



# **BUDGET BOOK**

**2015-2016**

**Mark Maidment CPFA**

**Director of Finance  
& Corporate Services**

# **Budget Book 2015/16**

Each year the Council sets detailed revenue & capital budgets. The revenue budgets relate to the income & expenditure incurred on the day to day running of the Council. The capital budgets include income & expenditure that will yield benefit to the Council over a period of more than a year (e.g. roads, buildings).

Produced by Accountancy

Finance & Corporate Services Directorate

We are continuously trying to improve the content & presentation of all our financial publications & would welcome any suggestions from readers.

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## SECTION B

**COUNCIL'S REVENUE BUDGET 2015/16**  
**SUBJECTIVE SUMMARY OF EXPENDITURE AND INCOME**

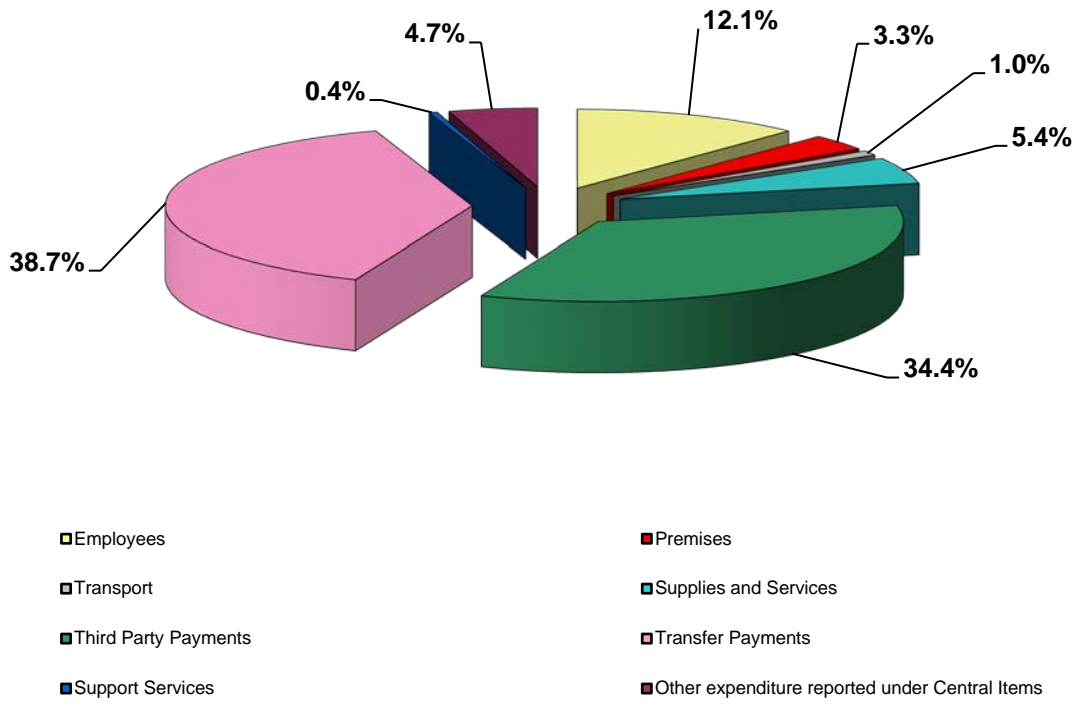
	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	73,945,879	53,002,100	50,488,300
Premises	15,451,967	14,059,300	13,675,100
Transport	7,372,391	3,364,200	3,998,200
Supplies & Services	29,678,219	18,136,500	22,495,900
Third Party Payments	101,114,485	140,923,800	143,570,000
Transfer Payments	160,478,711	147,357,300	161,422,700
Support Services	4,094,314	2,535,000	1,799,800
<b>TOTAL EXPENDITURE</b>	<b>392,135,966</b>	<b>379,378,200</b>	<b>397,450,000</b>
<u>Income</u>			
Adjusted Dedicated Schools Grant	(89,323,000)	(91,607,000)	(91,828,100)
Government Grants	(85,649,900)	(85,864,400)	(93,395,300)
Other Grants & Contributions	(14,873,914)	(6,510,000)	(15,046,300)
Customer & Client Receipts	(57,264,331)	(49,710,700)	(53,637,600)
<b>TOTAL INCOME</b>	<b>(247,111,145)</b>	<b>(233,692,100)</b>	<b>(253,907,300)</b>
<b>NET EXPENDITURE (EXCL. CENTRAL ITEMS)</b>	<b>145,024,821</b>	<b>145,686,100</b>	<b>143,542,700</b>
Central Items	(37,521,821)	(36,500,200)	(33,216,600)
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>107,503,000</b>	<b>109,185,900</b>	<b>110,326,100</b>
<u>Financial Accounting Adjustments</u>			
Central Support Charges	26,526,225	24,493,600	23,242,800
Departmental Support Charges	21,483,157	14,192,900	14,431,000
Capital Charges	0	0	0
Central Support Income	(26,526,225)	(24,493,600)	(23,242,800)
Departmental Support Income	(21,483,157)	(14,192,900)	(14,431,000)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>107,503,000</b>	<b>109,185,900</b>	<b>110,326,100</b>

<b><u>Variation Analysis (Excluding Schools)</u></b>	
<b>Original Budget 2014/15</b>	<b>109,185,900</b>
Inflation	2,912,800
Changes in Government Grants	6,000,200
Other Government or Outside Body Changes	155,400
Demand Led Growth	1,329,000
Budget Review Savings	(8,593,300)
Investment Priorities	1,378,000
Other Growth & Savings	(2,041,900)
Budget Transfers	0
<b>Original Budget 2015/16</b>	<b>110,326,100</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	2,294.3*      2,280.3

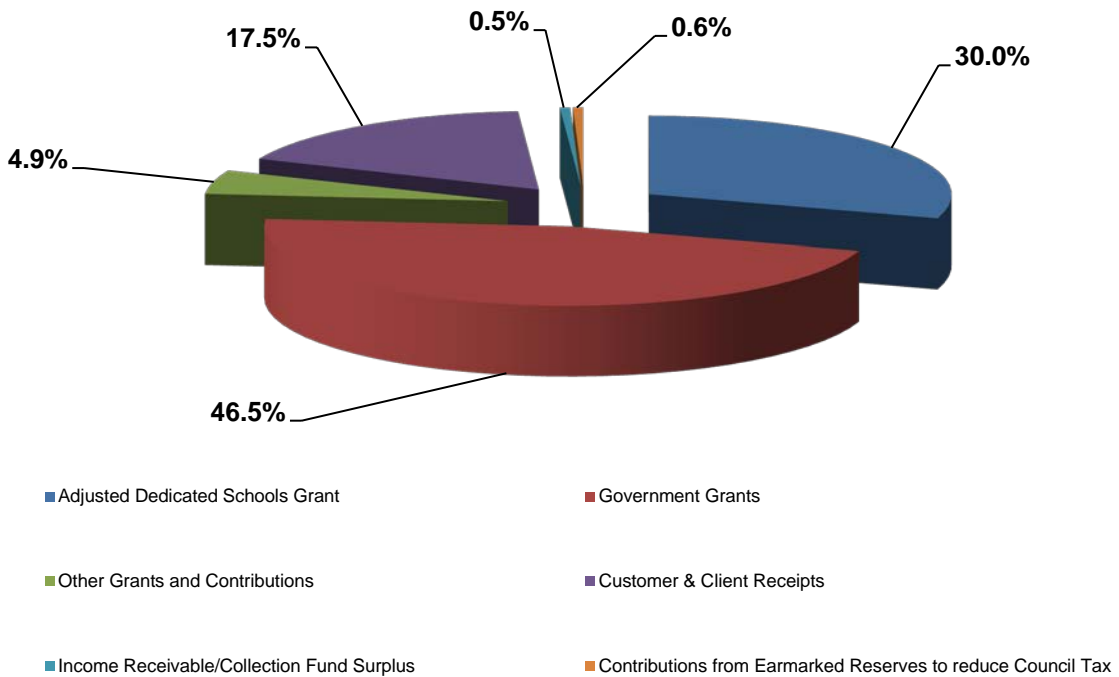
\*Includes schools which has been restated to reflect the exact fte figure, as at 1/4/14.

SECTION B

**Analysis of 2015/16 Expenditure Budget**



**Analysis of 2015/16 Income Budgets**



# **FINANCE & CORPORATE SERVICES**

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## SECTION C

## FINANCE &amp; CORPORATE SERVICES

**REVENUE BUDGET - SUMMARY OF EXPENDITURE**

<b><u>PURPOSE</u></b>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
	£	£	£
IT (including Serco contract)	0	0	0
Human Resources	0	0	0
Corporate Income	0	0	0
Legal Services	0	0	0
Financial Services Management	0	0	0
Pension Administration	0	0	0
Accountancy	0	0	0
Internal Audit	0	0	0
Chief Executive's Office	338,981	380,900	358,700
Electoral Services	623,684	885,700	662,800
Cost of Local Tax Collection	2,033,137	2,440,500	2,902,000
Corporate Management	675,014	747,900	755,800
Precepts & Levies	693,743	717,900	718,000
Customer Services	0	0	0
Carbon Reduction Commitment	51,485	125,000	0
Efficiency & Transformation Team	0	0	0
Home Loans Unit	(9,220)	15,100	17,400
Arts	1,926,130	867,500	884,200
Libraries	4,779,325	4,506,100	4,574,000
<b>Total for Corporate Services</b>	<b>11,112,279</b>	<b>10,686,600</b>	<b>10,872,900</b>
Central Items	(63,497,407)	(61,062,800)	(57,688,500)
<b>Total for Corporate Services &amp; Central Items</b>	<b>(52,385,128)</b>	<b>(50,376,200)</b>	<b>(46,815,600)</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2014/15</b>	<b>(50,376,200)</b>
Inflation	287,600
Changes in Government Grants	6,000,200
Other Government or Outside Body Changes	73,900
Demand Led Growth	0
Budget Review Savings	(1,677,200)
Investment Priorities	996,000
Other Growth & Savings	(2,063,900)
Budget Transfers	(56,000)
<b>Original Budget 2015/16</b>	<b>(46,815,600)</b>

## SECTION C

## FINANCE &amp; CORPORATE SERVICES

**SUBJECTIVE ANALYSIS**

	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
	<u>£</u>	<u>£</u>	<u>£</u>
<b><u>Expenditure</u></b>			
Employees	11,910,982	11,364,100	11,002,900
Premises	669,396	583,900	379,900
Transport	82,981	78,800	76,900
Supplies & Services	9,329,994	8,378,800	8,203,000
Third Party Payments	591,601	1,007,300	1,105,100
Transfer Payments	324,973	664,700	257,300
Support Services	2,332,028	1,656,300	1,202,700
<b>TOTAL EXPENDITURE</b>	<b>25,241,955</b>	<b>23,733,900</b>	<b>22,227,800</b>
<b><u>Income</u></b>			
Government Grants	(2,052,423)	(1,415,600)	(850,800)
Other Grants & Contributions	(421,077)	(342,300)	(347,300)
Customer & Client Receipts	(2,995,949)	(2,371,000)	(1,826,700)
<b>TOTAL INCOME</b>	<b>(5,469,449)</b>	<b>(4,128,900)</b>	<b>(3,024,800)</b>
<b>NET EXPENDITURE (EXCL. CENTRAL ITEMS)</b>	<b><u>19,772,506</u></b>	<b><u>19,605,000</u></b>	<b><u>19,203,000</u></b>
Central Items (Excl FA Adjustments)	(37,521,821)	(36,500,200)	(33,216,600)
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b><u>(17,749,315)</u></b>	<b><u>(16,895,200)</u></b>	<b><u>(14,013,600)</u></b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	5,522,811	5,212,600	5,554,500
Departmental Support Charges	0	0	0
Capital Charges	(24,180,440)	(23,755,200)	(23,578,800)
Central Support Income	(15,978,184)	(14,938,400)	(14,777,700)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(34,635,813)</b>	<b>(33,481,000)</b>	<b>(32,802,000)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b><u>(52,385,128)</u></b>	<b><u>(50,376,200)</u></b>	<b><u>(46,815,600)</u></b>

**BUDGETED STAFFING FTE'S**

	<b>2014/15</b>	<b>2015/16</b>
Number of full time equivalent employees	280.3	274.4

## SECTION C

## FINANCE &amp; CORPORATE SERVICES

**IT (Including Serco Contract)**

This budget comprises the strategic IT partnership with Serco & corporate ICT provision. Serco are responsible for providing IT infrastructure, support & desktop support, & management of some core applications. This section creates & maintains the navigation & content for the Council's public website & intranet, develops a range of databases & web applications using e-forms, integrates web applications using web services & provides technical advice on web technology. It provides a document management service to the Council & maintains the Council's information security standards.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	1,726,257	1,337,700	1,376,500
Premises	27,281	0	0
Transport	918	600	900
Supplies & Services	5,346,292	5,910,800	5,819,400
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	1,693	3,400	1,200
<b>TOTAL EXPENDITURE</b>	<b>7,102,441</b>	<b>7,252,500</b>	<b>7,198,000</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(53,898)	(10,000)	(10,000)
<b>TOTAL INCOME</b>	<b>(53,898)</b>	<b>(10,000)</b>	<b>(10,000)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>7,048,543</b>	<b>7,242,500</b>	<b>7,188,000</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	378,600	503,200	304,900
Departmental Support Charges	0	0	0
Capital Charges	477,183	384,700	427,700
Central Support Income	(7,904,326)	(8,130,400)	(7,920,600)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(7,048,543)</b>	<b>(7,242,500)</b>	<b>(7,188,000)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Variation Analysis**

<b>Original Budget 2014/15</b>	<b>0</b>
Inflation	221,600
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(271,800)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	50,200
<b>Original Budget 2015/16</b>	<b>0</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	29.6      28.7

## SECTION C

## FINANCE &amp; CORPORATE SERVICES

**HUMAN RESOURCES**

The Human Resources Team supports & enables the Council to recruit, develop, lead & manage its people effectively. The HR Service is delivered to the Council by a shared service agreement hosted by the Royal Borough of Kingston upon Thames, with the payroll service outsourced to a payroll agency bureau.

	<u>2013/14</u> <u>Actual</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>	<u>2015/16</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	348,520	270,100	241,900
Premises	2,108	0	0
Transport	135	0	0
Supplies & Services	252,647	20,200	13,200
Third Party Payments	0	53,600	0
Transfer Payments	0	0	0
Support Services	2,094,893	1,693,400	887,000
<b>TOTAL EXPENDITURE</b>	<b>2,698,303</b>	<b>2,037,300</b>	<b>1,142,100</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(377,394)	(439,800)	(91,800)
<b>TOTAL INCOME</b>	<b>(377,394)</b>	<b>(439,800)</b>	<b>(91,800)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>2,320,909</b>	<b>1,597,500</b>	<b>1,050,300</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	96,600	111,700	60,700
Departmental Support Charges	0	0	0
Capital Charges	49,878	49,900	49,900
Central Support Income	(2,467,387)	(1,759,100)	(1,160,900)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(2,320,909)</b>	<b>(1,597,500)</b>	<b>(1,050,300)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b><u>Variation Analysis</u></b>		
<b>Original Budget 2014/15</b>		<b>0</b>
Inflation		10,700
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(326,100)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		315,400
<b>Original Budget 2015/16</b>		<b>0</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	0.0	0.0

## SECTION C

## FINANCE &amp; CORPORATE SERVICES

**CORPORATE INCOME**

The Corporate Income Team operates a banking & allocation service to all service areas within the Council. The team is also responsible for cash collection from parking meters, libraries, leisure centres & all other Council establishments.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	206,767	226,600	235,100
Premises	0	0	0
Transport	1,336	1,600	1,600
Supplies & Services	52,565	30,700	30,700
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	136	200	100
<b>TOTAL EXPENDITURE</b>	<b>260,804</b>	<b>259,100</b>	<b>267,500</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(1,234)	(7,000)	(7,000)
<b>TOTAL INCOME</b>	<b>(1,234)</b>	<b>(7,000)</b>	<b>(7,000)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>259,570</b>	<b>252,100</b>	<b>260,500</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	124,400	99,000	105,600
Departmental Support Charges	0	0	0
Capital Charges	20,270	17,700	1,700
Central Support Income	(404,240)	(368,800)	(367,800)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(259,570)</b>	<b>(252,100)</b>	<b>(260,500)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b><u>Variation Analysis</u></b>		
<b>Original Budget 2014/15</b>		<b>0</b>
Inflation		9,300
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(800)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		(8,500)
<b>Original Budget 2015/16</b>		<b>0</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	6.6	6.6

## SECTION C

## FINANCE &amp; CORPORATE SERVICES

**LEGAL SERVICES**

Legal services are provided to the Council by a shared service arrangement hosted by the London Borough of Merton. The shared service is overseen by a Board comprising the Directors of Finance & Corporate Services from each borough. The shared service provides legal services to all Directorates & across all of the Council's functions, to schools, & to certain other public bodies. It also procures specialist advice & advocacy where necessary, ensures legality, & probity & sound corporate governance. No direct cost budgets are recorded here as legal services, the Council now operates a direct charging mechanism to charge each service.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	16,667	0	0
Premises	0	0	0
Transport	696	700	700
Supplies & Services	727	0	0
Third Party Payments	(258,339)	0	0
Transfer Payments	0	0	0
Support Services	128,792	(150,600)	138,600
<b>TOTAL EXPENDITURE</b>	<b>(111,457)</b>	<b>(149,900)</b>	<b>139,300</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	(400)	0	0
Customer & Client Receipts	(19,052)	0	0
<b>TOTAL INCOME</b>	<b>(19,452)</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>(130,909)</b>	<b>(149,900)</b>	<b>139,300</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	20,400	25,600	21,600
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	110,509	124,300	(160,900)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>130,909</b>	<b>149,900</b>	<b>(139,300)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b><u>Variation Analysis</u></b>		
<b>Original Budget 2014/15</b>		<b>0</b>
Inflation		0
Changes in Government Grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Budget Review Savings		0
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		0
<b>Original Budget 2015/16</b>		<b>0</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	0.0	0.0

## SECTION C

## FINANCE &amp; CORPORATE SERVICES

**FINANCIAL SERVICES MANAGEMENT**

This budget covers the costs of the Director of Finance & Corporate Services along with the Assistant Directors of Finance & their shared Personal Assistant.

	<u>2013/14</u> <u>Actual</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>	<u>2015/16</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	402,610	485,400	442,400
Premises	235	0	0
Transport	610	900	9,600
Supplies & Services	6,656	9,700	7,400
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	18,639	19,200	27,300
<b>TOTAL EXPENDITURE</b>	<b>428,750</b>	<b>515,200</b>	<b>486,700</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	0	0	0
<b>TOTAL INCOME</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>428,750</b>	<b>515,200</b>	<b>486,700</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	64,200	42,300	91,100
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(492,950)	(557,500)	(577,800)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(428,750)</b>	<b>(515,200)</b>	<b>(486,700)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Variation Analysis****Original Budget 2014/15**

Inflation	(11,600)
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(8,800)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	20,400
<b>Original Budget 2015/16</b>	<b>0</b>

**Other Information**

Employee FTE's (Budgeted)	4.0	4.0
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**PENSIONS ADMINISTRATION**

The Pensions Administration Team is responsible for the payroll processing & administration of the Council's Pension Fund. From March 2015 this function will be provided by a shared service hosted by London Borough of Wandsworth.

	<u>2013/14</u> <u>Actual</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>	<u>2015/16</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	148,923	117,900	0
Premises	0	0	0
Transport	156	100	0
Supplies & Services	112,432	86,400	24,200
Third Party Payments	0	0	178,800
Transfer Payments	0	0	0
Support Services	1,714	2,700	0
<b>TOTAL EXPENDITURE</b>	<b>263,225</b>	<b>207,100</b>	<b>203,000</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(140,901)	(156,900)	(156,900)
<b>TOTAL INCOME</b>	<b>(140,901)</b>	<b>(156,900)</b>	<b>(156,900)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>122,324</b>	<b>50,200</b>	<b>46,100</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	43,900	42,300	16,900
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(166,224)	(92,500)	(63,000)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(122,324)</b>	<b>(50,200)</b>	<b>(46,100)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b><u>Variation Analysis</u></b>		
<b>Original Budget 2014/15</b>		<b>0</b>
Inflation		600
Changes in Government Grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Budget Review Savings		(600)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		0
<b>Original Budget 2015/16</b>		<b>0</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	3.2	0.0



## SECTION C

## FINANCE &amp; CORPORATE SERVICES

**ACCOUNTANCY**

The Accountancy Team is responsible for the co-ordination of all the Council's finance functions. In particular: setting the Council's budget, corporate budget monitoring, year end accounts, treasury management, financing of the capital programme & the processing of all creditor invoices.

	<u>2013/14</u> <u>Actual</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>	<u>2015/16</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	1,382,783	1,448,600	1,482,100
Premises	0	0	0
Transport	1,348	2,100	2,100
Supplies & Services	80,616	52,400	52,400
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	1,115	200	800
<b>TOTAL EXPENDITURE</b>	<b>1,465,862</b>	<b>1,503,300</b>	<b>1,537,400</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(86,188)	(315,300)	(285,300)
<b>TOTAL INCOME</b>	<b>(86,188)</b>	<b>(315,300)</b>	<b>(285,300)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,379,674</b>	<b>1,188,000</b>	<b>1,252,100</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	619,800	500,700	704,600
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(1,999,474)	(1,688,700)	(1,956,700)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(1,379,674)</b>	<b>(1,188,000)</b>	<b>(1,252,100)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Variation Analysis****Original Budget 2014/15**

Inflation	62,100
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(28,600)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(33,500)
<b>Original Budget 2015/16</b>	<b>0</b>

**Other Information**

Employee FTE's (Budgeted)	36.8	36.8
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**INTERNAL AUDIT**

Internal Audit is a statutory function. All Local Authorities must comply with the Accounts & Audit Regulations (amended 2011) & are required to make provision for internal audit in accordance with the Public Sector Internal Audit Standards 2013. This is a Shared Internal Audit & Investigations Service between Richmond & Kingston Councils, with Richmond as lead authority. The shared service is monitored by a Shared Service Board & reports individually to each authorities' Audit Committee. Costs are shared on the basis of the agreed Annual Audit Plans.

	<u>2013/14</u> <u>Actual</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>	<u>2015/16</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	914,907	857,200	790,900
Premises	0	0	0
Transport	8,431	12,000	5,900
Supplies & Services	43,546	60,300	66,000
Third Party Payments	104,918	127,000	127,000
Transfer Payments	0	0	0
Support Services	52,372	19,200	34,000
<b>TOTAL EXPENDITURE</b>	<b>1,124,174</b>	<b>1,075,700</b>	<b>1,023,800</b>
<b><u>Income</u></b>			
Government Grants	(100,000)	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(585,366)	(561,100)	(450,900)
<b>TOTAL INCOME</b>	<b>(685,366)</b>	<b>(561,100)</b>	<b>(450,900)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>438,808</b>	<b>514,600</b>	<b>572,900</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	204,900	195,200	195,200
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(643,708)	(709,800)	(768,100)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(438,808)</b>	<b>(514,600)</b>	<b>(572,900)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b><u>Variation Analysis</u></b>		
<b>Original Budget 2014/15</b>		<b>0</b>
Inflation		17,800
Changes in Government Grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Budget Review Savings		(67,400)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		49,600
<b>Original Budget 2015/16</b>		<b>0</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	17.8	16.0

## SECTION C

## FINANCE &amp; CORPORATE SERVICES

**CHIEF EXECUTIVE'S OFFICE**

This section covers the cost of the Chief Executive & supporting staff.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	284,938	288,200	273,900
Premises	0	0	0
Transport	2,343	3,200	3,200
Supplies & Services	21,336	61,400	51,400
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>308,617</b>	<b>352,800</b>	<b>328,500</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	0	0	0
<b>TOTAL INCOME</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>308,617</b>	<b>352,800</b>	<b>328,500</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	30,364	28,100	30,200
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>30,364</b>	<b>28,100</b>	<b>30,200</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>338,981</b>	<b>380,900</b>	<b>358,700</b>

**Variation Analysis**

<b>Original Budget 2014/15</b>	<b>380,900</b>
Inflation	2,200
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(26,500)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	2,100
<b>Original Budget 2015/16</b>	<b>358,700</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	2.0

**ELECTORAL SERVICES**

The Electoral Services Team is responsible for the Electoral Register & administering all elections & referenda within the borough. They also assist with the review & implementation of local & parliamentary boundary changes.

	<u>2013/14</u> <u>Actual</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>	<u>2015/16</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	242,051	536,600	242,300
Premises	1,426	1,800	1,800
Transport	649	500	500
Supplies & Services	232,661	201,600	181,600
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	1,052	200	700
<b>TOTAL EXPENDITURE</b>	<b>477,839</b>	<b>740,700</b>	<b>426,900</b>
<b><u>Income</u></b>			
Government Grants	(20,001)	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(14,599)	(2,900)	(3,100)
<b>TOTAL INCOME</b>	<b>(34,600)</b>	<b>(2,900)</b>	<b>(3,100)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>443,239</b>	<b>737,800</b>	<b>423,800</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	180,445	147,900	239,000
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>180,445</b>	<b>147,900</b>	<b>239,000</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>623,684</b>	<b>885,700</b>	<b>662,800</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2014/15</b>	<b>885,700</b>
Inflation	10,500
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(25,000)
Investment Priorities	0
Other Growth & Savings	(300,000)
Budget Transfers	91,600
<b>Original Budget 2015/16</b>	<b>662,800</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	6.0

## SECTION C

## FINANCE &amp; CORPORATE SERVICES

**COST OF LOCAL TAX COLLECTION**

This service is responsible for the billing, collection & recovery of the Council Tax & Business Rates from every household & business in the borough. It also covers the administration of benefits for approximately 11,000 residents, & the Community Care Grants & Crisis Loans which are the Council's responsibility from 1st April 2013.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	1,774,959	1,678,800	1,670,100
Premises	0	0	0
Transport	6,847	10,200	7,200
Supplies & Services	396,057	383,700	415,700
Third Party Payments	0	20,500	20,500
Transfer Payments	324,973	636,200	228,800
Support Services	19,168	5,900	25,500
<b>TOTAL EXPENDITURE</b>	<b>2,522,004</b>	<b>2,735,300</b>	<b>2,367,800</b>
<b><u>Income</u></b>			
Government Grants	(1,776,666)	(1,415,600)	(850,800)
Other Grants & Contributions	(315,823)	(333,800)	(333,800)
Customer & Client Receipts	(467,826)	(400,400)	(400,400)
<b>TOTAL INCOME</b>	<b>(2,560,315)</b>	<b>(2,149,800)</b>	<b>(1,585,000)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b><u>(38,311)</u></b>	<b><u>585,500</u></b>	<b><u>782,800</u></b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	2,069,545	1,853,100	2,117,300
Departmental Support Charges	0	0	0
Capital Charges	1,903	1,900	1,900
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>2,071,448</b>	<b>1,855,000</b>	<b>2,119,200</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b><u>2,033,137</u></b>	<b><u>2,440,500</u></b>	<b><u>2,902,000</u></b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2014/15</b>	<b>2,440,500</b>
Inflation	50,800
Changes in Government Grants	341,800
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(82,500)
Investment Priorities	32,000
Other Growth & Savings	0
Budget Transfers	119,400
<b>Original Budget 2015/16</b>	<b><u>2,902,000</u></b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	48.2      48.2

## SECTION C

## FINANCE &amp; CORPORATE SERVICES

**CORPORATE MANAGEMENT**

The Code of Practise issued by CIPFA carefully defines what should be charged to Corporate Management. Costs include: external audit fees; corporate legal fees, bank charges & treasury management administration costs.

	<u>2013/14</u> <u>Actual</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>	<u>2015/16</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	0	0	0
Premises	0	0	0
Transport	0	0	0
Supplies & Services	285,104	312,700	292,700
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	1,074	54,700	81,500
<b>TOTAL EXPENDITURE</b>	<b>286,178</b>	<b>367,400</b>	<b>374,200</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(41,502)	(39,600)	(39,600)
<b>TOTAL INCOME</b>	<b>(41,502)</b>	<b>(39,600)</b>	<b>(39,600)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>244,676</b>	<b>327,800</b>	<b>334,600</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	430,338	420,100	421,200
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>430,338</b>	<b>420,100</b>	<b>421,200</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>675,014</b>	<b>747,900</b>	<b>755,800</b>

**Variation Analysis**

<b>Original Budget 2014/15</b>	<b>747,900</b>
Inflation	7,900
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(27,900)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	27,900
<b>Original Budget 2015/16</b>	<b>755,800</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	0.0
	0.0

## SECTION C

## FINANCE &amp; CORPORATE SERVICES

**PRECEPTS & LEVIES**

This area includes the cost of levies that the Council has to pay each year that are not shown within the departmental budgets e.g. London Pensions Authority Levy, Coroner's Service Levy and Environment Agency Flood Defence Levy.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	0	0	0
Premises	0	0	0
Transport	0	0	0
Supplies & Services	0	0	0
Third Party Payments	690,239	714,500	714,500
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>690,239</b>	<b>714,500</b>	<b>714,500</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	0	0	0
<b>TOTAL INCOME</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>690,239</b>	<b>714,500</b>	<b>714,500</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	3,504	3,400	3,500
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>3,504</b>	<b>3,400</b>	<b>3,500</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>693,743</b>	<b>717,900</b>	<b>718,000</b>

<b><u>Variation Analysis</u></b>		
<b>Original Budget 2014/15</b>		<b>717,900</b>
Inflation		0
Changes in Government Grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Budget Review Savings		0
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		100
<b>Original Budget 2015/16</b>		<b>718,000</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	0.0	0.0

## SECTION C

## FINANCE &amp; CORPORATE SERVICES

**CUSTOMER SERVICES**

The Customer Service Team is responsible for handling & resolving (wherever possible) telephone & email enquiries for customers contacting the Council & visitors to the Civic Centre & 44 York Street.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	1,200,578	1,252,300	1,294,200
Premises	0	0	0
Transport	90	100	100
Supplies & Services	239,697	48,100	14,400
Third Party Payments	0	27,400	0
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>1,440,365</b>	<b>1,327,900</b>	<b>1,308,700</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(126,816)	(37,700)	(5,300)
<b>TOTAL INCOME</b>	<b>(126,816)</b>	<b>(37,700)</b>	<b>(5,300)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,313,549</b>	<b>1,290,200</b>	<b>1,303,400</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	382,000	452,700	492,900
Departmental Support Charges	0	0	0
Capital Charges	2,500	2,500	2,500
Central Support Income	(1,698,049)	(1,745,400)	(1,798,800)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(1,313,549)</b>	<b>(1,290,200)</b>	<b>(1,303,400)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2014/15</b>	<b>0</b>
Inflation	41,700
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(28,500)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(13,200)
<b>Original Budget 2015/16</b>	<b>0</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	37.9
	37.9



**CARBON REDUCTION COMMITMENT**

Under the Government's Carbon Reduction Commitment Scheme the Council was required to buy carbon credits to cover its carbon usage each year. This budget, for the purchase of those credits, is no longer required as the scheme ended in 2014/15.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	0	0	0
Premises	50,195	125,000	0
Transport	0	0	0
Supplies & Services	1,290	0	0
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>51,485</b>	<b>125,000</b>	<b>0</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	0	0	0
<b>TOTAL INCOME</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>51,485</b>	<b>125,000</b>	<b>0</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	0	0	0
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>51,485</b>	<b>125,000</b>	<b>0</b>

<b><u>Variation Analysis</u></b>		
<b>Original Budget 2014/15</b>		<b>125,000</b>
Inflation		0
Changes in Government Grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Budget Review Savings		(125,000)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		0
<b>Original Budget 2015/16</b>		<b>0</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	0.0	0.0

**EFFICIENCY & TRANSFORMATION TEAM**

This budget has been used to meet the salaries & associated costs of staff seconded to the Efficiency & Transformation Team. From 2014/15 these activities are more focussed on specific programmes & activities which have their own funding, meaning the team budget is no longer needed

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	182,727	0	0
Premises	0	0	0
Transport	9,258	0	0
Supplies & Services	104,515	0	0
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>296,500</b>	<b>0</b>	<b>0</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(9,265)	0	0
<b>TOTAL INCOME</b>	<b>(9,265)</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>287,235</b>	<b>0</b>	<b>0</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	25,100	10,500	3,100
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(312,335)	(10,500)	(3,100)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(287,235)</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Variation Analysis**

<b>Original Budget 2014/15</b>	<b>0</b>
Inflation	0
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	0
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	0
<b>Original Budget 2015/16</b>	<b>0</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	0.0      0.0

**HOME LOANS UNIT**

The Home Loans Unit administers the ex-GLC residential mortgage portfolio on behalf of the 33 London Boroughs, under the terms of SI 1988 No 1747. Revenue & capital surpluses generated by the mortgages are distributed to the boroughs.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	28,843	29,600	30,000
Premises	0	0	0
Transport	0	0	0
Supplies & Services	11,314	13,800	13,800
Third Party Payments	50,000	64,300	64,300
Transfer Payments	0	0	0
Support Services	5,166	1,800	1,800
<b>TOTAL EXPENDITURE</b>	<b>95,323</b>	<b>109,500</b>	<b>109,900</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(129,469)	(131,000)	(131,000)
<b>TOTAL INCOME</b>	<b>(129,469)</b>	<b>(131,000)</b>	<b>(131,000)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>(34,146)</b>	<b>(21,500)</b>	<b>(21,100)</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	24,926	36,600	38,500
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>24,926</b>	<b>36,600</b>	<b>38,500</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>(9,220)</b>	<b>15,100</b>	<b>17,400</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2014/15</b>	<b>15,100</b>
Inflation	800
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(400)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	1,900
<b>Original Budget 2015/16</b>	<b>17,400</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	0.0      0.0

## SECTION C

## FINANCE &amp; CORPORATE SERVICES

**ARTS & MUSIC**

The Arts Service at the historic site of Orleans House Gallery delivers an innovative, integrated & accessible arts provision. Working in partnership with a range of providers & organisations the service works across the borough encouraging all forms of creative development; covering visual arts, dance, drama, music, film & literature.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Original</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	411,707	354,200	360,500
Premises	130,051	53,200	35,600
Transport	13,344	500	700
Supplies & Services	909,718	325,200	358,300
Third Party Payments	4,783	0	0
Transfer Payments	0	28,500	28,500
Support Services	252	300	200
<b>TOTAL EXPENDITURE</b>	<b>1,469,855</b>	<b>761,900</b>	<b>783,800</b>
<b><u>Income</u></b>			
Government Grants	(134,122)	0	0
Other Grants & Contributions	(101,304)	(8,500)	(13,500)
Customer & Client Receipts	(314,271)	(79,300)	(54,500)
<b>TOTAL INCOME</b>	<b>(549,697)</b>	<b>(87,800)</b>	<b>(68,000)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>920,158</b>	<b>674,100</b>	<b>715,800</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	142,359	189,200	164,200
Departmental Support Charges	0	0	0
Capital Charges	863,613	4,200	4,200
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,005,972</b>	<b>193,400</b>	<b>168,400</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>1,926,130</b>	<b>867,500</b>	<b>884,200</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2014/15</b>	<b>867,500</b>
Inflation	10,300
Changes in Government Grants	0
Other Government or Outside Body changes	(100)
Demand Led Growth	0
Budget Review Savings	(7,200)
Investment Priorities	20,000
Other Growth & Savings	78,200
Budget Transfers	(84,500)
<b>Original Budget 2015/16</b>	<b>884,200</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	7.5                      7.5

## SECTION C

## FINANCE &amp; CORPORATE SERVICES

**LIBRARY SERVICE**

The borough has 11 lending libraries & a central Reference & Information Service at the Old Town Hall, comprising the Reference Library & Local Studies Library.

	<u>2013/14</u> <u>Actual</u> <u>£</u>	<u>2014/15</u> <u>Original</u> <u>£</u>	<u>2015/16</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	2,637,745	2,480,900	2,563,000
Premises	458,100	403,900	342,500
Transport	36,820	46,300	44,400
Supplies & Services	1,232,821	861,800	861,800
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	5,962	5,700	4,000
<b>TOTAL EXPENDITURE</b>	<b>4,371,448</b>	<b>3,798,600</b>	<b>3,815,700</b>
<b><u>Income</u></b>			
Government Grants	(21,634)	0	0
Other Grants & Contributions	(3,550)	0	0
Customer & Client Receipts	(628,168)	(190,000)	(190,900)
<b>TOTAL INCOME</b>	<b>(653,352)</b>	<b>(190,000)</b>	<b>(190,900)</b>
<b>NET EXPENDITURE</b>	<b>3,718,096</b>	<b>3,608,600</b>	<b>3,624,800</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	660,793	547,100	540,100
Departmental Support Charges	0	0	0
Capital Charges	400,436	350,400	409,100
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,061,229</b>	<b>897,500</b>	<b>949,200</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>4,779,325</b>	<b>4,506,100</b>	<b>4,574,000</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2014/15</b>	<b>4,506,100</b>
Inflation	107,700
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(20,500)
Investment Priorities	0
Other Growth & Savings	(100)
Budget Transfers	(19,200)
<b>Original Budget 2015/16</b>	<b>4,574,000</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	80.7      80.7

## SECTION C

## FINANCE &amp; CORPORATE SERVICES

**CENTRAL ITEMS**

Central items includes income & expenditure that relates to the Council's treasury (or cash) management function as well as items that are budgeted for centrally that relate to all Directorates. This includes amounts set aside for items of expenditure that are not foreseen at the time budgets are set (contingency), amounts set aside for investment in specific areas during the year, non-ringfenced Government Grants & the use of the Council's general & earmarked reserves.

	<u>2013/14</u> <u>Actual</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>	<u>2015/16</u> <u>Estimate</u> <u>£</u>
<b><u>ASSET MANAGEMENT &amp; TREASURY</u></b>			
Interest Payable	3,908,999	4,023,800	4,533,000
Interest Receivable	(1,519,511)	(564,000)	(911,000)
MRP (Principal Loan Repay)	2,278,243	1,905,000	2,949,000
Revenue Funding of Capital Expenditure			
- Use of Revenue Reserves	663,284	1,196,000	516,000
- Use of Revenue Grants & Contributions	4,413,926	917,000	1,014,800
- General DRF	9,394,999	0	0
<b><u>CONTINGENCY &amp; INVESTMENT ITEMS</u></b>			
AFC Start Up	(250,000)	0	0
General Contingency	0	1,124,900	529,200
Pavements & Highways	0	1,000,000	500,000
Procurement Contract Savings	(334,218)	(250,000)	(200,000)
Rugby World Cup	0	100,000	195,000
Village Plans	0	375,000	337,900
<b><u>NON-RINGFENCED GOVERNMENT GRANTS</u></b>			
New Homes Bonus Grant	(2,209,005)	(2,509,900)	(2,081,000)
Council Tax Freeze Grant	(1,176,472)	(1,092,000)	(1,200,000)
Section 31 Grant	0	(213,000)	(1,005,300)
Revenue Support Grant/Retained Business Rates	(52,781,117)	(50,452,400)	(45,021,500)
<b><u>OTHER</u></b>			
Central Redundancies	136	0	0
Centrally Funded Pensions	2,393,170	4,852,100	4,989,400
Distribution of surplus/deficit on Collection Fund	(1,378,103)	(750,000)	(750,000)
NNDR Levy & Tariff	3,620,291	3,826,900	3,900,900
Contributions to/from Earmarked Reserves	(4,546,443)	10,400	187,000
To/from Earmarked Reserves to reduce Council Tax			(1,700,000)
<b>NET EXPENDITURE</b>	<b><u>(37,521,821)</u></b>	<b><u>(36,500,200)</u></b>	<b><u>(33,216,600)</u></b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	20,637	3,900	3,900
Departmental Support Charges	0	0	0
Capital Charges	8,420	0	0
Reversal of Depreciation	(12,608,259)	(12,520,500)	(12,429,800)
Reversal of Deferred Charges	(13,396,384)	(12,046,000)	(12,046,000)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b><u>(25,975,586)</u></b>	<b><u>(24,562,600)</u></b>	<b><u>(24,471,900)</u></b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b><u>(63,497,407)</u></b>	<b><u>(61,062,800)</u></b>	<b><u>(57,688,500)</u></b>

**Variation Analysis**

<b>Original Budget 2014/15</b>	<b>(61,062,800)</b>
Inflation	(254,800)
Changes in Government Grants	5,658,400
Other Government or Outside Body changes	74,000
Demand Led Growth	0
Budget Review Savings	(629,600)
Investment Priorities	944,000
Other Growth & Savings	(1,842,000)
Budget Transfers	(575,700)
<b>Original Budget 2015/16</b>	<b><u>(57,688,500)</u></b>

# **EDUCATION & CHILDREN'S SERVICES**

Should you have any queries concerning the Education & Children's Services pages please contact:

**Brian Blenman**  
Principal Finance Manager

Tel: 020 8891 7205

[b.blenman@richmond.gov.uk](mailto:b.blenman@richmond.gov.uk)

## SECTION D

## EDUCATION &amp; CHILDREN'S SERVICES

REVENUE BUDGET - SUMMARY OF EXPENDITURE

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b>Total Education &amp; Children's Services</b>	<u>43,582,591</u>	<u>44,315,000</u>	<u>42,741,200</u>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2014/15</b>	<b>44,315,000</b>
Inflation	411,600
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	500,000
Budget Review Savings	(1,500,000)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(985,400)
<b>Original Budget 2015/16</b>	<b><u>42,741,200</u></b>



## SECTION D

## EDUCATION &amp; CHILDREN'S SERVICES

**EDUCATION & CHILDREN'S SERVICES**

These budgets pay for Children's Social & Education Services in the borough. From 1st April 2014 Children's Social Services has been commissioned from a community Interest Company called Achieving for Children (AfC). This company is jointly owned by the London Borough of Richmond & the Royal Borough of Kingston. The commissioned services comprise; Social Care (including social work, looked after children & leaving care), Protection & Early Help Services (including youth support, special educational needs, early years & family support) & Education Services (including school place commissioning, school improvement). The Council retains budgets for most Government Grants, payment of fixed education grants to schools & nurseries, employment of staff with statutory responsibilities & a contract budget (payable to AfC for commissioned services).

	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
	£	£	£
<b>Expenditure</b>			
Employees	19,456,826	1,059,500	180,200
Premises	2,216,300	106,000	0
Transport	3,935,340	0	0
Supplies & Services	9,668,612	13,700	4,062,600
Third Party Payments	17,599,018	56,295,800	47,701,600
Transfer Payments	83,352,266	68,780,700	80,195,400
Support Services	834,132	0	2,900
<b>NET EXPENDITURE</b>	<b>137,062,494</b>	<b>126,255,700</b>	<b>132,142,700</b>
<b>Income</b>			
Central Education Services Grant	(2,233,100)	(2,228,000)	(2,229,800)
Dedicated Schools Grant	(89,323,000)	(91,607,000)	(91,828,100)
Government Grants	(4,784,019)	(5,149,300)	(7,437,100)
Other Grants & Contributions	(7,505,761)	(45,300)	(1,784,900)
Customer & Client Receipts	(5,151,562)	0	(90,100)
<b>TOTAL INCOME</b>	<b>(108,997,442)</b>	<b>(99,029,600)</b>	<b>(103,370,000)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>28,065,052</b>	<b>27,226,100</b>	<b>28,772,700</b>
<b>Financial Accounting Adjustments</b>			
Central Support Charges	5,102,186	4,145,600	1,494,600
Departmental Support Charges	5,551,913	0	0
Capital Charges	10,514,801	12,943,300	12,473,900
Central Support Income	(99,448)	0	0
Departmental Support Income	(5,551,913)	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>15,517,539</b>	<b>17,088,900</b>	<b>13,968,500</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>43,582,591</b>	<b>44,315,000</b>	<b>42,741,200</b>

**BUDGETED STAFFING FTE'S**

Number of full time equivalent employees	16.0	1.0
Employee FTE's (Budgeted) schools	1,021.0*	1,055.0
Employee FTE's (Budgeted) total	1,037.0	1,056.0

\*Includes schools which has been restated to reflect the exact fte figure, as at 1/4/14.

# **ENVIRONMENT DIRECTORATE**

Should you have any queries concerning the Environment Directorate pages please contact:

**Nick Greenaway**  
Principle Finance Manager

Tel: 020 8891 7375

Email: [n.greenaway@richmond.gov.uk](mailto:n.greenaway@richmond.gov.uk)

**REVENUE BUDGET - SUMMARY OF EXPENDITURE**

<b><u>PURPOSE</u></b>	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
Property Services	470,043	1,600,400	757,500
Facilities Management (Including Health,Safety & Resilience Team	(466,182)	421,300	267,400
Sports, Parks & Open Spaces (Including Cemeteries)	6,776,214	5,828,000	6,253,300
Planning & Development Services	3,946,489	3,592,500	3,296,400
Regulatory Services	1,555,115	1,579,800	1,272,600
Waste Services	18,740,568	15,934,900	15,913,900
Highways Management	6,073,255	5,602,900	6,009,400
Transport Planning & Safety Education	3,095,508	2,672,200	2,675,400
Parking Services	(6,627,961)	(5,761,900)	(6,653,000)
Transport Fleet Management & Maintenance	(1,385)	0	0
Directorate Management & Support	0	0	0
<b>Total for Environment</b>	<b><u>33,561,664</u></b>	<b><u>31,470,100</u></b>	<b><u>29,792,900</u></b>

**Variation Analysis**

<b>Original Estimate 2014/15</b>	<b>31,470,100</b>
Inflation	521,300
Changes in Government Grants	0
Other Government or Outside Body Changes	(133,500)
Demand Led Growth	40,000
Budget Review Savings	(3,001,900)
Investment Priorities	382,000
Other Growth & Savings	27,000
Budget Transfers	487,900
<b>Original Budget 2015/16</b>	<b><u>29,792,900</u></b>

**SUBJECTIVE ANALYSIS**

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	16,400,429	15,979,500	14,540,500
Premises	10,395,583	11,395,200	11,358,300
Transport	1,730,038	2,023,600	2,241,800
Supplies & Services	4,728,607	3,297,500	3,027,700
Third Party Payments	22,453,198	21,453,000	23,442,900
Transfer Payments	0	0	0
Support Services	609,210	520,900	355,500
<b>TOTAL EXPENDITURE</b>	<b>56,317,065</b>	<b>54,669,700</b>	<b>54,966,700</b>
<b><u>Income</u></b>			
Government Grants	(96,645)	(122,000)	(96,500)
Other Grants & Contributions	(417,749)	(210,400)	(200,400)
Customer & Client Receipts	(31,148,095)	(28,476,900)	(32,361,300)
<b>TOTAL INCOME</b>	<b>(31,662,489)</b>	<b>(28,809,300)</b>	<b>(32,658,200)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>24,654,576</b>	<b>25,860,400</b>	<b>22,308,500</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	8,014,108	7,857,100	7,971,700
Departmental Support Charges	6,944,609	6,077,400	6,335,700
Capital Charges	8,762,595	4,894,300	5,192,600
Central Support Income	(7,869,615)	(7,141,700)	(5,679,900)
Departmental Support Income	(6,944,609)	(6,077,400)	(6,335,700)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>8,907,088</b>	<b>5,609,700</b>	<b>7,484,400</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>33,561,664</b>	<b>31,470,100</b>	<b>29,792,900</b>

**BUDGETED STAFFING FTE'S**

	<b>2014/15</b>	<b>2015/16</b>
Number of full time equivalent employees	376.0	345.4

**PROPERTY SERVICES**

Property Services covers every aspect of building related matters; including specialist advice & services on all construction & property matters, as well as construction project management through the Project Management Office. The Estates Team provide valuation & estate management advice, including disposals & acquisitions, strategic asset management planning, & the taking & granting of leases & licences.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	812,116	952,100	835,900
Premises	250,548	2,223,100	2,934,500
Transport	2,194	4,300	79,300
Supplies & Services	44,279	151,000	111,400
Third Party Payments	78,954	34,400	34,400
Transfer Payments	0	0	0
Support Services	195,452	145,900	124,200
<b>TOTAL EXPENDITURE</b>	<b>1,383,543</b>	<b>3,510,800</b>	<b>4,119,700</b>
<b><u>Income</u></b>			
Government Grants	(13,566)	(7,800)	(7,800)
Other Grants & Contributions	(11,756)	0	0
Customer & Client Receipts	(830,674)	(1,142,900)	(3,731,300)
<b>TOTAL INCOME</b>	<b>(855,996)</b>	<b>(1,150,700)</b>	<b>(3,739,100)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>527,547</b>	<b>2,360,100</b>	<b>380,600</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	193,126	313,900	406,600
Departmental Support Charges	181,300	170,000	236,500
Capital Charges	234,312	46,800	449,200
Central Support Income	(666,242)	(1,290,400)	(715,400)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(57,504)</b>	<b>(759,700)</b>	<b>376,900</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>470,043</b>	<b>1,600,400</b>	<b>757,500</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2014/15</b>		<b>1,600,400</b>
Inflation		71,100
Changes in Government Grants		0
Other Government or Outside Body Changes		43,700
Demand Led Growth		0
Budget Review Savings		(598,600)
Investment Priorities		52,000
Other Growth & Savings		0
Budget Transfers		(411,100)
<b>Original Budget 2015/16</b>		<b>757,500</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	18.0	14.5

**FACILITIES MANAGEMENT SERVICES (INCLUDING HEALTH, SAFETY & RESILIENCE TEAM)**

Facilities Management Services provides support to the Council across a number of areas; Civic Premises Management, Building Maintenance, Building Cleaning, Public Halls, Community Centres, Catering & the Document & Delivery Service. The Council has a Central Depot located at Langhorn Drive which is used as a base for the Council's key operational activities. The Health & Safety Team acts as advisors to the Council, & also delivers duties under the Civil Contingencies Act 2004. The team also responds to emergencies & manages the Council's Emergency Control Centre.

	<u>2013/14</u> <u>Actual</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>	<u>2015/16</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	1,547,739	1,246,900	1,254,500
Premises	3,912,431	3,042,300	2,139,200
Transport	59,261	40,100	40,000
Supplies & Services	884,122	659,000	659,000
Third Party Payments	97,002	33,600	33,600
Transfer Payments	0	0	0
Support Services	30,764	4,600	17,500
<b>TOTAL EXPENDITURE</b>	<b>6,531,319</b>	<b>5,026,500</b>	<b>4,143,800</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(3,367,245)	(2,448,000)	(2,376,000)
<b>TOTAL INCOME</b>	<b>(3,367,245)</b>	<b>(2,448,000)</b>	<b>(2,376,000)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>3,164,074</b>	<b>2,578,500</b>	<b>1,767,800</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	1,098,050	786,800	863,300
Departmental Support Charges	289,000	290,100	329,200
Capital Charges	864,469	737,900	720,200
Central Support Income	(5,015,802)	(3,343,800)	(2,782,800)
Departmental Support Income	(865,973)	(628,200)	(630,300)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(3,630,256)</b>	<b>(2,157,200)</b>	<b>(1,500,400)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>(466,182)</b>	<b>421,300</b>	<b>267,400</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2014/15</b>	<b>421,300</b>
Inflation	43,400
Changes in Government Grants	0
Other Government or Outside Body Changes	(22,300)
Demand Led Growth	40,000
Budget Review Savings	(84,800)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(130,200)
<b>Original Budget 2015/16</b>	<b>267,400</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	35.4      35.4

**SPORTS, PARKS & OPEN SPACES (INCLUDING CEMETERIES)**

These services are responsible for 146 parks & open spaces covering a total of 517 hectares. Included in this area are 43 equipped children's playgrounds, the management of over 17,000 street trees & the administration of Tree Preservation Orders. There are 24 allotment sites in the borough divided into 1,886 individual plots. There are 6 cemeteries open for burial, which cover 36 hectares & over 350 funeral services a year are carried out. The Sports Team's objectives are to develop participation in sport, improve standards of performance & improve facilities in conjunction with a range of partners. The team includes sports development, the 4 sports & fitness centres & the borough's 8 pools, one of which is run by Springhealth.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	2,714,786	2,669,300	2,654,300
Premises	4,241,938	3,852,900	4,071,200
Transport	27,051	39,200	41,700
Supplies & Services	975,987	722,300	722,300
Third Party Payments	708,350	751,200	762,400
Transfer Payments	0	0	0
Support Services	29,710	26,500	15,500
<b>TOTAL EXPENDITURE</b>	<b>8,697,822</b>	<b>8,061,400</b>	<b>8,267,400</b>
<b><u>Income</u></b>			
Government Grants	(11,075)	(43,200)	(41,700)
Other Grants & Contributions	(114,626)	(93,600)	(93,600)
Customer & Client Receipts	(3,421,034)	(3,320,500)	(3,459,700)
<b>TOTAL INCOME</b>	<b>(3,546,735)</b>	<b>(3,457,300)</b>	<b>(3,595,000)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>5,151,087</b>	<b>4,604,100</b>	<b>4,672,400</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	746,462	635,500	805,600
Departmental Support Charges	399,868	377,700	505,900
Capital Charges	734,797	431,500	520,700
Central Support Income	0	0	0
Departmental Support Income	(256,000)	(220,800)	(251,300)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,625,127</b>	<b>1,223,900</b>	<b>1,580,900</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>6,776,214</b>	<b>5,828,000</b>	<b>6,253,300</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2014/15</b>	<b>5,828,000</b>
Inflation	58,700
Changes in Government Grants	0
Other Government or Outside Body Changes	7,900
Demand Led Growth	0
Budget Review Savings	(175,700)
Investment Priorities	280,000
Other Growth & Savings	0
Budget Transfers	254,400
<b>Original Budget 2015/16</b>	<b>6,253,300</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	75.0      74.0

**PLANNING & DEVELOPMENT SERVICES**

This group encompasses Building Control (Inc. Land Charges & Land Contamination), Development Control, Land Use Policy & Design, reviewing of Planning & Conservation Policies & Initiatives & Economic Development.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	3,264,494	3,285,100	3,209,800
Premises	4,995	5,100	5,100
Transport	49,496	48,600	48,500
Supplies & Services	880,187	357,000	354,400
Third Party Payments	401,083	344,900	265,900
Transfer Payments	0	0	0
Support Services	255,414	196,300	157,400
<b>TOTAL EXPENDITURE</b>	<b>4,855,669</b>	<b>4,237,000</b>	<b>4,041,100</b>
<b><u>Income</u></b>			
Government Grants	(71,221)	(71,000)	(47,000)
Other Grants & Contributions	(135,862)	(114,100)	(104,100)
Customer & Client Receipts	(2,367,035)	(2,057,700)	(2,346,200)
<b>TOTAL INCOME</b>	<b>(2,574,118)</b>	<b>(2,242,800)</b>	<b>(2,497,300)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>2,281,551</b>	<b>1,994,200</b>	<b>1,543,800</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	1,078,281	1,005,300	1,138,200
Departmental Support Charges	920,652	888,200	959,500
Capital Charges	405	400	400
Central Support Income	0	0	0
Departmental Support Income	(334,400)	(295,600)	(345,500)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,664,938</b>	<b>1,598,300</b>	<b>1,752,600</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>3,946,489</b>	<b>3,592,500</b>	<b>3,296,400</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2014/15</b>	<b>3,592,500</b>
Inflation	35,200
Changes in Government Grants	0
Other Government or Outside Body Changes	10,000
Demand Led Growth	0
Budget Review Savings	(318,300)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(23,000)
<b>Original Budget 2015/16</b>	<b>3,296,400</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	68.0      67.0



**REGULATORY SERVICES**

Regulatory Services includes Commercial Environmental Health (Food Safety, Workplace Health & Safety, Commercial Noise & Pollution Control & Planning/Licensing Consultation), Trading Standards, Licensing & Air Quality, all of which are now part of the new Joint Regulatory Services Partnership with London Borough of Merton. Special Projects deals mainly with Heathrow related matters. The Registration Service conducts over 1,100 civil ceremonies at the Registry Office & other approved premises within the borough, in addition to registering life events & citizenship services, including the Nationality Checking Service.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	1,427,738	1,337,600	351,300
Premises	100,523	105,600	0
Transport	26,098	25,800	16,500
Supplies & Services	148,978	270,300	68,600
Third Party Payments	60,764	62,100	1,232,100
Transfer Payments	0	0	0
Support Services	30,986	61,200	100
<b>TOTAL EXPENDITURE</b>	<b>1,795,087</b>	<b>1,862,600</b>	<b>1,668,600</b>
<b><u>Income</u></b>			
Government Grants	(783)	0	0
Other Grants & Contributions	0	(2,700)	(2,700)
Customer & Client Receipts	(1,055,829)	(1,009,100)	(1,035,600)
<b>TOTAL INCOME</b>	<b>(1,056,612)</b>	<b>(1,011,800)</b>	<b>(1,038,300)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>738,475</b>	<b>850,800</b>	<b>630,300</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	444,374	383,900	398,700
Departmental Support Charges	364,600	341,100	239,600
Capital Charges	7,666	4,000	4,000
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>816,640</b>	<b>729,000</b>	<b>642,300</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>1,555,115</b>	<b>1,579,800</b>	<b>1,272,600</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2014/15</b>	<b>1,579,800</b>
Inflation	(75,200)
Changes in Government Grants	0
Other Government or Outside Body Changes	(200)
Demand Led Growth	0
Budget Review Savings	(302,200)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	70,400
<b>Original Budget 2015/16</b>	<b>1,272,600</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	29.5                      7.5

**WASTE SERVICES**

In 2013/14 the Council recycled over 43% of the Borough's domestic waste. It provides a weekly refuse service to approximately 80,000 properties plus a trade collection service, for which a charge is made. Waste disposal is managed by the West London Waste Authority who have just mobilised a new long term contract for the treatment of residual waste giving greater certainty to the cost of waste disposal. Other services undertaken include Street Cleansing, graffiti removal & the management of the Community Toilet Scheme. It also retains cleansing responsibilities for the A316 & A205 which are part of the Transport for London road network.

	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
	£	£	£
<b><u>Expenditure</u></b>			
Employees	712,878	737,500	759,000
Premises	90,056	40,800	69,700
Transport	447,197	476,200	484,400
Supplies & Services	426,886	278,400	252,500
Third Party Payments	15,453,276	14,798,900	15,718,200
Transfer Payments	0	0	0
Support Services	5,379	7,400	3,800
<b>TOTAL EXPENDITURE</b>	<b>17,135,672</b>	<b>16,339,200</b>	<b>17,287,600</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(3,974,017)	(3,774,600)	(4,042,600)
<b>TOTAL INCOME</b>	<b>(3,974,017)</b>	<b>(3,774,600)</b>	<b>(4,042,600)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>13,161,655</b>	<b>12,564,600</b>	<b>13,245,000</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	1,848,914	2,231,400	1,589,500
Departmental Support Charges	1,221,107	1,021,500	924,700
Capital Charges	2,508,892	117,400	154,700
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>5,578,913</b>	<b>3,370,300</b>	<b>2,668,900</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>18,740,568</b>	<b>15,934,900</b>	<b>15,913,900</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2014/15</b>		<b>15,934,900</b>
Inflation		186,000
Changes in Government Grants		0
Other Government or Outside Body Changes		(171,300)
Demand Led Growth		0
Budget Review Savings		(464,800)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		429,100
<b>Original Budget 2015/16</b>		<b>15,913,900</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	22.0	22.0

**HIGHWAYS MANAGEMENT**

Highways Management is responsible for the reactive maintenance & planned improvements of 355km of Borough roads (unclassified), 'B' roads & 49km of Principal roads ('A' roads). It is also responsible for Street Lighting & Highways Structures including bridges.

	<u>2013/14</u> <u>Actual</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>	<u>2015/16</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	877,058	822,500	829,600
Premises	750,280	735,100	808,500
Transport	39,443	28,600	32,100
Supplies & Services	552,115	315,800	315,800
Third Party Payments	3,351,094	2,765,000	2,780,900
Transfer Payments	0	0	0
Support Services	16,178	14,800	11,100
<b>TOTAL EXPENDITURE</b>	<b>5,586,168</b>	<b>4,681,800</b>	<b>4,778,000</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(3,002,231)	(2,157,600)	(2,212,600)
<b>TOTAL INCOME</b>	<b>(3,002,231)</b>	<b>(2,157,600)</b>	<b>(2,212,600)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>2,583,937</b>	<b>2,524,200</b>	<b>2,565,400</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	322,155	373,400	414,900
Departmental Support Charges	1,707,233	1,490,500	1,608,000
Capital Charges	1,459,930	1,214,800	1,421,100
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>3,489,318</b>	<b>3,078,700</b>	<b>3,444,000</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>6,073,255</b>	<b>5,602,900</b>	<b>6,009,400</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2014/15</b>		<b>5,602,900</b>
Inflation		92,700
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(55,000)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		368,800
<b>Original Budget 2015/16</b>		<b>6,009,400</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	22.0	22.0

**TRANSPORT PLANNING & SAFETY EDUCATION**

Transport Planning covers Traffic Policy & Programmes, Projects & Partnership Functions & Traffic Management. Its key roles are delivering on the borough's transport strategy, securing funding from external sources mainly Transport for London, road safety education, day to day management of traffic, parking in the borough & design & delivery of the Capital Works Programme.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	1,006,472	1,163,200	928,800
Premises	763	0	0
Transport	6,065	2,800	4,300
Supplies & Services	89,695	39,000	39,000
Third Party Payments	531,220	508,300	509,500
Transfer Payments	0	0	0
Support Services	8,887	6,600	6,200
<b>TOTAL EXPENDITURE</b>	<b>1,643,102.00</b>	<b>1,719,900</b>	<b>1,487,800</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	(155,505)	0	0
Customer & Client Receipts	(655,051)	(688,100)	(500,300)
<b>TOTAL INCOME</b>	<b>(810,556)</b>	<b>(688,100)</b>	<b>(500,300)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>832,546.00</b>	<b>1,031,800</b>	<b>987,500</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	237,822	231,000	239,300
Departmental Support Charges	197,400	192,300	215,000
Capital Charges	1,964,940	1,399,100	1,414,700
Central Support Income	0	0	0
Departmental Support Income	(137,200)	(182,000)	(181,100)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>2,262,962.00</b>	<b>1,640,400</b>	<b>1,687,900</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>3,095,508.00</b>	<b>2,672,200</b>	<b>2,675,400</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2014/15</b>	<b>2,672,200</b>
Inflation	17,700
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(61,900)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	47,400
<b>Original Budget 2015/16</b>	<b>2,675,400</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	19.9      19.8

**PARKING SERVICES**

Parking Services administer 28 car parks containing 2,700 spaces & 37 Controlled Parking Zones. The Parking Enforcement Team processes penalty charge notices issued under prevailing legislation, administers & issues parking permits & manages the parking enforcement contractor.

	<u>2013/14</u> <u>Actual</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>	<u>2015/16</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	(2,055)	0	0
Premises	1,040,549	1,386,300	1,330,100
Transport	247	0	0
Supplies & Services	546,806	333,900	333,900
Third Party Payments	1,767,020	2,153,900	2,105,200
Transfer Payments	0	0	0
Support Services	8,437	7,400	2,600
<b>TOTAL EXPENDITURE</b>	<b>3,361,004</b>	<b>3,881,500</b>	<b>3,771,800</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(11,898,870)	(11,535,100)	(12,297,400)
<b>TOTAL INCOME</b>	<b>(11,898,870)</b>	<b>(11,535,100)</b>	<b>(12,297,400)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b><u>(8,537,866)</u></b>	<b><u>(7,653,600)</u></b>	<b><u>(8,525,600)</u></b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	277,803	544,200	499,100
Departmental Support Charges	1,294,749	1,010,400	1,032,100
Capital Charges	337,353	337,100	341,400
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,909,905</b>	<b>1,891,700</b>	<b>1,872,600</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b><u>(6,627,961)</u></b>	<b><u>(5,761,900)</u></b>	<b><u>(6,653,000)</u></b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2014/15</b>	<b>(5,761,900)</b>
Inflation	31,300
Changes in Government Grants	0
Other Government or Outside Body Changes	(1,300)
Demand Led Growth	0
Budget Review Savings	(918,300)
Investment Priorities	0
Other Growth & Savings	27,000
Budget Transfers	(29,800)
<b>Original Budget 2015/16</b>	<b><u>(6,653,000)</u></b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	0.0                      0.0

**TRANSPORT FLEET MANAGEMENT & MAINTENANCE**

The Transport Services Team provides a complete range of vehicle provision to all services within the Council. The Transport Workshop carries out maintenance & repairs to the Council's fleet consisting of 85 vehicles & currently provides class 4,5 & 7 MOT's to the public & contractors.

	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
	<u>£</u>	<u>£</u>	<u>£</u>
<b><u>Expenditure</u></b>			
Employees	338,381	334,400	335,100
Premises	3,500	4,000	0
Transport	1,021,983	1,329,800	1,457,900
Supplies & Services	44,080	52,800	52,800
Third Party Payments	2,005	700	700
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>1,409,949</b>	<b>1,721,700</b>	<b>1,846,500</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(228,394)	(98,400)	(114,700)
<b>TOTAL INCOME</b>	<b>(228,394)</b>	<b>(98,400)</b>	<b>(114,700)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,181,555</b>	<b>1,623,300</b>	<b>1,731,800</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	22,300	16,100	32,700
Departmental Support Charges	332,500	262,800	251,000
Capital Charges	649,831	605,300	166,200
Central Support Income	(2,187,571)	(2,507,500)	(2,181,700)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(1,182,940)</b>	<b>(1,623,300)</b>	<b>(1,731,800)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>(1,385)</b>	<b>0</b>	<b>0</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2014/15</b>	<b>0</b>
Inflation	2,800
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	47,900
Investment Priorities	50,000
Other Growth & Savings	0
Budget Transfers	(100,700)
<b>Original Budget 2015/16</b>	<b>0</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	8.0                      8.0

**DIRECTORATE MANAGEMENT & SUPPORT**

These budgets incorporate management, finance & general administrative support for the Environment Directorate via admin hubs & technical staff whose duties cover more than one service.

	<u>2013/14</u> <u>Actual</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>	<u>2015/16</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	3,700,822	3,430,900	3,382,200
Premises	0	0	0
Transport	51,003	28,200	37,100
Supplies & Services	135,472	118,000	118,000
Third Party Payments	2,430	0	0
Transfer Payments	0	0	0
Support Services	28,003	50,200	17,100
<b>TOTAL EXPENDITURE</b>	<b>3,917,730</b>	<b>3,627,300</b>	<b>3,554,400</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(347,715)	(244,900)	(244,900)
<b>TOTAL INCOME</b>	<b>(347,715)</b>	<b>(244,900)</b>	<b>(244,900)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>3,570,015</b>	<b>3,382,400</b>	<b>3,309,500</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	1,744,821	1,335,600	1,583,800
Departmental Support Charges	36,200	32,800	34,200
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	(5,351,036)	(4,750,800)	(4,927,500)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(3,570,015)</b>	<b>(3,382,400)</b>	<b>(3,309,500)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2014/15</b>		<b>0</b>
Inflation		57,600
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(70,200)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		12,600
<b>Original Budget 2015/16</b>		<b>0</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	78.2	75.2

# **ADULT & COMMUNITY SERVICES**

Should you have any queries concerning the Adult & Community Services pages please contact:

**Brian Blenman**  
Principal Finance Manager

Tel: 020 8891 7205

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## SECTION F

## ADULT &amp; COMMUNITY SERVICES

**SUMMARY BY SERVICE AREA**

<b><u>PURPOSE</u></b>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Commissioning Care Services Management	0	0	0
Community Teams	6,533,113	6,394,900	6,681,600
Care Services - Older People & Physical Disabilities	19,577,225	19,989,500	13,822,000
Care Services - Learning Disabilities	16,903,343	17,064,300	18,700,000
Care Services - Mental Health	4,995,724	4,792,500	4,830,900
Care Services - Support with Memory & Cognition	0	0	4,409,200
Care services - Sensory Support	0	0	470,300
Careline	790,212	781,800	845,000
Other Commissioned Services - Adult Social Care	1,323,258	1,494,400	1,426,100
Performance & Quality Assurance	0	0	0
Community Services Operations Management	(285)	0	0
Housing Advice & Assessment	1,379,221	1,276,900	1,254,300
Resettlement Service	220,492	203,200	165,800
Temporary Accommodation	5,144,194	5,324,800	5,377,300
Private Sector Housing Team	2,514,537	2,985,600	2,951,000
Care Provision - Learning Disabilities	3,948,430	3,595,600	3,627,500
Care Provision - Older People & Physical Disabilities	2,899,533	2,168,400	2,582,100
Transport Operations	0	464,500	(12,800)
Accessible Transport Unit	7,627,352	8,223,000	8,600,000
Commissioning Corp. Policy & Strategy Management	0	0	0
Accountability & Engagement	1,712,800	1,074,200	1,087,800
Partnerships & Planning	1,432,229	1,358,300	1,433,200
Voluntary Organisations - Corporate Grants Programme	1,346,205	973,900	949,300
Corporate Procurement	0	0	0
Corporate Equality & Diversity	0	0	0
Corporate Communications	0	0	0
Democratic Services & Representation	2,070,619	2,155,700	2,323,100
Rent Allowances	(501,760)	(38,000)	38,600
Supported Housing Services	2,430,704	2,676,900	2,528,800
Direct Management, Finance & Resources	354,658	720,700	516,500
Joint Commissioning Collaborative Team	42,301	0	0
Public Health Services	(232)	95,900	0
<b>Total Adult &amp; Community Services Directorate</b>	<b>82,743,873</b>	<b>83,777,000</b>	<b>84,607,600</b>

**Variation Analysis**

<b>Original Estimate 2014/15</b>	<b>83,777,000</b>
Inflation	1,692,300
Changes in Government Grants	0
Other Government or Outside Body Changes	215,000
Demand Led Growth	789,000
Budget Review Savings	(2,414,200)
Investment Priorities	0
Other Growth & Savings	(5,000)
Budget Transfers	553,500
<b>Original Budget 2015/16</b>	<b>84,607,600</b>

## SECTION F

## ADULT &amp; COMMUNITY SERVICES

**SUBJECTIVE ANALYSIS**

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	26,177,642	24,599,000	24,764,700
Premises	2,170,688	1,974,200	1,936,900
Transport	1,624,030	1,261,800	1,679,500
Supplies & Services	5,951,006	6,446,500	7,202,600
Third Party Payments	60,470,668	62,167,700	71,320,400
Transfer Payments	76,801,472	77,911,900	80,970,000
Support Services	318,944	357,800	238,700
<b>TOTAL EXPENDITURE</b>	<b>173,514,452</b>	<b>174,718,900</b>	<b>188,112,800</b>
<b><u>Income</u></b>			
Government Grants	(76,483,713)	(76,949,500)	(82,781,100)
Other Grants & Contributions	(6,529,327)	(5,912,000)	(12,713,700)
Customer & Client Receipts	(17,968,725)	(18,862,800)	(19,359,500)
<b>TOTAL INCOME</b>	<b>(100,981,765)</b>	<b>(101,724,300)</b>	<b>(114,854,300)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b><u>72,532,687</u></b>	<b><u>72,994,600</u></b>	<b><u>73,258,500</u></b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	7,887,120	7,278,300	8,222,000
Departmental Support Charges	8,986,635	8,115,500	8,095,300
Capital Charges	4,903,044	5,917,600	5,912,300
Central Support Income	(2,578,978)	(2,413,500)	(2,785,200)
Departmental Support Income	(8,986,635)	(8,115,500)	(8,095,300)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>10,211,186</b>	<b>10,782,400</b>	<b>11,349,100</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b><u>82,743,873</u></b>	<b><u>83,777,000</u></b>	<b><u>84,607,600</u></b>

**BUDGETED STAFFING FTE'S**

	<b>2014/15</b>	<b>2015/16</b>
Number of full time equivalent employees	601.0	604.5

## SECTION F

## ADULT &amp; COMMUNITY SERVICES

**COMMISSIONING CARE SERVICES MANAGEMENT**

This includes the management costs of Commissioning Care Services Division, recharged to services within the division.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	562,585	651,100	785,800
Premises	104,310	0	0
Transport	730	800	800
Supplies & Services	34,083	18,900	33,300
Third Party Payments	105,650	0	0
Transfer Payments	0	0	0
Support Services	7,486	7,400	1,900
<b>TOTAL EXPENDITURE</b>	<b>814,844</b>	<b>678,200</b>	<b>821,800</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	(23,200)	(23,200)
Customer & Client Receipts	0	0	0
<b>TOTAL INCOME</b>	<b>0</b>	<b>(23,200)</b>	<b>(23,200)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>814,844</b>	<b>655,000</b>	<b>798,600</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	106,099	98,100	126,600
Departmental Support Charges	232,074	226,400	232,500
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	(1,153,017)	(979,500)	(1,157,700)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(814,844)</b>	<b>(655,000)</b>	<b>(798,600)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2014/15</b>		<b>0</b>
Inflation		(11,300)
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(700)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		12,000
<b>Original Budget 2015/16</b>		<b>0</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	6.0	7.0

## SECTION F

## ADULT &amp; COMMUNITY SERVICES

**COMMUNITY TEAMS**

This provides statutory assessment, care management, occupational therapy & safeguarding services for adults & older people.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	4,344,087	4,025,100	4,109,400
Premises	83,246	172,200	126,700
Transport	59,689	53,800	53,800
Supplies & Services	195,084	558,400	1,083,900
Third Party Payments	17,626	50,000	50,000
Transfer Payments	1,849	6,900	6,900
Support Services	18,984	40,900	13,000
<b>TOTAL EXPENDITURE</b>	<b>4,720,565</b>	<b>4,907,300</b>	<b>5,443,700</b>
<b><u>Income</u></b>			
Government Grants	0	0	(975,500)
Other Grants & Contributions	(95,536)	(495,700)	0
Customer & Client Receipts	(330,725)	(311,600)	(311,600)
<b>TOTAL INCOME</b>	<b>(426,261)</b>	<b>(807,300)</b>	<b>(1,287,100)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>4,294,304</b>	<b>4,100,000</b>	<b>4,156,600</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	879,398	1,014,500	1,230,600
Departmental Support Charges	1,358,404	1,279,400	1,302,800
Capital Charges	1,007	1,000	300
Central Support Income	0	0	0
Departmental Support Income	0	0	(8,700)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>2,238,809</b>	<b>2,294,900</b>	<b>2,525,000</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>6,533,113</b>	<b>6,394,900</b>	<b>6,681,600</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2014/15</b>	<b>6,394,900</b>
Inflation	86,900
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(2,400)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	202,200
<b>Original Budget 2015/16</b>	<b>6,681,600</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	99.1      99.1

## SECTION F

## ADULT &amp; COMMUNITY SERVICES

**CARE SERVICES - OLDER PEOPLE & PHYSICAL DISABILITIES**

This budget covers independent sector provision of care services for older people & physical disabilities including residential & nursing care, direct payments & equipment/minor adaptations, meals, home care & short breaks for carers. There have been changes to the national reporting requirements on care services.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	1,274,913	853,300	1,124,300
Premises	36,132	1,000	3,000
Transport	161,251	84,200	130,600
Supplies & Services	1,333,646	266,700	247,900
Third Party Payments	21,401,367	23,001,900	22,443,600
Transfer Payments	4,117,805	4,347,400	3,559,600
Support Services	0	100	0
<b>TOTAL EXPENDITURE</b>	<b>28,325,114</b>	<b>28,554,600</b>	<b>27,509,000</b>
<b><u>Income</u></b>			
Government Grants	(855,525)	(855,500)	(855,500)
Other Grants & Contributions	(3,547,425)	(2,500,000)	(9,810,400)
Customer & Client Receipts	(7,067,530)	(7,512,400)	(5,002,900)
<b>TOTAL INCOME</b>	<b>(11,470,480)</b>	<b>(10,867,900)</b>	<b>(15,668,800)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>16,854,634</b>	<b>17,686,700</b>	<b>11,840,200</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	483,126	315,200	453,800
Departmental Support Charges	1,916,923	1,666,000	1,204,800
Capital Charges	322,542	321,600	323,200
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>2,722,591</b>	<b>2,302,800</b>	<b>1,981,800</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>19,577,225</b>	<b>19,989,500</b>	<b>13,822,000</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2014/15</b>		<b>19,989,500</b>
Inflation		480,000
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(986,200)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		(5,661,300)
<b>Original Budget 2015/16</b>		<b>13,822,000</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	27.1	34.1

## SECTION F

## ADULT &amp; COMMUNITY SERVICES

**CARE SERVICES - LEARNING DISABILITIES**

This budget covers independent sector provision of care services for adults with learning disabilities, including residential & nursing care, direct payments, day support services, supported accommodation & short breaks for carers. There have been changes to the national reporting requirements on care services.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	54,119	0	0
Premises	195,347	196,800	196,800
Transport	100,699	175,000	175,000
Supplies & Services	5,545	23,800	0
Third Party Payments	14,598,255	14,617,700	15,836,300
Transfer Payments	1,709,824	2,271,200	2,006,400
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>16,663,789</b>	<b>17,284,500</b>	<b>18,214,500</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	(662,109)	(553,000)	(53,000)
Customer & Client Receipts	(781,591)	(973,700)	(927,700)
<b>TOTAL INCOME</b>	<b>(1,443,700)</b>	<b>(1,526,700)</b>	<b>(980,700)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>15,220,089</b>	<b>15,757,800</b>	<b>17,233,800</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	448,819	200,700	242,100
Departmental Support Charges	1,234,435	1,105,800	1,224,100
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,683,254</b>	<b>1,306,500</b>	<b>1,466,200</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>16,903,343</b>	<b>17,064,300</b>	<b>18,700,000</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2014/15</b>	<b>17,064,300</b>
Inflation	199,600
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	789,000
Budget Review Savings	0
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	647,100
<b>Original Budget 2015/16</b>	<b>18,700,000</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	0.0                      0.0

## SECTION F

## ADULT &amp; COMMUNITY SERVICES

**CARE SERVICES - MENTAL HEALTH**

This budget covers independent sector provision of care services for adults under 65 with mental health needs including services managed by South West London & St. Georges Mental Health Trust. There have been changes to the national reporting requirements on care services.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	1,619,176	1,653,200	1,504,100
Premises	148,912	129,300	129,400
Transport	14,450	25,200	22,300
Supplies & Services	108,148	250,700	248,900
Third Party Payments	3,339,437	3,176,300	3,391,200
Transfer Payments	195,622	146,000	107,100
Support Services	5,768	1,400	3,500
<b>TOTAL EXPENDITURE</b>	<b>5,431,513</b>	<b>5,382,100</b>	<b>5,406,500</b>
<b><u>Income</u></b>			
Government Grants	(25,600)	(28,600)	(28,600)
Other Grants & Contributions	(1,137,273)	(968,700)	(936,400)
Customer & Client Receipts	(340,112)	(518,600)	(534,900)
<b>TOTAL INCOME</b>	<b>(1,502,985)</b>	<b>(1,515,900)</b>	<b>(1,499,900)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>3,928,528</b>	<b>3,866,200</b>	<b>3,906,600</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	332,962	291,800	323,400
Departmental Support Charges	707,910	582,700	582,800
Capital Charges	26,324	51,800	18,100
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,067,196</b>	<b>926,300</b>	<b>924,300</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>4,995,724</b>	<b>4,792,500</b>	<b>4,830,900</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2014/15</b>	<b>4,792,500</b>
Inflation	46,000
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(305,900)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	298,300
<b>Original Budget 2015/16</b>	<b>4,830,900</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	44.9      44.9

## SECTION F

## ADULT &amp; COMMUNITY SERVICES

**CARE SERVICES - SUPPORT WITH MEMORY & COGNITION**

Support with memory & cognition includes services for clients with conditions affecting their thinking, knowing, awareness & remembering processes. Service areas include residential & nursing care, supported accommodation, direct payments, home care & supported living. There have been changes to the national reporting requirements on care services.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	0	0	0
Premises	0	0	0
Transport	0	0	0
Supplies & Services	0	0	0
Third Party Payments	0	0	6,309,000
Transfer Payments	0	0	356,000
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>0</b>	<b>0</b>	<b>6,665,000</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	0	0	(2,503,500)
<b>TOTAL INCOME</b>	<b>0</b>	<b>0</b>	<b>(2,503,500)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>0</b>	<b>0</b>	<b>4,161,500</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	0	0	0
Departmental Support Charges	0	0	247,700
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>0</b>	<b>0</b>	<b>247,700</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>4,409,200</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2014/15</b>		<b>0</b>
Inflation		0
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		0
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		4,409,200
<b>Original Budget 2015/16</b>		<b>4,409,200</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	0.0	0.0



**CARE SERVICES - SENSORY SUPPORT**

Sensory support includes visual impairment, hearing impairment or dual impairment. Service areas include residential and nursing care, supported accommodation, direct payments, home care & supported living. There have been changes to the national reporting requirements on care services.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	0	0	0
Premises	0	0	0
Transport	0	0	0
Supplies & Services	0	0	0
Third Party Payments	0	0	243,800
Transfer Payments	0	0	251,600
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>0</b>	<b>0</b>	<b>495,400</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	0	0	(47,600)
<b>TOTAL INCOME</b>	<b>0</b>	<b>0</b>	<b>(47,600)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>0</b>	<b>0</b>	<b>447,800</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	0	0	0
Departmental Support Charges	0	0	22,500
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>0</b>	<b>0</b>	<b>22,500</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>470,300</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2014/15</b>		<b>0</b>
Inflation		0
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		0
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		470,300
<b>Original Budget 2015/16</b>		<b>470,300</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	0.0	0.0

## SECTION F

## ADULT &amp; COMMUNITY SERVICES

**CARELINE**

Careline provides monitoring of community alarms & telecare sensors for the elderly & vulnerable. It also provides messaging services out of hours for the Council & other partnership agencies. The service also monitors the Council's closed circuit television cameras (CCTV) across the borough.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	674,284	692,900	702,900
Premises	28,890	28,700	28,700
Transport	21,400	15,400	17,200
Supplies & Services	244,305	283,500	283,500
Third Party Payments	0	0	0
Transfer Payments	250	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>969,129</b>	<b>1,020,500</b>	<b>1,032,300</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(508,909)	(516,900)	(516,900)
<b>TOTAL INCOME</b>	<b>(508,909)</b>	<b>(516,900)</b>	<b>(516,900)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>460,220</b>	<b>503,600</b>	<b>515,400</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	170,770	149,800	180,500
Departmental Support Charges	148,866	128,400	138,700
Capital Charges	10,356	0	10,400
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>329,992</b>	<b>278,200</b>	<b>329,600</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>790,212</b>	<b>781,800</b>	<b>845,000</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2014/15</b>	<b>781,800</b>
Inflation	17,000
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(7,000)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	53,200
<b>Original Budget 2015/16</b>	<b>845,000</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	15.0      15.0

## SECTION F

## ADULT &amp; COMMUNITY SERVICES

**OTHER COMMISSIONED SERVICES - ADULT SOCIAL CARE**

A range of universal & preventative adult services commissioned in partnership with health partners. Services include community independent living, the carers hub, advocacy, home maintenance, information & advice, community capacity, community support & outreach services.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	11,320	0	0
Premises	75	0	0
Transport	0	0	0
Supplies & Services	35,436	288,000	166,900
Third Party Payments	1,623,438	2,026,100	2,933,800
Transfer Payments	13,966	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>1,684,235</b>	<b>2,314,100</b>	<b>3,100,700</b>
<b><u>Income</u></b>			
Government Grants	0	0	(200,000)
Other Grants & Contributions	(321,242)	(865,100)	(1,542,100)
Customer & Client Receipts	(159,453)	(170,200)	(183,800)
<b>TOTAL INCOME</b>	<b>(480,695)</b>	<b>(1,035,300)</b>	<b>(1,925,900)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,203,540</b>	<b>1,278,800</b>	<b>1,174,800</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	33,449	132,300	166,400
Departmental Support Charges	86,269	83,300	84,900
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>119,718</b>	<b>215,600</b>	<b>251,300</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>1,323,258</b>	<b>1,494,400</b>	<b>1,426,100</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2014/15</b>		<b>1,494,400</b>
Inflation		24,600
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(4,100)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		(88,800)
<b>Original Budget 2015/16</b>		<b>1,426,100</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	0.0	0.0

**PERFORMANCE & QUALITY ASSURANCE**

This team supports the IT systems used by the ACS Directorate & manages the collation of performance information for management & statutory purposes across it. It also undertakes contract monitoring quality assurance for Commissioned Adult Social Care Services.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	1,160,980	1,113,800	892,200
Premises	21,902	4,300	4,300
Transport	1,010	1,300	1,300
Supplies & Services	328,622	263,000	190,300
Third Party Payments	168,234	110,900	110,900
Transfer Payments	0	0	0
Support Services	299	400	200
<b>TOTAL EXPENDITURE</b>	<b>1,681,047</b>	<b>1,493,700</b>	<b>1,199,200</b>
<b><u>Income</u></b>			
Government Grants	(89,244)	(75,700)	(46,000)
Other Grants & Contributions	(121,013)	(16,500)	(16,500)
Customer & Client Receipts	(30,500)	(27,100)	(27,500)
<b>TOTAL INCOME</b>	<b>(240,757)</b>	<b>(119,300)</b>	<b>(90,000)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,440,290</b>	<b>1,374,400</b>	<b>1,109,200</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	297,493	247,300	252,600
Departmental Support Charges	157,841	156,000	145,800
Capital Charges	16,096	14,000	0
Central Support Income	0	0	0
Departmental Support Income	(1,911,720)	(1,791,700)	(1,507,600)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(1,440,290)</b>	<b>(1,374,400)</b>	<b>(1,109,200)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2014/15</b>		<b>0</b>
Inflation		13,500
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(55,700)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		42,200
<b>Original Budget 2015/16</b>		<b>0</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	18.2	18.2

## SECTION F

## ADULT &amp; COMMUNITY SERVICES

**COMMUNITY SERVICES OPERATIONS MANAGEMENT**

This includes the management costs of the Community Services Operations Division which is recharged to services within the Division.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	262,460	235,400	231,800
Premises	0	0	0
Transport	435	500	500
Supplies & Services	3,530	1,000	1,000
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	1,122	3,600	700
<b>TOTAL EXPENDITURE</b>	<b>267,547</b>	<b>240,500</b>	<b>234,000</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	(133,000)	0	0
Customer & Client Receipts	0	0	0
<b>TOTAL INCOME</b>	<b>(133,000)</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>134,547</b>	<b>240,500</b>	<b>234,000</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	45,891	53,500	34,700
Departmental Support Charges	67,152	69,300	66,600
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	(247,875)	(363,300)	(335,300)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(134,832)</b>	<b>(240,500)</b>	<b>(234,000)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>(285)</b>	<b>0</b>	<b>0</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2014/15</b>		<b>0</b>
Inflation		(3,600)
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		0
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		3,600
<b>Original Budget 2015/16</b>		<b>0</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	3.0	3.0

**HOUSING ADVICE & ASSESSMENT**

This team provides advice to tenants, landlords, those who are threatened with eviction or unable to pay their rent/ mortgage, those who have problems with a member of their household, and to those fleeing domestic violence or suffering other problems.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	670,475	720,100	695,600
Premises	68,885	8,800	8,800
Transport	13,365	14,500	14,500
Supplies & Services	52,957	130,000	130,000
Third Party Payments	0	0	0
Transfer Payments	201,375	141,200	141,200
Support Services	70,122	106,500	68,500
<b>TOTAL EXPENDITURE</b>	<b>1,077,179</b>	<b>1,121,100</b>	<b>1,058,600</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(18,167)	(130,600)	(130,600)
<b>TOTAL INCOME</b>	<b>(18,167)</b>	<b>(130,600)</b>	<b>(130,600)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,059,012</b>	<b>990,500</b>	<b>928,000</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	240,919	190,400	247,500
Departmental Support Charges	79,290	96,000	78,800
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>320,209</b>	<b>286,400</b>	<b>326,300</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>1,379,221</b>	<b>1,276,900</b>	<b>1,254,300</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2014/15</b>	<b>1,276,900</b>
Inflation	13,500
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(3,100)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(33,000)
<b>Original Budget 2015/16</b>	<b>1,254,300</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	18.8      17.8

## SECTION F

## ADULT &amp; COMMUNITY SERVICES

**RESETTLEMENT SERVICE**

The Resettlement Service provides emotional & practical support to clients of all ages who are vulnerable as a result of mental health, learning or physical disabilities. The team works with them & supports them when moving into temporary or permanent accommodation.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	258,359	246,700	214,100
Premises	0	0	0
Transport	11,460	13,400	13,400
Supplies & Services	46,916	80,300	80,300
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	0	2,000	2,000
<b>TOTAL EXPENDITURE</b>	<b>316,735</b>	<b>342,400</b>	<b>309,800</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(186,581)	(228,200)	(228,200)
<b>TOTAL INCOME</b>	<b>(186,581)</b>	<b>(228,200)</b>	<b>(228,200)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>130,154</b>	<b>114,200</b>	<b>81,600</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	73,371	65,200	68,800
Departmental Support Charges	16,967	23,800	15,400
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>90,338</b>	<b>89,000</b>	<b>84,200</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>220,492</b>	<b>203,200</b>	<b>165,800</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2014/15</b>	<b>203,200</b>
Inflation	4,600
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(37,200)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(4,800)
<b>Original Budget 2015/16</b>	<b>165,800</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	6.5                      5.5

**TEMPORARY ACCOMMODATION**

The Temporary Accommodation Service lease properties from private sector landlords & procure bed & breakfast accommodation for use as temporary accommodation for people who approach the Council as homeless. In addition, the team manage three hostels located in the borough.

	<u>2013/14</u> <u>Actual</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>	<u>2015/16</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	551,778	523,400	569,400
Premises	330,941	216,200	212,500
Transport	6,155	11,800	11,800
Supplies & Services	(1,358,439)	513,900	496,800
Third Party Payments	0	0	0
Transfer Payments	3,266,056	3,281,800	3,193,400
Support Services	11,078	6,800	9,100
<b>TOTAL EXPENDITURE</b>	<b>2,807,569</b>	<b>4,553,900</b>	<b>4,493,000</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(995,407)	(2,984,600)	(2,827,300)
<b>TOTAL INCOME</b>	<b>(995,407)</b>	<b>(2,984,600)</b>	<b>(2,827,300)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,812,162</b>	<b>1,569,300</b>	<b>1,665,700</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	221,681	185,800	227,100
Departmental Support Charges	183,377	198,700	113,000
Capital Charges	2,926,974	3,371,000	3,371,500
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>3,332,032</b>	<b>3,755,500</b>	<b>3,711,600</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>5,144,194</b>	<b>5,324,800</b>	<b>5,377,300</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2014/15</b>		<b>5,324,800</b>
Inflation		188,700
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(163,800)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		27,600
<b>Original Budget 2015/16</b>		<b>5,377,300</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	11.8	12.8



**PRIVATE SECTOR & OTHER HOUSING**

The Private Sector Housing Service deals with environmental health, including the provision of grants & loans to adapt & improve homes, as well as domestic noise & pest control.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	719,623	623,200	636,300
Premises	46,313	22,700	23,600
Transport	22,582	18,200	18,200
Supplies & Services	142,763	82,600	82,600
Third Party Payments	13,620	40,200	40,200
Transfer Payments	0	0	0
Support Services	2,774	3,000	1,900
<b>TOTAL EXPENDITURE</b>	<b>947,675</b>	<b>789,900</b>	<b>802,800</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	(11,504)	(31,000)	(31,000)
Customer & Client Receipts	(224,556)	(189,000)	(192,600)
<b>TOTAL INCOME</b>	<b>(236,060)</b>	<b>(220,000)</b>	<b>(223,600)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>711,615</b>	<b>569,900</b>	<b>579,200</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	194,002	167,800	193,100
Departmental Support Charges	197,839	227,900	158,700
Capital Charges	1,411,081	2,020,000	2,020,000
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,802,922</b>	<b>2,415,700</b>	<b>2,371,800</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>2,514,537</b>	<b>2,985,600</b>	<b>2,951,000</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2014/15</b>	<b>2,985,600</b>
Inflation	11,200
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(1,800)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(44,000)
<b>Original Budget 2015/16</b>	<b>2,951,000</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	14.4      14.5

## SECTION F

## ADULT &amp; COMMUNITY SERVICES

**CARE PROVISION - LEARNING DISABILITIES**

This area manages the in-house learning disability care provision, including residential homes, supported living services, respite care and the shared lives scheme.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	3,315,644	2,741,300	2,792,800
Premises	243,989	233,300	249,600
Transport	51,336	38,000	38,000
Supplies & Services	284,282	188,800	188,800
Third Party Payments	20,803	9,200	9,400
Transfer Payments	0	0	0
Support Services	7,500	6,800	5,200
<b>TOTAL EXPENDITURE</b>	<b>3,923,554</b>	<b>3,217,400</b>	<b>3,283,800</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	(123,077)	(135,000)	(125,000)
Customer & Client Receipts	(637,781)	(255,900)	(276,700)
<b>TOTAL INCOME</b>	<b>(760,858)</b>	<b>(390,900)</b>	<b>(401,700)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b><u>3,162,696</u></b>	<b><u>2,826,500</u></b>	<b><u>2,882,100</u></b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	405,473	328,500	297,400
Departmental Support Charges	682,083	669,600	723,900
Capital Charges	42,493	38,800	22,500
Central Support Income	0	0	0
Departmental Support Income	(344,315)	(267,800)	(298,400)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>785,734</b>	<b>769,100</b>	<b>745,400</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b><u>3,948,430</u></b>	<b><u>3,595,600</u></b>	<b><u>3,627,500</u></b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2014/15</b>	<b>3,595,600</b>
Inflation	51,700
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(4,200)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(15,600)
<b>Original Budget 2015/16</b>	<b><u>3,627,500</u></b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	72.6                      72.6

## SECTION F

## ADULT &amp; COMMUNITY SERVICES

**CARE PROVISION - OLDER PEOPLE & PHYSICAL DISABILITIES**

This area manages the two intensive day care centres for older people & the Access Project; a day centre for adults with physical disabilities.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	908,319	894,400	921,400
Premises	58,356	51,300	43,700
Transport	1,003,547	549,000	914,400
Supplies & Services	135,209	46,000	46,000
Third Party Payments	147,783	150,300	149,600
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>2,253,214</b>	<b>1,691,000</b>	<b>2,075,100</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(91,763)	(84,100)	(90,800)
<b>TOTAL INCOME</b>	<b>(91,763)</b>	<b>(84,100)</b>	<b>(90,800)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>2,161,451</b>	<b>1,606,900</b>	<b>1,984,300</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	171,144	148,300	169,900
Departmental Support Charges	445,297	335,700	306,400
Capital Charges	121,641	77,500	121,500
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>738,082</b>	<b>561,500</b>	<b>597,800</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>2,899,533</b>	<b>2,168,400</b>	<b>2,582,100</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2014/15</b>		<b>2,168,400</b>
Inflation		24,000
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(16,100)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		405,800
<b>Original Budget 2015/16</b>		<b>2,582,100</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	24.4	24.4

## SECTION F

## ADULT &amp; COMMUNITY SERVICES

**TRANSPORT OPERATIONS**

Transport Operations manage & co-ordinate passenger transport services for children with special educational needs & adult social care; including day centre transport.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	1,521,263	1,755,400	1,789,900
Premises	58,033	73,500	73,500
Transport	89,604	195,500	188,400
Supplies & Services	25,903	57,000	57,000
Third Party Payments	2,397,704	1,413,300	1,513,300
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>4,092,507</b>	<b>3,494,700</b>	<b>3,622,100</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(4,981,080)	(3,831,500)	(4,389,300)
<b>TOTAL INCOME</b>	<b>(4,981,080)</b>	<b>(3,831,500)</b>	<b>(4,389,300)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b><u>(888,573)</u></b>	<b><u>(336,800)</u></b>	<b><u>(767,200)</u></b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	767,173	711,600	625,500
Departmental Support Charges	121,400	89,700	128,900
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>888,573</b>	<b>801,300</b>	<b>754,400</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b><u>0</u></b>	<b><u>464,500</u></b>	<b><u>(12,800)</u></b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2014/15</b>	<b>464,500</b>
Inflation	35,900
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(1,400)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(511,800)
<b>Original Budget 2015/16</b>	<b><u>(12,800)</u></b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	65.6      65.6

## SECTION F

## ADULT &amp; COMMUNITY SERVICES

**ACCESSIBLE TRANSPORT**

The Accessible Transport Unit manages concessionary fares, the disabled person's Blue Badge, Taxicard & the super shopper schemes.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	162,451	207,800	215,500
Premises	25,762	16,700	16,800
Transport	22,526	20,100	14,600
Supplies & Services	9,507	59,500	15,600
Third Party Payments	7,332,237	7,820,500	8,228,100
Transfer Payments	0	0	0
Support Services	177	4,200	100
<b>TOTAL EXPENDITURE</b>	<b>7,552,660</b>	<b>8,128,800</b>	<b>8,490,700</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(19,130)	(3,500)	(3,500)
<b>TOTAL INCOME</b>	<b>(19,130)</b>	<b>(3,500)</b>	<b>(3,500)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b><u>7,533,530</u></b>	<b><u>8,125,300</u></b>	<b><u>8,487,200</u></b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	77,350	72,800	93,000
Departmental Support Charges	16,472	24,900	19,800
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>93,822</b>	<b>97,700</b>	<b>112,800</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b><u>7,627,352</u></b>	<b><u>8,223,000</u></b>	<b><u>8,600,000</u></b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2014/15</b>		<b>8,223,000</b>
Inflation		202,000
Changes in Government Grants		0
Other Government or Outside Body Changes		215,000
Demand Led Growth		0
Budget Review Savings		(41,500)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		1,500
<b>Original Budget 2015/16</b>		<b>8,600,000</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	6.2	6.2

## SECTION F

## ADULT &amp; COMMUNITY SERVICES

**COMMISSIONING, CORPORATE POLICY & STRATEGY DIVISIONAL MANAGEMENT**

This includes the management & other centrally held costs of the Directorate.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	195,682	171,500	166,600
Premises	394	0	0
Transport	268	400	400
Supplies & Services	7,347	2,200	2,200
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>203,691</b>	<b>174,100</b>	<b>169,200</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(50,388)	(39,200)	(51,200)
<b>TOTAL INCOME</b>	<b>(50,388)</b>	<b>(39,200)</b>	<b>(51,200)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>153,303</b>	<b>134,900</b>	<b>118,000</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	79,911	22,600	128,800
Departmental Support Charges	47,419	45,300	52,400
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	(280,633)	(202,800)	(299,200)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(153,303)</b>	<b>(134,900)</b>	<b>(118,000)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2014/15</b>		<b>0</b>
Inflation		(6,900)
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(10,000)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		16,900
<b>Original Budget 2015/16</b>		<b>0</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	2.0	2.0

**ACCOUNTABILITY & ENGAGEMENT**

The Accountability & Engagement Service provides support for the corporate consultation & engagement functions, and the corporate performance monitoring. It also includes the Corporate Programme Office which assists with the management of significant projects.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	1,222,912	821,400	1,069,700
Premises	3,055	0	0
Transport	672	1,100	1,100
Supplies & Services	581,904	142,200	135,200
Third Party Payments	73,730	48,100	48,100
Transfer Payments	0	0	0
Support Services	12,886	8,000	9,000
<b>TOTAL EXPENDITURE</b>	<b>1,895,159</b>	<b>1,020,800</b>	<b>1,263,100</b>
<b><u>Income</u></b>			
Government Grants	(11,135)	(9,000)	(7,000)
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(130)	(26,400)	(52,700)
<b>TOTAL INCOME</b>	<b>(11,265)</b>	<b>(35,400)</b>	<b>(59,700)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,883,894</b>	<b>985,400</b>	<b>1,203,400</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	335,612	385,500	481,300
Departmental Support Charges	142,296	125,600	135,000
Capital Charges	0	0	0
Central Support Income	(649,002)	(422,300)	(731,900)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(171,094)</b>	<b>88,800</b>	<b>(115,600)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>1,712,800</b>	<b>1,074,200</b>	<b>1,087,800</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2014/15</b>	<b>1,074,200</b>
Inflation	32,000
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(3,300)
Investment Priorities	0
Other Growth & Savings	(5,000)
Budget Transfers	(10,100)
<b>Original Budget 2015/16</b>	<b>1,087,800</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	18.6      25.6

## SECTION F

## ADULT &amp; COMMUNITY SERVICES

**PARTNERSHIPS & PLANNING**

This includes the Partnership & Planning Service which provides strategy & policy support for housing & adult social care. It also includes the Council's community safety budgets.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	658,964	667,600	726,900
Premises	2,380	400	400
Transport	681	3,100	3,100
Supplies & Services	48,677	82,600	75,300
Third Party Payments	253,218	313,600	311,400
Transfer Payments	0	0	0
Support Services	0	200	0
<b>TOTAL EXPENDITURE</b>	<b>963,920</b>	<b>1,067,500</b>	<b>1,117,100</b>
<b><u>Income</u></b>			
Government Grants	(75,100)	(132,000)	(132,000)
Other Grants & Contributions	(27,996)	(10,300)	(10,300)
Customer & Client Receipts	(814)	(25,200)	(25,200)
<b>TOTAL INCOME</b>	<b>(103,910)</b>	<b>(167,500)</b>	<b>(167,500)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>860,010</b>	<b>900,000</b>	<b>949,600</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	267,808	218,600	211,600
Departmental Support Charges	304,411	239,700	272,000
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>572,219</b>	<b>458,300</b>	<b>483,600</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>1,432,229</b>	<b>1,358,300</b>	<b>1,433,200</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2014/15</b>	<b>1,358,300</b>
Inflation	17,300
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(4,600)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	62,200
<b>Original Budget 2015/16</b>	<b>1,433,200</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	14.5      15.5



## SECTION F

## ADULT &amp; COMMUNITY SERVICES

**VOLUNTARY ORGANISATIONS - CORPORATE GRANTS PROGRAMME**

The Council manages a small grants programme which funds small one off projects by local community & voluntary groups. It also contributes to the London Borough Grant Scheme.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	97,067	88,200	90,100
Premises	700,946	816,500	816,500
Transport	75	100	100
Supplies & Services	1,307,480	836,700	299,400
Third Party Payments	0	0	500,600
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>2,105,568</b>	<b>1,741,500</b>	<b>1,706,700</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	(157,638)	(159,600)	(159,600)
Customer & Client Receipts	(700,000)	(700,000)	(700,000)
<b>TOTAL INCOME</b>	<b>(857,638)</b>	<b>(859,600)</b>	<b>(859,600)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,247,930</b>	<b>881,900</b>	<b>847,100</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	31,552	41,200	29,100
Departmental Support Charges	54,519	38,600	60,900
Capital Charges	12,204	12,200	12,200
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>98,275</b>	<b>92,000</b>	<b>102,200</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>1,346,205</b>	<b>973,900</b>	<b>949,300</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2014/15</b>	<b>973,900</b>
Inflation	29,400
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(27,500)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(26,500)
<b>Original Budget 2015/16</b>	<b>949,300</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	2.0                      2.0

**CORPORATE PROCUREMENT**

Corporate Procurement undertake the contracting, tendering & evaluation of all Council contracts. In addition Corporate Procurement lead on developing the Council's procurement strategy as well as advising on procurement & contract management across the Council.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	1,019,623	1,050,300	1,067,300
Premises	0	0	0
Transport	702	900	900
Supplies & Services	29,889	15,500	15,500
Third Party Payments	0	33,400	33,400
Transfer Payments	0	0	0
Support Services	130,430	120,400	90,800
<b>TOTAL EXPENDITURE</b>	<b>1,180,644</b>	<b>1,220,500</b>	<b>1,207,900</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(22,573)	(56,000)	(56,000)
<b>TOTAL INCOME</b>	<b>(22,574)</b>	<b>(56,000)</b>	<b>(56,000)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,158,071</b>	<b>1,164,500</b>	<b>1,151,900</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	229,700	218,800	281,600
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(1,387,771)	(1,383,300)	(1,433,500)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(1,158,071)</b>	<b>(1,164,500)</b>	<b>(1,151,900)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2014/15</b>		<b>0</b>
Inflation		17,300
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(300)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		(17,000)
<b>Original Budget 2015/16</b>		<b>0</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	20.6	20.6

## SECTION F

## ADULT &amp; COMMUNITY SERVICES

**CORPORATE EQUALITY & DIVERSITY TEAM**

The Corporate Equality & Diversity Team oversee the Council's policies & procedures around equality & diversity, & organise training & development around these.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	57,605	55,700	56,800
Premises	0	0	0
Transport	0	300	300
Supplies & Services	5,012	7,200	7,200
Third Party Payments	0	19,100	19,100
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>62,617</b>	<b>82,300</b>	<b>83,400</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	0	0	0
<b>TOTAL INCOME</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>62,617</b>	<b>82,300</b>	<b>83,400</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	9,700	13,600	10,200
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(72,317)	(95,900)	(93,600)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(62,617)</b>	<b>(82,300)</b>	<b>(83,400)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2014/15</b>		<b>0</b>
Inflation		1,200
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(100)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		(1,100)
<b>Original Budget 2015/16</b>		<b>0</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	1.0	1.0

**CORPORATE COMMUNICATIONS**

The Communications Team is responsible for handling all of the Council's corporate communication with external bodies, particularly media, marketing & advertising. The team also manages all internal communications with Council staff.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	0	0	0
Premises	1,320	0	0
Transport	89	800	800
Supplies & Services	52,104	54,100	54,100
Third Party Payments	400,000	449,500	458,200
Transfer Payments	0	0	0
Support Services	75	0	100
<b>TOTAL EXPENDITURE</b>	<b>453,588</b>	<b>504,400</b>	<b>513,200</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	0	0	0
<b>TOTAL INCOME</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>453,588</b>	<b>504,400</b>	<b>513,200</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	16,300	7,600	13,000
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(469,888)	(512,000)	(526,200)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(453,588)</b>	<b>(504,400)</b>	<b>(513,200)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2014/15</b>		<b>0</b>
Inflation		10,100
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(1,400)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		(8,700)
<b>Original Budget 2015/16</b>		<b>0</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	0.0	0.0

## SECTION F

## ADULT &amp; COMMUNITY SERVICES

**DEMOCRATIC SERVICES & REPRESENTATION**

This area represents costs incurred as a direct result of providing support, effectiveness & improving the capacity of Members in the conduct of their various roles, & also by supporting the Mayor & the civic & ceremonial functions of the Council.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Democratice Services Team			
Employees	550,394	586,600	614,200
Premises	1,542	0	0
Transport	1,353	900	900
Supplies & Services	92,991	97,500	97,500
Third Party Payments	0	0	0
Support Services	3,740	1,700	2,600
Mayor's Allowances & Support Services	0	29,800	0
Members' Allowances	691,778	687,800	725,800
Members' Expenses & Support Services	231,054	221,500	169,700
Committee Meeting Refreshments	17,622	6,900	6,900
Subscriptions	171,581	179,000	185,700
Civic Pride Fund	0	23,700	0
<b>TOTAL EXPENDITURE</b>	<b>1,762,055</b>	<b>1,835,400</b>	<b>1,803,300</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(11,330)	(1,300)	(1,300)
<b>TOTAL INCOME</b>	<b>(11,330)</b>	<b>(1,300)</b>	<b>(1,300)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,750,725</b>	<b>1,834,100</b>	<b>1,802,000</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	319,894	321,600	331,900
Departmental Support Charges	0	0	189,200
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>319,894</b>	<b>321,600</b>	<b>521,100</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>2,070,619</b>	<b>2,155,700</b>	<b>2,323,100</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2014/15</b>		<b>2,155,700</b>
Inflation		45,000
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(32,900)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		155,300
<b>Original Budget 2015/16</b>		<b>2,323,100</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	15.0	15.0

## SECTION F

## ADULT &amp; COMMUNITY SERVICES

**RENT ALLOWANCES**

This is the net cost to the Council of Housing Benefit payments. The cost of administering these payments is shown in Corporate Services.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	0	0	0
Premises	0	0	0
Transport	0	0	0
Supplies & Services	126,138	153,100	153,100
Third Party Payments	0	0	0
Transfer Payments	67,294,725	67,717,400	71,347,800
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>67,420,863</b>	<b>67,870,500</b>	<b>71,500,900</b>
<b><u>Income</u></b>			
Government Grants	(67,642,849)	(67,909,500)	(71,463,300)
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(291,855)	0	0
<b>TOTAL INCOME</b>	<b>(67,934,704)</b>	<b>(67,909,500)</b>	<b>(71,463,300)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>(513,841)</b>	<b>(39,000)</b>	<b>37,600</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	0	0	0
Departmental Support Charges	12,081	1,000	1,000
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>12,081</b>	<b>1,000</b>	<b>1,000</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>(501,760)</b>	<b>(38,000)</b>	<b>38,600</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2014/15</b>	<b>(38,000)</b>
Inflation	80,400
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(3,800)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	0
<b>Original Budget 2015/16</b>	<b>38,600</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	0.0      0.0

**SUPPORTED HOUSING SERVICES**

This includes the Commissioned Supported Housing Service, funded through the Supporting People Programme.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	0	0	0
Premises	0	0	0
Transport	0	0	0
Supplies & Services	0	0	0
Third Party Payments	2,300,968	2,518,800	2,358,800
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>2,300,968</b>	<b>2,518,800</b>	<b>2,358,800</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(5,610)	0	0
<b>TOTAL INCOME</b>	<b>(5,610)</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b><u>2,295,358</u></b>	<b><u>2,518,800</u></b>	<b><u>2,358,800</u></b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	4,188	33,500	38,700
Departmental Support Charges	131,158	124,600	131,300
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>135,346</b>	<b>158,100</b>	<b>170,000</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b><u>2,430,704</u></b>	<b><u>2,676,900</u></b>	<b><u>2,528,800</u></b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2014/15</b>		<b>2,676,900</b>
Inflation		0
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(160,000)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		11,900
<b>Original Budget 2015/16</b>		<b><u>2,528,800</u></b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	0.0	0.0

## SECTION F

## ADULT &amp; COMMUNITY SERVICES

**DIRECTORATE MANAGEMENT, FINANCE AND RESOURCES**

This includes the Director of Adults & Community Services and costs relating to the strategic management of the Directorate. This includes its Finance and Resources support functions which is recharged to services within the Directorate.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	2,281,943	2,326,300	2,134,000
Premises	7,410	2,500	2,600
Transport	34,008	12,500	32,100
Supplies & Services	458,211	658,500	472,100
Third Party Payments	130,856	115,800	115,800
Transfer Payments	0	0	0
Support Services	42,199	44,400	27,100
<b>TOTAL EXPENDITURE</b>	<b>2,954,627</b>	<b>3,160,000</b>	<b>2,783,700</b>
<b><u>Income</u></b>			
Government Grants	(71,158)	(11,100)	(11,100)
Other Grants & Contributions	(160,228)	(6,200)	(6,200)
Customer & Client Receipts	(172,753)	(55,600)	(56,500)
<b>TOTAL INCOME</b>	<b>(404,139)</b>	<b>(72,900)</b>	<b>(73,800)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>2,550,488</b>	<b>3,087,100</b>	<b>2,709,900</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	1,323,498	1,241,000	1,324,600
Departmental Support Charges	154,247	165,500	148,900
Capital Charges	12,326	9,700	12,600
Central Support Income	0	0	0
Departmental Support Income	(3,685,901)	(3,782,600)	(3,679,500)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(2,195,830)</b>	<b>(2,366,400)</b>	<b>(2,193,400)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>354,658</b>	<b>720,700</b>	<b>516,500</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2014/15</b>	<b>720,700</b>
Inflation	63,100
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(336,300)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	69,000
<b>Original Budget 2015/16</b>	<b>516,500</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	63.3      55.6



## SECTION F

## ADULT &amp; COMMUNITY SERVICES

**JOINT COMMISSIONING COLLABORATIVE TEAM**

The Council has set up a joint commissioning team with Richmond Clinical Commissioning Group (Richmond CCG). This is responsible for the implementation of the strategic commissioning objectives for health & social care services through market development, performance management & partnership working. This section also includes the learning & development team which is responsible for developing the workforce within the local care sector.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	1,049,241	575,100	498,500
Premises	423	0	0
Transport	3,528	0	0
Supplies & Services	87,343	19,500	19,500
Third Party Payments	68,003	60,800	60,800
Transfer Payments	0	0	0
Support Services	2,407	0	1,700
<b>TOTAL EXPENDITURE</b>	<b>1,210,945</b>	<b>655,400</b>	<b>580,500</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	(21,375)	(127,700)	0
Customer & Client Receipts	0	0	0
<b>TOTAL INCOME</b>	<b>(21,375)</b>	<b>(127,700)</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,189,570</b>	<b>527,700</b>	<b>580,500</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	122,952	122,500	150,700
Departmental Support Charges	92,953	77,600	77,700
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	(1,363,174)	(727,800)	(808,900)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(1,147,269)</b>	<b>(527,700)</b>	<b>(580,500)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>42,301</b>	<b>0</b>	<b>0</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2014/15</b>		<b>0</b>
Inflation		12,200
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(500)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		(11,700)
<b>Original Budget 2015/16</b>		<b>0</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	12.0	10.5

## SECTION F

## ADULT &amp; COMMUNITY SERVICES

**PUBLIC HEALTH SERVICES**

The Council is responsible for Public Health Services under the Health & Social Care Act 2012. The Public Health Service is responsible for commissioning services to improve health in the borough, co-ordinating local efforts to protect the public's health & wellbeing, & ensuring health services effectively promote the population's health. The commissioning of 0-5 children's public health services from NHS England to Local Authorities will transfer on 1st October 2015.

	<u>2013/14</u> <u>Actual</u> £	<u>2014/15</u> <u>Estimate</u> £	<u>2015/16</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	972,375	1,319,200	1,155,100
Premises	2,125	0	0
Transport	2,417	25,000	25,000
Supplies & Services	414,378	116,600	1,430,600
Third Party Payments	6,077,739	6,192,200	6,155,000
Transfer Payments	0	0	0
Support Services	1,897	0	1,300
<b>TOTAL EXPENDITURE</b>	<b>7,470,931</b>	<b>7,653,000</b>	<b>8,767,000</b>
<b><u>Income</u></b>			
Government Grants	(7,713,102)	(7,928,100)	(9,062,100)
Other Grants & Contributions	(9,911)	(20,000)	0
Customer & Client Receipts	(339,987)	(221,200)	(221,200)
<b>TOTAL INCOME</b>	<b>(8,063,000)</b>	<b>(8,169,300)</b>	<b>(9,283,300)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b><u>(592,069)</u></b>	<b><u>(516,300)</u></b>	<b><u>(516,300)</u></b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	196,885	278,200	287,500
Departmental Support Charges	394,952	334,000	228,800
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>591,837</b>	<b>612,200</b>	<b>516,300</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b><u>(232)</u></b>	<b><u>95,900</u></b>	<b><u>0</u></b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2014/15</b>	<b>95,900</b>
Inflation	6,900
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(202,400)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	99,600
<b>Original Budget 2015/16</b>	<b>0</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	18.4      16.0

LONDON BOROUGH OF RICHMOND UPON THAMES

CABINET

DATE: 12<sup>TH</sup> FEBRUARY 2015  
REPORT OF: DEPUTY LEADER AND CABINET MEMBER FOR FINANCE  
TITLE OF DECISION: REVENUE BUDGET STRATEGY AND COUNCIL TAX 2015/16

WARDS: ALL

KEY DECISION?: YES

IF YES, IN FORWARD PLAN?: YES

For general release

1. MATTER FOR CONSIDERATION

1.1 This report gives details of the budget strategy and recommends that the Richmond upon Thames element of the Council Tax remain unchanged at £1,287.39.

2. RECOMMENDATIONS

- |     |   |
|-----|---|
| 2.1 | That Members consider the advice of the Director of Finance and Corporate Services in respect of Section 25 of the Local Government Act 2003 in setting the budget (see paragraphs 3.34 to 3.45)  |
| 2.2 | That the Council be recommended to agree the Revenue Budget for 2015/16.  |
| 2.3 | That the Council be recommended to agree that the Richmond upon Thames element of the Band D Council Tax be <b>unchanged at £1,287.39</b> ; thereby enabling the Council to accept a further £1.2m one off funding in Council Tax Freeze Grant from the Government.           |
| 2.4 | That the Cabinet note the expected Greater London Authority (GLA) precept of £295.00.   |
| 2.5 | <b>That the Council be RECOMMENDED to agree that the overall Band D level of Council Tax for 2015/16 including the GLA element be set at £1,582.39, a <u>reduction of 0.25% on 2014/15</u>. The levels of Council Tax for all property bands are shown at Appendix A; and</b> |
| 2.6 | That the Cabinet approve the revised Medium Term Financial Strategy (Appendix C) including the efficiencies/savings identified and the capital programme.   |

### 3. DETAILS

#### Background

- 3.1 The development of the Council's financial strategy continues to be set against a background of austerity measures designed to reduce the UK budget deficit and public borrowing alongside continuing increases in demand for public services.
- 3.2 In developing its strategy the Council has already produced a number of reports and briefing notes reviewing the national budget, assessing the impact of the local government finance settlement, reviewing reserves and balances and setting out the Administration's key aims and priorities for capital investment.

#### The Medium Term Financial Strategy (MTFS)

- 3.3 The MTFS is intended to identify a financially sustainable way of achieving the Council's aims, recognising the need to balance service needs with available resources and the impact on Council Tax payers. The wider aims behind the strategy are set out in the attached MTFS but, in particular, the strategy aims to deliver a **freeze in Council Tax for 2015/16 and to work towards zero or low increases in the years beyond.**
- 3.4 In drawing together its budget proposals the Council has already agreed a set of four core budget policies (Cabinet 9<sup>th</sup> July 2014). These are set out in Appendix E to this report and cover the following areas:
- Fees and Charges
  - Minimum Reserves
  - Use of in-year revenue efficiencies
  - Limits on external loans and interest payments

These policies are consistent with the approach taken by the Administration since 2010 and the only change proposed is to adjust the calculation of the discretionary limits on external loans and interest payments to make this measure more comparable with the measurements used at a national level to enable a more understandable comparison of the Council's approach when compared with Central Government.

- 3.5 The latest budget monitoring data shows that the Council is projecting an underspend of £3.9m on its revenue budget for 2014/15. This is made up of a number of over and underspends across the wide range of services provided by the Council. Individual reports have been agreed by Cabinet Members and made available for Scrutiny.

The timely achievement of savings again provides an opportunity for limited investments in the Council's and local peoples' priorities including holding down future year's Council Tax and these are identified in more detail in paragraph 3.25. The latest update to the MTFS is attached as Appendix C. It identifies that the Council must continue to target savings/efficiencies in future years.

#### The Local Government Finance Settlement (LGFS) and Future Funding Issues

- 3.6 In December 2014 the Government announced the provisional LGFS for 2015/16. As expected, the settlement imposed further funding reductions on Local Authorities as part of the Government's ongoing deficit reduction strategy. Nationally, the key headlines were:

## SECTION G

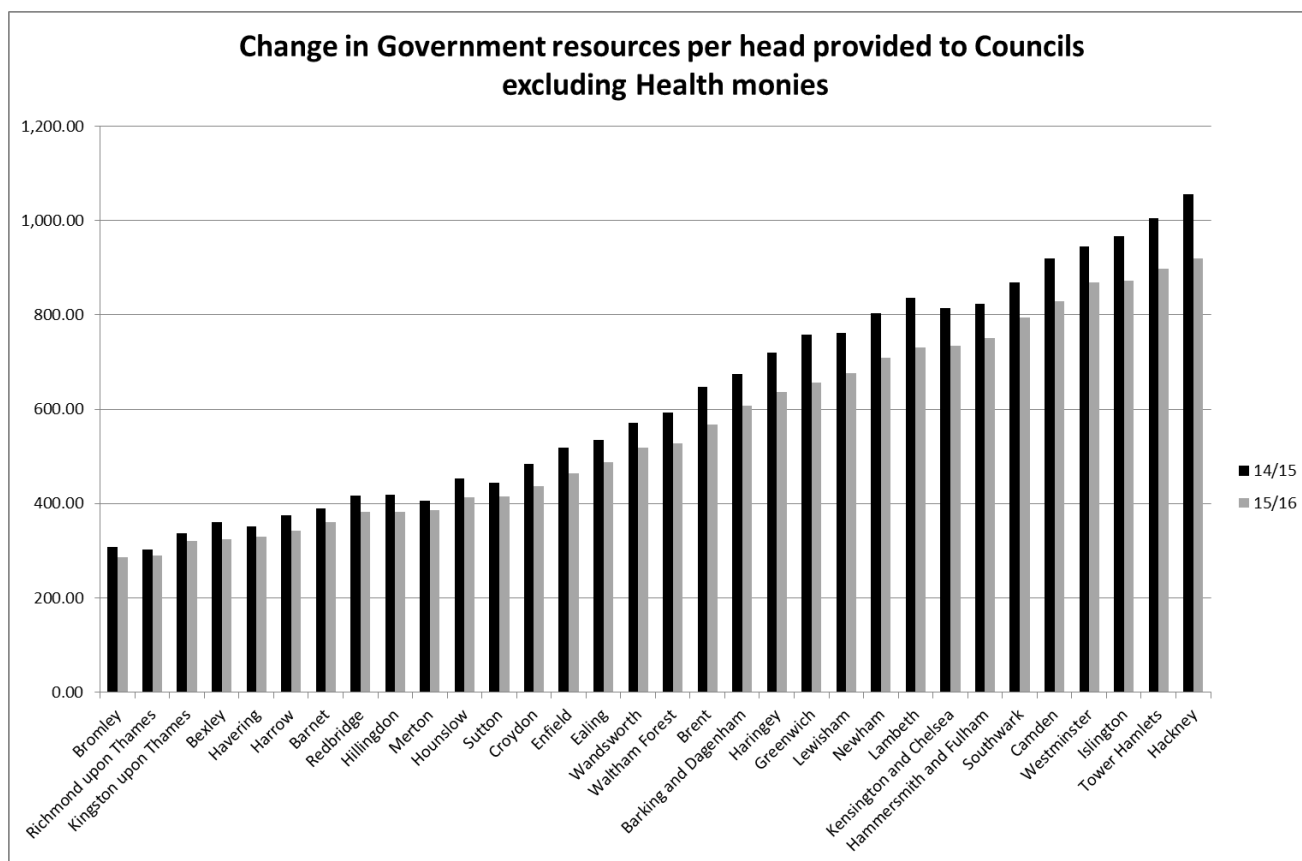
- Spending Power (SP) has reduced by 1.8% for 2015/16. These figures include pooled budgets with the health service. Excluding this funding SP has reduced by 5.6% for 2015/16 (See para 3.11 for explanation of spending power).
- No Council will face a loss in spending power of more than 6.4% between 2014/15 and 2015/16
- Council Tax Freeze Grant will be available in 2015/16. This is worth £274m nationally and will mean this grant will have been offered to Councils for 6 years.
- Councils have been compensated for the loss of Business Rate income following the capping of this year's increase to 2%
- Confirmation that there will be £3.5bn worth of pooled budgets available for health and social care. The majority of this is not new money although the total has been included in SP calculations.
- New Homes Bonus (NHB) will be worth £1.17bn in 2015/16 (compared to £916m in 2014/15). However, a new top-slice to this grant has been introduced for London which will see the amount allocated to the Council *fall* in 2015/16.

3.7 The funding levels for 2015/16 were broadly as expected for Richmond and have been built in to the MTFs. The main financial impact on the Council can be summarised as:

- Richmond will lose £5.4m in 2015/16 from its Settlement Funding Assessment (general un-ringfenced grants funded via RSG and NNDR).
- Government figures suggest Richmond's SP actually increases in 2015/16 by 1.7% but, as explained below, the Council believes it is misleading to simply use this percentage to compare our funding position to other Councils. Excluding the health money the figure becomes a *loss* of 1.6% for Richmond.
- A net reduction in New Homes Bonus of £0.4m is expected for the Council in 2015/16 because of the introduction of a "top-slice" on this funding. The Government will pay this top-slice to the GLA for use by the London Local Enterprise Panel – an advisory body chaired by the Mayor for London.

3.8 The chart below illustrates the relative position of Richmond compared to the rest of London when comparing 2014/15 and 2015/16 funding allocations (within Spending Power) per head of population. Richmond has the second lowest allocation at £290 per head. Bromley are the lowest at £286 and Kingston are next lowest at £320 per head and Hackney is the highest at £919 per head. The London average is £555 per head. If Richmond were funded at just the level of the next lowest funded London Borough (Kingston) the Council would receive around an additional £6m or enough to reduce Council Tax by approximately 5%

## SECTION G



3.9 The Council expects to be able to meet the Business Rates target set by Central Government in 2015/16 and has built a small surplus on this target into the MTFS. There still remains a risk around this retained Business Rates income as changes in levels of rateable value appeals, collection rates, discounts and exemptions could have a significant impact on income levels and are difficult to predict and control.

3.10 The Council's MTFS has built in the funding reductions mentioned above as well as further significant funding reductions for the medium term. Recent Government announcements (Autumn Statement and Budget 2014) indicate that although the economy is showing signs of returning to growth, significant public sector funding reductions are expected to continue for at least a further four years. This poses a significant challenge for the Council.

### **Government Funding vs. Spending Power**

3.11 The Council's Settlement Funding Assessment (general un-ringfenced grants funded via RSG and NNDR) has been cut by £5.4m in the LGFS.

However, in recent years, the Government's preferred way of measuring the impact of the settlement is through its Spending Power calculation. Spending Power (SP) is defined as the total revenue funding available to a Council and includes Council Tax, Government Grant and Retained Business Rates. For example, a Council which raised £50m in Council Tax and £50m through Government Grants and Business Rates would have a Spending Power of £100m.

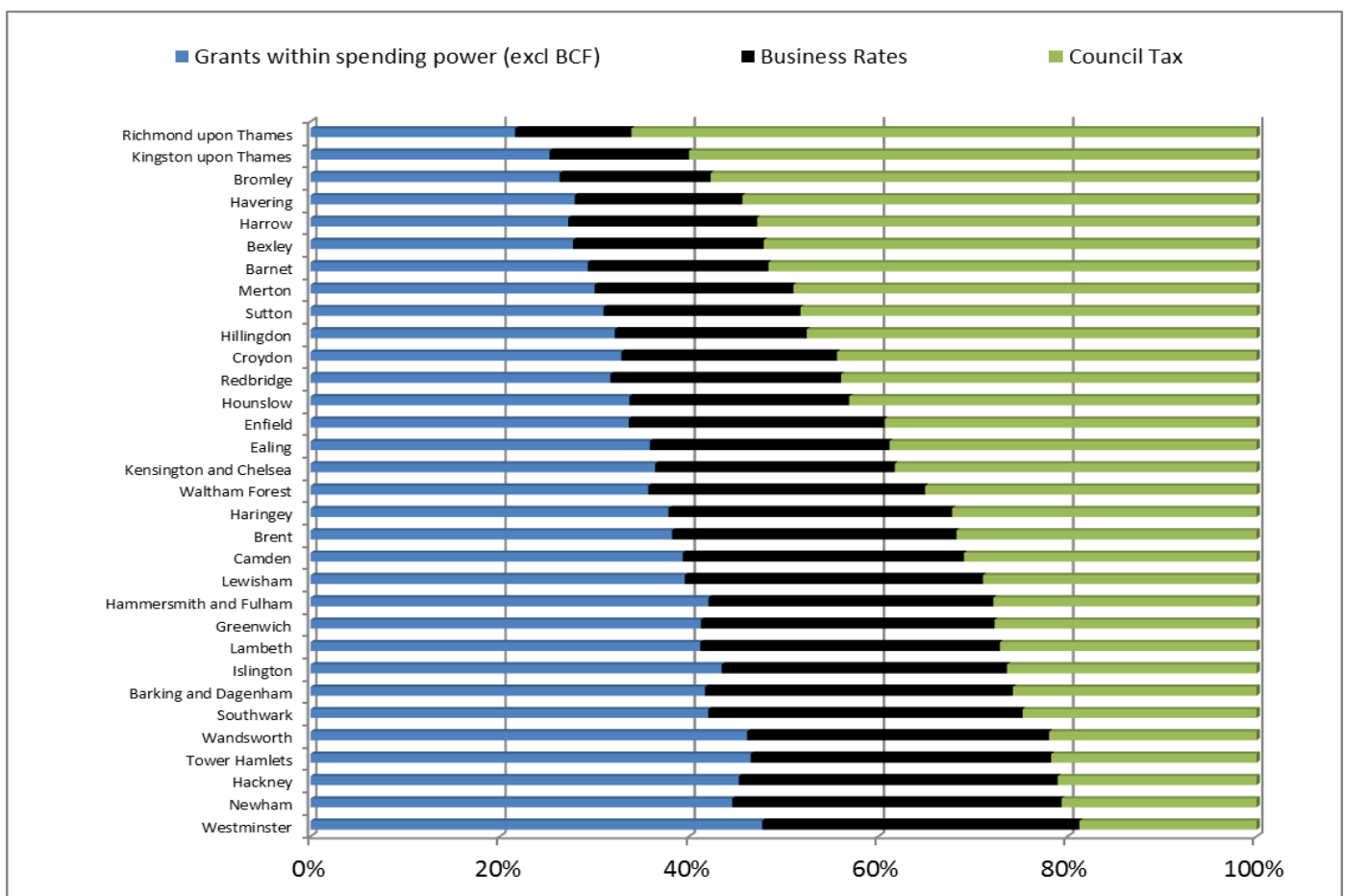
Assuming a Council Tax Freeze and a 10% cut in Government funding the new figures would be Council Tax of £50m and Grants / Business Rates of £45m. The SP calculation would express this as a 5% cut in SP i.e. £5m / £100m = 5%. This is clearly less than the

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actual 10% cut in Government funding. The effect of any reduction in Government Grant is, therefore, “diluted” in the calculations.

3.12 This methodology has further implications for Richmond given that the Borough raises a larger proportion of its income through Council Tax than any other London borough. The higher the proportion of income raised through Council Tax, the greater the dilution effect of the SP calculation. This leads to misleading comparisons on the impact of the settlement between boroughs. The Local Government Finance System is essentially formula based with the same calculations being applied to all boroughs. The diluting effect of the SP calculation makes the same percentage reduction in Government funding look like a more lenient settlement for Richmond. The following chart shows how Richmond is funded relative to other Boroughs:

### Sources of Funding



3.13 66% of Richmond’s SP comes from Council Tax and 34% comes from Grants (excluding better Care Fund) and Business Rates. This compares to Westminster at the other extreme where 19% is funded from Council Tax and 81% is funded from Grants and Business Rates. The Government funding reductions are only being applied to the proportion received through grant so although in most instances the same percentage reduction is being applied to all boroughs this will be a lower percentage of overall SP for Richmond. The key figures are:

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<b>Including the Better Care Fund</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Change</b>
Grants	45.093	46.762	3.70%
Council Tax	109.186	110.184	0.91%
Business Rates Baseline	20.104	20.488	1.91%
	<b>174.383</b>	<b>177.434</b>	<b>1.75%</b>
<b>Excluding the Better Care Fund</b>			
Grants	40.230	36.073	-10.33%
Council Tax	109.186	110.184	0.91%
Business Rates Baseline	20.104	20.488	1.91%
	<b>169.520</b>	<b>166.745</b>	<b>-1.64%</b>

- 3.14 The figures have been presented including and excluding the 'NHS and LA Better Care Fund' as the inclusion of this shared funding (LA and NHS) obscures the real grant reduction for the Borough.

### **Partners and forward planning**

- 3.15 The Council and its local partners have a strong commitment and good track record of working in partnership. The Council, CCG and wider GP membership continue to work in partnership on joint commissioning across a number of services, including importantly the re-commissioning of community health services. Additionally there is good engagement with the voluntary sector, a close relationship with the police and others via the Community Safety Partnership and joint action being taken to address the impact of the current economic situation. The Health and Wellbeing Board provides local accountability for the improved health and wellbeing of Richmond residents and has as its main objective the Council and CCG's joint work on the integration of health and social care for adults and children.
- 3.16 The Council places a strong priority on the provision of education in the Borough and as well as the continuing funding of expansion of primary places it is working with the secondary sector to fund the establishment of sixth forms in every state funded secondary school in the Borough. Additionally, it is working with Richmond upon Thames College, Haymarket and Harlequins to develop a new campus for education and enterprise on the existing college site. The campus will comprise a new College, new Secondary School and a purpose built special school alongside new specialist facilities for the Haymarket Media Group. This is an ambitious programme for the borough and requires significant investment. The College elements are to be funded through college land sales and applications for London Enterprise Panel funding. The Council is contributing towards the purchase of land for the new secondary school and the redevelopment of the Clarendon Special School.
- 3.17 We continue to expand our work with our neighbouring local authorities. The South London Partnership provides a focal point for both joint working and engagement with the GLA in respect of regional funding. In April 2014 we launched Achieving for Children, a new Community Interest Company, jointly owned by the Council and the Royal Borough of Kingston, which provides Children's services to both boroughs. Our 4 borough (Richmond, Merton, Kingston and Sutton) shared legal service is now well established, as



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is our shared audit service and shared HR service with Kingston. The Council has announced a major new initiative with the London Borough of Wandsworth, including a shared management structure, and indicative targeted savings from this are built into the later years of the current MTFs.

- 3.18 Particularly important in financial terms is the relationship with the local NHS. Richmond Clinical Commissioning Group (CCG) has a favourable financial position and is forecasting a surplus of £6.7m in 2014/15 in line with its financial plans and also expects to be rated green in its NHS England assurance targets. Going forward the CCG will have efficiency savings targets in order to meet growth pressures of approximately £6m and target reductions in CCG running costs. In addition the CCG will have financial risks in managing the planned shift in activity from hospital to community services with an associated risk of increased demand in adult social care services.
- 3.19 The Council and Richmond CCG's joint Better Care Fund Plan for 2015/16 has been formally approved by NHS England and this will be managed as a pooled budget totalling £11.7m. The plan includes a risk sharing agreement to manage financial risks across the health and social care system. A key priority of the Better Care Fund Plan will be to further integrate health and social care services for borough residents.
- 3.20 The Mayor's Office for Policing and Crime (MOPAC) sets out the planned resources for the Police in the Police and Crime Plan 2013-2016. Richmond's funding allocation from the London Community Safety Fund is confirmed for this period and is broadly in line with the funding we and our partners requested in order to meet our priorities. This includes an element of joint funding with RB Kingston. The plan is now being implemented through continued close working with our local police partners to maintain the current levels of confidence about community safety and crime. The Council is continuing to contribute £80k to enhance local neighbourhood policing and is taking an increased role in co-ordination of partnership work as result of the organisational changes to neighbourhood policing and the probation service.

### **Balances and Reserves**

- 3.21 Appendix B to this report contains a full listing of the revenue balances and reserves held by the Council and gives details on their intended application. The key issues are:
- The General Reserve is planned to stay at £9.96m. This is within the range (5-10%) agreed by the Council and there is no use planned in 2015/16.
  - Approximately 26% (£12.4m) of the quoted balances at 1.4.14 are funds that are outside of the Council's direct control e.g. school balances. In addition to this a further approximately 19% (£8.9m) e.g. PFI Reserve and Insurance Funds, whilst being under Council control, are essentially not available for use for other purposes.
  - Once any schools become academies, reserves associated with these schools will be transferred out of Council funds.
  - The Council agreed last year to place the "one off" freeze grants from central government into reserve and then use from 2014/15 to hold down any future Council Tax increases. The total use of freeze grants to support the Council Tax in 2015/16 has remained at £1.8m.
  - It is anticipated that, following four years of reductions, reserves will remain broadly stable at around £48m (£37m excluding schools and £32m if the new freeze grant reserve is excluded) by the end of 2014/15. Excluding schools, this would remain around the lowest level since 2003.

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- Balances are available for use only once. Their use to reduce Council Tax in any given year will result in cuts being required in future years.

### Overall Budget Proposals

- 3.22 In line with the Constitution and in accordance with proposals agreed by Leading Members, individual service budgets have been agreed by the relevant Cabinet Member and reports have been submitted for Scrutiny.
- 3.23 The Council has attempted to set a budget that achieves a balance between the Council Tax increase not adding a further financial burden on household budgets and maintains service standards whilst addressing the serious, long term reductions in public finances that are expected.
- 3.24 This means that the budget proposals must also consider the longer term and to this end the Council's savings programme will need to continue for the foreseeable future. Despite this, the Council has always aimed to provide for limited investment in specific priorities.
- 3.25 In particular the 2015/16 budget has:
- Built in specific funds for new demands / costs of statutory services:
    - £6.0m of existing funding transferred from the NHS will be used to join up health and social care services for Borough residents and provide more care and support to people in the community.
    - £0.8m to reflect increased demand for care services for adults with learning disabilities.
    - £0.5m on Children's services.
  - Included efficiency/savings/income generation of £8.6m as follows:
    - Savings from reorganisations and shared services etc. - £1.2m
    - Reductions generated from procurement and contracts savings - £2.4m
    - Reductions from Achieving for Children - £1.5m
    - Income generation and holding down inflation on supplies budgets - £2.7m
    - Other general expenditure reductions – 0.8m
  - Included time limited funding of £0.5m of investment in pavements and highways for a further year. This reflects the priority given to this area in the All-in-One consultation and the demand shown for the community pavement and highways scheme.
  - Provided continuing support for capital investment, particularly in education.
  - Provided for a 2.2% LG pay award effective from 1 January 2015 and zero on non-contracted services.
  - Assumed the acceptance of the latest one-off freeze grant from the Government and its application to assist in meeting the longer term aim of holding down / freezing Council Tax increases in future years.
  - Assumed the use of £1.7m of underspend in 2014/15 to contribute to freezing the Council tax in 2015/16.

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3.26 The final service totals are:

	<u>£m</u>
Education and Children's Services*	28.8
Environment	22.3
Adult and Community Services	73.2
Finance & Corporate Services	19.2
<b>Total</b>	<u><u>143.5</u></u>

\* includes £47.7m Achieving for Children Contract

3.27 Central Items and contingency

	<u>£m</u>
Capital Funding and Investment	8.1
Business Rates Tariff / Levy	3.9
Pensions deficit funding	5.0
General Contingency	0.5
Investment Priorities	0.8
Transfers to/from Reserves (Inc. Ctax Freeze Grant)	0.2
Non Ring Fenced Grants	-4.2
14/15 Underspend used to Reduce Council Tax	-1.7
<b>Total</b>	<u><u>12.6</u></u>

3.28 Summary of Borough Expenditure

	<u>£m</u>
Service Estimates	143.5
Central Items and Contingency	12.6
<b>Total</b>	<u><u>156.1</u></u>

### Levies

3.29 There are a number of levies and other charges, which the Council has to pay each year. These levies count as part of the borough's expenditure and they are, therefore, included in the relevant service budgets. The amounts and services are set out below:

<b>Levy</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Variation</b>
	<b>£000</b>	<b>£000</b>	<b>%</b>
West Waste	6,994	7,686	+10%
Lee Valley Park	274	274	TBA
Flood Defence	197	197	TBA
London Pension Fund Authority	335	335	TBA
Coroner's Service	160	160	TBA

All figures are based on the latest information at the time of writing the report and are subject to change once final levies have been agreed.

There are no levies this year from the Mortlake or South West Middlesex Crematorium Boards.

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### Capping/Council Tax Referendums

- 3.30 The Localism Act abolished direct capping by the Government and replaced it with the ability of the Secretary of State to set a maximum level of council tax increase. Any Council wishing to set a higher level of increase will be required to hold a local referendum. The Secretary of State has announced the level will be 2% for 2015/16.

### The Greater London Authority (GLA) Precept

- 3.31 The Band D Council Tax in respect of the GLA Precept is expected to reduce to £295.00.

### 3.32 Summary of requirements and Council Tax

	£m
Total LBRuT Budget Requirement	156.098
School expenditure funded from DSG *	91.828
GLA Precept	25.281
	<hr/>
	273.207
Less	
Revenue Support Grant / NNDR retention	-45.022
DSG *	-91.828
Contribution from Collection Fund	-0.750
	<hr/>
Total Requirement for Council Tax	135.607

\*Final figures, including all academy adjustments, are still awaited.

At the Cabinet meeting of 14th January 2015, the Council Tax Base for 2015/16 was agreed as 85,697.20 Band D equivalents.

**Based on the above figures, the total tax at Band D including the GLA element is reduced to £1,582.39.**

- 3.33 The table below shows the impact of the increases in Council Tax proposed by the Council and the GLA:

	2014/15 £	2015/16 £	% change
LBRUT	1,287.39	1,287.39	0.00
GLA	299.00	295.00	-1.34
TOTAL	1,586.39	1,582.39	-0.25

### Section 25(2) of the Local Government Act 2003

- 3.34 Section 25(2) of the Local Government Act 2003 requires the Chief Financial Officer of an authority to report on:
- the robustness of the estimates made for the purposes of the calculations, and
  - the adequacy of the proposed financial reserves.

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In doing so, the Director of Finance and Corporate Services has had particular regard to the guidance offered by the Chartered Institute of Public Finance and Accountancy and the views of the Council's external auditor.

- 3.35 The Council's stated aim is to achieve long term stability in its finances whilst restricting Council Tax increases. To achieve this, the Council must have regard to the major risks to its financial position and in particular:
- The current economic position and future outlook
  - Whether budget setting and monitoring processes are robust and effective
  - Demand pressures on the budget
  - Identifying and achieving cost and income improvements
  - Changes to the system of funding for Local Government
  - Risks to Government funding levels
  - Risks to other income streams
- 3.36 The Council has a good recent track record in financial management and in the delivery of Value For Money (VFM). The judgements by external inspectorates take into account both the service performance of the Council and the way we prepare and monitor our budgets as well as the wider use of resources including staffing and physical resources.
- 3.37 Local government finance issues have been dominated in recent times by cuts in government funding and pressure to keep council tax increases down set against growing demand for services. Alongside this the longer term position has also been made more uncertain by the changes in the way Government Funding is calculated. The Council only currently knows the outcome of the funding regime for 2015/16. However, it also knows that the Government has stated that public sector funding is likely to continue to reduce through to 2018/19 and possibly beyond. Although the MTFS (attached as Appendix C) shows that the action taken to date has been successful in maintaining a strong financial position, and providing some limited one off investment, the longer term position remains extremely challenging if the Council is to achieve low or zero Council Tax increases.
- 3.38 In considering their longer term plans Members should also note that freezing Council Tax levels produces a permanent real terms reduction in Council Tax yield. To illustrate this, the decisions to freeze Council Tax in 2010/11, 11/12, 12/13, 13/14, 14/15 and 15/16 means a permanent £13.2m (after Freeze Grant) reduction in the tax yield as compared with Council Tax rises in line with inflation (CPI). Clearly the positive aspect of this is that local tax payers are paying £226.84 (at Band D) or 18% less than they would have been had the Council applied inflationary increases each year.
- 3.39 With a relatively low allowance for demand growth, uncertainty over longer term Government funding, national elections due this year and the need to achieve challenging savings targets, the risks inherent in the revenue budget remain significant. The Council has sufficient reserves to deal with such a position in the short term and in the medium term continues to refresh its savings and efficiency programme. Whilst savings and efficiencies have been agreed for 2015/16 and progress made on the strategy to manage future years' reductions, including a major initiative to share staffing and management with the London Borough of Wandsworth, there remains a need to firm up details behind these proposals over the course of the next year.
- 3.40 Given the resource constraints and uncertainty over demand pressures faced by the Council it is imperative that efficiency remains at the heart of all Council activities. This will contribute towards the achievement of the Council's objectives.

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- 3.41 Despite the constrained funding position, the Council remains committed to investing in the essential infrastructure, particularly in relation to school places, that underpins high quality services. Hence the significant capital programme. The affordability of this programme has been helped by the identification of one-off capital and revenue resources but the programme still relies heavily on the Council being prepared to increase its borrowing in future years. The Council also believes that, faced with the level of growth projected, it is essential that the Government steps up its contribution to this essential infrastructure and will be making its case robustly to Government. The impact of this demand is built into the Medium Term Financial Strategy and will be kept under regular review with the aim of reducing the borrowing need if possible.
- 3.42 The Council's reserves and their usage is linked to both the capital and revenue budget. A full list of the current reserves held by the Council is attached at Appendix B and is reviewed in the attached MTFs. The overall level has reduced over recent years but remains adequate for the purposes identified.
- 3.43 The financial strategy does not include any further use of the General Fund Reserve at this stage but does assume that one off monies received from the Government for freezing Council Tax will be utilised to hold down increases in coming years. With levels of reserves standing below the London average, reserves will continue to be monitored and reviewed regularly. Both the current and projected levels of General Reserve are expected to remain within the Council's agreed range of 5-10% of the Budget Requirement.
- 3.44 It should be noted that the Pension Fund Reserve is, in common with many other Pension Funds, showing a large deficit. The Council has a long term recovery plan for the fund but this faces continual challenges from reducing numbers contributing to the fund, increasing longevity of members and volatile investment returns. Although recent market returns have been positive, increasing longevity combined with reduced discount rates are by far the most important factors and the increase in the former shows little sign of abating. The latest triennial fund valuation was completed last year and officers agreed a stabilised position with the actuary so that the rate of contributions by the Council will be unchanged. The Council's Pension Fund Committee has received reports and presentations on this issue over the last year and will continue to monitor the Fund's performance on a regular basis.
- 3.45 In summary, the Chief Financial Officer (being the Director of Finance and Corporate Services) confirms that he is content that the estimates are robust for the purposes of the required budget/council tax calculations and that the Council's reserves are adequate.

### **4. FINANCIAL AND EFFICIENCY IMPLICATIONS**

- 4.1 These are set out in the body of the report.

### **5. PROCUREMENT IMPLICATIONS**

- 5.1 Improvements in procurement processes and outcomes forms a key part of the Council's efficiency programme. Included in the budget proposals are a number of new procurements which are anticipated to contribute to the overall savings targets for the Council.

### **6. LEGAL IMPLICATIONS**

- 6.1 There are none arising directly from this report.

## **7. CONSULTATION AND ENGAGEMENT**

- 7.1 The Council undertook a Residents' Survey during 2013 and 2014 which included key questions on their priorities for spending and opinion of the Council's approach to financial management. The results have been used in formulating the budget strategy.
- 7.2 The Council attended a business breakfast organised by the Richmond Chamber of Commerce and will also circulate copies of the budget report and MTFs papers to major local businesses and business associations. Officers will continue to maintain contact with the local business community via the Chamber of Commerce.
- 7.3 Scrutiny have also considered relevant detailed service budget reports and have the opportunity to comment before Cabinet recommends final decisions to Council.

## **8. POLICY IMPLICATIONS/CONSIDERATIONS**

- 8.1 There are none arising directly from the report although the level of budget resources available is a major influence on the delivery of Council policy in all areas. The Council's budget is part of the Policy Framework and, therefore, requires the approval of Council.

## **9. RISK ASSESSMENT**

- 9.1 The risks faced by the Council in relation to financial planning and budget setting are set out in the MTFs (Appendix C) and in paragraphs 3.34-3.45 of this report as part of the Director of Finance and Corporate Services' comments on Section 25 (2) of the Local Government Act 2003.

Many of the risks are similar to previous years but it is particularly worth noting the risks in relation to Government Funding, Treasury Management (investment and borrowing) and the potential for increasing inflationary and demand pressures.

## **10. EQUALITY IMPACT/CONSIDERATIONS**

- 10.1 Appendix D considers the equality impact of major changes to the 2015/16 budget.

## **11. ENVIRONMENTAL CONSIDERATIONS**

- 11.1 The level of budget available for different services has a direct impact on service delivery. The Council has made available both one off and ongoing funds in areas such as sustainable building, green business advice, waste and recycling which are aimed at improving the environmental impact of the Council and its partners

**12. APPENDICES**

Appendix A – Council Tax Bands 2015/16  
Appendix B – Revenue Reserves  
Appendix C – Medium Term Financial Strategy (February 2015 Update)  
Appendix D – Equality Impact Assessment  
Appendix E – Budget Policies

**13. BACKGROUND PAPERS**

None

**14. CONTACTS**

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Council Tax Bands 2015/16

	<b>Richmond Council Tax</b>	<b>Greater London Authority</b>	<b>Total Council Tax</b>
<b>Band</b>	<b>(2015/16)</b>	<b>(2015/16)</b>	<b>(2015/16)</b>
	<b>£</b>	<b>£</b>	<b>£</b>
A	858.26	196.67	1,054.93
B	1,001.31	229.44	1,230.75
C	1,144.35	262.22	1,406.57
<b>D</b>	<b>1,287.39</b>	<b>295.00</b>	<b>1,582.39</b>
E	1,573.47	360.56	1,934.03
F	1,859.56	426.11	2,285.67
G	2,145.65	491.67	2,637.32
H	2,574.78	590.00	3,164.78

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## APPENDIX B

DESCRIPTION	Actual Balance at 1.4.14 £000	Transfers between reserves £000	Estimated Revenue Usage 14/15 £000	Estimated Capital Usage 14/15 £000	Estimated Additions 14/15 £000	Estimated Balance at 31.3.15 £000	PURPOSE OF RESERVE
<b>STATUTORY RESERVES OVER WHICH THE COUNCIL HAS LIMITED OR NO CONTROL</b>							
Schools	-10,570	*	*	*	*	-10,570	Ring fenced to schools
Schools' Maternity & Supply Cover Scheme	-606	*	*	*	*	-606	Internal insurance arrangement for supply and maternity cover in schools
Dedicated Schools Grant Reserve	-558	0	558	0	0	0	Created from underspend of Dedicated Schools Grant. Earmarked for schools expenditure.
Orleans House	-492	0	16	0	0	-476	Balance of rent income received on trust assets managed by the Council. To be used in relation to the Orleans House site.
Home Loans Unit	-120	0	89	0	0	-31	Funds associated with former GLC mortgages (distributed across all London boroughs)
Thames Landscape Strategy	-39	0	39	0	0	0	Ringfenced reserve managed on behalf of London boroughs
<b>Sub total</b>	<b>-12,385</b>	<b>0</b>	<b>702</b>	<b>0</b>	<b>0</b>	<b>-11,683</b>	
<b>NON STATUTORY BUT ESSENTIAL RESERVES</b>							
PFI Reserve (Future Liabilities)	-6,131	0	0	0	-18	-6,149	To allow for future smoothing of annual payments under PFI contracts
General Insurance Reserve	-2,605	0	10	0	-10	-2,605	Internal insurance fund (non-vehicle). Revaluation is completed as part of the insurance tendering process.
Vehicles Insurance Reserve	-155	0	7	0	0	-148	Internal insurance for Council vehicles
<b>Sub total</b>	<b>-8,891</b>	<b>0</b>	<b>17</b>	<b>0</b>	<b>-28</b>	<b>-8,902</b>	

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DISCRETIONARY RESERVES CURRENTLY EARMARKED							
Council Tax Freeze Grant	-4,073	0	1,800	0	-2,258	-4,531	To be used to contribute to minimising Council Tax in future years
Repairs and Renewals Fund	-3,151	0	870	1,458	-891	-1,714	Purchase or creation of assets providing benefits of at least 3 years
Waste & Recycling Reserve	-2,373	0	231	0	-225	-2,367	Used to fund Waste and Recycling Strategy
Invest to Save Fund	-2,305	0	256	0	-2,200	-4,249	Funding for efficiency work across the Council, including significant allowance for redundancy costs
All in One Uplift Projects	-1,258	0	0	72	0	-1,186	To support the development of Uplift projects and also projects resulting from the All in One Consultation/Twickenham Riverside
Youth Development Fund	-673	0	0	607	0	-66	To fund capital schemes to improve youth facilities
Project Development Reserve	-621	0	621	0	0	0	To fund start up costs and development costs of major projects (largely IT related)
Commitments Reserve	-587	0	287	0	0	-300	Unspent revenue budgets carried forward for specific Cabinet approved projects.
Climate Change Reserve	-483	0	10	0	-50	-523	To support the Council's Sustainability Team in reducing the threat of climate change, to cut carbon emissions and promote energy efficiency
Youth Centres Reserve	-246	0	0	0	0	-246	Income generated by youth centres (e.g. lettings) which is earmarked for re-investment within youth services
Lincoln Fields	-182	0	0	0	0	-182	Net income for Lincoln Field site to be put towards pitch re-surface as per Football Foundation agreement
Economic Support Fund	-108	0	56	0	-70	-122	Support for economic development initiatives
VAT Reserve	-105	0	0	0	0	-105	To cover potential tax liabilities

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Underspend to Reduce Council Tax	0	0	0	0	-1,700	-1,700	The Council policy is to set aside the first £1m + 25% of any further underspend to hold down Council Tax in the following year.
Other Reserves	-494	0	114	0	-1	-381	Various small reserves (under £100k)
<b>Sub total</b>	<b>-16,659</b>	<b>0</b>	<b>4,245</b>	<b>2,137</b>	<b>-7,395</b>	<b>-17,672</b>	
<b>GENERAL FUND</b>							
General Reserve (available for any purpose)	-9,956	0	0	0	0	-9,956	
<b>TOTAL RESERVES</b>	<b>-47,891</b>	<b>0</b>	<b>4,964</b>	<b>2,137</b>	<b>-7,423</b>	<b>-48,213</b>	

\*Decisions on these reserves are normally taken as part of the final accounts process and so no changes are shown at this time



**Medium Term Financial  
Strategy**

*February 2015 Update*

## SECTION G

### 1. Introduction

This document provides an update to the Council's Medium Term Financial Strategy (MTFS). This summary seeks to update the overall economic background within which this MTFS is produced and draw out the major changes since the last MTFS update. In particular it continues to focus on the Administration's target of low or 0% Council Tax increases.

### 2. Key Objective of the MTFS

The key objective of the MTFS is:

- **To deliver a zero % Council Tax increase in the next year and work towards zero or sustainable low increases in the years beyond.**

In pursuing this aim, the Council will:

- be open and accountable.
- support the most vulnerable in the community.
- act as trustees for the natural and built environment of the Borough.
- focus expenditure on services of direct benefit to local residents.
- give local people a more direct say in Council services.

### 3. Context of the review of the MTFS

There are four key factors driving the review of the MTFS:

- Central Government policy in relation to deficit reduction
- The requirement for the Council to achieve further expenditure reductions whilst maintaining the quality of services together with ensuring existing plans are fully implemented.
- The continuing need for capital investment
- The desire to keep Council Tax increases as low as possible

#### 3.1 Deficit Reduction

The figures from the Office for Budget Responsibility set out below show how their forecasts have changed since December 2013.

##### Economic Growth

Economic growth was higher than expected in 2013 and the forecast remains higher for 2014 and 2015 before dipping below previous expectations. The recent downward movement in oil prices may also have a significant impact in future years.

%	2013	2014	2015	2016	2017	2018	2019
December 2013	1.4%	2.4%	2.2%	2.6%	2.7%	2.7%	N/A
December 2014	1.7%	3.0%	2.4%	2.2%	2.4%	2.3%	2.3%

**Cyclically Adjusted Current Budget (CACB)**

The latest forecast again shows that the budget is likely to be in surplus from 2017/18 but that deficits in the 3 preceding years are expected to be higher.

<b>% of GDP</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
December 2013	-2.0	-1.4	-0.2	0.7	1.6	N/A
December 2014	-2.7	-2.2	-0.5	0.7	1.5	2.3

**Public Sector Net Debt**

The latest forecast indicates that whilst debt is expected to fall from 2015/16 onwards, it is from a slightly higher level.

<b>% of GDP</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Autumn Statement 2013	78.3	80.0	79.9	78.4	75.9	N/A
Autumn Statement 2014	80.4	81.1	80.7	78.8	76.2	72.8

In the June 2010 Budget, the Government set itself two medium-term fiscal targets for the current Parliament:

- to achieve cyclically-adjusted current balance by the end of the rolling, five-year forecast period
- public sector net debt as a percentage of GDP to be falling at a fixed date of 2015-16

The OBR comments that:

“We judge that the Government has a greater than 50 per cent chance of meeting the fiscal mandate. The CACB is forecast to be in surplus by 2.3 per cent of GDP (£50.6 billion) in 2019-20, the first surplus in excess of 2 per cent that we have forecast in a mandate year”.

“The supplementary target requires public sector net debt (PSND) to fall as a share of GDP between 2014-15 and 2015-16, with this target year fixed. We expect that PSND will continue to rise as a share of GDP in that year, so the Government is on course to miss its supplementary target. This has been the case in each of our forecasts since December 2012. PSND is expected to peak as a share of GDP in 2015-16, falling in 2016-17 and then by larger amounts each year”.

Whilst the OBR notes that there is considerable uncertainty about their central forecasts, these figures continue to indicate that the deficit reduction strategy is taking longer than expected and that there will be considerable further pressure on the public finances.

**3.2 Progress to date on actions taken by the Council**

In summary, the Council is on track to meet its original savings target with a total saving of £31.2m achieved by the end of 2014/15. The savings achieved to date can be broadly categorised as £15.3m from internal restructuring and the sharing of services with other organisations, £10.4m from procurement and contract savings and £5.5m from income generation and inflation restrictions.

## SECTION G

The funding issues raised elsewhere in this report will require additional savings to be identified and implemented in order to achieve the lowest possible Council Tax increases in future years. The figures in this report identify £8.6m of savings for 2015/16 and a requirement for a further £12.1m (£22.1m before assumed savings from Wandsworth shared proposals) between 2016/17 and 2018/19 (assuming a zero percent rise in Council Tax).

### 4 Provisional Local Government Finance Settlement

4.1 The Government announced the provisional settlement on 18<sup>th</sup> December.

4.2 This year's settlement confirmed grant reductions of £5.4m for 2015/16 which is broadly in line with expectations. Despite the grant loss, the Council is proposing to maintain its recent policy of freezing the Council Tax for 2015/16. This is possible as a result of further budgeted efficiencies and an increased Council Tax base.

Section 7 of this document sets out the expected future funding gaps still faced by the Council.

### 5. Capital Programme

5.1 A review of the capital element of the MTFs and the Capital Programme for 2014/15 to 2019/20 is set out in a report to Cabinet on 12 February 2015. The programme includes new schemes totalling just over £42m, the largest of which is £18m for schools expansion. This Capital Programme totals around £198m over the 6 year period. Education projects (63% of the total programme over the next 5 years) continue to dominate the programme. This reflects the Council's investment plans for primary, secondary and special school places and the development of sixth forms. It is expected that this programme will now bring the number of extra primary school places since 2010 up to 4,920 (36.3% increase) by 2019 and provide a minimum of 1,800 (18.6% increase) secondary school places by 2017. It will also provide sixth form places rising over time towards 1,480 in total and 182 – 204 SEN places.

5.2 The table below shows some of the key capital financing expectations for forthcoming years. Importantly external debt is likely to rise unless new sources of alternative funding can be identified. The potential increase in borrowing costs will be spread over a number of years as the Council will run down its internal cash holdings in the short term (see commentary in capital programme reports) which will help to limit its impact on Council Tax. In the long term the potential increase in borrowing nevertheless remains significant. Given the overall revenue projections it is clear that the Council will need to review its commitments for the future carefully to ensure they are affordable.

	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s	2019/20 £000s
Total Capital Expenditure	61,228	29,387	13,474	7,899	8,399
Capital expenditure to be funded from revenue budgets, reserves and capital receipts	7,767	917	917	10,750	0
Capital expenditure to be funded from grants and contributions	7,249	3,589	858	858	3,358
Capital expenditure to be funded from borrowing (internal / external)	46,212	24,881	11,699	-3,709	5,041
Implied Underlying need to borrow at 31 <sup>st</sup> March	157,779	178,977	185,724	176,487	176,579

5.3 The underlying need to borrow at 31 March 2015 is estimated to be £114.5m. The current actual level of outstanding external borrowing is £72.5m. The MTFs allows for increases of £2.0m in loan interest costs over the next 5 years. Of this amount, £1.2m relates to the Education Programme with the remaining £0.8m relating to all other aspects of the programme. The Council believes that it is essential that this impact is limited by Central Government providing more direct capital funding for schools and has included this in its case to Government.



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### 6. Key Risks/Opportunities

- 6.1 The Council faces a range of risks which can potentially have a serious impact on its financial position. Set against these are a number of opportunities which may benefit the Council. The major identified risks and opportunities are considered in more detail in Annex 3.
- 6.2 In overall terms, the Council's plans for efficiency, longer term commissioning programmes e.g. developing integrated care, Achieving for Children, cost control and governance frameworks, seek to ensure that the risks are mitigated and opportunities exploited where possible.

To give a feel for what effect changes to different elements of expenditure can have on the Council's budget:

- A 1% increase or decrease in the pay award equates to approximately £0.5m or 0.5% of Council Tax
- Each additional £1m of revenue expenditure equates to a rise in Council Tax of approximately 0.9%.
- To reduce Council tax by 1% requires savings of approximately £1.1m.
- Borrowing of £1m over a 25year period adds approximately £70k per annum to the Council's expenditure.
- Each 1% loss of Settlement Funding Assessment (General Grant and Business Rates) costs the Council just over £0.4m.

- 6.3 The Council maintains a number of reserves and balances aimed at both protecting against financial risks and providing opportunities for targeted investment. The overall position is reviewed in Annex 4 of this document

### 7. Conclusion/Forward financial strategy

- 7.1 The table below sets out our current estimates of expenditure (see detailed lists in Annex 1 and underlying assumptions in Annex 2), at this stage, for the next four years:

	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000
Base Budget	160,389	156,098	156,510	157,429
Inflation	2,913	3,215	4,384	4,809
Government Led	569	-3,290	80	66
Increase from outside bodies / Govt Changes	155	-156	1,227	1,539
Demand led growth	1,329	1,040	1,040	1,040
Investment priorities	1,378	244	1,463	670
Efficiency proposals / income generation	-8,593	-1,930	-6,940	-6,909
Other growth and savings	-2,042	1,289	-335	8
<b>LBRUT Budget Requirement</b>	<b>156,098</b>	<b>156,510</b>	<b>157,429</b>	<b>158,652</b>
Formula Grant / NNDR Retention	-45,022	-40,855	-36,755	-34,155
Collection Fund	-750	-500	-500	-500
<b>LBRUT Council Tax Requirement</b>	<b>110,326</b>	<b>115,155</b>	<b>120,174</b>	<b>123,997</b>
CTAX Base	85,697.20	86,097.20	86,497.20	86,897.20
CTAX Richmond Element	1,287.39	1,337.50	1,389.34	1,426.94
<b>%age Increase</b>	<b>0.00%</b>	<b>3.89%</b>	<b>3.88%</b>	<b>2.71%</b>
Council Tax at 0.0% = Funding Gap of:		4,314	4,504	3,308
Council Tax at 2.0% = Funding Gap of:		2,043	2,166	902

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- 7.2 The figures in the model imply savings still to be identified of up to £12.1m (net of £10m assumed to be achieved as part of Wandsworth shared proposals) in the medium term. For 2016/17 the figures assume a continued pattern of reducing grant from Government at a similar rate to 2015/16. At this stage it is difficult to predict with any accuracy whether this loss could be higher or whether other changes may be made to the grant system.
- 7.3 By continuing to take early action in relation to efficiencies and budget reviews, the Council has thus far positioned itself to achieve its savings targets and allow some leeway to both deal with unexpected demands and provide investment in priority areas.

### 8. Sensitivity analysis of projections

- 8.1 In any assessment of the future position of the Council, it is important to understand the main financial drivers which influence overall expenditure and the risks associated with them. The table below shows a high level breakdown of Council expenditure and income (excluding DSG and schools related expenditure):

<u>Description</u>	<u>15/16</u> <u>£000</u>	<u>15/16</u> <u>%</u>
Employee Costs	50,573	12.2%
Premises Costs	14,225	3.4%
Transport Costs	4,016	1.0%
Supplies and Services Costs	13,619	3.3%
Third Party Payments	142,647	34.4%
DSG Expenditure	91,828	22.1%
Transfer Payments	81,294	19.6%
Treasury	8,102	2.0%
Central Items	8,733	2.1%
	415,037	100.0%
Funded by:		
Income from Fees & Charges etc.	-69,776	16.8%
Housing Benefit Subsidy	-71,118	17.1%
Government Grants:		
Revenue Support Grants / NNDR	-45,022	10.8%
Specific Government Grants	-26,218	6.3%
Dedicated Schools Grant (DSG)	-91,828	22.1%
Collection Fund Surplus	-750	0.2%
Council Tax	-110,326	26.6%
	-415,037	100.0%

\* Third Party Payments are mainly contract based expenditure and includes care budgets, waste collection and disposal, ICT expenditure.

The largest variable elements of the budget are staffing costs, third party payments and the income, predominantly from fees and charges for services. Relatively small changes in these have a significant impact on the overall financial position.

- 8.2 The budgeted impact of inflation is similar to previous years' projections (See Annex 2). To put inflation in context, a 1% increase in staff costs equates to £0.5m and a 1% increase in other costs equates to £1.9m (excluding housing benefit payments). The model assumes that the budgetary effect of general inflation is restricted wherever possible and held low over the next 3 years.

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- 8.3 There has been consistent pressure on “demand led” budgets over the years reflecting the impact of demographic changes including a growing population, increasing numbers of school children, increasing numbers of older people, adults with learning disabilities and children requiring care. The MTFs assumes that these pressures will continue into the future although they will be ameliorated to some extent by efficiency measures being undertaken. Although the exact impact of this cannot be known, there is a significant underlying risk related to the level of care that may be required as well as numbers of clients. The Council currently spends approximately £58m on the provision of care for all client groups so a 1% increase in costs or client numbers would cost £0.6m. This expenditure is mostly included in the Third Party Costs figure in the table.
- 8.4 The Council generates income from a number of key sources (e.g. planning fees, building control fees, parking charges) which are subject to fluctuation in difficult economic times. These and other income streams support large expenditure budgets which do not reduce in the same way as the income budgets thus putting pressure on the overall budget. Although income might be expected to stabilize in the future, there will remain the underlying risk of shortfalls. The Council currently budgets to collect around £69m in fees and charges. If the Council underachieved these budgets by 1%, it would lose £0.7m in income.
- 8.5 A further key variable is the level of Government support for services. This comes to the Council in a variety of ways e.g. Settlement Funding Assessment (Revenue Support Grant (RSG) and retained Business Rates), specific grants and non-ring fenced grants. As discussed earlier, these will be under severe pressure for the foreseeable future as the Government takes steps to reduce the public sector deficit. The total funding received from Government (including retained business rates) is currently £71.2m (excluding the Better Care Fund) so each 1% reduction costs the Council £0.7m.
- 8.6 The overall impact of a 1% adverse change in these factors would be a cost to the Council of approximately £4.5m equivalent to around £52 on a Band D Council Tax. This clearly illustrates the potential impact of the volatile risk factors underlying the budget.
- 8.7 The current strategy is intended to maintain financial stability into the medium term. On current assumptions, as shown above, achieving savings of around £12.1m on top of those already proposed in the next 3 years would enable the Council to achieve or come close to achieving a zero % Council Tax rise. Each additional 1% reduction in Council Tax requires additional budget reductions of around £1.1m.

### **9. Key actions and reports in the next 6 months**

- 9.1 The following summarises the key actions and reports that will impact on the Council's budgetary position in the next 6 months:
- Revenue and Capital outturn reports (May/June)
  - Review of national funding position post general election (June/July)
  - Q1 monitoring report for 2015/16 (July)
  - Implementation of all savings programmes agreed for 2015/16
  - Continued implementation of updated procurement processes and strategy
  - Update on key elements of Commissioning Strategy and joint working proposals
  - Performance monitoring reports
  - Final outturn report 2014/15 and reserves and balances review
  - Monitoring of impact of Business Rates Retention

The above will all be monitored via reports to the Cabinet and where appropriate/requested with Scrutiny.

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## ANNEX 1

Description	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
<b>Council Tax Requirement</b>	<b>109,186</b>	<b>110,326</b>	<b>115,155</b>	<b>120,174</b>
<u>Inflation</u>				
Employees (Pay Award, Increments)	510	657	1,158	1,438
Contract Inflation	1,744	1,750	2,330	2,450
Prices General	807	954	1,083	1,112
Fees & Charges	-148	-146	-187	-191
	<b>2,913</b>	<b>3,215</b>	<b>4,384</b>	<b>4,809</b>
<u>Government Grant Changes</u>				
Formula Grant / NNDR Changes	5,407	5,200	4,100	2,600
Retained NNDR & S31 Grants	216	-657	0	0
Changes in Specific & Other Grants	-2,159	5	0	-8
Matched by Changes in Expenditure Budgets	2,159	-5	0	8
Reduction in New Homes Bonus Grant	429	-333	-45	-59
Reduction in Housing Benefit Admin Grant	113	125	125	125
Council Tax Freeze Grant - Income	-1,200	0	0	0
Council Tax Freeze Grant - Transfer to Reserves	1,200	-3,458	0	0
Other	-165	0	0	0
	<b>6,000</b>	<b>877</b>	<b>4,180</b>	<b>2,666</b>
<u>Impact of Outside Body / Grant Changes</u>				
Concessionary Fares	215	414	454	479
WLWA	-200	0	200	200
WLWA Loan Interest	0	-1,083	-267	20
Better Care Fund Grant	-6,018	0	0	0
Better Care Fund Expenditure	6,018	0	0	0
Employers National Insurance Changes	0	1,173	0	0
Change in Use of Freeze Grant Reserve	0	-800	700	700
Other	140	140	140	140
	<b>155</b>	<b>-156</b>	<b>1,227</b>	<b>1,539</b>
<u>Demand Led Growth</u>				
Care Services for Older People / LD	789	500	500	500
Looked After Children / SEN	500	500	500	500
Other	40	40	40	40
	<b>1,329</b>	<b>1,040</b>	<b>1,040</b>	<b>1,040</b>
<u>Investment Priorities</u>				
Treasury (Changes to the Capital Programme)	1,349	1,314	1,463	670
Village Plans	0	-375	0	0
Rugby World Cup	95	-195	0	0
Twickenham BID	32	0	0	0
Highways & Pavements (removal of one off)	-500	-500	0	0
Other	402	0	0	0
	<b>1,378</b>	<b>244</b>	<b>1,463</b>	<b>670</b>

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Description	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
<u>Efficiencies / Income Generation</u>				
Restructures / Shared Services	-1,220	-100	0	0
Contracts / Procurement	-2,409	-574	-609	-570
AFC Contract Efficiencies	-1,500	-1,000	-1,000	-1,000
Income Generation / Inflation Reductions	-2,704	-256	-331	-339
Wandsworth Proposals	0	0	-5,000	-5,000
Other	-760	0	0	0
	<b>-8,593</b>	<b>-1,930</b>	<b>-6,940</b>	<b>-6,909</b>
<u>Other Growth and Savings</u>				
Local Election	-300	0	0	300
Treasury (Effect of Interest Rate Changes)	-142	-406	-355	-223
Other	100	-5	20	-69
Council Tax Collection Fund Surplus	0	250	0	0
14/15 underspend used to reduce 15/16 Council Tax	-1,700	1,700	0	0
	<b>-2,042</b>	<b>1,539</b>	<b>-335</b>	<b>8</b>
<b>Final Council Tax Requirement</b>	<b>110,326</b>	<b>115,155</b>	<b>120,174</b>	<b>123,997</b>

Acronyms used

WLWA West London Waste Authority  
 NNDR National Non Domestic Rates  
 HB Housing Benefit  
 LD Learning Difficulties  
 SEN Special Educational Needs  
 BID Business Improvement District  
 AFC Achieving for Children

**Significant Known/Committed Cost Pressures****Inflation**

Details of items included in the inflation figure are set out below.

**Inflation – Salaries and General Prices**

This needs to allow for the projected pay award for 2015/16 along with incremental progression on salaries and general price inflation. Salaries were increased by 2.2% with effect from 1/1/2015 reflecting an award for both the 2014/15 and 2015/16 financial years. The MTFs then assumes 1% increase for 2016/17 and a 2% increase for 2017/18, which is in line with OBR projections for inflation and Government statements on public sector pay restraints. No allowance has been made for inflation on other items except where stated below.

**Inflation – Energy**

Energy costs continue to be very difficult to predict with events overseas and currency values having an impact as well as changes in demand. For 2015/16 there has been no inflationary increase as there is sufficient budget available to cover any inflationary pressures. For 16/17 and 17/18 an increase of 5.0% per annum has been included.

**Inflation - Pensions**

The Council has agreed an approach to delivering a higher degree of stability to future Pension Fund Contributions, meaning no increase is proposed at this stage.

**Inflation – Contracts**

The Council has a significant level of outsourced services run under contract with the private and voluntary sectors. Most of these contracts have either specific inflation indices built into them (often RPI linked or industry specific) or require renegotiation on an annual basis such as social care spot purchases. For 2015/16, an inflation allowance has been included on a contract by contract basis. Beyond 2015/16, an allowance of between 2.0% and 2.5% has been included.

Inflation and the economy also impact on the value of capital contracts. We are already seeing significant price increases for building works in London – driven largely by a rapidly recovering private sector building market.

**Capital Financing Costs / Investment Income**

The Council still has a significant capital programme and, although some is funded through Government Grant, the current plans would still see a potential increase in the underlying need to borrow (either internal and external) of £84m over the next five years. This, combined with continuing low rates of interest from a declining level of investments, is built into the forward strategy but is subject to review for affordability on an annual basis.

**Adult Social Services growth and efficiency measures**

The restructure and modernisation of these services has continued to yield both performance and efficiency gains. Nationally, the Government has recognised that rising demand on social care and health budgets represent one of the greatest pressures on public finances. This has led to a greater drive for integrating care and the introduction of the Care Act and the Better Care Fund. Councils remain concerned that insufficient funding has been allowed for the full impact of the Care Act.

**Primary School expansion and Secondary School / Sixth Form investment**

The Council has for some time identified a need to both improve its secondary/special school estate and meet the continuing growth in demand for places. The current administration also has a key priority to support the development of sixth forms in all secondary schools.

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The Council's capital programme allows for significant expansion in spend to support these investments and this is allowed for in the MTFS.

### **Special Educational Needs / Social Care for Children**

Continues to be an area where costs are increasing and where individual placements can have a significant impact on budgets (although much of the SEN costs are borne by the Schools budget). This will be kept under close review throughout the year.

### **Waste Disposal Costs**

This has proved to be a volatile area of expenditure for the Council in the recent past. Changes in the administration of West London Waste Authority, together with the Authority's procurement of new waste disposal options, along with continuing efforts to minimise residual waste, should stabilise budget expectations in the future. These issues have been the subject of separate reports to Members.

## Risks and Opportunities

### The identification and Achievement of Savings Plans

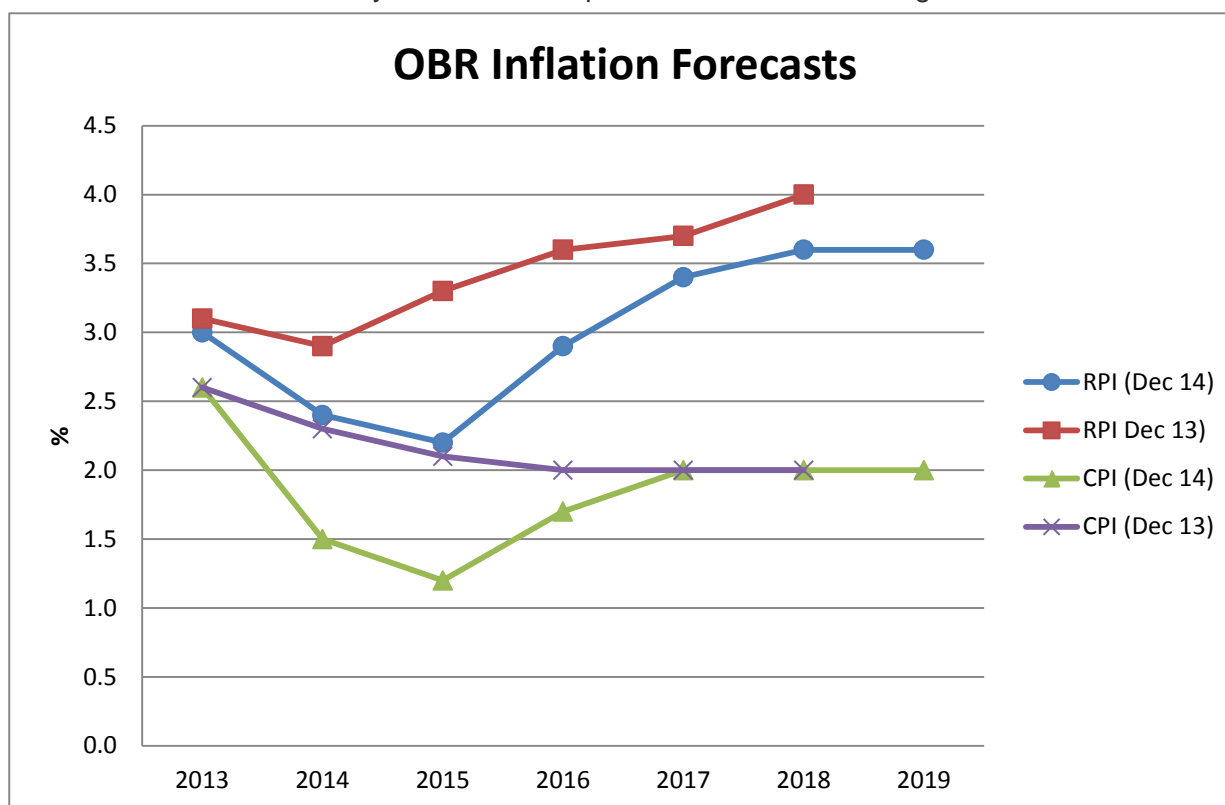
The MTFS is modelled on the basis that the Council will achieve all the savings targets it sets within the agreed timescales. The focus of the plan is across all the next 3 years not just 2015/16. With a continuing savings programme and reducing staff numbers, the capacity to deliver such change represents a substantial challenge. This has been recognised in the risk work the Council has done and processes have been set up to ensure all the plans are closely monitored, that pump priming funding is available and that opportunities to work better/differently are fully explored. At present there is additional uncertainty due to national figures only being available for 1 year and the impending general election. It is likely that further efficiencies/savings will need to be identified for this three year period.

### Current economic climate

The current economic climate, although generally improving, has not changed the expected reductions in Government funding. If sustained, however, it may have a beneficial impact on income streams, the local economy and consequently demand for Council Services.

### Inflation

The UK's inflation rate, as measured by the Consumer Prices Index (CPI), fell to 0.5% in December 2014 which is below the Government's target rate of 2%. The chart below shows how the OBR forecasts for both CPI and RPI have reduced since last year with CPI expected to return to the target rate in 2017.



The forecast continues to show a significant gap between RPI and CPI. This is important for the Council as pay awards and some contracts tend to be pegged to the RPI whereas Government funding uses CPI. The expected impact of changes in inflation is set out in Annex 2.

### Government Funding

The Government has set out a 5.6% reduction in resources (spending power) for Local Government in 2015/16 (excluding shared health monies). No figures have been announced beyond this period.



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### **Business Rate collection**

The new system of local government finance passes a significant financial risk to local authorities in that the failure to collect the target level of Business Rates will result in direct financial loss. Whilst Richmond has a good record of collection, economic pressures on businesses could put this at risk. Conversely, a proportion of any additional income generated by the Council can be retained in future years.

### **School Funding**

The latest estimated of Dedicated School Grant indicates insufficient funding to meet all the Government requirements for school funding plus the additional costs of high needs pupils. The Council has approached the Government on this issue but their remains a risk that the Council may ultimately have to meet a portion of these costs.

### **Looked after Children Budgets**

The numbers and costs of Looked After Children have continued to grow over the last few years. Although some allowance for this has been made in the MTFS, the risk remains that further resources will be required.

### **Adult Social Care**

The full impact of the Care Bill cannot currently be assessed but demand for adult social care is likely to continue to provide one of the key pressures on the Council's budget in future years.

### **Investment Income/Capital Investment**

The Council has a significant investment portfolio and a growing demand for borrowing. Therefore the revenue budget is more vulnerable to interest rate movements. The Council has taken an explicit decision to reduce the level of its investments as part of managing this risk in the short to medium term. Current projections are for interest rates to remain low for some time, however, major world events and, closer to home, events such as the general election could have a short term impact on this.

### **Pension Fund**

The Council has agreed an approach to delivering a higher degree of stability to future Pension Fund Contributions, meaning no increase is proposed for the next 3 years. However, contributions remain under constant pressure from increasing longevity of fund members.

### **Strengthening the Procurement Function**

Improvements in procurement offer a significant opportunity for the Council to reduce the cost of bought in services through changes in service specifications and improved pricing. By the end of 2015/16 the Council expects to have achieved savings of over £12m from procurement and contractual changes.

### **Savings from shared services partnership working including joint commissioning**

The Council has a number of projects in this area including Achieving for Children, four Borough HR and Legal Services, shared audit services and various integrated care services. The Council's strategy continues to focus on a wider sharing of management and infrastructure which offers significant opportunities to generate efficiencies and their successful implementation is key to the Council's budget strategy.

**Review of Revenue Reserves and Balances**

In summary, the Council's reserves position (excluding unspent specific grants and contributions) as at 1<sup>st</sup> April 2014 was as follows:

	<u>£m</u>
Statutory reserves over which the Council has limited or no control	12.4
Non statutory but essential reserves	8.9
Discretionary reserves currently earmarked	12.5
General Fund	10.0
Council Tax Freeze	4.1
<b>Total</b>	<b>47.9</b>

Excluding schools, reserves stood at £36.2m and, after allowing for the projected unallocated underspend in 2014/15, are expected to remain broadly unchanged by the end of the year. The minimum reserves policy was reviewed by Cabinet in July 2014. Cabinet agreed the addition of a minimum "trigger point" of £25m (excluding schools) below which any further drawing from reserve would require explicit individual agreement by full Cabinet. Cabinet considered the existing reserves to be adequate for the purposes which they have been set.

The budget report for 2015/16 contains a full list of revenue reserves and balances with an analysis of expected changes in the current year which indicate that there is projected to be little change by the end of 2014/15 (following 4 years of successive reductions). This will be subject to further review alongside the final outturn figures.

To put the above into context it is worth noting that comparing LBRuT with other London Boroughs (2013/14 figures) shows that the Council had below average levels of general fund reserves even when weighted for size of population. The Audit Commission report "Striking a balance" also gave some national context showing reserve levels varying from 8% to 106% of single tier and county council net revenue budgets. The Commission report accepts that there is "no set formula" for determining appropriate levels of reserves and suggests 11 questions Members should consider when reviewing reserves; these are set out in a table at the end of this Annex, together with responses from the Director of Finance and Corporate Services. The remainder of this Annex focuses on the detail of the Council's reserves and their expected movement.

It is extremely difficult to predict the future level of all reserves and some, such as insurance and pension reserves, involve year end calculations. For school balances in particular, projections provided by schools have proved unreliable in the past. Overall schools balances rose by 148% or almost £9m over the 4 years up to 2012/13, but in 2013/14 showed a small reduction.

With the exception of the General Fund Reserve, the remainder of the funds are held for specific purposes and have specific Cabinet Members responsible for them. In 2013/14 gross expenditure from reserves totalled just under £6m and is expected to be about £7m in 2014/15.

From a strategic viewpoint, the Administration has focussed the reserves on targeted investment in key Council priorities. In particular this investment has gone into improving schools, repairing pavements and highways, investing in community and efficiency / savings programmes. The planned and potential use of the following reserves is particularly important in formulating current budget proposals:

The **General Fund Reserve** – by its nature, not earmarked for any specific purpose – is identified to protect the Council against unexpected fluctuations in its financial position/budget and to provide short term Council Tax protection against the impact of major changes in funding (Government Grant/Policy Changes). It remains at £9.96m. At just over 6% of the net budget (excluding schools), this is within the Council's agreed range and there are no plans to reduce this further. Using the current policy of

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maintaining general reserves at 5%-10% of net budget, this will only allow very limited flexibility for further use in support of either one off initiatives or helping to manage future Council Tax increases. Such decisions will be taken alongside the detailed budget proposals for the Council each year.

The next largest discretionary fund that the Council has established is the **Council Tax Freeze Reserve** which is being accumulated from previous years freeze grant allocations and the MTFS assumes is used over the years 2014/15 – 2019/20 to hold down any potential Council Tax increases. Likewise **The Invest to Save Fund** is also targeted at a similar objective in that, as well as providing investment to pump prime efficiency initiatives, it will also provide funding against the expectation of significant redundancy costs as the Council continues to reduce its staffing and restructure its services. Although the Invest to Save Fund is expected to stand at just over £4m at the end of 2014/15, it is likely that this will need to be supplemented with significant additional funds if the Council is faced with the level of savings currently predicted.

The **Repairs and Renewals fund** stands at just over £1.7m. This reserve will continue to replenish in line with scheduled repayments in future years and the final targeted level needs to be reviewed alongside the changing nature of the Council's service provision. It is likely that some of this provision will particularly be required for continued investment in ICT initiatives now that the **Project Development Reserve** is expected to be exhausted at the end of 2014/15.

The **Waste and Recycling Reserve** was set up as an "invest to save" initiative aimed at avoiding the increasing costs associated with Landfill Tax. Following the changes in the administration of West London Waste Authority, together with the Authority's procurement of new waste disposal options and continuing efforts to minimise residual waste, this reserve will be gradually run down to smooth the impact on the Council of expected remaining increases in the waste disposal levy.

Only one other reserve exceeds £1m; the **Uplift Reserve**, which is scheduled for use to support the major uplift programmes already agreed by Members and expected to be fully exhausted in the next 2 years.

### Overall reserve position

Overall reserves and balances (excluding schools) are expected to be little changed at the end of 2014/15. This will provide adequate cover for 2015/16 but will come under further pressure during 2015/16 and 2016/17 as reserves are used for their intended purposes and from the need to pump prime further efficiencies. In the medium term it is therefore likely that the Council will need to continue to achieve in-year efficiencies (underspends) in order to maintain the adequacy of reserves.

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**Table: Suggested Questions from Audit Commission report “Striking a balance”**

<b>How much is held in reserves</b>	
<b>1</b> How much does the council have in its reserves – in cash terms and relative to spending? How do total reserves compare with those held by councils facing similar circumstances?	The Council holds £36m in revenue reserves at the start of 2014/15 (excluding unspent grants and schools) which represents approximately £189 per head of population and 11% of gross expenditure. The equivalent average for London Boroughs is over £395 per head.(we do not have gross expenditure comparisons)
<b>2</b> How have reserves changed in recent years – in cash terms and as a percentage of spending? How do changes compare with those made by councils facing similar circumstances?	Reserves have reduced over the last 4 years and are expected to stabilise in 2014/15 and then to continue to reduce marginally in 2015/16 both as a percentage of net revenue budget and in cash terms.
<b>What reserves are held for</b>	
<b>3</b> What are the risks or future spending plans for which the council is holding reserves?	See detailed reserves analysis attached to the budget report. Each reserve has a specified purpose and an allocated Cabinet Member.
<b>4</b> What proportion of reserves is: > held to cover short-term financial risk? > held for medium- and long-term risks or spending plans? > ring-fenced income that can only be used for specific purposes	The Council does not analyse against these suggested headings but broadly the general reserve of just under £10m and the insurance reserves of just under £3m cover general risks and all other reserves are held to support spending plans. A full analysis is included in the Budget report.
<b>5</b> Are the levels of the council's different reserves appropriate to the risks it faces and the scale of its future spending plans?	For Member judgement - The Director of Finance and Corporate Services' views are included in the budget report.
<b>6</b> How is the need for reserves determined? At what point(s) in the financial year is the need for reserves assessed? When was the need for reserves last reassessed?	Reserves are reviewed at least twice per year – during budget and medium term financial plan revision and after closing of accounts. The Cabinet last set and reviewed the minimum reserves policy in July 2014
<b>Contingency funds</b>	
<b>7</b> Apart from reserves, what, if any, funds does the council hold, corporately or within service budgets, to provide protection against unplanned costs?	The Council holds a general contingency of £500k in its revenue budget.
<b>The relationship between reserves and council tax</b>	
<b>8</b> Is the interaction between spending, income, movements on reserves and council tax clear to elected members and the public?	For Member judgement - This is explained in the Budget report and the MTFs. Other documents are produced during the year but public and member understanding is not explicitly “tested”.

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<b>Unplanned movements on reserves</b>	
<p><b>9</b> In each of the last three years, what difference has there been between the movements on reserves the council expected when setting its budget and the movements that occurred when closing the accounts (as a percentage of spending)?</p> <p>&gt; How much of the variation was the result of factors within the council's control?</p> <p>&gt; What can the council learn to improve the accuracy of future budget projections and financial management?</p> <p>&gt; Are any adjustments needed to correct unplanned movements on reserves?</p>	<p>2010/11 planned £5.8m decrease, actual £1.1m decrease– main reason for change was the re-profiling of use of schools infrastructure fund (to ensure Govt Grant maximised)</p> <p>2011/12 planned £4.0m decrease, actual £1.9m decrease – number of changes including higher S106 balance</p> <p>2012/13 planned £4.5m decrease, actual £2.9m decrease – the main change being the addition of £1.1m of carry forward commitments agreed.</p> <p>2013/14 planned decrease of £1.9m, actual decrease £1.4m – the main change being a lower drawing on the PFI reserve than anticipated</p>
<b>Information for decision making</b>	
<p><b>10</b> Does advice from the chief finance officer on the adequacy of reserves make clear what reserves are needed and why?</p>	<p>For Member judgement - See comments in MTFS and Budget report.</p>
<p><b>11</b> Do elected members need any additional support to make informed decisions on the level of reserves?</p>	<p>For Member judgement/consideration.</p>

**Introduction**

The Council is obliged to set a balanced budget and commensurate Council Tax level in accordance with the Local Government Finance Act 1992.

The Council must also, in the exercise of its functions, comply with the requirements of the Equality Act 2010 and in particular section 149 (the Public Sector Equality Duty). The purpose of this assessment is to look at possible equalities implications of the overall budget and significant specific proposals included within it.

For 2015/16, the key features of the proposed budget are:

- A freeze in the Richmond element of the Council Tax
- Budget Reductions

**Methodology**

The analysis is split into 2 parts:

- The impact of freezing the Council Tax
- The impact of significant specific proposals which are included in the overall budget

**Freezing the Council Tax**

In terms of Council Tax liability, residents fall into one of the following 4 categories:

1. Those liable to pay full Council Tax
2. Those eligible for some form of discount or exemption (other than Council Tax Support)
3. Those eligible for Council Tax Support
4. Those with no Council Tax liability

A 1% increase in the Band D Council Tax would result in a cash increase of £12.87 per year for those required to pay the full charge.

**Group 1 - Those liable to pay full Council Tax**

No resident in this group will be financially disadvantaged by the decision to freeze the Council Tax. The freeze will mean that there is less pressure imposed on household budgets which may be constrained by the lack of a pay award and increased costs in areas such as fuel costs.

**Group 2 - Those eligible for some form of discount or exemption (other than Council Tax Support)**

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As per Group 1 but the relative benefit is proportionately less. For example, a Band D taxpayer who is eligible for Single Person Discount would avoid an increase of £9.65 rather than £12.87.

### Group 3 – Those eligible for Council Tax Support

For those eligible for Council Tax Support, the effect is neutral in that any increase would have been covered by an increase in their Council Tax Support.

### Group 4 – Those with no Council Tax liability

The effect on this group is neutral.

### **Specific Service Budget Proposals**

The table below sets out the key service related proposals which are included in the proposed budget, together with comments and references where EINAs have already been undertaken.

Service	£000	Comment
<b>Adult and Community Services</b>		
Adult Social Care Contributions Policy	-100	EINA completed January 2015
Care Provision - Transport Costs	-15	Implementation to ensure service users' care needs are being met.
Re-commissioning of Public Health Services	-120	EINAs being undertaken for these commissioned services: Sexual Health Services; Prevention services School Nursing
Review of PFI Contract/ reduction in spot purchased care	-250	Procurement saving – no impact on services provided.
Efficiencies from partnership arrangements with Mental Health Trust	-300	Procurement saving – no impact on services provided.
Richmond Response and Rehabilitation Service - operational efficiencies	-60	Procurement saving – no impact on services provided.
Homelessness Temp Accommodation (use of Private Rented Sector Offers)	-150	Homeless Strategy EINA approved March 2012
Re-commissioning of Supported Housing Services	-160	EINA published March 2012
Directorate operational staffing efficiencies across the Directorate	-148	EINA undertaken for staffing re-structures as required.

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<b>Education, Childrens' and Cultural Services</b>		
AfC Contract	-1,500	EINA published January 2013
<b>Environment</b>		
Total Facilities Management Contract	-321	EINA completed and under review

### **Conclusion**

The proposal to freeze Council Tax is unlikely to have any equalities implications.

For the individual service proposals, they are in, general, re-provision of existing services where different delivery models have been introduced as part of the Council's drive to maintain service quality whilst reducing costs.

Each EINA includes key findings and action points in relation to each service to ensure that any identified issues are monitored and managed.



**Budget Policies****Fees and Charges**

Council policy requires an annual review of discretionary charges. The key principle is that the Council will seek to minimise the main compulsory charge, i.e. the Council Tax, but increase revenue from discretionary charges for individual services on the basis that service users have a choice about whether to use these and incur the charge. It is proposed that this continues to be the key principle.

In proposing these charges the policy further requires that officers and Members must consider:

- whether there are any statutory or legal requirements that may affect the setting of fees;
- any service/community plan objectives directly related to the fees;
- current market conditions i.e. competitor and/or comparator prices;
- impact of changes on the user group.

Charges should be set to maximise income to the Council within this framework and to seek to recover the full cost of the service, apart from any area where there is a policy to provide subsidised services or there is specific Central Government guidance.

In maximising income, general guidance for discretionary fees will be provided to set a minimum level of increase to be applied unless the Cabinet Member identifies reasons and supports an exemption to this. For 2015/16 this general level of increase has been set at 8%.

There will be no increase in any charges during 2015/16 relating to the following specific services:

- domestic recycling,
- youth sports,
- all non care related charges to the over 75s [subject to manageable administration systems being developed].

General exemptions to this policy include care related charges which will be reviewed in more depth as we develop proposals to meet the requirements of the new Care Act.

**Minimum Reserves**

A full review of reserves is carried out in the MTFs and they are currently considered to be adequate. The Council has agreed that:

- The minimum level of the General Reserve shall be 5%-10% of net revenue budget.
- That should overall reserves (excluding schools and freeze grant) fall to, or be projected to fall to, below £25m then this will act as a trigger point at which any further withdrawal from reserves will require explicit, individual approval by Cabinet.

Reserves will continue to be reviewed at least annually (and usually 2 or 3 times every year).

**Use of in-year revenue efficiencies (underspends)**

The Council has a very clear policy of controlling its expenditure within the budget set. Combined with the fact that it has been working hard to implement a significant savings programme, this has meant that there have been regular overall underspends against budget. The reasons behind these are reviewed each year and where appropriate adjustments are made to budgets in future years.

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This policy means that a *minimum* of the equivalent of the first £1m of any in-year efficiency generated, plus 25% of anything above this level, not allocated for specific purposes in-year will be allocated from reserves and applied to directly reduce any increase in Council Tax in subsequent years.

### Limits on external loans and interest payments

The Council is committed to continuing to improve these areas which residents have identified as a high priority. The Administration also recognises that the current programme has included significant growth in the potential need to borrow and whilst, through various actions including the use of internal funds to spread the need to borrow, the Council has managed to reduce the potential full impact of this programme, it must ensure that new commitments are affordable for future generations.

To this end it will both rigorously seek out Government support, seek to extract the best possible value from its existing assets, seek to ensure developers contribute appropriately to the additional strain on local infrastructure from new developments and consider all of this alongside a review of the demands and how much can reasonably be met by future local taxpayers.

Following the setting of initial external interest limits last year the Council has reviewed how these can be made more understandable and comparable with the central government approach to borrowing. Using central government projections produced by the Office for Budget Responsibility (OBR) the following limits would apply (with indicative levels for the subsequent years):

	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>
Government Gross debt interest	£ 51.9bn	£ 56.2bn	£ 61.3bn	£ 63.4bn
Total Managed Expenditure	£746.2bn	£746.7bn	£751.3bn	£765.3bn
%age	7.0%	7.5%	8.2%	8.3%

It is proposed that the Council's limit is set at no more than 2% of gross budget i.e. well below the Government's target. Currently this equates to a limit of £8.3m of debt interest.

The Council also set an agreed limit of no more than 15% of long term assets to be funded by external borrowing. This implies an external borrowing limit of approximately £121m – which is above the maximum external borrowing anticipated by the end of 2015/16 (£117m). With both the increase in the capital programme and changes in asset values, due in particular to academy schools moving off of our balance sheet, this discretionary limit requires a more fundamental review for the longer term. This will be carried out during the course of next year (as we become clearer on the timing of academies moving off balance sheet) and a new limit will be proposed in next year's report.

**LONDON BOROUGH OF RICHMOND UPON THAMES**

**CABINET**

**DATE:** Thursday 12<sup>th</sup> February 2015

**REPORT OF:** DEPUTY LEADER AND CABINET MEMBER FOR FINANCE

**TITLE OF DECISION** CAPITAL PROGRAMME 2014/15 - 2019/20

**WARDS:** (All Wards);

**KEY DECISION?: YES**

**IF YES, IN FORWARD PLAN?: YES**

**For general release**

**1. MATTER FOR CONSIDERATION**

- 1.1 The report reviews the current 6 year capital programme, details new schemes, and looks at how the capital programme is funded.

**2. RECOMMENDATIONS**

- That the schemes identified in Appendix A be approved for inclusion in the 2015/16 capital budget.
- That Cabinet note the proposals in Appendix A for financial years 2016/17 to 2019/20.
- That Cabinet note the inclusion of an allowance for build cost inflation, with the allocation from the sum requiring specific approval per paragraph 6.8.
- That the overall capital budget for 2015/16 be RECOMMENDED to Council for approval in March
- That Cabinet approve the Prudential Indicators in Appendix B be RECOMMENDED to Council for approval in March.

**3. BACKGROUND**

- 3.1 Since 2010 the Council has spent £223m on the Capital Programme. The key achievements in this time include:

- The creation of 3,059 primary school places, with the current programme funding a further 931 new places.
- The creation of 450 secondary school places, with the current programme funding a further 1,350 new places.
- The creation of 659 6<sup>th</sup> form places in the borough's secondary schools, and a further 821 funded in the current programme.

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- The repair of approximately 45,000 potholes.
  - The completion of phase one of the Uplift Programme in Hampton North, Ham, Whitton, Barnes and Mortlake.
- 3.2 The current 6 year Capital Programme was approved by Cabinet in February 2014. That programme included a potential need to borrow a further £88.6m, which brought the Council's underlying need for borrowing to around £127m.

### 4 OUTTURN 2013/14

- 4.1 Final outturn for 2013/14 was £59.5m, with slippage of £1.5m which represents a much lower slippage figure compared to previous years.
- 4.2 Since the February 2014 report new schemes totalling £2.1m and funded from specific resources were added to the programme. This was made up as follows:

<b>Scheme</b>	<b>£000</b>
Schools Devolved Formula Capital Top Up	1,154
Environment Schemes	587
ICT	408
<b>TOTAL</b>	<b>2,149</b>

- 4.3 The programme was refinanced by £6m at outturn, primarily through the use of direct revenue funding, contributions and S106 receipts. This reduced the Council's need to borrow up to 2018/19 to £82.6m at that stage.

### 5 THE CURRENT PROGRAMME

- 5.1 The overall 6 year capital budget as reported in February 2014 was £188.3m.

- 5.2 The main schemes in the 6 year Capital Programme relate to schools expansion projects, the provision of affordable housing, uplift schemes, infrastructure projects and highways and pavements works. During the course of the year various new schemes have been added to the programme which has been approved by Cabinet. A breakdown of these new schemes is given in paragraph 5.7 below.

#### 5.3 Schools Expansion

The current Capital Programme commits a further £76m towards schools expansion and the creation of 6<sup>th</sup> forms in the borough's schools. This includes the £5.3m additional 6<sup>th</sup> form budget approved by Cabinet in July 2014. This is in addition to the £66m already spent on schools expansion and £11m on the creation of 6<sup>th</sup> forms at the borough's schools since 2010.

#### 5.4 Affordable Housing

Funding for 52 new affordable housing units has been agreed with a further 44 units subject to planning permission. It is anticipated that 11 units will be complete by March 2015.

In addition to the units funded by the Council, it should also be noted that Housing Associations will provide further units of affordable housing without council funding.

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A number of other schemes with the potential to deliver affordable housing are in the early stages of the development process, and the costs of these schemes will be drawn down from the overall resources available

### 5.5 Uplift Schemes/ Twickenham Improvements

The Council committed £10m to area uplift schemes during the last administration and is committed to continuing these schemes. The current budget includes works in the Twickenham area and the purchase of the King Street/ Water Lane site. The Council has also received £1.6m in grant funding from Network Rail for the upgrade of Twickenham Station. Furthermore, the Rugby Football Union (RFU) is contributing £450K towards the upgrade of Whitton Station with the remainder being funded by specific revenue reserves.

### 5.6 TfL and Highways & Pavements

These works are related to improvements to the borough's roads and pavements and in line with the Council's priorities. Another £500k has been added to the programme to further enhance the borough's roads, partly funded from the Department for Transport and partly from Council revenue budgets.

5.7 The tables below summarises the revised programme and funding after allowing for the changes since the programme was first agreed in February 2014.

	£m	£m
Budget as per February 2014 Report		188.3
New Schemes (para 4.2)		2.1
Less Actual Spend 2013/14		-59.5
<b>Remaining Approved Budget</b>		<b>130.9</b>
<b><u>New Schemes added in 2014/15:</u></b>		
TfL Schemes (Grant Funded)	6.2	
Additional 6 <sup>th</sup> Form Budget & Christ's Cricket Pitch	5.3	
Water Lane Purchase	3.7	
Twickenham Station Upgrade	1.6	
Whitton Station Upgrade	0.9	
S106 Schemes	0.8	
Heatham House Gym	0.7	
Mortlake Children's Centre	0.3	
Additional Road & Pavements Budget	0.5	
Other Minor New Schemes	0.9	
Total New Schemes		20.9
<b>Current Capital Budget 2014/15 – 2018/19 (before additional new schemes proposed in this report)</b>		<b>151.8</b>

5.8 The consequent funding changes for this revised programme (2014/15 – 2018/19) are outlined below:

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	£m	£m
Funding Requirement as per Feb 14 Report		88.6
Refinancing – Outturn 2013/14		-6.0
Less 2013/14 Borrowing		-11.2
<b>Remaining Funding Requirement</b>		<b>71.4</b>
<b><u>New Schemes added in 2014/15 (requiring funding):</u></b>		
Additional 6 <sup>th</sup> Form Budget & Christ's Cricket Pitch	5.3	
Water Lane Purchase	3.7	
<b>Total New Schemes</b>		<b>9.0</b>
<b><u>Refinancing:</u></b>		
Reduction in Capital Receipts	6.1	
Other Refinancing	1.7	
<b>Total Refinancing</b>		<b>7.8</b>
<b>Current Funding Requirement 2014/15 – 2018/19 (before additional new schemes proposed in this report)</b>		<b>88.2</b>

5.9 Further details about the Council's funding sources are given in paragraph 7.

### 6 NEW SCHEMES/ ADDITIONAL CAPITAL BUDGETS

6.1 The following schemes are proposed to be added to the programme.

6.2 Further School Expansion (£18m)

The School Place Planning Strategy 2015-2024 report presented to members at January Cabinet outlined the need for further funding to meet the future demand on school places. It is currently proposed to include an additional £18m to the programme to fund this strategy.

6.3 New School (Egerton Road Site) (£7m)

The cost of land acquisition and provision of a secondary and a special school on the college site is estimated to be in the region of £40m. Following detailed negotiations on likely land costs and contributions from the Education Funding Agency (EFA) it is now expected that the Council will need to increase its funding contribution by £7m. This would bring the total funding, including new provision at Clarendon to £23.5m. The Council is seeking to put in a bid to the Government for funding in respect of the new build of Clarendon School which it is hoped may reduce this overall contribution.

6.4 Area Uplift/ Parks/ Highways (£10.9m)

At present leading members are working with officers on proposals covering parks, highways, and general uplift schemes. The allowance of £2m per annum for the next 5 years included here will need to be reviewed as detailed proposals come forward.

In addition, the Council has been successful in bidding for £0.9m from the London Enterprise Panel (funding available from a top slice of the Borough's New Homes Bonus allocations) to contribute to high street improvements as part of the uplift schemes.

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6.5 Academies (£1m – grant funded)

The EFA has agreed to give the Council an additional £1m grant. This is to fund the increased costs that were incurred due to the discovery of higher than expected levels of asbestos, during the demolition and building works at Hampton and Twickenham academies.

6.6 Library Toilets (£0.1m)

Provision of public toilet facilities in libraries is widely regarded as a major factor in customer satisfaction and was highlighted in a recent DCLG report as being a key amenity that should be the norm wherever possible for a successful public library of the future. A feasibility study has been completed which estimates the total cost to install accessible toilets and baby changing facilities in Richmond Lending, Castelnau and Hampton libraries, which will then also be included in the Community Toilet Scheme, to be £120,000.

6.7 Build Cost Inflation & Regular Programme of Maintenance (£9.4m)

The rapidly rising cost of building in London (expected 6% increase in construction Tender Price Index and even higher increases in specialist areas such as mechanical and electrical costs) will put pressure on the existing programme as well as the new schemes. At this stage we have added £3m for cost pressures across all the existing schemes (including academy schemes). This will only be allocated if it can be demonstrated that all possible approaches have been attempted to bring schemes to within the original budget and will require specific approval from the Deputy Leader and Cabinet Member for Finance and subsequent reporting to Cabinet.

In addition to the above an additional year (2019/20) of “regular” programmes (planned maintenance, improvement grants etc) has been added to maintain a 6 year cycle.

6.8 Below is a breakdown of the changes to the Council’s Capital Programme as a result of the new schemes noted above:

	£m	£m
<b>Current Capital Budget 2014/15 – 2018/19 (paragraph 5.7)</b>		<b>151.8</b>
Further Schools Expansion	18.0	
New School (Egerton Road Site)	7.0	
Area Uplift/ Parks/ Highways	10.9	
Academies	1.0	
Library Toilets	0.1	
Build Cost Inflation Budget	3.0	
2019/20 Indicative Figures	6.4	
<b>Total New Schemes Proposed in this report</b>		<b>46.4</b>
<b>Proposed Capital Programme Budget 2014/15 to 2019/20 As per Appendix A</b>		<b>198.2</b>

6.9 In overall terms this means the Council is proposing to add £46.4m, in addition to the £20.9m (noted in paragraph 5.7). Therefore £67.3m (of which £50.1m requires additional funding to be identified) has been added to the Capital Programme since the February 2014 report. The cumulative effect of

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these changes is a proposed Capital Programme (2014/15 to 2019/20) of £198.2m.

Cabinet should also note that, particularly in relation to school schemes, the Council is assuming further funding will be forthcoming from the Government in respect of specific bids. Although we will be seeking to rigorously pursue all funding avenues, the Council has taken a prudent approach as part of its financing assumptions and will refine these as funding decisions are made.

### 7 FINANCING

- 7.1 The projected outstanding funding requirement in the programme is £129.3m. This means that over two thirds of the current 6 year programme could need to be funded by borrowing if other sources of funding cannot be identified. The Council's potential underlying need to borrow therefore rises to £168m (although the aim is to reduce this through additional Government funding, in year efficiencies, additional Community Infrastructure Levy/S106 etc). Below is a reconciliation of the changes to the Councils funding requirement.

	£m
<b>Current Funding Requirement 2014/15 – 2018/19 (paragraph 5.8)</b>	<b>88.2</b>
<b><u>New Schemes Identified in this report:</u></b>	
Further Schools Expansion	18.0
New School (Egerton Road Site)	7.0
Area Uplift/Parks/Highways	10.0
Other New Schemes	3.1
Add – 2019/20 Indicative Figures	3.0
<b>Funding Gap (shown as underlying need to borrow) as Per Appendix A</b>	<b>129.3</b>

#### 7.2 Grants & Contributions

The Council is forecasting to fund £39.1m of the programme via grants and contributions. This includes an additional £1.9m as outlined in this report. This is approximately one fifth of total funding and the majority of grants are used to fund Education schemes. The largest capital grants received by the Council are Basic Needs, Targeted Basic Needs, Capital Maintenance, Academies and TfL grant funding for infrastructure works.

In addition to this section 106 receipts are also used where capital works meet the criteria for its use. There are a number of emerging development sites that have the potential to generate significant additional Community Infrastructure Levy/Section 106 funds which may be able to be used to reduce the current borrowing assumptions.

#### 7.3 Capital Receipts

Financing of the 2013/14 capital programme included over £10m of capital receipts which largely exhausted the existing receipts. The last programme originally assumed £15m funding from capital receipts in 2014/15 and a total of £37m across the 6 year programme. It also included a ringfenced receipt for the sale of a portion of The Russell site. However it is now proposed that the whole site is retained for the Council as part of its schools strategy. Furthermore, changes to estimated capital receipts have led to further reductions. Overall, capital receipts have reduced by £6.1m and are now



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forecast to fund £20.8m of the programme – approximately 13% of the current programme.

### 7.4 Revenue Resource

The final underspend of 2013/14 was used to finance the capital programme and reduce the borrowing requirement. It has been agreed by members that any underspend on treasury budgets will fund the capital programme.

7.5 Officers will continue to look at all potential funding sources and will try and reduce the Council's borrowing requirement whenever possible.

## 8 FINANCE AND EFFICIENCY IMPLICATIONS

8.1 The timing and funding of capital expenditure has a direct impact on the level of Council cash balances and the level of borrowing. Therefore, any changes to the Programme will have an impact on the Treasury Management position

8.2 The Council prudently plans on the basis that it may need to meet the funding gap in the programme through borrowing over a number of years (internal borrowing is assumed to be used to smooth the impact of any actual external borrowing). This means that the significant potential impact of the increased programme is built into our budget assumptions for the future. This is separately identified in the Medium Term Financial Strategy, spread over a number of years and minimised through the use of internal borrowing, direct revenue financing and rigorous pursuit of additional government funding.

8.3 The Council is required by statute to set its own limits on the affordability, sustainability and prudence of its capital plans in the form of Prudential Indicators. These proposed indicators are attached with commentary at Appendix B. They are based on the proposed Capital Programme and the budgetary provision for the debt and investment costs of the Council as reported in the MTFs and Treasury Management budgets.

8.4 As well as the indicators and limits required by statute, there are 2 Local Indicators proposed to help Members assess the impact of capital decisions on the Council's finances. These indicators are the ratio of external loans to fixed assets (set at a 15% trigger for review of the planned spend) and the ratio of gross loan interest to gross budget (set at 2% trigger for review - for comparison the national ratio is around 8%).

## 9. PROCUREMENT IMPLICATIONS

9.1 None specifically in relation to this report.

## 10. LEGAL IMPLICATIONS

10.1 None specifically in relation to this report.

## 11. CONSULTATION AND ENGAGEMENT

11.1 Consultation and engagement will be carried on individual schemes within the Capital Programme.

**12. WIDER CORPORATE IMPLICATIONS (INCLUDE / DELETE AS APPROPRIATE)**

<b>12.1 POLICY IMPLICATIONS / CONSIDERATIONS</b>
The new demands identified in this report are all driven from the Council's key priorities and feedback received as part of consultation exercises
<b>12.2 RISK CONSIDERTATIONS</b>
Please refer to Appendix C.
<b>12.3 EQUALITY IMPACT CONSIDERATIONS</b>
None specifically identified for this report.
<b>12.4 ENVIRONMENTAL CONSIDERATIONS</b>
None specifically identified for this report.

**13. BACKGROUND INFORMATION:**

Previous Capital Programme Report(s).

**14. BACKGROUND PAPERS**

NONE

**15. APPENDICES**

Appendix A – Capital Programme Report 2014/15-2019/20  
 Appendix B – Prudential Indicators  
 Appendix C - Risks

**16. CONTACTS**

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## SECTION H

**Appendix A - 6 Year Capital Programme 2014/15 to 2019/20**

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
<b>ECCS</b>							
Devolved Formula Capital	216	258	258	258	258	258	<b>1,506</b>
<b><u>Academies</u></b>							
Hampton	2,051	147	0	0	0	0	<b>2,198</b>
Twickenham	1,555	384	0	0	0	0	<b>1,939</b>
<b><u>Primary Places Phase 1&amp;2</u></b>							
St Mary's & St Peter's	188	237	0	0	0	0	<b>425</b>
Orleans Infant	32	0	0	0	0	0	<b>32</b>
Chase Bridge	233	0	137	0	0	0	<b>370</b>
Stanleys	586	165	0	0	0	0	<b>751</b>
St Mary's Magdalen's SFE	0	17	0	0	0	0	<b>17</b>
Buckingham Phase 2	90	40	0	0	0	0	<b>130</b>
Sheen Mount SFE	10	0	0	0	0	0	<b>10</b>
Lowther Permanent Expansion	61	0	50	0	0	0	<b>111</b>
St John's Site for St Mary's Expansion	67	285	0	0	0	0	<b>352</b>
Nelson	80	5	0	0	0	0	<b>85</b>
Hampton Wick	0	0	5	0	0	0	<b>5</b>
Heathfield	0	18	0	0	0	0	<b>18</b>
Archdeacon Cambridge	0	0	7	0	0	0	<b>7</b>
Primary Places Phase 1&2	265	79	0	0	0	0	<b>344</b>
<b><u>Primary Places Phase 3</u></b>							
The Vineyard Permanent Expansion	2,704	34	0	0	0	0	<b>2,738</b>
Orleans Infant	40	0	0	0	0	0	<b>40</b>
Hampton Wick Infant	127	31	0	0	0	0	<b>158</b>
St John the Baptist Junior	550	0	0	0	0	0	<b>550</b>
Heathfield Infant and Junior	1,043	167	0	0	0	0	<b>1,210</b>
RC SFE	0	270	0	0	0	0	<b>270</b>
Amyand House	7	0	0	0	0	0	<b>7</b>
St Elizabeths	14	0	0	0	0	0	<b>14</b>
Clifden Primary Expansion	57	0	0	0	0	0	<b>57</b>
Nelson Construction	2,017	260	25	0	0	0	<b>2,302</b>
Nelson ICT	80	0	0	0	0	0	<b>80</b>
Schools General Planned Maintenance	1,078	2,042	866	866	866	866	<b>6,584</b>
<b><u>SEN 14-19</u></b>							
Darell	17	16	0	0	0	0	<b>33</b>
Christ's CE	0	23	0	0	0	0	<b>23</b>

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Orleans Park	0	4	0	0	0	0	<b>4</b>
Waldegrave	0	7	0	0	0	0	<b>7</b>
Children's Centres	109	499	0	0	0	0	<b>608</b>
Youth Facilities	106	0	0	0	0	0	<b>106</b>
<u>Sixth Forms</u>							
Christ's ECCS	44	0	0	0	0	0	<b>44</b>
Christ's PMO	4,268	100	3	0	0	0	<b>4,371</b>
Grey Court ECCS	75	0	0	0	0	0	<b>75</b>
Grey Court PMO	4,754	493	0	0	0	0	<b>5,247</b>
Orleans Park ECCS	39	0	0	0	0	0	<b>39</b>
Orleans Park PMO	6,167	171	0	0	0	0	<b>6,338</b>
Teddington ECCS	42	0	0	0	0	0	<b>42</b>
Teddington PMO	2,449	147	0	0	0	0	<b>2,596</b>
Waldegrave ECCS	22	0	0	0	0	0	<b>22</b>
Waldegrave PMO	5,191	131	0	0	0	0	<b>5,322</b>
PMO	130	483	0	0	0	0	<b>613</b>
Twickenham Academy	0	300	0	0	0	0	<b>300</b>
Hampton Academy	300	0	0	0	0	0	<b>300</b>
Richmond Park Academy	0	300	0	0	0	0	<b>300</b>
St Richard Reynolds	86	0	0	0	0	0	<b>86</b>
6th Forms/Academies Further Budget	50	3,100	150	0	0	0	<b>3,300</b>
Universal Infant Free School Meals	355	0	0	0	0	0	<b>355</b>
<u>Additional School Places</u>							
Clarendon at Buckingham	50	700	50	0	0	0	<b>800</b>
Clarendon at The Gateway	184	312	44	0	0	0	<b>540</b>
Clarendon at Newhouse	0	0	500	0	0	0	<b>500</b>
Buckingham	0	742	0	0	0	0	<b>742</b>
Strathmore Demountable	5	28	0	0	0	0	<b>33</b>
Darell	985	347	33	0	0	0	<b>1,365</b>
Strathmore at Grey Court SEN	682	1,765	362	0	0	0	<b>2,809</b>
Strathmore at Grey Court ICT	0	250					<b>250</b>
Strathmore at the Russell	245	1,712	143	0	0	0	<b>2,100</b>
Strathmore at Clifden Primary & Secondary	0	100	2,600	0	0	0	<b>2,700</b>

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The Russell Improvement	504	3,506	290	0	0	0	<b>4,300</b>
Bulge/New Growth	0	534	0	0	0	0	<b>534</b>
Barnes Additional Class	129	5	7	0	0	0	<b>141</b>
Clarendon Secondary	0	0	6,500	0	0	0	<b>6,500</b>
Hampton Federation	0	350	0	0	0	0	<b>350</b>
Bulge East Sheen	273	8	41	0	0	0	<b>322</b>
Sheen Mount Expansion to 3FE	316	3,309	84	0	0	0	<b>3,709</b>
Basic Needs - Additional Grant	0	0	0	0	0	2,500	<b>2,500</b>
Croft Centre	25	0	0	0	0	0	<b>25</b>
Additional places	0	849	227	0	0	0	<b>1,076</b>
Additional secondary school	2,000	15,000	0	0	0	0	<b>17,000</b>
New School Expansion Projects	0	2,500	7,500	6,000	2,000	0	<b>18,000</b>
<b>TOTAL ECCS</b>	<b>42,753</b>	<b>42,230</b>	<b>19,882</b>	<b>7,124</b>	<b>3,124</b>	<b>3,624</b>	<b>118,737</b>

### ACS

Affordable Housing Schemes	2,217	2,031	1,775	1,775	200	200	<b>8,198</b>
Improvement Grants	1,635	2,159	1,345	1,345	1,345	1,345	<b>9,174</b>

### Other ACS Schemes

Management Information System	0	32	0	0	0	0	<b>32</b>
Extra Care Housing - Feasibility defined as Capital in Grant Conditions	0	335	0	0	0	0	<b>335</b>
Adaptations and Equipment Assessment Centre	2	3	0	0	0	0	<b>5</b>
Kingston Lane Adaptations	9	164	0	0	0	0	<b>173</b>
Langdon Park	10	2	0	0	0	0	<b>12</b>
Queens Road Hostel	34	0	0	0	0	0	<b>34</b>
Homelink Dementia Centre (St Augustine's)	250	0	0	0	0	0	<b>250</b>
CCTV Camera Wireless Conversion	31	0	0	0	0	0	<b>31</b>
<b>Other ACS Schemes Total</b>	<b>336</b>	<b>536</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>872</b>

<b>TOTAL ACS</b>	<b>4,188</b>	<b>4,726</b>	<b>3,120</b>	<b>3,120</b>	<b>1,545</b>	<b>1,545</b>	<b>18,244</b>
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### ENVIRONMENT

Street Lighting	515	500	500	0	0	0	<b>1,515</b>
Parks Cyclical Maintenance	343	150	150	150	150	150	<b>1,093</b>
General Planned Maintenance	987	1,629	1,080	1,080	1,080	1,080	<b>6,936</b>
Uplift Schemes/Twickenham Improvements	8,020	1,479	0	0	0	0	<b>9,499</b>
Highways and Pavements	2,415	1,140	1,140	0	0	0	<b>4,695</b>
Parks Strategy	923	620	600	0	0	0	<b>2,143</b>

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Area Uplift	0	2,900	2,000	2,000	2,000	2,000	<b>10,900</b>
Richmond Bridge	0	39	0	0	0	0	<b>39</b>
S106 Schemes	572	183	0	0	0	0	<b>755</b>
Parks S106	100	0	0	0	0	0	<b>100</b>
Waste Facilities Improvements	252	0	0	0	0	0	<b>252</b>
Air Quality Action Plan	0	65	0	0	0	0	<b>65</b>
Pothole Funding	250	0	0	0	0	0	<b>250</b>
Transport for London funded road schemes	6,190	0	0	0	0	0	<b>6,190</b>
Brunswick Boxing Club	26	0	0	0	0	0	<b>26</b>
Christ's Cricket Facilities	80	0	0	0	0	0	<b>80</b>
Broom Road Volleyball Pitch	71	0	0	0	0	0	<b>71</b>
Heatham House Gym	635	66	0	0	0	0	<b>701</b>
Shene Fitness Centre	50	150	0	0	0	0	<b>200</b>
Whitton Station Upgrade	0	900	0	0	0	0	<b>900</b>
Twickenham Station Upgrade	1,600	0	0	0	0	0	<b>1,600</b>
Teddington Hockey Turf	214	0	0	0	0	0	<b>214</b>
<b>TOTAL ENVIRONMENT</b>	<b>23,243</b>	<b>9,821</b>	<b>5,470</b>	<b>3,230</b>	<b>3,230</b>	<b>3,230</b>	<b>48,224</b>

### FCS

PDQ Replacement Project	19	0	0	0	0	0	<b>19</b>
Orleans House Gallery	235	0	0	0	0	0	<b>235</b>
Electoral Reg - IER equipment	13	0	0	0	0	0	<b>13</b>
Library Toilets	0	120	0	0	0	0	<b>120</b>
WLWA	7,375	4,331	915	0	0	0	<b>12,621</b>
<b>TOTAL FCS</b>	<b>7,642</b>	<b>4,451</b>	<b>915</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,008</b>

### Total Capital Programme

<b>77,826</b>	<b>61,228</b>	<b>29,387</b>	<b>13,474</b>	<b>7,899</b>	<b>8,399</b>	<b>198,213</b>
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### FINANCING

Grants	20,752	6,577	3,589	858	858	3,358	35,992
S106	2,356	222	0	0	0	0	2,578
Contributions	112	450	0	0	0	0	562
Revenue Grants Used as DRF	917	917	917	917	0	0	3,668
Other DRF	2,815	98	0	0	0	0	2,913
Earmarked Reserves	1,845	516	0	0	0	0	2,361
Application of Cap Receipts	3,859	6,236	0	0	10,750	0	20,845
Borrowing Requirement	45,170	46,212	24,881	11,699	-3,709	5,041	129,294
<b>77,826</b>	<b>61,228</b>	<b>29,387</b>	<b>13,474</b>	<b>7,899</b>	<b>8,399</b>	<b>198,213</b>	

## **Prudential Indicators**

The Prudential Indicators (PIs) required by statutory guidance are classified as controls on the affordability, sustainability and prudence of the planned borrowing.

The Prudential Borrowing regime, where councils set their own limit on borrowing using Prudential Indicators as controls, is based on the rule that councils are only authorised to borrow long term to fund capital projects, although they can borrow short term for cash flow purposes.

However, government guidance on Treasury Management requires councils to treat liquidity almost as highly as security when investing surplus cash, and on this basis it should be unusual for a Council to have the need to borrow short term on a regular basis.

The key information in setting PIs is therefore the amount of capital expenditure financed by borrowing and the existing need to borrow.

It should be noted that the calculation of PI is set by regulations, which defines Borrowing as being formal loans and Debt as being Borrowing plus leases and other similar debt instruments.

These prescribed definitions do not match those used by the Council for its own internal budget monitoring and therefore totals are split where possible to assist users in matching PI figures to those used in budget setting and monitoring throughout the year.

It is also necessary to mention that the Council has started to take new loans on an annuity basis (as with a mortgage, payments are split between interest and principal repayment). This means that the element of principal repayment is being taken as making prudent provision for repayment, and included in MRP. This is described fully in the Treasury Strategy and Policy report elsewhere on this agenda.

### **A. Capital Expenditure**

Councils are only authorised to borrow long term to fund capital spend (although they can borrow very short term to cover cash flow). The financing of the Capital Programme is therefore key to determining future borrowing need.

Capital expenditure forms the basis of determining the need to borrow. The capital expenditure shown in this indicator reflects the proposed Capital Programme for 2014/15 to 2019/20.

	<u>Revised</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>	<u>Estimate</u> <u>2019/20</u> <u>£000</u>
Capital Expenditure	77,826	61,228	29,387	13,474	7,899	8,399
<i>Of Which:</i>						
Financed from Grants & Contributions	23,220	7,249	3,589	858	858	3,358
Financed by RuT	9,436	7,767	917	917	10,750	0
New Borrowing Required by Programme	45,170	46,212	24,881	11,699	-3,709	5,041

The estimate of capital expenditure changes during the course of the year as schemes are added and completion dates change.

The proposed Capital Programme shows a significant reduction after 2015/16. This is due to the value of government grants being lower than in previous years and the reduction in the level of reserves available to fund the Programme. The new Programme includes £50m of new schemes (mostly relating to provision of school places) fully funded by the Council, mostly from borrowing.

The rise in RuT financing in 2018/19 is due to anticipated capital receipts in that year. The current disposal programme ends in 2015/16, and the overall level of RuT financing is hoped to increase once further disposals generating capital receipts are identified in the new 2016/17-18/19.

**B. The Capital Financing Requirement**

The Capital Financing Requirement (CFR) determines the authority's underlying need to borrow for capital purposes. Schemes that have no specific funding source increase the authority's underlying need to borrow hence the CFR increases. The level of provision required to repay debt (MRP) also increases, which will decrease the CFR. The overall change is a net increase in CFR.

	<u>Revised</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>	<u>Estimate</u> <u>2019/20</u> <u>£000</u>
<b>Capital Financing Requirement (CFR)</b>	<b>135,930</b>	<b>178,308</b>	<b>198,522</b>	<b>204,216</b>	<b>193,850</b>	<b>192,731</b>
Year on Year Increase in CFR	+42,619	+42,378	+20,214	+5,694	-10,366	-1,119
<b><i>Change represented by:</i></b>						
Schemes financed by Borrowing (incl. leases)	45,170	46,212	24,881	11,699	-3,709	5,041
MRP contributions to fund the Requirement						
- represented by MRP	-1,689	-2,914	-3,683	-4,952	-5,528	-4,949
- Financing Leases and Similar (incl. PFI)	-862	-920	-984	-1,053	-1,129	-1,211
	<b>42,619</b>	<b>42,378</b>	<b>20,214</b>	<b>5,694</b>	<b>-10,366</b>	<b>-1,119</b>

The CFR increases when there is an increase in spending which is not funded from existing resources. The Council would therefore need to borrow to fund this scheme. The CFR does not distinguish between real borrowing (either by taking out a loan or financing lease from an external body) and "internal borrowing" from cash coming in, or reserves.

The CFR decreases where there is either no new debt taken, or contributions to repay debt are higher than the new debt. This happens in later years as repayments as there is minimal new borrowing and high values of debt outstanding requiring contributions to be made.

**Indicators of Affordability**

Affordability indicators are designed to ensure authorities have considered the costs of borrowing in a number of ways before they approve the capital spend that requires them to borrow. To do this, they consider :

The interest and principal repayment costs as a percentage of the Council's revenue budget.

The impact of the change in financing costs on Council Tax.

**C. Ratio of Financing Costs to Net Revenue Stream**

This indicator compares the net financing costs budget (interest due, interest receivable, set aside and actual repayment of principal) to the Council's Budget Requirement (before general Grant, GLA Precept and Collection Fund surplus).

	<u>Revised</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>	<u>Estimate</u> <u>2019/20</u> <u>£000</u>
Net Financing Costs	6,311	8,285	8,395	9,134	9,508	8,880
Net Revenue Stream	160,389	156,098	156,510	157,429	158,652	166,215
As a Ratio	<b>3.93%</b>	<b>5.31%</b>	<b>5.36%</b>	<b>5.80%</b>	<b>5.99%</b>	<b>5.34%</b>

Financing costs represent the net interest costs to the Council (interest payable on debt less interest due on balances) and a prudent provision for debt repayment (the Minimum Revenue Provision).



These costs include those paid as part of a lease arrangement, such as PFI contracts.

These costs are taken as a percentage of the Council's Net Revenue Stream, which is the amount the Council has budgeted to spend for the year net of specific grants but excluding Council Tax and general Grant income.

This figure is a latest estimate and will not be final until the Council approves the budget and Council Tax in March. Future year figures are estimates per the Medium Term Financial Strategy.

The financing costs are linked to movements in interest rates, as well as principal borrowed. Most borrowing is at a fixed rate, meaning interest payments will not vary, whereas most investments are for under a year meaning there are often amounts maturing which can be reinvested during the year. The current market projections are for bank base rate to start to increase slowly from current the low point of 0.50% towards the end of 2015, although the further into the future the projection, the less certain it is.

The interest payable costs are budgeted to increase every year as new borrowing is taken to fund the Capital Programme. Interest rates on borrowing are projected to increase slowly going forward. These costs are offset in later years by increases in interest receivable due to projected increases in these interest rates.

Repayments of the loan to West London Waste Authority should begin in 2016/17 (assuming the scheme completes on time) with annual interest received of over £1m. This does not fully offset the increased interest payments required to finance the £50m increase in the Programme.

#### **D. The impact of Capital Investment decisions on the Council Tax**

This indicator shows the change in the level of Council Tax each year that will result from the authority's total capital plans. This can be viewed in 2 ways, both by the impact of the full effect of changes in financing costs as a percentage of Council Tax, or as the increase in a Band D Council Tax.

<b><u>Impact of Change in</u></b>	<b><u>Revised</u></b>	<b><u>Estimate</u></b>	<b><u>Estimate</u></b>	<b><u>Estimate</u></b>	<b><u>Estimate</u></b>	<b><u>Estimate</u></b>
<b><u>Financing Costs</u></b>	<b><u>2014/15</u></b>	<b><u>2015/16</u></b>	<b><u>2016/17</u></b>	<b><u>2017/18</u></b>	<b><u>2018/19</u></b>	<b><u>2019/20</u></b>
	<b><u>£000</u></b>	<b><u>£000</u></b>	<b><u>£000</u></b>	<b><u>£000</u></b>	<b><u>£000</u></b>	<b><u>£000</u></b>
Interest Payable						
- Direct borrowing	2,804	4,091	4,809	4,909	5,384	6,046
- Leases and PFI	2,061	2,002	1,939	1,869	1,794	1,712
Interest Receivable	-1,320	-1,677	-2,943	-3,437	-4,023	-4,767
Principal Repayment						
- Represented by MRP	1,905	2,949	3,607	4,740	5,225	4,679
- Financing Leases and Similar (incl. PFI)	862	920	984	1,053	1,129	1,211
Financing Costs	6,311	8,285	8,395	9,134	9,508	8,880
Year on Year Change	+1,512	+1,974	+110	+739	+374	-628
Impact on the Council Tax Requirement (RuT element)	<b>1.38%</b>	<b>1.79%</b>	<b>0.10%</b>	<b>0.59%</b>	<b>0.28%</b>	<b>-0.44%</b>
Impact on a Band D Property	<b>£17.83</b>	<b>£23.03</b>	<b>£1.28</b>	<b>£8.54</b>	<b>£4.31</b>	<b>-£7.20</b>

This indicator is designed to allow Members to make informed decisions on project approval based on affordability to the Council and priority against other cost pressures.

The cost to the Council Tax Payer is either a cost of borrowing to finance the scheme or an opportunity cost of lost income where balances (such as S106, Infrastructure Fund, Capital Receipts) are spent instead of being held as investments.

To comply with IFRS these include leased assets which are or will be at the end of the lease owned by the Council, such as the PFI Schools and Care Homes. The costs of financing these assets via the lease are also now shown in the principal repayment (the lease includes elements of loan charges and can also include service charges not included here, as with the PFI arrangements). PFI principal costs are fixed over the long life of the lease.

The increase in Principal Repayments on Debt is due to the anticipated increased need to borrow which increases the provision for debt repayment (MRP).

Interest payable increases over time as the anticipated level of debt increases.

Interest Receivable also increases over time. This is due to forecast increased return on investments due to anticipated bank rate increases. The repayment of the loan to WLWA (and associated interest) starts in 2016/17 at around £1m per year which also impacts interest receivable.

The year on year increase in Financing Costs in the next 4 years is due to the financing of the capital programme, particularly the need to borrow to provide school places. This will change if further resources are identified to reduce the borrowing requirement.

### **Indicators of Prudence**

Prudence indicators are designed to ensure authorities consider the impact of their spending decisions on borrowing. To do this, they compare Gross Debt to the Capital Financing Requirement.

### **E. Gross External Debt and the Capital Financing Requirement**

The Prudential Code states that 'In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.'

Gross Debt is defined as all external borrowing in the form of loans as well as financing leases.

The limit for debt is based on the current CFR plus the increase in the CFR over the next 3 years (the amount of the capital programme which is financed from borrowing in these years) to comply with the Code.

This limit allows authorities to borrow to meet their current need and to borrow in advance of need where this is prudent. For example, if an authority has £50m borrowing planned for capital spend over the next 3 years and interest rates are anticipated to rise next year, it could be prudent to borrow some of that £50m now.

	<u>Revised</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>	<u>Estimate</u> <u>2019/20</u> <u>£000</u>
Gross External Debt Limit Set	198,500	204,200	193,800	192,700	n/a	n/a
Projected Gross External Debt	106,335	138,086	142,266	140,969	n/a	n/a
Amount above/(below) limit	-92,165	-66,114	-51,534	-51,731	n/a	n/a

Debt is projected to stay within the limit set in the medium term.

This indicator cannot be set for 2018/19 and 2019/20 as this would require an additional 2 years to be added to the Capital Programme (2020/21 and 2021/22) to allow for potential borrowing up to 2 years in advance of need to be calculated for inclusion in the 2019/20 limit.

**Indicators for Treasury Management****F. Authorised Limit for External Debt**

The authorised limit is the absolute limit of borrowing based upon the authority's plans and includes sufficient headroom for unpredictable cash movements. External Debt includes both direct borrowing and indirect borrowing implied in a financing lease or PFI arrangement. It excludes internal borrowing.

	<u>Revised</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>	<u>Estimate</u> <u>2019/20</u> <u>£000</u>
Authorised Limit Set	126,000	158,000	162,000	162,000	173,000	173,000
Projected Gross External Debt	106,335	138,086	142,266	140,969	152,588	151,117
Amount above/(below) limit	-19,665	-19,914	-19,734	-21,031	-20,412	-21,883

The above indicator shows the maximum level of external borrowing including use of financing leases. An in principle decision has been made to borrow internally, accepting the associated risk of adverse interest rate movements. This figure therefore excludes any unfunded capital expenditure which the Council anticipates funding short term by running down balances.

The Council is projected to stay well within the Authorised Limit set. This limit is at the Council's discretion and any change in the projected external debt should be reflected in this limit.

**G. Operational Boundary**

The operational boundary should be based upon the authority's plans and should show the maximum level of external debt. It is not significant if the operational boundary is breached on occasion although sustained or regular trend above the boundary should warrant further investigation.

	<u>Revised</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>	<u>Estimate</u> <u>2019/20</u> <u>£000</u>
Operational Boundary Set	121,000	153,000	157,000	157,000	168,000	168,000
Projected External Debt	106,335	138,086	142,266	140,969	152,588	151,117
Amount below Limit	-14,665	-14,914	-14,734	-16,031	-15,412	-16,883

The Council is projected to stay well within this limit.

**H. Adoption of the CIPFA Code of Practice for Treasury Management**

The CIPFA Code of Practice sets out best practice in treasury management and the Code has always been followed in Richmond. In 2011, a revised version of the Code was issued and the Treasury Management Policy was amended to reflect the new Code. The Policy is reviewed annually in February which allows changes to be included if necessary. The Prudential Indicator states that Authorities should adhere to the Code of Practice. All Treasury activities currently adhere to the Code of Practice and regular reviews ensure that this continues.

**I. Limits on Fixed and Variable Interest Exposure**

This indicator is designed to show that the authority can manage fluctuations in interest rates and that both the borrowing and investment portfolios are balanced between fixed and variable rates.

The limits are set on net exposure, which is borrowing (loans and leases/PFIs) less investments.

Short term investments or debt which last less than a year are included as variable rate investments. Although the rate is fixed for the duration, the money may be re-invested or re-borrowed at a different rate when it matures during the year. Investments and debt lasting over a year are included as fixed rate exposure.

<b><u>Fixed Rate Exposure</u></b>	<u>Revised</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>	<u>Estimate</u> <u>2019/20</u> <u>£000</u>
Upper Limit	121,000	153,000	157,000	157,000	168,000	168,000
Lower Limit	77,000	109,000	114,000	113,000	125,000	123,000
Projected Exposure	101,976	133,727	139,407	138,110	149,729	148,258

The steady increase in the exposure limit reflects the increased projected borrowing in future years, which will be at a fixed rate.

<b><u>Variable Rate Exposure</u></b>	<u>Revised</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>	<u>Estimate</u> <u>2019/20</u> <u>£000</u>
Upper Limit	-79,000	-68,000	-50,000	-48,000	-73,000	-88,000
Lower Limit	-29,000	-18,000	0	2,000	-23,000	-38,000
Projected Exposure	-53,726	-43,103	-25,314	-22,602	-48,099	-63,429

The movements in the exposure limit reflect the projected decline in balances to 2017/18 leaving less money available for investment and also the impact of not making further long term investments, so a larger proportion of investment becomes variable rate.

Balances then rise from 2018/19 onwards as the level of internal borrowing reduces (relatively low new borrowing combined with high MRP set aside for repayment) moving back to a net investment position and therefore higher limits being required.

### **J. Maturity Structure of Borrowing**

This indicator sets limits for the amount of fixed rate borrowing that will mature within certain time bands in the future. This is designed to ensure that authorities spread the maturity dates of their loans to avoid the risks associated with having to repay or re-borrow large amounts within a short period.

	<u>Lower Limit</u> <u>2015/16</u> <u>%</u>	<u>Upper Limit</u> <u>2015/16</u> <u>%</u>	<u>Estimate</u> <u>2015/16</u> <u>%</u>
Under 1 year	0%	30%	2%
1 to 2 years	0%	40%	5%
2 to 5 years	0%	50%	12%
5 to 10 years	0%	60%	7%
10 to 15 years	}	}	10%
15 to 25 years	} 20%	} 85%	25%
over 25 years	}	}	38%

It can be seen from the above table that the Council anticipates more longer term borrowing to take advantage of the lower annual costs for this duration.

Decisions on the duration of new borrowing will take into account both interest rates at the time and the benefits of a mixed maturity structure.

**K. Total Principal Sum Invested Beyond the Period End.**

Previously, authorities with debt could not invest for greater than 364 days. Under the prudential controls this restriction is lifted (i.e. Authorities can invest for more than one year).

This limit is to ensure that authorities do not invest too much of their portfolio beyond one year (which could lead to losses in interest during times of volatile interest rate fluctuations)

	<u>Revised</u> <u>2014/15</u>	<u>Estimate</u> <u>2015/16</u>	<u>Estimate</u> <u>2016/17</u>	<u>Estimate</u> <u>2017/18</u>	<u>Estimate</u> <u>2018/19</u>	<u>Estimate</u> <u>2019/20</u>
Limit	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Actual / Estimate	3.9%	4.8%	2.7%	3.0%	1.5%	1.1%
Projected Investments at 31st March (£m)	2.3	2.3	0.8	0.8	0.8	0.8

Interest rates are usually higher for longer term investments than short term. However, given the current volatility in financial markets, the decision has been taken to limit further long term investments with money market institutions. Investments may still be placed with other public bodies, such as other London Boroughs, County Councils etc.

Once the Council is satisfied that the risks of long term investments can be controlled, the Council could keep up to 40% of its investments at fixed rates to benefit from the higher rates and certainty of income. Each investment would be considered individually with respect to the need for security and liquidity and any benefit from interest rates for different durations. The decision to invest long term will therefore take into account cash flow projections both in terms of the calculated cash limit as a percentage of the anticipated balance, and to ensure the Council's liquidity is adequate.

**Local Indicators**

The Council has opted to set some local indicators to give further information and controls.

**L1. Ratio of External Loans to Fixed Assets**

The Council has opted to set a further, local indicator to review the value of its external loans. This looks at the ratio of anticipated external loans to anticipated value of fixed assets (land & buildings, furniture, equipment, long licences etc.).

	<u>Revised</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>
Value of Loans at 31st March	84,886	117,557	122,721
Estimated value of Fixed Assets at 31st March	809,843	842,615	850,468
Loans as % of Assets	10.5%	14.0%	14.4%
Current Limit	15.0%	15.0%	15.0%

The estimated value of assets includes allowance for depreciation and revaluation changes as well as sale of assets per the approved disposal programme.

With both the increase in the capital programme and changes in asset values, due in particular to academy schools moving off of our balance sheet, this discretionary limit requires a more fundamental review for the longer term. This will be carried out during the course of next year (as we become clearer on the timing of academies moving off balance sheet) and a new limit will be proposed in next year's report.

**L2. Ratio of Gross Loan Interest to RuT Gross Budget**

The Council has opted to set a further, local indicator to review the affordability of its external loans. This looks at the ratio of interest payable on anticipated external borrowing in the form of loans.

	<u>Revised</u>	<u>Estimate</u>	<u>Estimate</u>
	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>
Budgeted Loan Interest	2,696	3,983	4,701
RuT Gross Budget	406,034	415,037	415,037
Interest as % of Revenue	0.7%	1.0%	1.1%
Current Limit	2.0%	2.0%	2.0%

NB 2016/17 assumes no material change in gross budget.

**APPENDIX C**

**RISK ASSESSMENT**

Risks to the Capital Programme can arise from the following:

- The complete or partial loss (or delay in the receipt of) anticipated capital receipts, particularly given the current economic climate.
- Overspending against the agreed budgets.
- Insufficient internal staffing capacity to support projects.
- Unexpected calls on the Council's capital resources from unforeseen events.
- Interest rate movements making borrowing more costly than anticipated.
- Increased level of borrowing requiring greater use of revenue budgets for interest and repayments.

These risks cannot be completely removed but the following actions have been taken to try and minimise the risks.

- Receipts are only included in the programme when there is a definite disposal timetable for the relevant assets. The 6 year capital programme assumes a prudent level of disposals will actually be received.
- A budget manager is clearly assigned responsibility for monitoring the budget and to ensure that the necessary approvals have been sought and funding identified.
- Regular capital expenditure monitoring meetings are held with budget managers to identify any problems at an early stage.
- Staffing levels in construction and property development areas to support capital projects are kept under regular review.
- The approval process for new capital schemes considers the revenue implications of increased borrowing requirements.
- Officers receive regular advice from the Council's Treasury Advisors in respect of the timing in external and internal borrowing.

## **Definitions of Budget Headings**

### **SeRCOP**

The Service Reporting Code of Practice (SeRCOP) provides guidance on financial reporting to stakeholders to ensure that it meets the needs of modern local government; particularly the duty to secure and demonstrate best value in the provision of services to the community. The code of practice provides a standard subjective analysis to be used by Council's to ensure consistency in Local Government reporting.

## **EXPENDITURE**

### **Employees**

This includes the cost of employee expenses, both direct and indirect, to the authority. Direct employee expenses include salaries, employer's national insurance contribution, employer's retirement benefit cost, agency staff and employee expenses. Indirect employee expenses include relocation, interview, training, advertising, severance payments and employee-related schemes.

### **Premises**

This includes expenses directly related to the running of premises and land and covers repairs, alterations and maintenance of buildings, energy costs, rents, rates, water services, fixtures and fittings, apportionment of expenses of operational buildings, cleaning and domestic supplies, grounds maintenance costs and premises insurance.

### **Transport**

This includes all costs associated with the provision, hire or use of transport, including traveling allowances and home to school transport. It covers direct transport costs such as repairs & maintenance and running costs as well as recharges for vehicles hired from a central pool, hire and operating leases, staff traveling expenses, transport insurance and car allowances.

### **Supplies and Services**

This includes all direct supplies and service expenses to the authority. It covers equipment, furniture and materials, catering, clothes, printing, stationery and general office expenses, communications and computing, members' allowances, expenses including subsistence and conferences, grants and subscriptions, Private Finance Initiative, and miscellaneous expenses.

### **Third Party Payments**

A third party payment is a payment to an external provider or an internal service delivery unit defined as a trading operation (e.g. payment to a building firm would be shown under Premises costs).

### **Transfer Payments**

This includes the cost of payments to individuals for which no goods or services are received in return by the local authority. This covers mandatory and discretionary awards to students, payments to Social Services clients, and Housing Benefit payments.



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### **Support Services**

Charges for Legal and HR shared services that are hosted by other Local authorities and support the provision of services to the public. These are apportioned or allocated to the service divisions that they support using an agreed method.

## **INCOME**

### **Government Grants**

This covers all specific and special government grants.

### **Other Grants & Contributions**

This includes income received to finance a function/project which is undertaken with other bodies and other contributions from other local authorities.

### **Customer & Client Receipts**

This includes sales of products or materials, fees and charges for services, use of facilities, admissions and lettings.

## **FINANCIAL ACCOUNTING ADJUSTMENTS**

### **Central Support Charges**

This covers charges for services that support the provision of services to the public. These costs are apportioned or allocated to the services they support and include the costs of finance, IT, human resources, property management, office accommodation, legal services, procurement services, corporate services and transport functions.

### **Central Support Income**

This covers income for the services that support the provision of services to the public.

### **Capital Charges**

The costs associated with the revenue impact of capital items in the service revenue accounts are reported here, these items have a net effect of nil on Council Tax. The charges record the affect of depreciation, revaluation losses, loss of impairment of assets, amortization of intangible fixed assets and movement in fair value of investment property.

## **OTHER DEFINITIONS**

### **Business Rates Levy / Tariff**

As part of the new business rates retention scheme, a tariff and levy approach has been implemented to enable a one-off distribution of resources at the outset of the scheme. This is calculated for each individual authority, by comparing the business rates baseline against its baseline funding level. An authority with a higher individual authority business rates baseline than its baseline funding level pays a tariff, and the opposite applies for a levy payment.

### **Collection Fund**

Local authorities who are required by law to collect Council Tax and Business Rates must establish a 'Collection Fund' that records the amounts collected from Council Tax and

## SECTION I

Business Rates separately from the Council's own accounts. The Collection Fund also shows payments made to the government and precepting authorities, and transfers to the Council's General Fund.

### **Corporate and Democratic Core**

This comprises corporate management and democratic representation and management costs.

### **Depreciation**

The writing down of the value of a fixed asset in the balance sheet in line with its expected useful life.

### **Earmarked Reserves**

Amounts set aside for specific purposes falling outside the definition of provisions.

### **FTE**

FTE is an abbreviation for the term Full Time Equivalents. FTE is commonly used to measure the number of staff employed within a service or other operational group. It enables amount of part-time and other flexible working arrangements (e.g. 2 days per week or term-time only) to be consistently measured.