%, or where the charge is being levied for the first time. The Cabinet could decide not to agree these fees and charges for 2022/23 however this could impact on the ability of a service to recover its costs or result in additional budget pressures. It could equally seek to raise some or all fees and charges by more than the proposed amounts but in many cases increases are limited by statute or by users' ability or willingness to pay.

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

- 4.1. The main financial pressures and risks faced by the Council are the large-scale cuts in funding outlined in 2.15-2.17 and the ongoing impact of the Covid pandemic set out in 2.6-2.14. The following factors present additional pressures and risks to the Council's medium term financial position.

Economic uncertainty

- 4.2. As noted above, the outlook for the UK economy is uncertain at present with a combination of Covid, Brexit, global trade and National Insurance rises impacting on the labour market and supply chains and driving up prices. Although the main commentators expect the increase in inflation to be temporary, there is a risk they will be longer term, particularly in the labour market. This is discussed further in the section on Public Sector Pay below.
- 4.3. Camden's slow recovery from the pandemic outlined above puts its funding from Business Rates and Council Tax at risk. Camden is the third largest collector of business rates in England and has a broad tax base, but the Covid pandemic has had an unprecedented impact on the economy of Central London. If Camden's businesses close, downsize or relocate as a result, this will affect the number of business ratepayers and the rateable value of properties. Even if businesses remain trading, they may struggle to pay their business rates – a fall in the collection rate of 1% reduces the council's funding by £1m.
- 4.4. The economic uncertainty risks increasing poverty in the borough, with knock-on effects for demand for local services such as social care & housing and for rent & council tax arrears and bad debt. Camden households are already under pressure from unemployment - although it is now falling after a large rise, the longer-term impacts of Covid and Brexit on the local labour market are unknown. The impacts of food and energy price rises combined with the recent ending of the £20 a week uplift in Universal Credit for the c.16,000 households in Camden in receipt of the benefit will add to the pressures on household finances.

- 4.5. The risk of increased inflation, cost pressures and reduced income from taxes, rents, fees and charges have implications for the budget gap set out in Chart 4 above and therefore for the need to make savings and/or raise council tax in future years. This is a very challenging time for financial forecasting and the Council will continue to closely monitor the economic environment and regularly update its assumptions to ensure its forecasting is as robust as possible.

Public Sector Pay

- 4.6. Much of the Council's expenditure is on staffing, either directly employed or in its supply chain. Although the government has indicated that public sector employers will be compensated for the recently announced 1.25 percentage point rise in employer National Insurance Contributions (NICs), the Spending Review 2021 announced that public sector workers will see pay rises over the next three years and there will be further pressure on the Council's pay budgets as workers and unions react to the rising cost of living and increased employee NICs. At time of writing, nationally the unions rejected the employers' most recent offer of a 1.75% pay award for 2021/22.
- 4.7. The Council's supply chain will also be under financial pressure as contractors and providers are subject to rises in employer and employee NICs and future likely rises in the London Living Wage, which they will likely seek to pass on to the Council.
- 4.8. The Council recognises the hard work of all its staff and those working for providers and contractors throughout the Covid pandemic. However it has limited room for manoeuvre on pay awards at a time when as outlined above its funding is under increasing pressure.

Climate Crisis

- 4.9. The Council has a significant role to play in tackling the climate crisis. As well as providing local leadership, it is committed to investment in its housing stock, commercial property, estate and other assets to make its contribution to the net zero target and mitigate the impacts of climate change. As part of the forthcoming capital budget review, the Council intends to bring forward ambitious schemes such as a retrofit scheme spanning some 33,000 council homes. The risk is that the resources available to the council do not match the scale of the investment needed. The Council is therefore looking at how it can unlock resources through alternative forms of finance such as issuing a Climate Bond.

Housing Revenue Account

- 4.10. Overall, the medium-term outlook for the Housing Revenue Account (HRA) is extremely challenging, but the HRA financial strategy will remain focused on delivering efficiency improvements to protect front-line services and build in longer-term financial resilience by increasing reserves. There are a range of risks that must be managed within existing HRA budgets:

- 4.11. **Costs are expected to increase at a faster rate than income** – this includes existing costs (for example rents increase by the CPI index but some materials and other costs are tied to industry standard contracts that increase at a faster rate; for example, the Building Cost Information Service (BCIS) Index estimates that materials costs will increase by 5% in 2021 and a further 3% in 2022)). In addition, there are new legislative requirements from central government that will increase costs to the HRA. The requirements of the new Fire Safety Act and the prospective building safety regime introduce enhanced duties for the mitigation and remediation of external fire safety risk at high-rise stock. Finally, recent increases in gas and electric prices will have a significant impact. It is worth noting that, as a result of the Council's flexible procurement strategy that allows LASER to purchase energy in advance, it is hoped that increases for council tenants will be limited relative to those experienced by the population as a whole.
- 4.12. **Difficulties in raising additional income** – the main source of income, dwelling rents, is limited to a maximum increase of CPI +1% (as mandated in the Social Housing Regulator's Rent Standard). The Council recognises that these increases are difficult for tenants in the current economic climate and the risk of non-payment can be seen in increased rental arrears over the last year, driven by a large increase in Universal Credit claimants among our tenants. For leaseholders, the Council is limited by law, and committed to ensuring, that charges are limited to the actual expenditure incurred delivering services. Finally, the HRA commercial property portfolio, while a valuable source of income, is facing challenges as many business tenants are struggling to pay their rent after more than a year of disruption.
- 4.13. **Wider economic impacts on the HRA capital programme** – the capital programme is funded in two ways: (1) Council's own resources and (2) external borrowing. If external borrowing is required, the interest costs on new loans are repaid out of HRA revenue budgets. Any increases in borrowing or change in interest rates on existing variable rate loans, will result in an increase in costs for the HRA. There are a range of development schemes that are ramping up over the next couple of years and will require significant resources during a time of uncertainty, particularly for future income from capital receipts (sales of land or private homes). The impact of the end of the stamp duty holiday (which ended in September) are still uncertain. Delays in capital receipts could lead to additional borrowing and therefore additional interest costs for the HRA.

Risks in Adult Social Care and Health Integration

- 4.14. On 7 September 2021 the Prime Minister announced that the Government had plans to "fix" the health and care system, to be funded in the short term by an increase of 1.25% in National Insurance Contributions, and in the longer term by an increase in income tax. In the short term, most of the funds raised are transferred to the NHS to support Covid recovery (to reduce waiting lists exacerbated by the Covid response), and some funds will transfer to Adult Social Care, primarily from 2023 which will be used to limit the amount that people pay for personal care.

- 4.15. Essentially this is a (very) delayed implementation of phase 2 of the Care Act 2014 originally due to be implemented in April 2016. As further details have been announced, it has emerged that of the £5.4bn assumed for social care, only £3.6bn will go directly to local government, the remainder will go to the Department for Health and Social Care to support integration. Furthermore government announcements, though limited in detail, have made it clear that this funding is only for new duties, specifically the introduction of a care cap, charging reforms and moving towards paying a fair rate of care and the associated implementation costs. As such this funding announcement will not “fix” social care rather the risks of the existing system are likely to be exacerbated and new financial risks created. It should also be noted that it is unlikely that the Government will be able to withdraw funds from the NHS so it is improbable that Councils will benefit from the NI increase beyond the amounts already announced.
- 4.16. Camden continues to experience social care demographic and cost pressures and the Government funding solution that these should be largely met from continuing increases in the local social care precept is challenging.
- 4.17. The Health & Care Bill 2021-22 was introduced to parliament in July 2021. Much of the bill focusses on operating models with the NHS and between the NHS and partners such as Councils. The bill places Integrated Care Systems on a statutory footing. There are additional proposals that will directly impact on social care, including a proposal that the Care Quality Commission assess the delivery of adult social care and changes to data sharing arrangements. The impact of these changes on social care remains uncertain and the service will continue to work with the local health economy to develop integrated ways of working.
- 4.18. The Covid-19 pandemic continues to impact on the operating model of Adult Social Care. The requirement to “protect the NHS” necessitated the Council to focus much of its social care response on facilitating hospital discharges and preventing admissions. During 2020/21 and 2021/22 the streamlining of processes, together with Government funding for care packages for those being discharged enabled very rapid discharges and improvements in integrated working with the health system. The service is now transitioning from this emergency response to a new operating model which will look to maintain the progress made on integrated working between the NHS system which is free at the point of use and a social care system which is means tested. As NHS funding discharges diminishes, and ceases from March 2022, ASC is assessing the ongoing financial impact of care decisions made during 2020-22 as well as the requirement for additional support to enable catch up with demand in the community. Additional resources were agreed during the 2021/22 budget process however the most recent monitoring indicates that demand, particularly for home care, has exceeded the available resources.
- 4.19. During 2020-22 the Council, in conjunction with North Central London provided a significant level of practical and financial support to social care providers, but there are ongoing financial viability concerns within the sector. It is anticipated that recent Government announcements regarding increases to the National Minimum Wage (and expected announcements regarding the London Living

Wage) combined with increases in employee and employer national insurance contribution rates will increase financial pressures within an already fragile market. It is likely that care providers will seek fee uplifts beyond that provided for in the draft 2022/23 budget.

- 4.20. Prior to the pandemic, Adult Social Care was already facing demographic pressures from increasing numbers of older adults with multiple long-term conditions. Learning disability services are also experiencing significant demographic pressures from a combination of increasing numbers of young people with complex needs transitioning into the service and improvements in longevity. Initial data in 2021/22 indicates increases in both demand and complexity in people seeking social care support.
- 4.21. The Council has delivered significant savings programmes in Adult Social Care, the most recent of which was the £16.8m delivered between 2015/16 and 2018/19. A new three-year MTFs programme began in 2019/20 and was broadly delivered. However, work on this programme was paused whilst the service responded to the Covid-19 pandemic. The service is now undertaking a review of the adult social care transformation programme to incorporate lessons from the pandemic response. Delivery of the 2021/22 saving programme is uncertain.

Risks in Children's Services, Education and Special Educational Needs

- 4.22. The Council's approach to transformation and investment in early intervention and prevention has to date enabled the management of the children's social care budget within the available resources. However, the Council is experiencing increasing numbers of unaccompanied asylum-seeking children (UASC) which are having a consequential impact on the availability of places in the young people's pathway. The Government announced an increase in the funding for UASC to £143 per night, an increase of 25% which will help to alleviate some of the financial pressure in the service.
- 4.23. In common with other education authorities, Camden is experiencing cost pressures on its Dedicated Schools Grant High Needs Block (DSG HNB). The DSG HNB pays for educational services for children and young people with special educational needs (SEN). The HNB is experiencing cost pressures from a combination of demographics and cost inflation. However, the most significant pressures have been caused by the implementation of the Children and Families Act 2014, which extended local authority responsibilities for SEN services to support young people to age 25 and a significant increase in the number of school age children with a statutory Education Health & Care Plan (EHCP). Since January 2014 the number of school age children with a statutory plan has increased by 15.7% from 969 to 1,121 pupils. Within this there has been an increase of 109% in pupils diagnosed with autism. The Council's careful management of its HNB had resulted in the creation of a HNB reserve within the DSG reserve. Additional funding within the Dedicated Schools Grant for the High Needs Block in 2020/21 and 2021/22 and anticipated increases for 2022/23 has mitigated the risk of the HNB falling into deficit in the medium term. The longer-term risk of increasing demand and costs for children and young people with special educational needs remains. We are seeking to

mitigate SEN cost pressures by working with Camden schools to deliver additional resource provision for children with autism in the borough so that we can reduce expensive out-of-borough placements, as well as a review of external high-cost placements.

- 4.24. Camden schools continue to experience cost pressures arising from increasing costs coupled with historical below inflation funding increases and falling rolls. Camden schools received a funding increase of 2.16% for 2020/21 from which they were required to meet the full effect of the Teachers 3% pay award from September 2020. In 2021/22 schools received a funding increase of 2% from which they will also be required to meet the full cost of any pay award. The headline increase in 2022/23 is 3.2%, from which schools will be required to meet both any pay uplifts and the increase in employer's NI contributions. Camden schools will continue to receive the minimum below inflation funding level of funding increase until all schools are levelled up by the National Funding Formula.
- 4.25. Following the COVID-19 emergency the main impact on schools' finances is expected to be in the areas around the loss of lettings income additional staffing, cleaning and premises cost. There will also be additional pupil catch-up costs for which the ESFA has planned some provision to support schools but the sufficiency of this is this is disputed by schools nationally.
- 4.26. Pupil intake numbers into Camden primary schools have fallen by nearly 9% from 2015 and are projected to continue to fall. Over the last 3 years, the Council has taken a range of actions that have removed two forms of entry permanently via the closure of St Aloysius Primary School, and a further two via the closure of Carlton primary school in September 2021. The Council is continuing to work closely with schools to explore different options for future school places with the aim of reducing the overall number of primary school places available. It will bring forward any final proposals for public consultation at the appropriate Cabinet meeting. The Council is currently consulting on an education strategy, Building Back Stronger. The outcomes from the consultation will be reported to Cabinet in January 2022.

5. CONSULTATION/ENGAGEMENT

- 5.1. None.

6. LEGAL IMPLICATIONS

- 6.1 The Borough Solicitor has been consulted and their comments are within this report.

7. RESOURCE IMPLICATIONS

- 7.1. The comments of the Executive Director - Corporate Services are within this report.

8. ENVIRONMENTAL IMPLICATIONS

8.1. As noted in paragraphs 2.61-2.64 and 4.9 above, the Council is using its financial resources to tackle the Climate Emergency and deliver innovative ways such as a Climate Bond to deliver further against its Climate Action ambitions.

9. TIMETABLE FOR IMPLEMENTATION

9.1. Implementation of proposals will occur as outlined in the body of the report. Council will receive a council tax and budget setting report for the financial year 2022/23 for agreement at its meeting on 3 March. The Fees and Charges agreed in this report will be in effect for the financial year 2022/23.

10. APPENDICES

10.1. Further information is provided in the attached appendices:

- A Reserve Balances & Planned Use
- B 2022/23 Fees & Charges
- C Economic Outlook

REPORT ENDS

APPENDIX A – RESERVES BALANCES

Earmarked reserves are one-off balances set aside for investment towards agreed priorities. A key element in handling the Council’s earmarked reserves is that the principles of the Camden Plan are incorporated: namely, confidence that the Council is spending and investing resources on the delivery of outcomes and eradicating unnecessary bureaucracy and waste. Each reserve has a framework providing assurance that there are clear owners, managers, timescales, deliverables and outcomes. Table 1 below sets out the forecast reserve position over the next 5 years.

Based on current projections the Council’s earmarked reserves are forecast to reduce over the next few years to £93.2m, a £15.1m reduction, rising thereafter to £101.6m by the end of 25/26. The main reason for this movement is the utilisation of the Business Rates Safety Net reserve to fund the 20/21 collection fund deficit as well as the forecasted 21/22 forecasted deficit. Proposals to fund the next capital strategy have also been factored into the forecast and will be subject to approval by Cabinet. Officers have used a prudent forecast to show the worst-case scenario and where external funding is available this would always be utilised first before a call on Council resources.

The Housing Revenue Account reserve balances is showing a projected £6.5m movement for 21/22 and a net increase of £12.8m to 25/26, reflecting plans to rebuild the reserve over the medium term. The forecast to support school activities remains fairly stable.

Table 1 – Forecast Reserve Balances

Earmarked Reserves	Actual Reserves 31/03/2021	Forecast Reserves 31/03/2022	Forecast Reserves 31/03/2023	Forecast Reserves 31/03/2024	Forecast Reserves 31/03/2025	Forecast Reserves 31/03/2026
Reserves to support Council Priorities						
(a) Multi Year Budget Reserve	33,831	35,195	36,556	38,336	40,336	42,336
Education Commission	292	292	292	292	292	292
Cost of Change/Camden Plan	9,323	8,549	9,029	9,509	9,989	10,469
(b) Supporting People Specific Reserves	811	236	86	86	86	86
Sub Total	44,256	44,271	45,962	48,222	50,702	53,182
Reserves with Conditions						
Dedicated Schools Grant	8,739	8,739	8,739	8,739	8,739	8,739
Mayor’s Charity Reserve	12	0	0	0	0	0
(a) Multi Year Budget Reserve	9,552	8,664	8,134	7,704	7,704	7,704
Sub Total	18,303	17,403	16,873	16,443	16,443	16,443
Reserves to Support Capital Activity & Asset Management						
Future Capital Schemes	20,513	8,056	3,130	2,682	2,234	1,708

Haverstock PFI Funding Reserve	1,238	1,108	978	848	848	718
Schools PFI Equalisation Reserve	3,000	3,167	3,334	3,501	3,668	3,835
Building Schools for the Future	464	464	414	414	414	414
Accommodation Strategy	5,713	5,713	5,713	5,713	5,713	5,713
Sub Total	30,928	18,508	13,569	13,158	12,877	12,388
Reserves to Manage Future Risk						
Self-Insurance Reserve	2,500	2,500	2,500	2,500	2,500	2,500
Business Rates Safety Net	12,305	16,033	17,704	19,374	10,657	17,061
Sub Total	14,805	18,533	20,204	21,874	13,157	19,561
Total Earmarked Reserves	108,293	98,715	96,608	99,697	93,179	101,574
General Balances	14,808	14,733	14,733	14,733	14,733	14,733
Housing Revenue Account	20,437	13,973	11,906	16,750	21,750	26,750
Schools Balances	15,753	15,753	15,753	15,753	15,753	15,753
Total General Balances	50,997	44,458	42,391	47,235	52,235	57,235
Additional Restrictions Grant	7,578	0	0	0	0	0
Council Tax Reduction Funding	1,282	0	0	0	0	0
Public Health Grants	3,335	0	0	0	0	0
Recovery and Renewal	9,862	3,700	3,700	3,700	3,700	3,700
Collection Fund - Cost of Business Rates Reliefs	131,055	0	0	0	0	0
Collection Fund - Deficit	21,920	14,613	7,306	0	0	0
Total Covid Related Reserves	175,032	18,313	11,006	3,700	3,700	3,700
Total Earmarked Reserves	334,322	161,487	150,006	150,633	149,115	162,510

Table 2 below sets out the in-year movement across earmarked and other reserves. The net movement to the group supporting council priorities is due primarily to a £2.9m forecasted drawdown from the Cost of Change, Camden Plan and Supporting People specific reserves, and is offset by a £2.9m movement to the Camden Plan, NLWA Infrastructure and Freedom Pass reserve.

The reserve group which supports capital activity and asset management is showing a significant reduction in reserve levels in 2021/22 as funding is forecasted to be used in support of the capital programme.

Table 2 – Forecast Movement in Reserves

Earmarked Reserves	Actual Reserves 31/03/21	Forecast Out of Reserves	Forecast Into Reserves	Forecast Reserves 31/03/22	2021/22 Net Movement
	£m	£m	£m	£m	£m
Reserves to support Council Priorities	44.256	-2.961	2.976	44.271	0.015
Reserves with Conditions	18.303	-1.313	0.413	17.403	-0.900
Reserves to Support Capital Activity & Asset Management	30.928	-19.928	7.508	18.508	-12.420
Reserves to Manage Future Risk	14.805	0	3.727	18.532	3.727
Total Earmarked Reserves	108.293	-24.202	14.624	98.715	-9.578

General Reserves	Actual Reserves 31/03/21	Forecast Out of Reserves	Forecast Into Reserves	Forecast Reserves 31/03/22	2021/22 Net Movement
	£m	£m	£m	£m	£m
General Balances	14.808	-0.075	0.000	14.733	-0.075
Housing Revenue Account	20.437	-7.463	1.000	13.974	-6.463
Schools Balances	15.753	0.000	0.000	15.753	0.000
Total Reserves	159.291	-31.740	15.624	143.175	-16.116

APPENDIX B – FEES AND CHARGES SUPPORTING INFORMATION

This report delegates authority for approving fees and charges increasing up to 5% to the relevant Chief Officer in consultation with Portfolio holders. New fees and charges or exceptions where increases are above 5% on the previous year's maximum level are detailed for Cabinet approval.

Supporting information is provided below to explain the exceptional proposals and the reasonableness of the fee or charge.

B1 Community Services

Sports & Physical Activities

The service is proposing to increase a small number of their Talacre gymnastics fees (COM.387 – COM.484) above 5%. The service has benchmarked gymnastics fees and remains competitive when compared to local providers.

The proposed increase to the Talacre toddler and parent gymnastics session fees reflects the increase in the session length from 30 minutes to 45 minutes. The basketball prices are historical anomalies, and the service established a need to increase the level of charges to match other sports such as football.

The adult swim school fees (GLL.228 – GLL.230) are proposed to increase to reflect the increase in session lengths from 30 minutes to 45 minutes. The junior swim school concession fee was frozen for several years, to bring it in line with the lower end of the market an uplift of 31.58% is being proposed.

The service is proposing to introduce a pricing structure for the girls' football team subscriptions. This to ensure consistency in the pricing structure with the boys' football subscription charges and bring the programme in line with local current benchmarked provision and ensure cost recovery is achieved. A concessionary pricing category is proposed to ensure affordability. (COM.495 – COM.502)

The service is also proposing a new pricing structure for the new Q2 Kings Cross leisure centre. The pricing has been proposed based on the product being a premium product. Both the Elevate classes and the proposed Cycle classes at Q2 use new and state-of-the-art technology, as well as a higher level of qualification for the Instructor and so GLL have priced these at a higher price point (albeit still keeping a concessionary option in line with our community values). The classes are all specially designed and curated by a central product specialist team. The classes have been benchmarked against central London competitors.

Events

The service is proposing to introduce two new admin fees for road closure and parking suspensions to ensure cost recovery of the officer time involved in processing these applications for commercial events. (COM.556 – COM.557)

Green Spaces

To ensure cost recovery the service is proposing to introduce a new fee for cast iron commemorative benches.

B2 Environment and Sustainability

Building Control (BC)

The service is proposing to introduce a range of new fire safety fees in response to a significant increase in fire safety works for flats (PLA.886 – PLA.894). The fees for emergency lighting, smoke detectors and heat/CO detectors is based on 2 hours of the Building Control hourly rate and covers both the administration and surveying work.

The fee for new front entrance doors is based on three hours of the Building Control hourly rate. The regularisation fees are statutory and charged when the item is already started and can only be inspected by local Authority. This is set at the proposed fee plus 30%.

These were introduced to:

- simplify the application process.
- reduce administration time (for both Camden BC and client)
- Avoid variations in BC fee charges of similar fire safety works due to contractors differing costs of works.

The proposed fee for re-opening of old applications covers the administration for updating the M3 system and the time for a Surveyor to review the file and follow up on inspections.

B3 Customer Services

Registrar Services

The service are proposing to introduce a range of new fees for 2022/23 as part of the planned return to the Old Town Hall (OTH) in October 2022. There will be two separate sets of ceremony fees, one set for Tavistock House and another set for the Old Town Hall. For 2022/23, ceremony options will have seasonal fees for summer and winter, including Saturday morning and afternoon fees. The peak season (1st April – 31st October) and off-peak season (1st November -31st March) has been developed using data and insight along with benchmarking with neighbouring boroughs. (CUS.213-CUS.226). A comparison table between Tavistock House proposed charges and Old Town Hall is provided below in Table 1.

Table 1

Tavistock	2022/23 Fee £	Old Town Hall	2022/23 Fee £
Civil Ceremonies - The Ceremony Room (Including room hire ONLY for Tavistock House) Monday - Wednesday	190.00	The Ceremony Room (Including room hire, ONLY for the OTH) Monday -Thursday	250.00
Civil Ceremonies - The Ceremony Room (Including room hire ONLY for Tavistock House) Thursday - Friday	205.00	The Ceremony Room (Including room hire, ONLY for the OTH) Friday	300.00
Civil Ceremonies - The Ceremony Room (Including room hire ONLY for Tavistock House) Saturday and from 6pm - 8pm Mon-Fri	305.00	The Ceremony Room (Including room hire, ONLY for the OTH) Saturday	350.00
Approved Venue Ceremonies (including room hire ONLY for Tavistock House) - Monday - Friday 9am - before 5pm	585.00	Approved Venue Ceremonies (Including room hire, ONLY for the OTH) Monday-Thursday (9am-before 5pm)	585.00
		Approved Venue Ceremonies (Including room hire, ONLY for the OTH) Friday (9am-before 5pm)	595.00
Civil Ceremonies - licensed venues and Tavistock House (including room hire ONLY for Tavistock House) Mon-Fri from 6pm - before 8pm	700.00	Approved Venue Ceremonies (Including room hire, ONLY for the OTH) Monday- Friday (5pm- before 8pm)	700.00
Approved Venue Ceremonies (including room hire ONLY for Tavistock House) - Saturday	655.00	Approved Venue Ceremonies (Including room hire, ONLY for the OTH) Saturday (9am-before 5pm)	655.00
Approved Venue Ceremonies (Including room hire ONLY for Tavistock House) - Sunday 9am before 5pm	725.00	Approved Venue Ceremonies (including room hire, ONLY for the OTH) Sunday (9am- before 5pm)	720.00
Civil Ceremonies (Including room hire ONLY for Tavistock House) - Bank Holidays 9am - before 5pm	755.00	Approved Venue Ceremonies (Including room hire, ONLY for the OTH) Bank Holidays excluding Christmas and New Year's Day (9am - before 8pm)	755.00
		Approved Venue Ceremonies (including room hire, ONLY for the OTH) Christmas Day & New Year's Day (9am-before 5pm)	960.00

A new ceremonies micro site was launched earlier in the year to make bookings easier for couples. The site has received a high number of website visits and so the service are proposing to introduce a new set of fees in respect of advertising on the site in order to test the market. (CUS.227-CUS.228).

The services are proposing increases to the deposit taken in respect of ceremony bookings, whilst this is a non-refundable deposit, it is deducted from the cost of the ceremony if not cancelled (CUS.034). There are also proposed increases to two ceremony options for Tavistock House based on benchmarking to other providers (CUS.041 and CUS.043).

Registrar fees are set with the aim of achieving cost recovery. Benchmarking has been used due to the ceremonies service operating in a competitive environment with many local competitors. The costs of providing the service are a combination of fixed and variable costs and so if our prices are uncompetitive and we fail to attract customers we will still bear the fixed costs but have no income to offset them. Therefore costs are set to recover across the overall ceremonies service offer, with higher charges for more popular services, such as weekend weddings, and reduced prices for less popular, such as weekday weddings.

Contact Camden

The service are proposing to introduce a fee in respect of retrospective street naming and numbering applications to reflect the additional work such applications create. This is where an address does not appear on the Royal Mail database as an application was not done. A common scenario which arises is where council tax list a property without syncing it with Royal Mail so the address details don't match up on the numerous databases. The authority has received 50 of this type of application so far this year. A number of other authorities already charge a fee for this service (CUS.229).

FEES AND CHARGES INCREASING OVER 5% FOR 2022/23

Ref	Division	Service	Description	Legislation	2022/23 Fees and Charges (£)	% Increase from 2021/22	£ Increase from 2021/22
COM.387	Community Services	Sports and Physical Activity	Talacre - Gymnastics - - STANDARD Card holder - Junior - Recreational	Local Government Act 2003	7.5	7.91%	0.55
COM.388	Community Services	Sports and Physical Activity	Talacre - Gymnastics - - Concession card holder - Junior - Recreational	Local Government Act 2003	4.75	7.95%	0.35
COM.389	Community Services	Sports and Physical Activity	Talacre - Gymnastics - - No card - Junior - Recreational	Local Government Act 2003	11.5	7.48%	0.8
COM.390	Community Services	Sports and Physical Activity	Talacre - Gymnastics - - STANDARD Card holder - Pre-School - Recreational	Local Government Act 2003	7.5	7.91%	0.55
COM.391	Community Services	Sports and Physical Activity	Talacre - Gymnastics - - Concession card holder - Pre-School - Recreational	Local Government Act 2003	4.75	7.95%	0.35
COM.392	Community Services	Sports and Physical Activity	Talacre - Gymnastics - - No card - Pre-School - Recreational	Local Government Act 2003	11.5	7.48%	0.8
COM.394	Community Services	Sports and Physical Activity	Talacre parent and toddler gymnastics 1 hour standard cardholder - 1 child	Local Government Act 2003	4.75	5.30%	0.25
COM.398	Community Services	Sports and Physical Activity	Talacre parent and toddler gymnastics 1 hour concession cardholder - 2 children	Local Government Act 2003	4.7	5.30%	0.25
COM.399	Community Services	Sports and Physical Activity	Talacre parent and toddler gymnastics 1 hour - no card - 3 children	Local Government Act 2003	15.8	5.10%	0.8
COM.403	Community Services	Sports and Physical Activity	Talacre parent and toddler gymnastics 45mins standard	Local Government Act 2003	3.7	5.40%	0.2

			cardholder - 1 child				
COM.405	Community Services	Sports and Physical Activity	Talacre parent and toddler gymnastics 45 mins no card - 2 children	Local Government Act 2003	8.7	5.20%	0.45
COM.406	Community Services	Sports and Physical Activity	Talacre parent and toddler gymnastics 45 mins standard cardholder - 2 children	Local Government Act 2003	5.7	5.56%	0.3
COM.407	Community Services	Sports and Physical Activity	Talacre parent and toddler gymnastics 45 mins concession card - 2 children	Local Government Act 2003	3.7	5.71%	0.2
COM.410	Community Services	Sports and Physical Activity	Talacre parent and toddler gymnastics 45 mins concession card - 3 children	Local Government Act 2003	4.7	5.30%	0.25
COM.440	Community Services	Sports and Physical Activity	Talacre parent and toddler gymnastics 1 hour - 1child - Out of Borough Cardholder	Local Government Act 2003	5.5	5.50%	0.3
COM.451	Community Services	Sports and Physical Activity	Talacre - Gymnastics - Out of Borough Cardholder - Pre-School - Recreational	Local Government Act 2003	8.5	6.92%	0.55
COM.452	Community Services	Sports and Physical Activity	Talacre - Gymnastics - Out of Borough Cardholder - Junior - Recreational	Local Government Act 2003	8.5	6.92%	0.55
COM.460	Community Services	Sports and Physical Activity	Junior Girls Football Team Subscription (annual) - Concessionary 1 League	Local Government Act 2003	40	13.31%	4.7
COM.482	Community Services	Sports and Physical Activity	Talacre - Basketball - No card - child	Local Government Act 2003	5.6	31.76%	1.35
COM.483	Community Services	Sports and Physical Activity	Talacre - Basketball - Cardholder Child - Concession	Local Government Act 2003	3.5	14.75%	0.45
COM.484	Community Services	Sports and Physical Activity	Talacre - Basketball - Cardholder Child - Standard	Local Government Act 2003	4.5	21.62%	0.8
GLL.228	Community Services	Sports and Physical Activity	Swim School Adult Concession	Local Government Act 2003	7	44.33%	2.15

GLL.229	Community Services	Sports and Physical Activity	Swim School Adult Member	Local Government Act 2003	8.75	15.13%	1.15
GLL.230	Community Services	Sports and Physical Activity	Swim School Junior Concession	Local Government Act 2003	5	31.58%	1.2
CUS.034	Customer Services	Registrar Services	Ceremony Booking Deposit (Included in fee)	Localism Act 2011	100	25.00%	20
CUS.041	Customer Services	Registrar Services	Civil Ceremonies - The Ceremony Room (Including room hire ONLY for Tavistock House) Monday - Wednesday	Marriage Act 1949	190	8.57%	15
CUS.043	Customer Services	Registrar Services	Civil Ceremonies - The Ceremony Room (Including room hire ONLY for Tavistock House) Saturday and from 6pm - 8pm Mon-Fri	Marriage Act 1949	305	5.17%	15

NEW FEES AND CHARGES FOR 2022/23

Ref	Division	Service	Description	Legislation	New 2022/23 Fees and Charges (£)
COM.494	Community Services	Sports and Physical Activity	Junior Girls Football Team Subscription (annual) - Standard 1 League	Local Government Act 2003	50
COM.495	Community Services	Sports and Physical Activity	Junior Girls Football Team Subscription (annual) - Out of borough 2 Leagues	Local Government Act 2003	70
COM.496	Community Services	Sports and Physical Activity	Junior Girls Football Team Subscription (annual) - Standard 2 Leagues	Local Government Act 2003	60
COM.497	Community Services	Sports and Physical Activity	Junior Girls Football Team Subscription (annual) - Concessionary 2 Leagues	Local Government Act 2003	50

COM.498	Community Services	Sports and Physical Activity	Junior Girls Football Team Subscription (annual) - Out of borough 1 League	Local Government Act 2003	60
COM.499	Community Services	Sports and Physical Activity	Talacre Girls junior football, concessionary card	Local Government Act 2003	4.4
COM.500	Community Services	Sports and Physical Activity	Talacre Girls Football - Card holder - Junior - Standard	Local Government Act 2003	6.6
COM.501	Community Services	Sports and Physical Activity	Talacre Girls Football - No card Out of Borough - Junior -	Local Government Act 2003	10.2
COM.502	Community Services	Sports and Physical Activity	Wildcats Girls Football	Local Government Act 2003	3.15
GLL.259	Community Services	Sports and Physical Activity	Kings Cross Elevate - Non-Member	Local Government Act 2003	18
GLL.260	Community Services	Sports and Physical Activity	Kings Cross Elevate - Member	Local Government Act 2003	15
GLL.261	Community Services	Sports and Physical Activity	Kings Cross Elevate - Concessionary Member	Local Government Act 2003	10
GLL.262	Community Services	Sports and Physical Activity	Kings Cross Cycle - Non-Member	Local Government Act 2003	18
GLL.263	Community Services	Sports and Physical Activity	Kings Cross Cycle - Member	Local Government Act 2003	15
GLL.264	Community Services	Sports and Physical Activity	Kings Cross Cycle - Concessionary Member	Local Government Act 2003	10
GLL.265	Community Services	Sports and Physical Activity	Kings Cross Unlimited Membership (Monthly add-on)	Local Government Act 2003	15
COM.556	Community Services	Libraries Arts and Tourism	Administration fee - Road closure application (commercial events)	Local Government Act 2003	150
COM.557	Community Services	Libraries Arts and Tourism	Administration fee - Parking suspension application (commercial events)	Local Government Act 2003	50
PLA.054	Community Services	Green Spaces	Commemorative benches - cast iron end	Local Government Act 2003	1,812.00

PLA.886	Environment and Sustainability	Building Control	Schedule 2 - Emergency lighting in communal areas in buildings or blocks of 5 flats or less	The Building (Local Authority Charges) Regulations 2010	377
PLA.887	Environment and Sustainability	Building Control	Schedule 2 - Smoke detectors to communal areas	The Building (Local Authority Charges) Regulations 2010	377
PLA.888	Environment and Sustainability	Building Control	Schedule 2 - New front entrance doors	The Building (Local Authority Charges) Regulations 2010	566
PLA.889	Environment and Sustainability	Building Control	Schedule 2 - Heat/CO detectors for flats	The Building (Local Authority Charges) Regulations 2010	377
PLA.890	Environment and Sustainability	Building Control	Regularisation fee - Emergency lighting in communal areas in buildings or blocks of 5 flats or less	The Building (Local Authority Charges) Regulations 2010	408
PLA.891	Environment and Sustainability	Building Control	Regularisation fee - Smoke detectors to communal areas	The Building (Local Authority Charges) Regulations 2010	408
PLA.892	Environment and Sustainability	Building Control	Regularisation fee - New front entrance doors	The Building (Local Authority Charges) Regulations 2010	612
PLA.893	Environment and Sustainability	Building Control	Regularisation fee - Heat/CO detectors for flats	The Building (Local Authority Charges) Regulations 2010	408
PLA.894	Environment and Sustainability	Building Control	Re opening of old application over 5 years	The Building (Local Authority Charges) Regulations 2010	377
CUS.213	Customer Services	Registrar Services	The Ceremony Room (Including room hire, ONLY for the OTH) Monday - Thursday	Marriage Act 1949	250.00
CUS.214	Customer Services	Registrar Services	The Ceremony Room (Including room hire, ONLY for the OTH) Friday	Marriage Act 1949	300.00
CUS.215	Customer Services	Registrar Services	The Ceremony Room (Including room hire, ONLY for the OTH) Saturday	Marriage Act 1949	350.00

CUS.216	Customer Services	Registrar Services	The Combined Ceremony Room -Ground Floor (including room hire, ONLY for the OTH) Monday - Wednesday (9am-before 5pm)	Marriage Act 1949	610.00
CUS.217	Customer Services	Registrar Services	The Combined Ceremony Room- Ground floor (Including room hire, ONLY for the OTH) Thursday- Friday (9am-before 5pm)	Marriage Act 1949	630.00
CUS.225	Customer Services	Registrar Services	Approved Venue Ceremonies (including room hire, ONLY for the OTH) Christmas Day & New Year's Day (9am-before 5pm)	Marriage Act 1949	960.00
CUS.218	Customer Services	Registrar Services	The Combined Ceremony Room - Ground Floor (Including room hire, ONLY for the OTH) Saturday (9am- before 8pm)	Marriage Act 1949	735.00
CUS.219	Customer Services	Registrar Services	The Combined Ceremony Room- Ground Floor (including room hire, ONLY for the OTH) Evenings - Monday-Friday (5pm- before 8pm)	Marriage Act 1949	816.00
CUS.220	Customer Services	Registrar Services	Approved Venue Ceremonies (Including room hire, ONLY for the OTH) Monday- Thursday (9am-before 5pm)	Marriage Act 1949	585.00
CUS.221	Customer Services	Registrar Services	Approved Venue Ceremonies (Including room hire, ONLY for the OTH) Friday (9am-before 5pm)	Marriage Act 1949	595.00

CUS.222	Customer Services	Registrar Services	Approved Venue Ceremonies (Including room hire, ONLY for the OTH) Saturday (9am-before 5pm)	Marriage Act 1949	655.00
CUS.223	Customer Services	Registrar Services	Approved Venue Ceremonies (including room hire, ONLY for the OTH) Sunday (9am-before 5pm)	Marriage Act 1949	720.00
CUS.224	Customer Services	Registrar Services	Approved Venue Ceremonies (Including room hire, ONLY for the OTH) Bank Holidays excluding Christmas and New Year's Day (9am - before 8pm)	Marriage Act 1949	755.00
CUS.226	Customer Services	Registrar Services	Approved Venue Ceremonies (Including room hire, ONLY for the OTH) Monday- Friday (5pm- before 8pm)	Marriage Act 1949	700.00
CUS.227	Customer Services	Registrar Services	Website Advertising - 6 month	Localism Act 2011	200.00
CUS.228	Customer Services	Registrar Services	Website Advertising - 12 months	Localism Act 2011	350.00
CUS.229	Customer Services	Contact Camden	Street Naming & Numbering Retrospective Applications – fee per application to be applied in addition to standard fee	London Buildings Acts (Amendment) Act 1939	95.00

APPENDIX C: ECONOMIC OUTLOOK

Gross Domestic Product

- C1. Nationally, gross domestic product (GDP) is estimated to have grown by 0.4% in August 2021, and remains 0.8% below its pre-coronavirus (COVID-19) pandemic level (February 2020)³. The Office for Budget Responsibility (OBR) and other forecasters expect it to recover to pre-pandemic levels by early 2022 although there will remain permanent economic damage done by the pandemic – see chart C1 below.

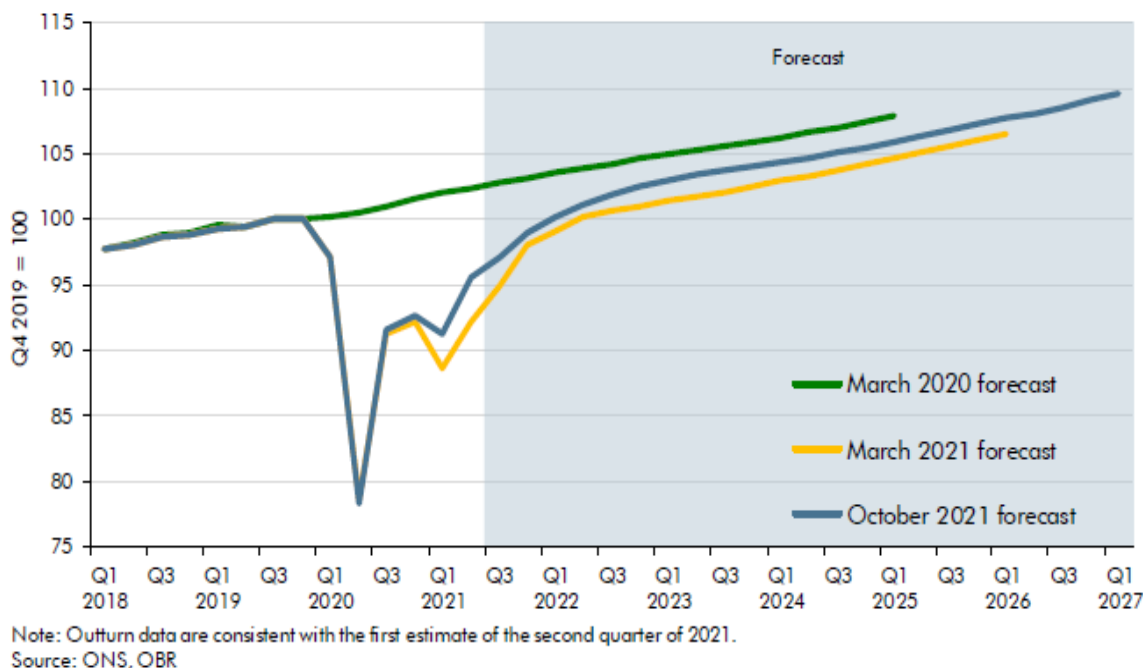


Chart C1 Real gross domestic product (GDP), 2018–25⁴

- C2. Camden’s economy in common with much of the UK is highly reliant on services. Services output grew by 0.3% in August 2021 and remains 0.6% below its pre-coronavirus (COVID-19) pandemic level of February 2020⁵.

Footfall and mobility in the borough

- C3. However, the borough is not necessarily sharing the full benefits of the national economic recovery. Footfall is a useful proxy for local economic activity particularly in the Central London part of Camden because so much economic activity in the borough involves commuters and other visitors and many local businesses rely on them. Although Covid restrictions have largely formally ended, footfall in Central London is still far below pre-pandemic levels. Tube journeys in September/October 2021 were still 40% lower than in the same

³ [GDP monthly estimate, UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/gdp/monthly-estimate-uk) August 2021, published 13 October 2021

⁴ <https://obr.uk/download/economic-and-fiscal-outlook-october-2021/>

⁵ *Ibid.*

period in 2019⁶. Google Mobility data show how visits and length of stay at different places change compared to a pre-pandemic baseline (in January 2020)⁷. Recent data in Table C1 shows that across the borough as a whole, visits and length of stay at workplaces and retail & recreation locations in Camden are still well below pre-pandemic levels, whereas they are much closer for the UK as a whole.

Location type	UK	London	Camden
Retail and Recreation	-6%	-21%	-36%
Supermarket and pharmacy	+6%	-3%	-10%
Parks	+26%	-10%	-14%
Public Transport	-28%	-35%	-18%
Workplaces	-39%	-46%	-48%
Residential	+8%	+11%	+12%

Table C1: Google Mobility data for different types of places, UK, London and Camden, 29 October 2021

- C4. The Google workplace data suggests that many workers whose workplace is in Camden are still working from home i.e. outside the borough in most cases – this is supported by ONS data from October 2021 which reports that 41% of the workforce of London businesses had returned to their normal place of work compared with 52% in the UK as a whole⁸. International tourism is also important to the borough’s economy and tourist visits to the UK from abroad in 2021 have been estimated by Visit Britain to be just 18% of the 2019 level⁹.
- C5. The Google data does show a gradual movement towards pre-pandemic mobility levels. This should accelerate as tourists and other visitors gradually return to London provided there are no further Covid variants of concern or lockdowns. ONS data from September 2021 states that 20% of London businesses whose workforce has not already returned to their normal place of work expect them to do so within 3 months. This suggests that the gradual return to the office will continue, barring any new variants or lockdowns.
- C6. Most office-based employment is located in the Central London part of Camden. Indeed local data provided by Busyness shows that other parts of the borough - Camden Town and Kilburn - have already returned to pre-pandemic levels of retail footfall, Kentish Town is above pre-pandemic levels whereas Tottenham Court Road is still well below pre-pandemic levels. While the economy in the more residential parts of the borough may benefit from continued homeworking, the Central London part of Camden generates most of the borough’s business rates revenue; reduced footfall has an immediate impact on those businesses which rely on face-to-face customers and clients. In the longer term, larger businesses based in Camden may review their office

⁶ [Public Transport Journeys by Type of Transport - London Datastore](#)

⁷ [COVID-19 Community Mobility Reports \(google.com\)](#)

⁸ [Business insights and impact on the UK economy - Office for National Statistics \(ons.gov.uk\) Wave 41 21 October 2021](#)

⁹ [2021 tourism forecast | VisitBritain](#)

space requirements if widespread homeworking continues, with a potential impact on business rates revenue.

Unemployment and labour market

- C7. The unemployment claimant count in Camden has more than doubled since the beginning of the pandemic. However at 4.6% it is still below Great Britain and London levels and other parts of London have experienced a greater increase in unemployment. Unemployment in the borough peaked in March 2021 but is now decreasing¹⁰. Furthermore, in September 2021, the number of payrolled employees resident in the borough was 4.1% higher than the previous September compared with 3.6% for the UK as a whole¹¹.

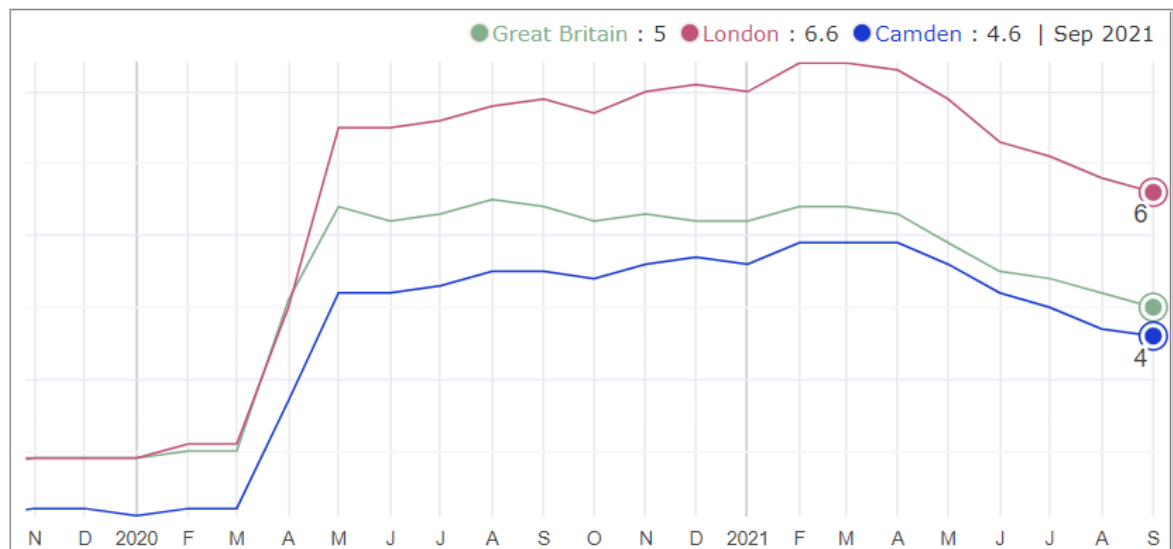


Chart C2: Unemployment Claimant Count as a proportion of resident population of area aged 16-64, Great Britain, Greater London and Camden, September 2021

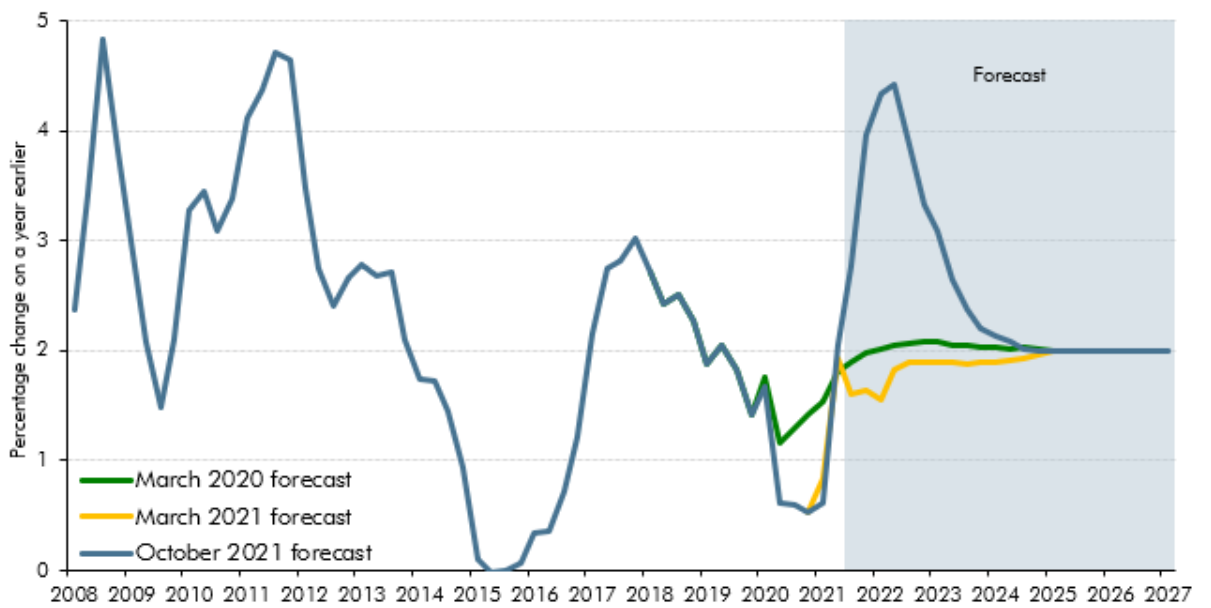
- C8. However, on 30th June 2021, an estimated 8% of Camden residents (7,300 people) were on furlough compared with 7% nationally. The Coronavirus Job Retention Scheme ended at the end of September but its impact on unemployment is still uncertain. If indeed it leads to many people losing their jobs, while there are a large number of job vacancies nationally, they are not necessarily in the same sectors or locations as those who have lost their jobs.

Inflation

- C9. Inflation has a large effect on the council's finances. The OBR, Bank of England and IFS forecast a sharp but relatively short-lived increase in inflation. The OBR has forecast that CPI inflation will peak in Q2 2022 – see chart below. The average quarterly inflation forecast for the financial year 2022/23 is 3.7%, higher than the Bank's 2% target.

¹⁰ [Labour Market Profile - Nomis - Official Labour Market Statistics \(nomisweb.co.uk\)](https://www.nomisweb.co.uk/)

¹¹ [Earnings and employment from Pay As You Earn Real Time Information, UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/) October 2021



Source: ONS, OBR

Source: [Economic and fiscal outlook - October 2021](#), Office for Budget Responsibility