



BUDGET BOOK

2010-2011

Mark Maidment CPFA

**Director of Finance
& Corporate Services**

Budget Book 2010/11

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

Produced by the Accountancy Section

Finance and Corporate Services Directorate

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

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COUNCIL'S REVENUE BUDGET 2010/11
SUBJECTIVE SUMMARY OF EXPENDITURE AND INCOME

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
Individual Schools Budget (Net)	78,476,158	83,605,800	90,474,200
PRS	625,701	613,900	626,800
<u>Expenditure</u>			
Employees	77,282,859	81,876,700	82,539,900
Premises	14,844,064	14,083,000	13,984,500
Transport	10,890,381	8,973,800	9,226,000
Supplies and Services	38,827,495	32,997,000	33,140,200
Third Party Payments	92,878,476	97,819,600	93,849,000
Transfer Payments	72,480,307	72,847,400	74,316,200
TOTAL EXPENDITURE	386,305,440	392,817,200	398,156,800
<u>Income</u>			
Adjusted Dedicated Schools Grant	(91,127,000)	(96,469,000)	(100,562,000)
Government Grants	(78,223,857)	(79,593,700)	(77,679,200)
Other Grants and Contributions	(21,166,318)	(20,697,500)	(20,143,400)
Customer & Client Receipts	(61,701,130)	(52,382,400)	(52,443,100)
TOTAL INCOME	(252,218,305)	(249,142,600)	(250,827,700)
NET EXPENDITURE (CONTROLLABLE)	134,087,135	143,674,600	147,329,100
Central Items	9,675,630	4,194,800	4,881,700
NET EXPENDITURE & CENTRAL ITEMS	143,762,765	147,869,400	152,210,800
<u>Financial Accounting Adjustments</u>			
Central Support Charges	24,367,983	25,241,000	24,202,300
Departmental Charges	18,967,250	21,149,400	18,891,000
Capital Charges	0	0	0
Central Support Income	(24,367,983)	(25,241,000)	(24,202,300)
Departmental Charges Income	(18,967,250)	(21,149,400)	(18,891,000)
NET ACCOUNTING ADJUSTMENTS	0	0	0
NET EXPENDITURE (ALL BUDGETS)	143,762,765	147,869,400	152,210,800

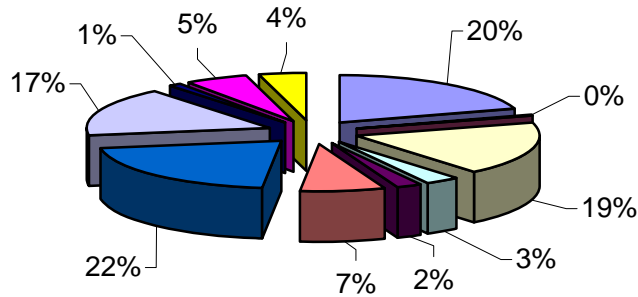
Variation Analysis (excluding schools)

Original Budget 2009/10	147,869,400
Inflation	1,438,700
Budget Transfers	0
Changes in Government Grants	2,851,700
Other Government or Outside Body changes	2,519,900
Demand Led Growth	2,045,000
Service Reductions & Efficiency Savings	(4,080,400)
Other Growth and Savings	(1,024,500)
Investment Priorities	591,000
Changes to financial accounting adjustments	0
Original Budget 2010/11	152,210,800
<u>Other Information</u>	
Employee FTE's (Budgeted)	3,697.8 3,750.5

COUNCIL'S REVENUE BUDGET 2010-11
BEST VALUE ACCOUNTING CODE OF PRACTICE FORMAT

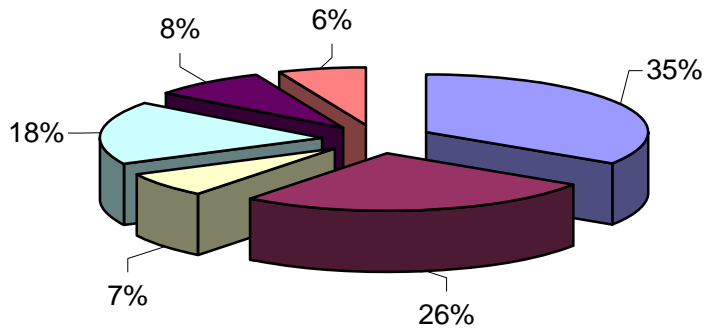
	Net Expenditure 2010/11
	<hr/>
Central Services - Local Taxation	2,742,105
Other Central Services to the Public	3,809,622
Central Services - Sub Total	<hr/> 6,551,727
Cultural, Environmental and Planning Services	34,233,805
Children & Education Services	38,602,819
Highways, Roads and Transport Services	8,213,909
Housing Services (General Fund)	9,980,014
Social Services	50,927,580
Corporate and Democratic Core	4,606,052
Non Distributed Costs	3,766,994
Net Costs of Services	<hr/> 156,882,900
Amounts Excluded from Net Cost of Services under BVACOP	
Precepts and Levies	7,417,800
(Surplus)/Deficit on Trading Accounts	763,600
Interest Payable	2,626,000
Interest and Investment Income	(1,510,000)
Minimum Revenue Provision	1,752,000
Other Corporate Income	0
Pensions Interest Costs and expected return on pension assets	0
Reversal of Capital Charges	(15,561,000)
Net Transfer to / (from) Earmarked Reserves	589,500
Net Operating Expenditure	<hr/> 152,960,800
Demand on the Collection Fund	(114,943,500)
Formula Grant	(28,015,200)
Area Based Grant	(9,252,100)
Contribution to General Reserve	(750,000)
(Surplus) / Deficit for the Year	<hr/> <hr/> 0

Analysis of 2010/11 Expenditure Budget



- Individual Schools Budget (Net)
- Employees
- Transport
- Third Party Payments
- Central Items
- Departmental Charges
- Pupil Referral Services
- Premises
- Supplies and Services
- Transfer Payments
- Central Support Charges

Analysis of 2010/11 Income Budgets



- Adjusted Dedicated Schools Grant
- Other Grants and Contributions
- Central Support Income
- Government Grants
- Customer & Client Receipts
- Departmental Charges Income

Section C

FINANCE AND CORPORATE SERVICES

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REVENUE BUDGET - SUMMARY OF EXPENDITURE

	<u>2008/09</u> <u>Actual</u> <u>£</u>	<u>2009/10</u> <u>Original</u> <u>£</u>	<u>2010/11</u> <u>Estimate</u> <u>£</u>
<u>PURPOSE</u>			
Web Team	0	0	0
ICT & E-Services	0	0	0
Human Resources	0	0	0
Corporate Income	0	0	0
Legal Services	0	0	0
Democratic Services	1,110,145	0	1,179,300
Financial Services	0	0	0
Chief Executive's Office	396,482	0	418,200
Communications	0	0	0
Electoral Services	445,522	526,000	742,900
Democratic Representation and Management	1,476,480	2,666,100	1,563,000
Cost of Local Tax Collection	3,142,982	3,362,000	2,721,000
Corporate Management	992,371	1,444,400	1,410,100
Non Distributed Costs	3,324,484	3,428,900	3,738,000
Precepts and Levies	676,139	765,900	991,900
Customer Services	0	0	0
Land Charges	(249,964)	(254,200)	(29,400)
Home Loans Unit	1,604	0	100
Total for Corporate Services	11,316,245	11,939,100	12,735,100
Central Items	(36,714,345)	(13,337,800)	(10,679,300)
Total for Corporate Services and Central Items	(25,398,100)	(1,398,700)	2,055,800

Variation Analysis

Original Budget 2009/10	(1,398,700)
Inflation	1,152,200
Budget Transfers	652,100
Changes in Government Grants	62,000
Other Government or Outside Body changes	1,176,000
Demand Led Growth	0
Service Reductions & Efficiency Savings	(305,000)
Other Growth and Savings	(1,817,500)
Investment Priorities	591,000
Changes to financial accounting adjustments	1,943,700
Original Budget 2010/11	2,055,800

FINANCE AND CORPORATE SERVICES

REVENUE BUDGET - SUBJECTIVE SUMMARY OF EXPENDITURE

	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>
	<u>Actual</u>	<u>Original</u>	<u>Estimate</u>
	£	£	£
<u>Expenditure</u>			
Employees	14,465,923	15,804,400	15,779,400
Premises	8,906	13,300	18,300
Transport	163,470	146,300	143,800
Supplies and Services	9,006,073	8,960,000	9,363,400
Third Party Payments	1,974,818	1,914,800	2,128,000
Transfer Payments	11,365,981	11,786,500	11,786,500
TOTAL EXPENDITURE	36,985,171	38,625,300	39,219,400
<u>Income</u>			
Government Grants	(12,486,865)	(12,775,500)	(12,795,700)
Other Grants and Contributions	(734,684)	(764,600)	(764,600)
Customer & Client Receipts	(2,295,685)	(2,018,100)	(1,768,100)
TOTAL INCOME	(15,517,234)	(15,558,200)	(15,328,400)
NET EXPENDITURE (CONTROLLABLE)	21,467,937	23,067,100	23,891,000
Central Items	9,675,630	4,194,800	4,881,700
NET EXPENDITURE & CENTRAL ITEMS	31,143,567	27,261,900	28,772,700
<u>Financial Accounting Adjustments</u>			
Central Support Charges	5,595,124	6,881,500	5,781,100
Departmental Charges	0	0	0
Capital Charges	(45,510,851)	(16,664,500)	(14,556,300)
Central Support Income	(16,625,940)	(18,877,600)	(17,941,700)
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(56,541,667)	(28,660,600)	(26,716,900)
NET EXPENDITURE (ALL BUDGETS)	(25,398,100)	(1,398,700)	2,055,800

BUDGETED STAFFING FTE'S

	2009/10	2010/11
Number of Employees	296.0	297.0

WEB TEAM (C01)

This section create and maintain the navigation and content for the Council's public website and intranet, develop a range of databases and web applications using e-forms, integrate web applications using web services and provide technical advice on web technology.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	271,926	223,400	221,500
Premises	0	0	0
Transport	1,481	1,500	0
Supplies and Services	18,585	19,600	19,000
Third Party Payments	0	0	0
Transfer Payments	0	0	0
TOTAL EXPENDITURE	291,992	244,500	240,500
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	0	0	0
TOTAL INCOME	0	0	0
NET EXPENDITURE (CONTROLLABLE)	291,992	244,500	240,500
<u>Financial Accounting Adjustments</u>			
Central Support Charges	55,185	52,600	52,000
Departmental Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(347,177)	(297,100)	(292,500)
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(291,992)	(244,500)	(240,500)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

Variation Analysis

Original Budget 2009/10	0
Inflation	(600)
Budget Transfers	(3,400)
Changes in Government grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	0
Other Growth and Savings	0
Changes to financial accounting adjustments	4,000
Original Budget 2010/11	0

Other Information

Employee FTE's (Budgeted)	4.00	4.00
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FINANCE AND CORPORATE SERVICES

ICT & E-SERVICES (C02)

This budget comprises the strategic IT partnership with Serco and IT Client side. Serco are responsible for providing IT infrastructure, support and development of new E-Government systems and the new financial system.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	926,067	1,069,800	1,164,000
Premises	0	0	0
Transport	27,302	28,000	21,300
Supplies and Services	5,450,825	5,665,700	6,022,900
Third Party Payments	0	0	0
Transfer Payments	0	0	0
TOTAL EXPENDITURE	6,404,194	6,763,500	7,208,200
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	0	0	0
TOTAL INCOME	0	0	0
NET EXPENDITURE (CONTROLLABLE)	6,404,194	6,763,500	7,208,200
<u>Financial Accounting Adjustments</u>			
Central Support Charges	266,041	252,500	263,100
Departmental Charges	0	0	0
Capital Charges	128,853	65,500	142,200
Central Support Income	(6,799,088)	(7,081,500)	(7,613,500)
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(6,404,194)	(6,763,500)	(7,208,200)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

Variation Analysis

Original Budget 2009/10	0
Inflation	356,100
Budget Transfers	(15,000)
Changes in Government grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	(1,400)
Other Growth and Savings	105,000
Changes to financial accounting adjustments	(444,700)
Original Budget 2010/11	0

Other Information

Employee FTE's (Budgeted)	21.30	21.30
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HUMAN RESOURCES (C03)

The Human Resources Team supports and enables the Council to recruit, develop, lead and manage its people effectively in order to meet the objectives set out in the Community and Corporate Plans, and achieve high performance.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	2,127,655	2,320,900	2,301,100
Premises	7,723	11,300	16,300
Transport	35,460	31,000	32,200
Supplies and Services	155,706	167,000	186,800
Third Party Payments	213,667	52,300	45,300
Transfer Payments	0	0	0
TOTAL EXPENDITURE	2,540,211	2,582,500	2,581,700
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(638,816)	(621,000)	(621,000)
TOTAL INCOME	(638,816)	(621,000)	(621,000)
NET EXPENDITURE (CONTROLLABLE)	1,901,395	1,961,500	1,960,700
<u>Financial Accounting Adjustments</u>			
Central Support Charges	559,264	499,100	494,600
Departmental Charges	0	0	0
Capital Charges	66,691	66,700	66,700
Central Support Income	(2,527,350)	(2,527,300)	(2,522,000)
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(1,901,395)	(1,961,500)	(1,960,700)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

<u>Variation Analysis</u>		
Original Budget 2009/10		0
Inflation		25,300
Budget Transfers		(10,900)
Changes in Government grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Service Reductions & Efficiency Savings		(15,200)
Other Growth and Savings		0
Changes to financial accounting adjustments		800
Original Budget 2010/11		0
<u>Other Information</u>		
Employee FTE's (Budgeted)	49.80	48.30
<i>1.00 FTE transferred to Leadership Academy project</i>		
<i>0.50 FTE deleted due to efficiency savings</i>		

CORPORATE INCOME (C04)

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

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	264,209	236,900	235,500
Premises	0	0	0
Transport	10,043	11,900	11,700
Supplies and Services	155,287	173,400	48,500
Third Party Payments	0	0	0
Transfer Payments	0	0	0
TOTAL EXPENDITURE	429,539	422,200	295,700
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(10,622)	(12,700)	(12,700)
TOTAL INCOME	(10,622)	(12,700)	(12,700)
NET EXPENDITURE (CONTROLLABLE)	418,917	409,500	283,000
<u>Financial Accounting Adjustments</u>			
Central Support Charges	111,545	104,300	74,900
Departmental Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(530,462)	(513,800)	(357,900)
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(418,917)	(409,500)	(283,000)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

Variation Analysis

Original Budget 2009/10	0
Inflation	300
Budget Transfers	(125,300)
Changes in Government grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	(1,500)
Other Growth and Savings	0
Changes to financial accounting adjustments	126,500
Original Budget 2010/11	0

Other Information

Employee FTE's (Budgeted)	8.60	7.60
<i>1.00 FTE deleted due to efficiency savings</i>		

LEGAL SERVICES (C05)

This service provides in-house legal services across all of the council's functions, to schools and to certain other public bodies, assists in the procurement of other specialist advices and in ensuring legality, probity and sound corporate governance.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	1,457,288	1,571,800	1,548,800
Premises	0	0	0
Transport	2,573	2,400	2,400
Supplies and Services	121,782	84,100	81,500
Third Party Payments	0	0	0
Transfer Payments	0	0	0
TOTAL EXPENDITURE	1,581,643	1,658,300	1,632,700
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(164,669)	(132,000)	(132,000)
TOTAL INCOME	(164,669)	(132,000)	(132,000)
NET EXPENDITURE (CONTROLLABLE)	1,416,974	1,526,300	1,500,700
<u>Financial Accounting Adjustments</u>			
Central Support Charges	287,067	256,300	275,800
Departmental Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(1,704,041)	(1,782,600)	(1,776,500)
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(1,416,974)	(1,526,300)	(1,500,700)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

<u>Variation Analysis</u>		
Original Budget 2009/10		0
Inflation		(11,300)
Budget Transfers		(12,400)
Changes in Government grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Service Reductions & Efficiency Savings		(1,900)
Other Growth and Savings		0
Changes to financial accounting adjustments		25,600
Original Budget 2010/11		0
<u>Other Information</u>		
Employee FTE's (Budgeted)	28.40	28.40

DEMOCRATIC SERVICES (C06)

Democratic Services has responsibility for co-ordinating and managing the democratic process by ensuring the efficient and proper conduct of Council decision-making, enabling scrutiny, promoting awareness of meetings and participation by the community.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	607,179	713,400	718,600
Premises	0	0	0
Transport	9,675	5,400	8,300
Supplies and Services	104,536	101,100	94,400
Third Party Payments	0	0	0
Transfer Payments	0	0	0
TOTAL EXPENDITURE	721,390	819,900	821,300
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	0	0	0
TOTAL INCOME	0	0	0
NET EXPENDITURE (CONTROLLABLE)	721,390	819,900	821,300
<u>Financial Accounting Adjustments</u>			
Central Support Charges	388,755	319,600	358,000
Departmental Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	(1,139,500)	0
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	388,755	(819,900)	358,000
NET EXPENDITURE (ALL BUDGETS)	1,110,145	0	1,179,300

Variation Analysis

Original Budget 2009/10	0
Inflation	9,900
Budget Transfers	(2,300)
Changes in Government grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	(6,200)
Other Growth and Savings	0
Changes to financial accounting adjustments	(1,400)
Original Budget 2010/11	0

Other Information

Employee FTE's (Budgeted)	17.50	17.50
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FINANCE AND CORPORATE SERVICES

FINANCIAL SERVICES (C07)

Finance manages and guides the Strategic Resource Allocation process through strategic financial management; provides accountancy, payroll, payments, banking and other financial services; and promotes and develops control and risk management practices.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	2,201,986	2,762,700	2,768,600
Premises	0	0	0
Transport	26,481	23,300	21,600
Supplies and Services	373,687	250,400	244,200
Third Party Payments	71,828	2,900	1,900
Transfer Payments	0	0	0
TOTAL EXPENDITURE	2,673,982	3,039,300	3,036,300
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	(415,800)	(430,800)	(430,800)
Customer & Client Receipts	(160,870)	(143,500)	(143,500)
TOTAL INCOME	(576,670)	(574,300)	(574,300)
NET EXPENDITURE (CONTROLLABLE)	2,097,312	2,465,000	2,462,000
<u>Financial Accounting Adjustments</u>			
Central Support Charges	797,241	743,000	708,500
Departmental Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(2,894,553)	(3,208,000)	(3,170,500)
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(2,097,312)	(2,465,000)	(2,462,000)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

Variation Analysis

Original Budget 2009/10	0
Inflation	(20,300)
Budget Transfers	85,300
Changes in Government grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	(68,000)
Other Growth and Savings	0
Changes to financial accounting adjustments	3,000
Original Budget 2010/11	0

Other Information

Employee FTE's (Budgeted)	57.00	58.50
<i>1.00 FTE deleted due to efficiency savings - Payroll & Pensions</i>		
<i>1.00 FTE transferred to Customer Services - Finance Management</i>		
<i>3.50 FTEs transferred from Revenue & Benefits - Internal Audit</i>		

CHIEF EXECUTIVE'S OFFICE (C08)

This section covers the cost of the Chief Executive and supporting staff and forms part of the Corporate and Democratic Core when reporting in line with BVACOP.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	320,378	301,100	296,100
Premises	0	0	0
Transport	5,627	5,900	7,200
Supplies and Services	30,759	90,300	87,700
Third Party Payments	0	0	0
Transfer Payments	0	0	0
TOTAL EXPENDITURE	356,764	397,300	391,000
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(3,140)	0	0
TOTAL INCOME	(3,140)	0	0
NET EXPENDITURE (CONTROLLABLE)	353,624	397,300	391,000
<u>Financial Accounting Adjustments</u>			
Central Support Charges	42,858	40,100	27,200
Departmental Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	(437,400)	0
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	42,858	(397,300)	27,200
NET EXPENDITURE (ALL BUDGETS)	396,482	0	418,200

<u>Variation Analysis</u>		
Original Budget 2009/10		0
Inflation		4,400
Budget Transfers		(5,600)
Changes in Government grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Service Reductions & Efficiency Savings		(5,100)
Other Growth and Savings		0
Changes to financial accounting adjustments		6,300
Original Budget 2010/11		0
<u>Other Information</u>		
Employee FTE's (Budgeted)	2.50	2.00
<i>0.50 FTE deleted due to efficiency savings</i>		

ELECTORAL SERVICES (C10, C12)

The Electoral Services team is responsible for the Electoral Register and administering all elections and referenda within the Borough. They also assist with the review and implementation of local and Parliamentary boundary changes.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	220,615	245,500	244,900
Premises	0	0	0
Transport	0	0	0
Supplies and Services	156,035	198,200	401,000
Third Party Payments	0	0	0
Transfer Payments	0	0	0
TOTAL EXPENDITURE	376,650	443,700	645,900
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(30,779)	(4,500)	(4,500)
TOTAL INCOME	(30,779)	(4,500)	(4,500)
NET EXPENDITURE (CONTROLLABLE)	345,871	439,200	641,400
<u>Financial Accounting Adjustments</u>			
Central Support Charges	99,651	86,800	101,500
Departmental Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	99,651	86,800	101,500
NET EXPENDITURE (ALL BUDGETS)	445,522	526,000	742,900

Variation Analysis

Original Budget 2009/10	526,000
Inflation	4,400
Budget Transfers	(1,800)
Changes in Government grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	(400)
Other Growth and Savings	200,000
Changes to financial accounting adjustments	(728,200)
Original Budget 2010/11	<u>0</u>

Other Information

Employee FTE's (Budgeted)	6.00	6.00
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DEMOCRATIC REPRESENTATION AND MANAGEMENT (C11)

This represents costs incurred in providing support and improving the capacity and effectiveness of Members in the conduct of their various roles, and in supporting the mayoralty and the civic and ceremonial functions of the Council. These services form part of the Corporate and Democratic Core under BVACOP.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Mayor's Allowances & Support Services	5,247	30,400	30,400
Members' Allowances	733,070	750,700	750,700
Members' Expenses & Support Services	173,073	202,000	201,300
Committee Meeting Refreshments	18,347	12,300	11,600
Civic Functions and Regalia	11,265	14,800	14,800
Subscriptions to Assoc. of Local Government	277,461	247,000	249,000
TOTAL EXPENDITURE	1,218,463	1,257,200	1,257,800
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(170)	(1,300)	(1,300)
TOTAL INCOME	(170)	(1,300)	(1,300)
NET EXPENDITURE (CONTROLLABLE)	1,218,293	1,255,900	1,256,500
<u>Financial Accounting Adjustments</u>			
Central Support Charges	258,187	1,410,200	306,500
Departmental Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	258,187	1,410,200	306,500
NET EXPENDITURE (ALL BUDGETS)	1,476,480	2,666,100	1,563,000

Variation Analysis

Original Budget 2009/10	2,666,100
Inflation	(300)
Budget Transfers	(400)
Changes in Government grants	2,000
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	(700)
Other Growth and Savings	0
Changes to financial accounting adjustments	(1,103,700)
Original Budget 2010/11	<u>1,563,000</u>

Other Information

Employee FTE's (Budgeted)	0.00	0.00
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COST OF LOCAL TAX COLLECTION (C14, C15)

This service is responsible for the billing, collection and recovery of the council tax and business rates from every household and business in the borough. It also covers the administration of benefits for approximately 11,000 residents.

	<u>2008/09</u> <u>Actual</u> <u>£</u>	<u>2009/10</u> <u>Original</u> <u>£</u>	<u>2010/11</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	2,565,780	2,629,600	2,324,100
Premises	0	0	0
Transport	31,135	27,000	29,500
Supplies and Services	483,419	435,700	425,800
Third Party Payments	238,846	242,400	242,400
Transfer Payments	11,365,981	11,786,500	11,786,500
TOTAL EXPENDITURE	14,685,161	15,121,200	14,808,300
<u>Income</u>			
Government Grants	(12,486,865)	(12,775,500)	(12,795,700)
Other Grants and Contributions	(307,701)	(333,800)	(333,800)
Customer & Client Receipts	(508,376)	(367,800)	(367,800)
TOTAL INCOME	(13,302,942)	(13,477,100)	(13,497,300)
NET EXPENDITURE (CONTROLLABLE)	<u>1,382,219</u>	<u>1,644,100</u>	<u>1,311,000</u>
<u>Financial Accounting Adjustments</u>			
Central Support Charges	1,760,763	1,717,900	1,410,000
Departmental Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	1,760,763	1,717,900	1,410,000
NET EXPENDITURE (ALL BUDGETS)	<u>3,142,982</u>	<u>3,362,000</u>	<u>2,721,000</u>

<u>Variation Analysis</u>	
Original Budget 2009/10	3,362,000
Inflation	12,300
Budget Transfers	(355,500)
Changes in Government grants	60,000
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	(50,400)
Other Growth and Savings	500
Changes to financial accounting adjustments	(307,900)
Original Budget 2010/11	<u>2,721,000</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	67.00 62.50
<i>1.00 FTE transferred to Customer Services</i>	
<i>3.50 FTEs transferred to Internal Audit</i>	

CORPORATE MANAGEMENT (C17)

The Best Value Accounting Code of Practice requires that activities and costs that provide (a) the infrastructure that allows services to be provided and (b) information that is needed for public accountability, should be budgeted for and reported separately from other costs under the heading

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	0	0	0
Premises	0	0	0
Transport	0	0	0
Supplies and Services	415,092	278,600	253,000
Third Party Payments	289,975	394,500	389,700
Transfer Payments	0	0	0
TOTAL EXPENDITURE	705,067	673,100	642,700
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	(11,183)	0	0
Customer & Client Receipts	(18,451)	0	0
TOTAL INCOME	(29,634)	0	0
NET EXPENDITURE (CONTROLLABLE)	675,433	673,100	642,700
<u>Financial Accounting Adjustments</u>			
Central Support Charges	316,938	771,300	767,400
Departmental Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	316,938	771,300	767,400
NET EXPENDITURE (ALL BUDGETS)	992,371	1,444,400	1,410,100

Variation Analysis

Original Budget 2009/10	1,444,400
Inflation	0
Budget Transfers	123,400
Changes in Government grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	(153,800)
Other Growth and Savings	0
Changes to financial accounting adjustments	(3,900)
Original Budget 2010/11	<u>1,410,100</u>

Other Information

Employee FTE's (Budgeted)	0.00	0.00
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NON DISTRIBUTED COSTS (C18)

The Best Value Accounting Code of Practice specifically excludes certain costs and overheads from being charged, allocated or apportioned to front line services. The two main areas that this covers are certain costs relating to prior period retirement benefits and unused shares of certain assets such as IT

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	2,435,513	2,490,700	2,490,700
Premises	0	0	0
Transport	0	0	0
Supplies and Services	0	0	0
Third Party Payments	21,043	9,100	9,100
Transfer Payments	0	0	0
TOTAL EXPENDITURE	2,456,556	2,499,800	2,499,800
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	0	0	0
TOTAL INCOME	0	0	0
NET EXPENDITURE (CONTROLLABLE)	<u>2,456,556</u>	<u>2,499,800</u>	<u>2,499,800</u>
<u>Financial Accounting Adjustments</u>			
Central Support Charges	219,153	227,100	479,200
Departmental Charges	0	0	0
Capital Charges	648,775	702,000	759,000
Central Support Income	0	0	0
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	867,928	929,100	1,238,200
NET EXPENDITURE (ALL BUDGETS)	<u>3,324,484</u>	<u>3,428,900</u>	<u>3,738,000</u>

<u>Variation Analysis</u>		
Original Budget 2009/10		3,428,900
Inflation		0
Budget Transfers		0
Changes in Government grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Service Reductions & Efficiency Savings		0
Other Growth and Savings		0
Changes to financial accounting adjustments		309,100
Original Budget 2010/11		<u>3,738,000</u>
<u>Other Information</u>		
Employee FTE's (Budgeted)	0.00	0.00

COMMUNICATIONS (C19)

This section is responsible for internal and external communications including media relations, corporate branding, producing the Council's magazine and other publications, and co-ordinating filming in the borough.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	21,022	38,200	37,900
Premises	0	0	0
Transport	4,591	5,300	5,200
Supplies and Services	63,848	55,600	54,300
Third Party Payments	463,321	447,700	447,700
Transfer Payments	0	0	0
TOTAL EXPENDITURE	552,782	546,800	545,100
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(48,373)	(39,200)	(39,200)
TOTAL INCOME	(48,373)	(39,200)	(39,200)
NET EXPENDITURE (CONTROLLABLE)	504,409	507,600	505,900
<u>Financial Accounting Adjustments</u>			
Central Support Charges	17,164	17,100	19,200
Departmental Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(521,573)	(524,700)	(525,100)
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(504,409)	(507,600)	(505,900)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

Variation Analysis

Original Budget 2009/10	0
Inflation	(100)
Budget Transfers	(1,500)
Changes in Government grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	(100)
Other Growth and Savings	0
Changes to financial accounting adjustments	1,700
Original Budget 2010/11	0

Other Information

Employee FTE's (Budgeted)	1.00	1.00
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PRECEPTS AND LEVIES (C21)

This cost centre includes the cost of levies that the Council has to pay each year that are not part of its own services under BVACOP and the service expenditure analysis. Principal levies charged here relate to the London Pensions Fund Authority, Coroners Court and the Local Levy for Flood Defence.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	0	0	0
Premises	0	0	0
Transport	0	0	0
Supplies and Services	0	0	0
Third Party Payments	676,139	765,900	991,900
Transfer Payments	0	0	0
TOTAL EXPENDITURE	676,139	765,900	991,900
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	0	0	0
TOTAL INCOME	0	0	0
NET EXPENDITURE (CONTROLLABLE)	676,139	765,900	991,900
<u>Financial Accounting Adjustments</u>			
Central Support Charges	0	0	0
Departmental Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	0	0	0
NET EXPENDITURE (ALL BUDGETS)	676,139	765,900	991,900

Variation Analysis

Original Budget 2009/10	765,900
Inflation	0
Budget Transfers	0
Changes in Government grants	0
Other Government or Outside Body changes	226,000
Demand Led Growth	0
Service Reductions & Efficiency Savings	0
Other Growth and Savings	0
Changes to financial accounting adjustments	0
Original Budget 2010/11	<u>991,900</u>

Other Information

Employee FTE's (Budgeted)	0	0
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CUSTOMER SERVICES (C23)

Customer Service is responsible for face to face enquiries at two reception desks located in the Atrium. It also handles telephone and email enquiries for the majority of the Environment Directorate services and customers contacting the Council via the main published number.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	872,697	996,000	1,228,200
Premises	0	0	0
Transport	7,620	3,100	2,900
Supplies and Services	136,537	70,200	74,600
Third Party Payments	0	0	0
Transfer Payments	0	0	0
TOTAL EXPENDITURE	1,016,854	1,069,300	1,305,700
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(77,657)	(36,900)	(36,900)
TOTAL INCOME	(77,657)	(36,900)	(36,900)
NET EXPENDITURE (CONTROLLABLE)	939,197	1,032,400	1,268,800
<u>Financial Accounting Adjustments</u>			
Central Support Charges	327,694	299,400	378,100
Departmental Charges	0	0	0
Capital Charges	34,805	33,900	36,800
Central Support Income	(1,301,696)	(1,365,700)	(1,683,700)
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(939,197)	(1,032,400)	(1,268,800)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

<u>Variation Analysis</u>		
Original Budget 2009/10		0
Inflation		8,000
Budget Transfers		228,400
Changes in Government grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Service Reductions & Efficiency Savings		0
Other Growth and Savings		0
Changes to financial accounting adjustments		(236,400)
Original Budget 2010/11		<u>0</u>
<u>Other Information</u>		
Employee FTE's (Budgeted)	28.90	35.90
<i>2.00 FTEs transferred from Finance Management & Revenues Benefits</i>		
<i>5.00 new FTEs included</i>		

LAND CHARGES (C24)

The Local Land Charges service processes conveyancing searches for land and property within the borough. The section collates information from across departments in order to produce official search reports requested by solicitors, conveyancers and those involved in producing Home Information Packs

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	107,377	133,200	128,200
Premises	0	0	0
Transport	1,481	1,500	1,500
Supplies and Services	6,270	7,700	6,700
Third Party Payments	0	0	0
Transfer Payments	0	0	0
TOTAL EXPENDITURE	115,128	142,400	136,400
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(441,040)	(467,800)	(217,800)
TOTAL INCOME	(441,040)	(467,800)	(217,800)
NET EXPENDITURE (CONTROLLABLE)	<u>(325,912)</u>	<u>(325,400)</u>	<u>(81,400)</u>
<u>Financial Accounting Adjustments</u>			
Central Support Charges	75,948	71,200	52,000
Departmental Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	75,948	71,200	52,000
NET EXPENDITURE (ALL BUDGETS)	<u>(249,964)</u>	<u>(254,200)</u>	<u>(29,400)</u>

<u>Variation Analysis</u>		
Original Budget 2009/10		(254,200)
Inflation		(4,100)
Budget Transfers		(1,600)
Changes in Government grants		0
Other Government or Outside Body changes		250,000
Demand Led Growth		
Service Reductions & Efficiency Savings		(300)
Other Growth and Savings		0
Changes to financial accounting adjustments		(19,200)
Original Budget 2010/11		<u>(29,400)</u>
<u>Other Information</u>		
Employee FTE's (Budgeted)	4.00	4.00

HOME LOANS UNIT (M69)

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 and capital surpluses generated by the the mortgages are distributed to the boroughs.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	66,229	71,200	71,200
Premises	1,183	2,000	2,000
Transport	0	0	0
Supplies and Services	115,243	105,200	105,200
Third Party Payments	0	0	0
Transfer Payments	0	0	0
TOTAL EXPENDITURE	182,655	178,400	178,400
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(192,722)	(191,400)	(191,400)
TOTAL INCOME	(192,722)	(191,400)	(191,400)
NET EXPENDITURE (CONTROLLABLE)	(10,067)	(13,000)	(13,000)
<u>Financial Accounting Adjustments</u>			
Central Support Charges	11,671	13,000	13,100
Departmental Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	11,671	13,000	13,100
NET EXPENDITURE (ALL BUDGETS)	1,604	0	100

Variation Analysis

Original Budget 2009/10	0
Inflation	0
Budget Transfers	0
Changes in Government grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	0
Other Growth and Savings	0
Changes to financial accounting adjustments	100
Original Budget 2010/11	100

Other Information

Employee FTE's (Budgeted)	0.00	0.00
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FINANCE AND CORPORATE SERVICES

CENTRAL ITEMS (M68, M75, M90)

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>ASSET MANAGEMENT & TREASURY</u>			
Interest Payable	4,627,612	4,805,000	2,481,000
Interest Receivable	(5,238,842)	(2,303,000)	(1,365,000)
MRP (Principal Loan Repay)	1,185,000	1,396,000	1,752,000
<u>CONTINGENCY ITEMS</u>			
West London Waste Authority - Section 52 payments	0	706,700	1,674,200
PFI Affordability	0	80,000	0
General & Pay Award Contingency	0	432,000	1,200,000
<u>OTHER</u>			
Capitalisation of Revenue Expenditure	0	(700,000)	(700,000)
Use of Reserves	0	(750,000)	(750,000)
Revenue Funding of Capital Expenditure	6,438,396	0	0
Transfers to / From Earmarked Reserves	3,563,424	528,100	589,500
Corporate Income	(899,960)	0	0
NET EXPENDITURE (CONTROLLABLE)	<u>9,675,630</u>	<u>4,194,800</u>	<u>4,881,700</u>
<u>Financial Accounting Adjustments</u>			
Reversal of Depreciation	(45,943,799)	(8,534,700)	(9,819,100)
Reversal of Deferred Charges	(6,378,238)	(14,230,000)	(11,674,000)
Reversal of Govt. Grant Deferred	5,932,062	5,232,100	5,932,100
NET ACCOUNTING ADJUSTMENTS	<u>(46,389,975)</u>	<u>(17,532,600)</u>	<u>(15,561,000)</u>
NET EXPENDITURE (ALL BUDGETS)	<u>(36,714,345)</u>	<u>(13,337,800)</u>	<u>(10,679,300)</u>

<u>Variation Analysis</u>	
Original Budget 2009/10	(13,337,800)
Inflation	768,200
Budget Transfers	750,700
Changes in Government grants	0
Other Government or Outside Body changes	700,000
Demand Led Growth	0
Service Reductions & Efficiency Savings	0
Other Growth and Savings	(2,123,000)
Investment Priorities	591,000
Changes to financial accounting adjustments	1,971,600
Original Budget 2010/11	<u>(10,679,300)</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	0.00 0.00

Section D

CHILDREN'S SERVICES & CULTURE

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

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REVENUE BUDGET - SUMMARY OF EXPENDITURE

<u>PURPOSE</u>	<u>2008/09</u> <u>ACTUAL</u> £	<u>2009/10</u> <u>ORIGINAL</u> £	<u>2010/11</u> <u>ESTIMATE</u> £
Specialist Services			
Specialist Services Management	0	0	0
Social Work	4,322,836	4,382,400	4,527,400
Looked After Children	4,398,033	5,215,300	5,039,900
Family Support	1,481,869	1,738,400	1,856,200
Other Children & Families	1,856,300	1,729,900	1,782,200
SEN and Recoupment	11,225,674	11,615,400	12,516,800
Unaccompanied Asylum Seekers	(74,016)	322,200	689,900
Protective and Preventative Services			
Early Years	3,926,635	4,433,500	873,800
Other Protective & Preventative Services	1,205,727	1,183,300	1,221,300
Integrated Youth Support	3,755,690	3,698,700	3,705,900
School Effectiveness	1,710,650	2,135,400	2,099,600
Culture			
Library Services	6,231,140	5,744,400	5,141,800
Arts and Music	676,644	660,100	664,700
Sports	1,957,465	2,105,000	1,875,600
Commissioning, Delivery & Service Improvement	632,698	624,700	851,800
Finance and Resources			
Schools Non Delegated	41,082,184	11,933,300	10,845,200
Individual School Budgets	78,476,158	83,605,800	90,474,200
Standards Fund and Other Grants	2,227,828	2,555,800	2,297,900
Directorate Administration	0	0	0
Strategic Management	0	0	0
Adjusted Dedicated Schools Grant	(91,127,000)	(96,469,000)	(100,562,000)
Total Children's Services & Culture	73,966,515	47,214,600	45,902,200

Variation Analysis

Original Estimate 2009/10	47,214,600
Inflation	29,400
Budget Transfers	(34,500)
Changes in Government grants	(351,500)
Other Government Grant or Outside Body changes	33,800
Demand Led Growth	485,000
Service Reductions and Efficiency Savings	(349,300)
Other Growth and Savings	0
Changes to financial accounting adjustments	(1,125,300)
Original Budget 2010/11	<u>45,902,200</u>

CHILDREN'S SERVICES AND CULTURE

REVENUE BUDGET - SUBJECTIVE SUMMARY OF EXPENDITURE

	<u>2008/09</u> <u>ACTUAL</u> £	<u>2009/10</u> <u>ORIGINAL</u> £	<u>2010/11</u> <u>ESTIMATE</u> £
<u>Expenditure</u>			
Individual Schools Budget (Net)	78,476,158	83,605,800	90,474,200
PRS	625,701	613,900	626,800
Employees	20,942,985	21,379,500	22,874,100
Premises	2,937,924	1,565,600	1,678,700
Transport	3,276,225	2,994,500	3,193,200
Supplies and Services	20,392,307	14,900,100	14,148,500
Third Party Payments	14,330,647	19,524,100	16,339,700
Transfer Payments	6,118,134	6,702,200	6,763,000
TOTAL EXPENDITURE	147,526,497	151,285,700	156,098,200
<u>Income</u>			
Adjusted Dedicated Schools Grant	(91,127,000)	(96,469,000)	(100,562,000)
Government Grants	(12,770,314)	(13,340,000)	(14,325,900)
Other Grants and Contributions	(6,740,849)	(5,750,400)	(5,364,500)
Customer and Client Receipts	(7,890,609)	(3,235,600)	(3,542,200)
TOTAL INCOME	(118,528,772)	(118,795,000)	(123,794,600)
NET EXPENDITURE (CONTROLLABLE)	28,997,725	32,490,700	32,303,600
<u>Financial Accounting Adjustments</u>			
Central Support Charges	6,327,589	6,091,100	5,722,400
Departmental Support Charges	5,673,503	5,557,200	5,408,300
Capital Charges	39,067,617	8,632,800	7,876,200
Departmental Support Income	(5,673,503)	(5,557,200)	(5,408,300)
NET ACCOUNTING ADJUSTMENTS	44,968,790	14,723,900	13,598,600
NET EXPENDITURE (ALL BUDGETS)	73,966,515	47,214,600	45,902,200

BUDGETED STAFFING FTE'S

	2009/10	2010/11
Number of Employees	2,336.0	2,396.9

SPECIALIST SERVICES MANAGEMENT (E90)

This includes the management and business support costs of the Specialist Children's Division.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	387,487	382,500	461,000
Transport	6,918	15,000	7,200
Supplies and Services	88,746	48,200	78,800
NET EXPENDITURE	483,151	445,700	547,000
NET EXPENDITURE (CONTROLLABLE)	483,151	445,700	547,000
<u>Financial Accounting Adjustments</u>			
Central Support Charges	285,415	202,200	191,900
Departmental Support Charges	832,454	845,500	742,100
Capital Charges	0	(24,900)	(81,100)
Departmental Support Income	(1,601,020)	(1,468,500)	(1,399,900)
NET ACCOUNTING ADJUSTMENTS	(483,151)	(445,700)	(547,000)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

Variation Analysis

Original Estimate 2009/10	0
Inflation	6,000
Budget Transfers	109,300
Changes in Government grants	0
Other Government Grant or Outside Body changes	0
Demand Led Growth	0
Service Reductions and Efficiency Savings	(14,000)
Other Growth and Savings	0
Changes to financial accounting adjustments	(101,300)
Original Budget 2010/11	<u>0</u>

Other Information

Employee FTE's (Budgeted)	8.5	10.5
<i>2 FTE transferred from Adults and Community Service department due to 42 York Street now a Childrens Service and Culture Department building</i>		

SOCIAL WORK (E91)

Social work is primarily delivered by specialist teams, including the Initial Response Team, the Family Support Team, the Children Looked After Team, the Leaving Care Team and the Disabled Children's Team.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	2,493,805	2,627,500	2,731,500
Premises	17,989	14,600	16,800
Transport	106,743	106,600	101,100
Supplies and Services	183,445	242,600	319,300
Third Party Payments	302,209	292,200	307,300
TOTAL EXPENDITURE	3,104,191	3,283,500	3,476,000
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	(290,618)	(315,000)	(350,400)
Customer and Client Receipts	(42,247)	0	(48,800)
TOTAL INCOME	(332,865)	(315,000)	(399,200)
NET EXPENDITURE	2,771,326	2,968,500	3,076,800
<u>Financial Accounting Adjustments</u>			
Central Support Charges	740,706	699,700	743,900
Departmental Support Charges	803,467	706,900	699,400
Capital Charges	7,337	7,300	7,300
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	1,551,510	1,413,900	1,450,600
NET EXPENDITURE (ALL BUDGETS)	4,322,836	4,382,400	4,527,400

Variation Analysis

Original Estimate 2009/10	4,382,400
Inflation	(2,000)
Budget Transfers	110,300
Changes in Government grants	0
Other Government Grant or Outside Body changes	0
Demand Led Growth	0
Service Reductions and Efficiency Savings	0
Other Growth and Savings	0
Changes to financial accounting adjustments	36,700
Original Budget 2010/11	<u>4,527,400</u>

Other Information

Employee FTE's (Budgeted)	65.6	65.6
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LOOKED AFTER CHILDREN (E92)

This primarily includes the cost of purchasing independent sector residential care placements, and the cost of local authority and independent sector foster care placements for children and young people who are looked after by the local authority.

	<u>2008/09</u> <u>Actual</u> <u>£</u>	<u>2009/10</u> <u>Original</u> <u>£</u>	<u>2010/11</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	713,040	782,400	789,200
Premises	0	0	500
Transport	56,442	19,100	103,800
Supplies and Services	140,146	88,400	98,000
Third Party Payments	3,309,318	4,062,600	3,710,700
Transfer Payments	101,217	30,500	30,500
TOTAL EXPENDITURE	4,320,163	4,983,000	4,732,700
<u>Income</u>			
Other Grants and Contributions	(142,563)	(95,800)	(46,300)
Customer and Client Receipts	(124,489)	0	(9,300)
TOTAL INCOME	(267,052)	(95,800)	(55,600)
NET EXPENDITURE	4,053,111	4,887,200	4,677,100
<u>Financial Accounting Adjustments</u>			
Central Support Charges	115,181	115,600	158,900
Departmental Support Charges	229,741	212,500	203,900
Capital Charges	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	344,922	328,100	362,800
NET EXPENDITURE (ALL BUDGETS)	4,398,033	5,215,300	5,039,900

Variation Analysis

Original Estimate 2009/10	5,215,300
Inflation	(6,200)
Budget Transfers	(489,900)
Changes in Government grants	0
Other Government Grant or Outside Body changes	0
Demand Led Growth	300,000
Service Reductions and Efficiency Savings	(14,000)
Other Growth and Savings	0
Changes to financial accounting adjustments	34,700
Original Budget 2010/11	<u>5,039,900</u>

Other Information

Employee FTE's (Budgeted)	19.5	19.0
<i>Reduction of administration due to efficiencies</i>		

FAMILY SUPPORT (E93)

This relates to the Twickenham Contact and Assessment Centre which provides a wide range of support for families and their children. Also, a variety of short break care provision is available for families of children with disabilities, including care within a family and community support.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	483,624	705,700	737,800
Premises	25,606	25,400	47,200
Transport	7,214	2,300	2,300
Supplies and Services	101,335	259,700	601,700
Third Party Payments	457,200	401,200	492,800
Transfer Payments	396,543	343,300	350,800
TOTAL EXPENDITURE	1,471,522	1,737,600	2,232,600
<u>Income</u>			
Government Grants	0	0	(567,000)
Other Grants and Contributions	(160,100)	(266,700)	(96,800)
Customer and Client Receipts	(217,957)	0	0
TOTAL INCOME	(378,057)	(266,700)	(663,800)
NET EXPENDITURE	1,093,465	1,470,900	1,568,800
<u>Financial Accounting Adjustments</u>			
Central Support Charges	84,098	84,600	90,600
Departmental Support Charges	162,576	140,900	127,000
Capital Charges	141,730	42,000	69,800
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	388,404	267,500	287,400
NET EXPENDITURE (ALL BUDGETS)	1,481,869	1,738,400	1,856,200

Variation Analysis

Original Estimate 2009/10	1,738,400
Inflation	(17,500)
Budget Transfers	111,400
Changes in Government grants	0
Other Government Grant or Outside Body changes	4,000
Demand Led Growth	0
Service Reductions and Efficiency Savings	0
Other Growth and Savings	0
Changes to financial accounting adjustments	19,900
Original Budget 2010/11	<u>1,856,200</u>

Other Information

Employee FTE's (Budgeted)	13.5	14.5
<i>Aiming High manager - grant funded</i>		

OTHER CHILDREN AND FAMILIES (E95)

This includes support for young people leaving care and preparation for independent living. Also included are the costs of the adoption team of social workers who provide adoption support (pre and post placement), and support to adopted people who are seeking information about their past.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	382,388	355,700	356,100
Premises	71,169	42,500	39,700
Transport	30,769	21,600	25,200
Supplies and Services	46,183	151,300	82,600
Third Party Payments	1,683,562	1,254,300	1,257,500
Transfer Payments	14,554	3,200	26,100
TOTAL EXPENDITURE	2,228,625	1,828,600	1,787,200
<u>Income</u>			
Government Grants	(308,270)	0	0
Other Grants and Contributions	(17,004)	(44,200)	(44,200)
Customer and Client Receipts	(183,106)	(201,600)	(123,400)
TOTAL INCOME	(508,380)	(245,800)	(167,600)
NET EXPENDITURE	1,720,245	1,582,800	1,619,600
<u>Financial Accounting Adjustments</u>			
Central Support Charges	105,515	96,800	104,400
Departmental Support Charges	85,700	81,900	89,300
Capital Charges	10,436	10,400	10,400
Departmental Support Income	(65,596)	(42,000)	(41,500)
NET ACCOUNTING ADJUSTMENTS	136,055	147,100	162,600
NET EXPENDITURE (ALL BUDGETS)	1,856,300	1,729,900	1,782,200

Variation Analysis

Original Estimate 2009/10	1,729,900
Inflation	2,900
Budget Transfers	34,600
Changes in Government grants	0
Other Government Grant or Outside Body changes	(700)
Demand Led Growth	0
Service Reductions and Efficiency Savings	0
Other Growth and Savings	0
Changes to financial accounting adjustments	15,500
Original Budget 2010/11	<u>1,782,200</u>

Other Information

Employee FTE's (Budgeted)	8.1	8.1
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SPECIAL EDUCATIONAL NEEDS AND RECOUPMENT (E30,35,39,41,45,50-54,59,80,87)

These centrally retained budgets mainly provide funding for young people with statements of special educational need who are either placed in independent special schools or attend schools in other local authorities and their associated transport costs. The costs of the Pupil Referral Service and other SEN teams are also shown under this heading.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
Expenditure			
Employees	1,607,941	1,241,300	1,295,800
Premises	0	7,600	4,900
Transport	2,756,725	2,622,600	2,738,400
Supplies and Services	201,405	192,600	209,100
Third Party Payments	7,776,954	8,453,600	9,176,400
Transfer Payments	729,635	22,600	22,600
PRS	625,701	613,900	626,800
TOTAL EXPENDITURE	13,698,361	13,154,200	14,074,000
Income			
Other Grants and Contributions	(1,980,413)	(2,048,800)	(2,048,600)
Customer and Client Receipts	(1,033,901)	0	(44,300)
TOTAL INCOME	(3,014,314)	(2,048,800)	(2,092,900)
NET EXPENDITURE (CONTROLLABLE)	10,684,047	11,105,400	11,981,100
Financial Accounting Adjustments			
Central Support Charges	224,072	201,400	242,900
Departmental Support Charges	311,355	302,400	286,600
Capital Charges	6,200	6,200	6,200
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	541,627	510,000	535,700
NET EXPENDITURE (ALL BUDGETS)	11,225,674	11,615,400	12,516,800

Variation Analysis

Original Estimate 2009/10	11,615,400
Inflation	165,300
Budget Transfers	(4,600)
Changes in Government grants	615,000
Other Government Grant or Outside Body changes	0
Demand Led Growth	100,000
Service Reductions and Efficiency Savings	0
Other Growth and Savings	0
Changes to financial accounting adjustments	25,700
Original Budget 2010/11	<u>12,516,800</u>

Other Information

Employee FTE's (Budgeted)	27.3	28.3
<i>Trainee Educational Psychologist funded by grant</i>		

UNACCOMPANIED ASYLUM SEEKERS (E95, E98)

The Unaccompanied Asylum Seeking Children (UASC) Service provides support, including immigration and care arrangements, to lone UASC aged up to 18 years of age. The Hillingdon judgement laid a requirement on Councils to provide Leaving Care services for UASC up until the age of 21, and beyond that, for those in continuing education.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	173,389	0	182,500
Premises	0	0	600
Transport	4,769	0	2,500
Supplies and Services	7,680	0	24,800
Third Party Payments	119,133	768,900	768,900
TOTAL EXPENDITURE	304,971	768,900	979,300
<u>Income</u>			
Government Grants	(378,987)	(446,700)	(361,700)
TOTAL INCOME	(378,987)	(446,700)	(361,700)
NET EXPENDITURE	(74,016)	322,200	617,600
<u>Financial Accounting Adjustments</u>			
Central Support Charges	0	0	37,100
Departmental Support Charges	0	0	35,200
Capital Charges	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	0	0	72,300
NET EXPENDITURE (ALL BUDGETS)	(74,016)	322,200	689,900

Variation Analysis

Original Estimate 2009/10	322,200
Inflation	6,400
Budget Transfers	204,000
Changes in Government grants	0
Other Government Grant or Outside Body changes	0
Demand Led Growth	85,000
Service Reductions and Efficiency Savings	0
Other Growth and Savings	0
Changes to financial accounting adjustments	72,300
Original Budget 2010/11	689,900

Other Information

Employee FTE's (Budgeted)	0.0	4.0
<i>Service moved from Adults and Community Services Department</i>		

EARLY YEARS (E24,E26-E28, E67, E87)

The Government provides funding through the Sure Start and Early Years and Children's Centres Grant to develop and run Children's Centres, support access, quality and inclusion, to ensure that all children aged 0-8 years have the best possible early years education and care, and also to support childcare sufficiency and access.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	1,076,252	1,043,700	2,078,400
Premises	113,316	0	140,400
Transport	10,946	4,600	7,000
Supplies and Services	5,413,977	2,755,100	2,236,500
Third Party Payments	0	3,497,900	0
TOTAL EXPENDITURE	6,614,491	7,301,300	4,462,300
<u>Income</u>			
Government Grants	(3,004,655)	(3,219,000)	(3,942,500)
Other Grants and Contributions	(128,639)	(107,800)	(107,800)
Customer and Client Receipts	(8,718)	0	0
TOTAL INCOME	(3,142,012)	(3,326,800)	(4,050,300)
NET EXPENDITURE	3,472,479	3,974,500	412,000
<u>Financial Accounting Adjustments</u>			
Central Support Charges	279,157	266,900	347,700
Departmental Support Charges	165,443	207,300	207,400
Capital Charges	9,556	(15,200)	(93,300)
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	454,156	459,000	461,800
NET EXPENDITURE (ALL BUDGETS)	3,926,635	4,433,500	873,800

<u>Variation Analysis</u>		
Original Estimate 2009/10		4,433,500
Inflation		77,700
Budget Transfers		(104,700)
Changes in Government grants		0
Other Government Grant or Outside Body changes		25,500
Demand Led Growth		0
Service Reductions and Efficiency Savings		0
Other Growth and Savings		(3,561,000)
Changes to financial accounting adjustments		2,800
Original Budget 2010/11		<u>873,800</u>
<u>Other Information</u>		
Employee FTE's (Budgeted)	22.1	39.1
<i>Staff for childrens centres</i>		
<i>1fte parenting officer funded by grant</i>		

OTHER PROTECTIVE & PREVENTATIVE SERVICES (E47, E49, E50, E77, E80, E84)

This includes budgets for specialist educational teams, including the Education Welfare Service and Social Inclusion Services.

	<u>2008/09</u> <u>Actual</u> <u>£</u>	<u>2009/10</u> <u>Original</u> <u>£</u>	<u>2010/11</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	794,398	901,500	994,300
Premises	6,891	0	0
Transport	45,591	29,700	30,900
Supplies and Services	269,097	93,200	74,200
Third Party Payments	547	73,300	73,300
TOTAL EXPENDITURE	1,116,524	1,097,700	1,172,700
<u>Income</u>			
Government Grants	(10,610)	0	0
Other Grants and Contributions	(32,406)	(108,500)	(146,300)
Customer and Client Receipts	(61,861)	(5,800)	(5,800)
TOTAL INCOME	(104,877)	(114,300)	(152,100)
NET EXPENDITURE	1,011,647	983,400	1,020,600
<u>Financial Accounting Adjustments</u>			
Central Support Charges	165,900	152,800	160,600
Departmental Support Charges	28,180	47,100	40,100
Capital Charges	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	194,080	199,900	200,700
NET EXPENDITURE (ALL BUDGETS)	1,205,727	1,183,300	1,221,300

<u>Variation Analysis</u>	
Original Estimate 2009/10	1,183,300
Inflation	15,700
Budget Transfers	21,500
Changes in Government grants	0
Other Government Grant or Outside Body changes	0
Demand Led Growth	0
Service Reductions and Efficiency Savings	0
Other Growth and Savings	0
Changes to financial accounting adjustments	800
Original Budget 2010/11	<u>1,221,300</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	18.3
<i>1fte parenting officer funded by grant</i>	
<i>Increase in social inclusion</i>	19.6

INTEGRATED YOUTH SUPPORT (E64-E68, E94, E96, E97)

This area includes the Youth Service, Adolescent Response Team, Youth Offending Team, Connexions Service, and Way to Work. Combined, these services provide young people with access to information, positive activities and advice and guidance services.

	<u>2008/09</u> <u>Actual</u> <u>£</u>	<u>2009/10</u> <u>Original</u> <u>£</u>	<u>2010/11</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	2,411,630	2,410,800	2,409,500
Premises	325,989	211,100	182,000
Transport	46,703	35,300	35,300
Supplies and Services	2,448,914	1,831,800	1,668,500
Third Party Payments	163,643	120,200	152,900
Transfer Payments	0	31,000	31,000
TOTAL EXPENDITURE	5,396,879	4,640,200	4,479,200
<u>Income</u>			
Government Grants	(296,485)	(540,000)	(276,900)
Other Grants and Contributions	(897,627)	(873,000)	(1,150,300)
Customer and Client Receipts	(1,227,336)	(156,100)	(174,100)
TOTAL INCOME	(2,421,448)	(1,569,100)	(1,601,300)
NET EXPENDITURE	2,975,431	3,071,100	2,877,900
<u>Financial Accounting Adjustments</u>			
Central Support Charges	463,200	450,400	520,400
Departmental Support Charges	73,777	65,900	198,300
Capital Charges	243,282	111,300	109,300
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	780,259	627,600	828,000
NET EXPENDITURE (ALL BUDGETS)	3,755,690	3,698,700	3,705,900

Variation Analysis

Original Estimate 2009/10	3,698,700
Inflation	(7,800)
Budget Transfers	(50,500)
Changes in Government grants	(93,500)
Other Government Grant or Outside Body changes	3,600
Demand Led Growth	0
Service Reductions and Efficiency Savings	(45,000)
Other Growth and Savings	0
Changes to financial accounting adjustments	200,400
Original Budget 2010/11	<u>3,705,900</u>

Other Information

Employee FTE's (Budgeted)	56.1	55.1
<i>Post deleted due to reduction in Connexions funding</i>		

SCHOOL EFFECTIVENESS (E50, E69, E72, E75, E77, E79, E80, E83, E86)

This includes budgets for inspection and advisory services, the Ethnic Minority and Traveller Achievement Service (EMTAS) and LA Initiatives. This Division plays a central role in the planning and the management of school improvement initiatives, policy and planning.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	1,711,792	1,895,000	1,786,000
Premises	66,589	46,800	46,800
Transport	15,275	20,600	22,000
Supplies and Services	1,121,588	558,300	540,000
Transfer Payments	93,835	0	0
TOTAL EXPENDITURE	3,009,079	2,520,700	2,394,800
<u>Income</u>			
Government Grants	(286,780)	(148,000)	0
Other Grants and Contributions	(312,852)	(562,500)	(702,600)
Customer and Client Receipts	(1,255,637)	(211,100)	(235,100)
TOTAL INCOME	(1,855,269)	(921,600)	(937,700)
NET EXPENDITURE	1,153,810	1,599,100	1,457,100
<u>Financial Accounting Adjustments</u>			
Central Support Charges	237,059	213,900	353,200
Departmental Support Charges	319,781	322,400	289,300
Capital Charges	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	556,840	536,300	642,500
NET EXPENDITURE (ALL BUDGETS)	1,710,650	2,135,400	2,099,600

Variation Analysis

Original Estimate 2009/10	2,135,400
Inflation	(2,100)
Budget Transfers	(104,900)
Changes in Government grants	0
Other Government Grant or Outside Body changes	0
Demand Led Growth	0
Service Reductions and Efficiency Savings	(35,000)
Other Growth and Savings	0
Changes to financial accounting adjustments	106,200
Original Budget 2010/11	<u>2,099,600</u>

Other Information

Employee FTE's (Budgeted)	37.1	37.5
<i>0.4 increase in inspectors - grant funded</i>		

LIBRARY SERVICE (E02)

The Borough has 12 lending libraries and a central Reference and Information Service at the Old Town Hall, comprising the Reference Library and Local Studies Library. The School's Library and Resource Service based at the Cottage, provides schools in the borough with advice, practical help, books and other materials.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	3,219,023	3,371,100	3,159,600
Premises	538,513	450,200	472,600
Transport	51,891	23,600	22,000
Supplies and Services	982,842	939,300	858,600
TOTAL EXPENDITURE	4,792,269	4,784,200	4,512,800
<u>Income</u>			
Customer and Client Receipts	(336,643)	(381,800)	(367,600)
TOTAL INCOME	(336,643)	(381,800)	(367,600)
NET EXPENDITURE	4,455,626	4,402,400	4,145,200
<u>Financial Accounting Adjustments</u>			
Central Support Charges	956,195	923,900	568,500
Departmental Support Charges	223,862	205,100	206,800
Capital Charges	595,457	213,000	221,300
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	1,775,514	1,342,000	996,600
NET EXPENDITURE (ALL BUDGETS)	6,231,140	5,744,400	5,141,800

Variation Analysis

Original Estimate 2009/10	5,744,400
Inflation	(11,100)
Budget Transfers	(156,000)
Changes in Government grants	0
Other Government Grant or Outside Body changes	(5,100)
Demand Led Growth	0
Service Reductions and Efficiency Savings	(85,000)
Other Growth and Savings	0
Changes to financial accounting adjustments	(345,400)
Original Budget 2010/11	5,141,800

Other Information

Employee FTE's (Budgeted)	105.7	100.4
<i>4 FTEs Tourist information moved to Environment Department</i>		
<i>1.3 FTE Posts deleted due to efficiency savings</i>		

ARTS AND MUSIC (E03, E85)

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 and organisations, the Arts Service works across the borough, encouraging all forms of creative development, from a range of visual arts to dance, drama, music, film and literature. Richmond Music Trust grant is also included in this heading.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	323,946	287,600	302,300
Premises	92,656	89,000	95,000
Transport	12,204	500	500
Supplies and Services	498,138	142,100	130,800
TOTAL EXPENDITURE	926,944	519,200	528,600
<u>Income</u>			
Other Grants and Contributions	(290,054)	(13,500)	(13,500)
Customer and Client Receipts	(209,648)	(73,700)	(73,700)
TOTAL INCOME	(499,702)	(87,200)	(87,200)
NET EXPENDITURE	427,242	432,000	441,400
<u>Financial Accounting Adjustments</u>			
Central Support Charges	64,904	66,300	63,600
Departmental Support Charges	148,123	123,300	121,200
Capital Charges	36,373	38,500	38,500
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	249,400	228,100	223,300
NET EXPENDITURE (ALL BUDGETS)	676,642	660,100	664,700

Variation Analysis

Original Estimate 2009/10	660,100
Inflation	5,000
Budget Transfers	13,400
Changes in Government grants	0
Other Government Grant or Outside Body changes	1,000
Demand Led Growth	0
Service Reductions and Efficiency Savings	(10,000)
Other Growth and Savings	0
Changes to financial accounting adjustments	(4,800)
Original Budget 2010/11	664,700

Other Information

Employee FTE's (Budgeted)	7.2	7.2
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SPORTS (E09, E14, E17, E19, E22)

The Sports Team objectives are to develop participation in sport, improve standards of performance and improve facilities in conjunction with a range of partners. The team includes sports development, the four sports & fitness centres and the borough's swimming provision.

	<u>2008/09</u> <u>Actual</u> <u>£</u>	<u>2009/10</u> <u>Original</u> <u>£</u>	<u>2010/11</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	1,402,652	1,620,500	1,597,600
Premises	548,872	542,900	553,400
Transport	12,407	20,000	19,900
Supplies and Services	514,282	464,500	509,400
Third Party Payments	423,449	437,400	399,900
TOTAL EXPENDITURE	3,328,078	3,085,300	3,080,200
<u>Income</u>			
Other Grants & Contributions	0	(42,600)	(42,600)
Customer and Client Receipts	(1,822,559)	(1,801,600)	(1,818,900)
TOTAL INCOME	(1,822,559)	(1,844,200)	(1,861,500)
NET EXPENDITURE	1,505,519	1,241,100	1,218,700
<u>Financial Accounting Adjustments</u>			
Central Support Charges	426,416	419,700	258,700
Departmental Support Charges	181,961	175,000	125,600
Capital Charges	269,985	269,200	272,600
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	451,946	863,900	656,900
NET EXPENDITURE (ALL BUDGETS)	1,957,465	2,105,000	1,875,600

Variation Analysis

Original Estimate 2009/10	2,105,000
Inflation	(17,200)
Budget Transfers	(1,400)
Changes in Government grants	0
Other Government Grant or Outside Body changes	6,200
Demand Led Growth	0
Service Reductions and Efficiency Savings	(10,000)
Other Growth and Savings	0
Changes to financial accounting adjustments	(207,000)
Original Budget 2010/11	<u>1,875,600</u>

Other Information

Employee FTE's (Budgeted)	49.9	49.9
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COMMISSIONING, DELIVERY & SERVICE IMPROVEMENT (E30,35,36,59,62,77,80-81,89-91)

This includes budgets for: School Admissions Team; Student Support; Policy, Performance & Communications Team and Systems Team. It also includes the Head of Safeguarding Quality and Performance post along with the statutory Independent Reviewing Officer service and a Children's Workforce Development Team, pulling together a range of staff working on professional development across the Directorate.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	1,436,889	1,254,700	1,692,900
Premises	1,840	500	500
Transport	79,363	47,900	46,400
Supplies and Services	708,355	420,600	381,700
Transfer Payments	17,263	5,000	5,000
TOTAL EXPENDITURE	2,243,710	1,728,700	2,126,500
<u>Income</u>			
Government Grants	(219,919)	(150,800)	(150,800)
Other Grants and Contributions	(540,296)	(83,100)	(29,500)
Customer and Client Receipts	0	(127,100)	(322,300)
TOTAL INCOME	(760,215)	(361,000)	(502,600)
NET EXPENDITURE	1,483,495	1,367,700	1,623,900
<u>Financial Accounting Adjustments</u>			
Central Support Charges	108,899	96,200	361,300
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Departmental Support Income	(959,696)	(839,200)	(1,133,400)
NET ACCOUNTING ADJUSTMENTS	(850,797)	(743,000)	(772,100)
NET EXPENDITURE (ALL BUDGETS)	632,698	624,700	851,800

<u>Variation Analysis</u>	
Original Estimate 2009/10	624,700
Inflation	37,500
Budget Transfers	288,200
Changes in Government grants	0
Other Government Grant or Outside Body changes	0
Demand Led Growth	0
Service Reductions and Efficiency Savings	(69,500)
Other Growth and Savings	0
Changes to financial accounting adjustments	(29,100)
Original Budget 2010/11	<u>851,800</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	35.7 36.7
<i>Additional post re Safeguarding</i>	

SCHOOLS NON DELEGATED (E30, E31, E35, E36, E41)

These centrally managed budgets provide funding for a range of services, including the primary Private Finance Initiative (PFI), and health and safety. Delegated funding for Richmond schools is shown under the Individual Schools Budget (ISB) heading.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	26,264	4,200	1,200
Premises	1,122,810	135,000	78,300
Supplies and Services	3,920,209	3,808,700	3,400,600
Transfer Payments	90,738	86,000	86,000
TOTAL EXPENDITURE	5,160,021	4,033,900	3,566,100
<u>Income</u>			
Government Grants	(2,281,753)	(2,285,900)	(2,290,000)
Other Grants and Contributions	(1,727,217)	(953,300)	(581,700)
Customer and Client Receipts	(919,812)	(18,100)	(18,100)
TOTAL INCOME	(4,928,782)	(3,257,300)	(2,889,800)
NET EXPENDITURE	231,239	776,600	676,300
<u>Financial Accounting Adjustments</u>			
Central Support Charges	996,602	1,060,700	817,600
Departmental Support Charges	2,107,082	2,121,000	2,036,100
Capital Charges	37,747,261	7,975,000	7,315,200
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	40,850,945	11,156,700	10,168,900
NET EXPENDITURE (ALL BUDGETS)	41,082,184	11,933,300	10,845,200

Variation Analysis

Original Estimate 2009/10	11,933,300
Inflation	0
Budget Transfers	(99,600)
Changes in Government grants	0
Other Government Grant or Outside Body changes	(700)
Demand Led Growth	0
Service Reductions and Efficiency Savings	0
Other Growth and Savings	0
Changes to financial accounting adjustments	(987,800)
Original Budget 2010/11	<u>10,845,200</u>

Other Information

Employee FTE's (Budgeted)	0.0	0.0
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INDIVIDUAL SCHOOLS BUDGETS (NET) (E33)

Local authorities must distribute amounts from their Individual Schools Budget amongst their maintained schools using a formula which accords with the Financing of Maintained Schools (England) Regulations, and enables the calculation of a budget share for each maintained school. From 2010/11 this also includes those private, voluntary and independent providers who are part of the new Early Years Single Funding Formula.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Individual Schools Budget	77,906,440	80,205,800	82,194,000
Individual Nursery Budget	0	0	5,137,700
ISB in year Allowances including Government priorities	569,718	3,400,000	3,142,500
NET EXPENDITURE	78,476,158	83,605,800	90,474,200
<u>Financial Accounting Adjustments</u>			
Central Support Charges	0	0	0
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	0	0	0
NET EXPENDITURE (ALL BUDGETS)	78,476,158	83,605,800	90,474,200

<u>Variation Analysis</u>		
Original Estimate 2009/10		83,605,800
Inflation		2,056,800
Budget Transfers		2,228,900
Changes in Government grants		0
Other Government Grant or Outside Body changes		2,582,700
Demand Led Growth		0
Service Reductions and Efficiency Savings		0
Other Growth and Savings		0
Changes to financial accounting adjustments		0
Original Budget 2010/11		<u>90,474,200</u>
<u>Other Information</u>		
Employee FTE's (Budgeted)	0.0	0.0

STANDARDS FUND AND OTHER GRANTS (E60, E61, E73, E74, E77)

The Standards Fund programme remains a part of the Government's education strategy, however, from 2008/09 many former Standards Fund grants were incorporated in the Area Based Grant (ABG) which also includes a number of previously separate grants.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	438,665	430,100	168,100
Transport	6,745	500	0
Supplies and Services	3,507,743	2,567,300	2,659,700
Third Party Payments	94,630	162,500	0
Transfer Payments	4,674,347	6,180,600	6,211,000
TOTAL EXPENDITURE	8,722,130	9,341,000	9,038,800
<u>Income</u>			
Government Grants	(5,982,854)	(6,549,600)	(6,737,000)
Other Grants and Contributions	(221,061)	(235,600)	(3,900)
Customer and Client Receipts	(290,387)	0	0
TOTAL INCOME	(6,494,302)	(6,785,200)	(6,740,900)
NET EXPENDITURE	2,227,828	2,555,800	2,297,900
<u>Financial Accounting Adjustments</u>			
Central Support Charges	0	0	0
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	0	0	0
NET EXPENDITURE (ALL BUDGETS)	2,227,828	2,555,800	2,297,900

Variation Analysis

Original Estimate 2009/10	2,555,800
Inflation	1,100
Budget Transfers	(1,000)
Changes in Government grants	(258,000)
Other Government Grant or Outside Body changes	0
Demand Led Growth	0
Service Reductions and Efficiency Savings	0
Other Growth and Savings	0
Changes to financial accounting adjustments	0
Original Budget 2010/11	2,297,900

Other Information

Employee FTE's (Budgeted)	2.0	2.0
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DIRECTORATE ADMINISTRATION (E80)

This includes budgets for the Finance and Resources team providing a wide range of financial and building support to the Directorate. This also includes the Schools Finance Team who are responsible for the calculation of schools budgets and providing support for schools on all aspects of financial management.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	972,133	1,234,100	1,195,200
Premises	5,682	0	0
Transport	19,788	21,500	21,300
Supplies and Services	238,222	336,400	274,200
TOTAL EXPENDITURE	1,235,825	1,592,000	1,490,700
<u>Income</u>			
Customer and Client Receipts	(131,309)	(258,700)	(300,800)
TOTAL INCOME	(131,309)	(258,700)	(300,800)
NET EXPENDITURE	1,104,516	1,333,300	1,189,900
<u>Financial Accounting Adjustments</u>			
Central Support Charges	959,430	938,400	589,900
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Departmental Support Income	(2,063,946)	(2,271,700)	(1,779,800)
NET ACCOUNTING ADJUSTMENTS	(1,104,516)	(1,333,300)	(1,189,900)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

Variation Analysis

Original Estimate 2009/10	0
Inflation	9,400
Budget Transfers	(106,000)
Changes in Government grants	0
Other Government Grant or Outside Body changes	0
Demand Led Growth	0
Service Reductions and Efficiency Savings	(46,800)
Other Growth and Savings	0
Changes to financial accounting adjustments	143,400
Original Budget 2010/11	<u>0</u>

Other Information

Employee FTE's (Budgeted)	26.5	25.5
<i>Reduction of administration due to efficiencies</i>		

STRATEGIC MANAGEMENT (E80)

This includes costs relating to the strategic management of the Directorate including the Director of Children's Services and Culture, and associated administrative support.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	887,672	831,100	935,100
Transport	5,732	3,100	7,400
Supplies and Services	0	0	0
TOTAL EXPENDITURE	893,404	834,200	942,500
<u>Income</u>			
Customer and Client Receipts	(25,000)	0	0
TOTAL INCOME	(25,000)	0	0
NET EXPENDITURE	868,404	834,200	942,500
<u>Financial Accounting Adjustments</u>			
Central Support Charges	114,840	101,600	111,200
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Departmental Support Income	(983,244)	(935,800)	(1,053,700)
NET ACCOUNTING ADJUSTMENTS	(868,404)	(834,200)	(942,500)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

Variation Analysis

Original Estimate 2009/10	0
Inflation	16,800
Budget Transfers	111,500
Changes in Government grants	0
Other Government Grant or Outside Body changes	0
Demand Led Growth	0
Service Reductions and Efficiency Savings	(20,000)
Other Growth and Savings	0
Changes to financial accounting adjustments	(108,300)
Original Budget 2010/11	0

Other Information

Employee FTE's (Budgeted)	11.9	11.9
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Section E

ENVIRONMENT SERVICES

Should you have any queries concerning the Environment Budget Pages please contact:

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REVENUE BUDGET - SUMMARY OF EXPENDITURE

<u>SERVICE</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>
	<u>Actual</u>	<u>Original</u>	<u>Original</u>
	£	£	£
CCTV/Careline	285,029	268,400	320,700
Registrars, Cemeteries	478,521	653,500	609,500
Depots	0	0	0
Borough Contingencies Unit	215,645	202,600	202,400
Facilities Management & Services	563,209	473,400	269,300
Highways Management	5,785,859	6,340,600	6,152,200
Management & Administration	0	0	0
Parking Services	(5,448,378)	(6,099,600)	(6,415,400)
Parks & Open Spaces	2,744,174	2,972,300	2,926,300
Property Services	727,486	1,218,700	1,140,800
Regulatory Services	5,535,820	5,419,100	6,460,700
Transport Planning	2,161,738	2,659,400	2,679,800
Transport Services	(28,422)	50,400	216,400
Waste Management & Enforcement	16,064,215	16,266,800	16,525,800
Total for Environmental Services	<u>29,084,896</u>	<u>30,425,600</u>	<u>31,088,500</u>

Variation Analysis

Original Budget 2009/10	30,425,600
Inflation	110,300
Budget Transfers	(172,000)
Changes in Government grants	214,700
Other Government or Outside Body changes	31,700
Demand Led Growth	560,000
Service Reductions & Efficiency Savings	(875,300)
Other Growth and Savings	0
Changes to financial accounting adjustments	793,500
Original Budget 2010/11	<u>31,088,500</u>

REVENUE BUDGET - SUBJECTIVE SUMMARY OF EXPENDITURE

	<u>2008/09</u> <u>Actual</u> <u>£</u>	<u>2009/10</u> <u>Original</u> <u>£</u>	<u>2010/11</u> <u>Original</u> <u>£</u>
<u>Expenditure</u>			
Employees	19,537,963	19,775,500	19,612,700
Premises	9,678,538	10,457,600	10,414,900
Transport	5,321,035	3,888,100	3,999,900
Supplies and Services	3,935,374	3,271,000	3,380,300
Third Party Payments	22,743,497	22,700,500	21,905,100
Transfer Payments	0	0	0
TOTAL EXPENDITURE	61,216,407	60,092,700	59,312,900
<u>Income</u>			
Government Grants	(418,461)	(240,400)	(90,100)
Other Grants and Contributions	(2,973,710)	(2,228,700)	(2,177,600)
Customer & Client Receipts	(32,433,525)	(29,908,600)	(29,460,800)
TOTAL INCOME	(35,825,696)	(32,377,700)	(31,728,500)
NET EXPENDITURE (CONTROLLABLE)	<u>25,390,711</u>	<u>27,715,000</u>	<u>27,584,400</u>
<u>Financial Accounting Adjustments</u>			
Central Support Charges	6,292,140	6,319,400	6,669,000
Departmental Charges	6,308,412	6,830,200	6,349,900
Capital Charges	4,856,775	2,361,600	2,814,400
Central Support Income	(7,454,730)	(5,970,400)	(5,979,300)
Departmental Charges Income	(6,308,412)	(6,830,200)	(6,349,900)
NET ACCOUNTING ADJUSTMENTS	3,694,185	2,710,600	3,504,100
NET EXPENDITURE (ALL BUDGETS)	<u>29,084,896</u>	<u>30,425,600</u>	<u>31,088,500</u>

BUDGETED STAFFING FTE'S

	2009/10	2010/11
Number of Employees	449.5	435.4

CCTV/CARELINE (N83)

Careline provides personal monitoring of the elderly and vulnerable and also monitor the Council's closed circuit television cameras across the borough, delivering against our published Crime & Disorder Strategy and to enforce bus lanes and waiting restrictions.

	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>
	<u>Actual</u>	<u>Original</u>	<u>Original</u>
	<u>£</u>	<u>£</u>	<u>£</u>
<u>Expenditure</u>			
Employees	686,252	630,900	637,800
Premises	22,714	28,700	28,700
Transport	18,890	14,800	13,300
Supplies and Services	272,681	283,400	274,000
Third Party Payments	0	0	0
Transfer Payments	0	0	0
TOTAL EXPENDITURE	1,000,537	957,800	953,800
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(899,943)	(871,100)	(871,100)
TOTAL INCOME	(899,943)	(871,100)	(871,100)
NET EXPENDITURE (CONTROLLABLE)	100,594	86,700	82,700
<u>Financial Accounting Adjustments</u>			
Central Support Charges	150,235	142,100	189,700
Departmental Charges	34,200	39,600	48,300
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	184,435	181,700	238,000
NET EXPENDITURE (ALL BUDGETS)	285,029	268,400	320,700

<u>Variation Analysis</u>		
Original Budget 2009/10		268,400
Inflation		1,200
Budget Transfers		(5,200)
Changes in Government grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Service Reductions & Efficiency Savings		0
Other Growth and Savings		0
Changes to financial accounting adjustments		56,300
Original Budget 2010/11		<u>320,700</u>
<u>Other Information</u>		
Employee FTE's (Budgeted)	15.0	15.0

DEPOTS (N67)

The Council has a Central Depot located at Langhorn Drive. It is used as a base for the Council's operational activities including Highway Maintenance, Street Cleansing, Waste and Recycling activities, Transport Services and School Meals catering service.

	<u>2008/09</u> <u>Actual</u> <u>£</u>	<u>2009/10</u> <u>Original</u> <u>£</u>	<u>2010/11</u> <u>Original</u> <u>£</u>
<u>Expenditure</u>			
Employees	67,938	86,000	86,900
Premises	307,204	343,300	339,500
Transport	30,802	35,000	17,800
Supplies and Services	6,987	11,000	10,800
Third Party Payments	69,763	80,100	80,100
Transfer Payments	0	0	0
TOTAL EXPENDITURE	482,694	555,400	535,100
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(210,518)	(201,400)	(192,600)
TOTAL INCOME	(210,518)	(201,400)	(192,600)
NET EXPENDITURE (CONTROLLABLE)	<u>272,176</u>	<u>354,000</u>	<u>342,500</u>
<u>Financial Accounting Adjustments</u>			
Central Support Charges	66,662	84,200	59,300
Departmental Charges	75,500	63,600	83,600
Capital Charges	260,800	259,200	263,700
Central Support Income	0	0	0
Departmental Charges Income	(675,138)	(761,000)	(749,100)
NET ACCOUNTING ADJUSTMENTS	(272,176)	(354,000)	(342,500)
NET EXPENDITURE (ALL BUDGETS)	<u>0</u>	<u>0</u>	<u>0</u>

<u>Variation Analysis</u>	
Original Budget 2009/10	0
Inflation	1,200
Budget Transfers	(24,600)
Changes in Government grants	0
Other Government or Outside Body changes	11,900
Demand Led Growth	0
Service Reductions & Efficiency Savings	0
Other Growth and Savings	0
Changes to financial accounting adjustments	11,500
Original Budget 2010/11	<u>0</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	3.0 3.0

REGISTRARS & CEMETERIES (N08, N21)

There are 6 cemeteries open for burial, which cover 36 hectares. Registration of Births, Deaths, Marriages and Civil Partnerships: conducts civil ceremonies at the Register Office and other approved premises and offers citizenship and other ceremonies.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Original</u> £
<u>Expenditure</u>			
Employees	746,794	770,600	765,800
Premises	182,473	179,900	179,000
Transport	58,472	68,300	63,600
Supplies and Services	1,373	89,100	100,000
Third Party Payments	0	0	0
Transfer Payments	0	0	0
TOTAL EXPENDITURE	989,112	1,107,900	1,108,400
<u>Income</u>			
Government Grants	(744)	(600)	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(693,813)	(698,100)	(698,700)
TOTAL INCOME	(694,557)	(698,700)	(698,700)
NET EXPENDITURE (CONTROLLABLE)	294,555	409,200	409,700
<u>Financial Accounting Adjustments</u>			
Central Support Charges	134,879	187,900	112,100
Departmental Charges	37,600	52,200	83,500
Capital Charges	11,487	4,200	4,200
Central Support Income	0	0	0
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	183,966	244,300	199,800
NET EXPENDITURE (ALL BUDGETS)	478,521	653,500	609,500

<u>Variation Analysis</u>		
Original Budget 2009/10		653,500
Inflation		(900)
Budget Transfers		3,500
Changes in Government grants		0
Other Government or Outside Body changes		500
Demand Led Growth		0
Service Reductions & Efficiency Savings		(2,600)
Other Growth and Savings		0
Changes to financial accounting adjustments		(44,500)
Original Budget 2010/11		<u>609,500</u>
<u>Other Information</u>		
Employee FTE's (Budgeted)	22.1	19.1
Cemeteries - posts deleted from establishment	-3.0	

EMERGENCY PLANNING (N68)

This section works towards ensuring corporate duties under the Civil Contingencies Act 2004 are delivered to acceptable and auditable levels. The Act places seven duties on local authorities including developing emergency and business continuity plans.

	<u>2008/09</u> <u>Actual</u> <u>£</u>	<u>2009/10</u> <u>Original</u> <u>£</u>	<u>2010/11</u> <u>Original</u> <u>£</u>
<u>Expenditure</u>			
Employees	124,328	116,800	116,500
Premises	17,581	24,300	24,300
Transport	4,100	2,500	2,500
Supplies and Services	28,642	16,500	16,800
Third Party Payments	10	0	0
Transfer Payments	0	0	0
TOTAL EXPENDITURE	174,661	160,100	160,100
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(8,946)	(5,700)	(5,700)
TOTAL INCOME	(8,946)	(5,700)	(5,700)
NET EXPENDITURE (CONTROLLABLE)	165,715	154,400	154,400
<u>Financial Accounting Adjustments</u>			
Central Support Charges	13,830	14,200	6,400
Departmental Charges	28,400	34,000	41,600
Capital Charges	7,700	0	0
Central Support Income	0	0	0
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	49,930	48,200	48,000
NET EXPENDITURE (ALL BUDGETS)	215,645	202,600	202,400

Variation Analysis

Original Budget 2009/10	202,600
Inflation	400
Budget Transfers	(400)
Changes in Government grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	0
Other Growth and Savings	0
Changes to financial accounting adjustments	(200)
Original Budget 2010/11	<u>202,400</u>

Other Information

Employee FTE's (Budgeted)	2.0	2.0
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FACILITIES MANAGEMENT & SERVICES (N01,N04,N05,N06,N07,N09,N14,N39,N78,N80)

The Facilities Management Group provides support to the Council across a number of areas including Civic Premise management; Building Maintenance; Postal Services; Pantry Services; Health & Safety, Print Services; Public Halls and Richmond Works.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Original</u> £
<u>Expenditure</u>			
Employees	1,938,523	2,147,100	1,758,000
Premises	4,027,314	3,802,900	3,870,800
Transport	81,594	114,100	109,400
Supplies and Services	964,123	960,900	853,700
Third Party Payments	322,958	349,000	274,600
Transfer Payments	0	0	0
TOTAL EXPENDITURE	7,334,512	7,374,000	6,866,500
<u>Income</u>			
Government Grants	(21,885)	0	0
Other Grants and Contributions	(226,547)	(54,500)	(54,500)
Customer & Client Receipts	(3,727,126)	(3,620,100)	(3,041,500)
TOTAL INCOME	(3,975,558)	(3,674,600)	(3,096,000)
NET EXPENDITURE (CONTROLLABLE)	3,358,954	3,699,400	3,770,500
<u>Financial Accounting Adjustments</u>			
Central Support Charges	827,349	838,100	694,300
Departmental Charges	287,804	336,900	180,000
Capital Charges	2,475,078	435,500	518,000
Central Support Income	(6,385,976)	(4,836,500)	(4,893,500)
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(2,795,745)	(3,226,000)	(3,501,200)
NET EXPENDITURE (ALL BUDGETS)	563,209	473,400	269,300

<u>Variation Analysis</u>		
Original Budget 2009/10		473,400
Inflation		4,200
Budget Transfers		5,200
Changes in Government grants		0
Other Government or Outside Body changes		26,100
Demand Led Growth		40,000
Service Reductions & Efficiency Savings		(4,400)
Other Growth and Savings		0
Changes to financial accounting adjustments		(275,200)
Original Budget 2010/11		<u>269,300</u>
<u>Other Information</u>		
Employee FTE's (Budgeted)	56.0	46.5
Building Maintenance reduced establishment by 7 FTEs, Civic Catering service review cut 1.5 FTEs and Building Cleaning review reduced 1 FTE.		

MANAGEMENT & ADMINISTRATION (N85 - N87)

This account incorporates management, finance and general administrative support for the Environment Directorate plus staff who are unable to be directly allocated to one specific service. All costs are recharged to services.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Original</u> £
<u>Expenditure</u>			
Employees	3,082,039	3,350,700	3,356,800
Premises	0	0	0
Transport	85,651	88,700	61,000
Supplies and Services	169,379	149,900	128,900
Third Party Payments	1,820	0	0
Transfer Payments	0	0	0
TOTAL EXPENDITURE	3,338,889	3,589,300	3,546,700
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	(390,718)	(230,800)	(230,800)
Customer & Client Receipts	(67,944)	(17,200)	(17,200)
TOTAL INCOME	(458,662)	(248,000)	(248,000)
NET EXPENDITURE (CONTROLLABLE)	<u>2,880,227</u>	<u>3,341,300</u>	<u>3,298,700</u>
<u>Financial Accounting Adjustments</u>			
Central Support Charges	1,262,977	1,224,400	972,300
Departmental Charges	30,900	31,800	21,600
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Charges Income	(4,174,104)	(4,597,500)	(4,292,600)
NET ACCOUNTING ADJUSTMENTS	(2,880,227)	(3,341,300)	(3,298,700)
NET EXPENDITURE (ALL BUDGETS)	<u>0</u>	<u>0</u>	<u>0</u>

<u>Variation Analysis</u>		
Original Budget 2009/10		0
Inflation		(75,400)
Budget Transfers		43,100
Changes in Government grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Service Reductions & Efficiency Savings		(10,300)
Other Growth and Savings		0
Changes to financial accounting adjustments		42,600
Original Budget 2010/11		<u>0</u>
<u>Other Information</u>		
Employee FTE's (Budgeted)	63.0	65.0
Finance - posts transferrd from Parking Services	2.0	

HIGHWAYS MANAGEMENT (N45 - N67)

The Council is responsible for the maintenance and improvement of 355km of Borough Roads (unclassified and 'B' Roads and 49km of Principal Roads ('A' Roads). It also retains cleansing responsibilities for the A316 and A205 which are managed by TfL.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Original</u> £
<u>Expenditure</u>			
Employees	598,916	629,900	570,700
Premises	1,026,719	1,314,800	1,216,500
Transport	250,053	246,900	256,900
Supplies and Services	7,227	168,600	239,700
Third Party Payments	3,748,789	2,925,900	2,958,900
Transfer Payments	0	0	0
TOTAL EXPENDITURE	5,631,704	5,286,100	5,242,700
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(2,381,353)	(1,880,900)	(1,880,900)
TOTAL INCOME	(2,381,353)	(1,880,900)	(1,880,900)
NET EXPENDITURE (CONTROLLABLE)	<u>3,250,351</u>	<u>3,405,200</u>	<u>3,361,800</u>
<u>Financial Accounting Adjustments</u>			
Central Support Charges	67,447	155,300	126,700
Departmental Charges	2,280,185	2,466,400	2,327,800
Capital Charges	187,876	313,700	335,900
Central Support Income	0	0	0
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	2,535,508	2,935,400	2,790,400
NET EXPENDITURE (ALL BUDGETS)	<u>5,785,859</u>	<u>6,340,600</u>	<u>6,152,200</u>

<u>Variation Analysis</u>		
Original Budget 2009/10		6,340,600
Inflation		30,300
Budget Transfers		(18,600)
Changes in Government grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Service Reductions & Efficiency Savings		(55,100)
Other Growth and Savings		0
Changes to financial accounting adjustments		(145,000)
Original Budget 2010/11		<u>6,152,200</u>
<u>Other Information</u>		
Employee FTE's (Budgeted)	20.0	18.0
Highways Direct Labour - reduced establishment	-2.0	

PARKS AND OPEN SPACES (N15, N20)

This Section is responsible for 146 parks and open spaces covering a total of 517 hectares, (including 43 equipped children's playgrounds), the management of 24 allotment sites and over 17,000 street trees, plus the administration of Tree Preservation Orders.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Original</u> £
<u>Expenditure</u>			
Employees	763,677	762,700	823,700
Premises	2,518,111	2,532,500	2,494,000
Transport	38,147	38,600	32,200
Supplies and Services	99,363	112,300	114,200
Third Party Payments	342,387	349,400	356,900
Transfer Payments	0	0	0
TOTAL EXPENDITURE	3,761,685	3,795,500	3,821,000
<u>Income</u>			
Government Grants	(13,454)	0	(89,800)
Other Grants and Contributions	(141,589)	0	0
Customer & Client Receipts	(788,665)	(777,600)	(784,600)
TOTAL INCOME	(943,708)	(777,600)	(874,400)
NET EXPENDITURE (CONTROLLABLE)	<u>2,817,977</u>	<u>3,017,900</u>	<u>2,946,600</u>
<u>Financial Accounting Adjustments</u>			
Central Support Charges	200,837	192,200	200,300
Departmental Charges	94,600	129,800	110,100
Capital Charges	12,660	12,400	12,900
Central Support Income	0	0	0
Departmental Charges Income	(381,900)	(380,000)	(343,600)
NET ACCOUNTING ADJUSTMENTS	(73,803)	(45,600)	(20,300)
NET EXPENDITURE (ALL BUDGETS)	<u>2,744,174</u>	<u>2,972,300</u>	<u>2,926,300</u>

Variation Analysis

Original Budget 2009/10	2,972,300
Inflation	4,100
Budget Transfers	19,900
Changes in Government grants	0
Other Government or Outside Body changes	(5,500)
Demand Led Growth	0
Service Reductions & Efficiency Savings	(89,800)
Other Growth and Savings	0
Changes to financial accounting adjustments	25,300
Original Budget 2010/11	<u>2,926,300</u>

Other Information

Employee FTE's (Budgeted)	17.3	17.7
Thames Landscape transfer 2FTEs from Arcadia, Parks deleted 1.6 FTEs.		

PARKING SERVICES (N26 - N27, N81 - N82)

Parking Services administer 26 car parks containing 2,600 spaces and 37 Controlled Parking Zones. The Parking Enforcement section processes penalty charge notices, administers and issues parking permits and manages the parking enforcement contractor.

	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>
	<u>Actual</u>	<u>Original</u>	<u>Original</u>
	<u>£</u>	<u>£</u>	<u>£</u>
<u>Expenditure</u>			
Employees	945,182	1,006,100	930,700
Premises	1,085,386	1,112,100	1,125,500
Transport	8,211	6,000	7,400
Supplies and Services	294,037	174,200	169,100
Third Party Payments	3,082,757	2,918,600	2,742,100
Transfer Payments	0	0	0
TOTAL EXPENDITURE	5,415,573	5,217,000	4,974,800
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(11,955,112)	(12,292,100)	(12,366,000)
TOTAL INCOME	(11,955,112)	(12,292,100)	(12,366,000)
NET EXPENDITURE (CONTROLLABLE)	<u>(6,539,539)</u>	<u>(7,075,100)</u>	<u>(7,391,200)</u>
<u>Financial Accounting Adjustments</u>			
Central Support Charges	655,727	620,800	491,500
Departmental Charges	245,500	277,400	286,100
Capital Charges	189,934	77,300	198,200
Central Support Income	0	0	0
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	1,091,161	975,500	975,800
NET EXPENDITURE (ALL BUDGETS)	<u>(5,448,378)</u>	<u>(6,099,600)</u>	<u>(6,415,400)</u>

Variation Analysis

Original Budget 2009/10	(6,099,600)
Inflation	61,000
Budget Transfers	(370,500)
Changes in Government grants	0
Other Government or Outside Body changes	(6,600)
Demand Led Growth	0
Service Reductions & Efficiency Savings	0
Other Growth and Savings	0
Changes to financial accounting adjustments	300
Original Budget 2010/11	<u>(6,415,400)</u>

Other Information

Employee FTE's (Budgeted)	28.0	26.0
Parking Services - posts transferred to Environment Finance	-2.0	

PROPERTY SERVICES (N35 - N37)

Property Services provide manage construction and property matters; the Estates Team provide estate management services; Development & Regeneration progress specific development initiatives and the Sustainability Team promote the green agenda.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Original</u> £
<u>Expenditure</u>			
Employees	1,284,429	1,504,500	1,474,000
Premises	280,149	1,032,600	1,050,000
Transport	29,779	45,800	31,100
Supplies and Services	211,997	68,300	73,200
Third Party Payments	38,693	23,500	36,300
Transfer Payments	0	0	0
TOTAL EXPENDITURE	1,845,047	2,674,700	2,664,600
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	(474,060)	(699,300)	(699,300)
Customer & Client Receipts	(576,127)	(548,300)	(583,300)
TOTAL INCOME	(1,050,187)	(1,247,600)	(1,282,600)
NET EXPENDITURE (CONTROLLABLE)	794,860	1,427,100	1,382,000
<u>Financial Accounting Adjustments</u>			
Central Support Charges	610,234	600,700	616,000
Departmental Charges	264,300	299,900	212,200
Capital Charges	112,846	10,900	10,800
Central Support Income	(1,054,754)	(1,119,900)	(1,080,200)
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(67,374)	(208,400)	(241,200)
NET EXPENDITURE (ALL BUDGETS)	727,486	1,218,700	1,140,800

<u>Variation Analysis</u>	
Original Budget 2009/10	1,218,700
Inflation	13,300
Budget Transfers	48,000
Changes in Government grants	0
Other Government or Outside Body changes	12,400
Demand Led Growth	0
Service Reductions & Efficiency Savings	(118,800)
Other Growth and Savings	0
Changes to financial accounting adjustments	(32,800)
Original Budget 2010/11	<u>1,140,800</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	29.1 28.1
2 FTEs deleted from Property Services & Development & Regeneration.	
1 FTE gained in Sustainability for Green Business Co-ordinator	

REGULATORY SERVICES (N11 -N13,N24 - N25, N41)

This group encompasses Building Control; Development Control; Land use Policy & Design reviewing planning policies; Special Projects monitoring environmental pollution and Consumer Protection dealing with trading standards, environmental health and licensing.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Original</u> £
<u>Expenditure</u>			
Employees	5,014,683	5,227,100	5,229,900
Premises	112,630	28,300	33,600
Transport	113,369	123,700	147,000
Supplies and Services	738,040	681,100	687,600
Third Party Payments	325,817	195,900	199,300
Transfer Payments	0	0	0
TOTAL EXPENDITURE	6,304,539	6,256,100	6,297,400
<u>Income</u>			
Government Grants	(362,859)	(239,800)	(300)
Other Grants and Contributions	(113,711)	(65,000)	0
Customer & Client Receipts	(2,325,393)	(2,495,700)	(2,209,900)
TOTAL INCOME	(2,801,963)	(2,800,500)	(2,210,200)
NET EXPENDITURE (CONTROLLABLE)	<u>3,502,576</u>	<u>3,455,600</u>	<u>4,087,200</u>
<u>Financial Accounting Adjustments</u>			
Central Support Charges	1,479,926	1,404,500	1,864,200
Departmental Charges	973,582	999,700	956,300
Capital Charges	26,198	(7,600)	(7,000)
Central Support Income	0	0	0
Departmental Charges Income	(446,462)	(433,100)	(440,000)
NET ACCOUNTING ADJUSTMENTS	2,033,244	1,963,500	2,373,500
NET EXPENDITURE (ALL BUDGETS)	<u>5,535,820</u>	<u>5,419,100</u>	<u>6,460,700</u>

<u>Variation Analysis</u>		
Original Budget 2009/10		5,419,100
Inflation		58,400
Budget Transfers		104,200
Changes in Government grants		214,700
Other Government or Outside Body changes		0
Demand Led Growth		350,000
Service Reductions & Efficiency Savings		(95,700)
Other Growth and Savings		0
Changes to financial accounting adjustments		410,000
Original Budget 2010/11		<u>6,460,700</u>
<u>Other Information</u>		
Employee FTE's (Budgeted)	108.3	109.3
1 FTE deleted in Licensing, 2 FTEs transferred from Arcadia		
4 FTEs transferred from ECS to Visitor Centre		

TRANSPORT PLANNING (N22 -N23)

Transport Planning involves the development and implementation of transport strategies, policies and detailed schemes. Safety Education promotes road, home and water safety.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Original</u> £
<u>Expenditure</u>			
Employees	2,455,311	1,990,000	2,309,700
Premises	395	4,400	4,400
Transport	15,252	20,200	14,100
Supplies and Services	81,821	46,800	39,900
Third Party Payments	655,883	800,500	500,600
Transfer Payments	0	0	0
TOTAL EXPENDITURE	3,208,662	2,861,900	2,868,700
<u>Income</u>			
Government Grants	(19,519)	0	0
Other Grants and Contributions	(1,627,087)	(1,179,100)	(1,193,000)
Customer & Client Receipts	(434,709)	(128,400)	(128,400)
TOTAL INCOME	(2,081,315)	(1,307,500)	(1,321,400)
NET EXPENDITURE (CONTROLLABLE)	<u>1,127,347</u>	<u>1,554,400</u>	<u>1,547,300</u>
<u>Financial Accounting Adjustments</u>			
Central Support Charges	471,513	430,300	456,500
Departmental Charges	162,765	170,500	107,600
Capital Charges	503,113	607,200	613,400
Central Support Income	(14,000)	(14,000)	(5,600)
Departmental Charges Income	(89,000)	(89,000)	(39,400)
NET ACCOUNTING ADJUSTMENTS	1,034,391	1,105,000	1,132,500
NET EXPENDITURE (ALL BUDGETS)	<u>2,161,738</u>	<u>2,659,400</u>	<u>2,679,800</u>

<u>Variation Analysis</u>	
Original Budget 2009/10	2,659,400
Inflation	19,400
Budget Transfers	(22,100)
Changes in Government grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	(4,400)
Other Growth and Savings	0
Changes to financial accounting adjustments	27,500
Original Budget 2010/11	<u>2,679,800</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	45.7 45.7

TRANSPORT SERVICES (N79)

The Transport Services Section provides a complete range of vehicle provision and the Transport Workshop carries out maintenance and repairs to the Council's fleet and currently provides maintenance and servicing of some contractor vehicles.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Original</u> £
<u>Expenditure</u>			
Employees	464,108	485,300	472,000
Premises	14,421	1,000	1,000
Transport	2,381,171	791,600	825,000
Supplies and Services	75,900	33,200	42,200
Third Party Payments	28,115	18,000	18,000
Transfer Payments	0	0	0
TOTAL EXPENDITURE	2,963,715	1,329,100	1,358,200
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(4,107,132)	(2,263,800)	(2,350,400)
TOTAL INCOME	(4,107,132)	(2,263,800)	(2,350,400)
NET EXPENDITURE (CONTROLLABLE)	<u>(1,143,417)</u>	<u>(934,700)</u>	<u>(992,200)</u>
<u>Financial Accounting Adjustments</u>			
Central Support Charges	36,039	73,300	60,700
Departmental Charges	231,100	268,300	295,500
Capital Charges	847,856	643,500	852,400
Central Support Income	0	0	0
Departmental Charges Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	1,114,995	985,100	1,208,600
NET EXPENDITURE (ALL BUDGETS)	<u>(28,422)</u>	<u>50,400</u>	<u>216,400</u>

<u>Variation Analysis</u>		
Original Budget 2009/10		50,400
Inflation		(16,300)
Budget Transfers		102,700
Changes in Government grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Service Reductions & Efficiency Savings		(143,900)
Other Growth and Savings		0
Changes to financial accounting adjustments		223,500
Original Budget 2010/11		<u>216,400</u>
<u>Other Information</u>		
Employee FTE's (Budgeted)	11.0	11.0

WASTE MANAGEMENT & ENFORCEMENT (N69 - 75)

The Council provides a waste and recycling service to 80,000 properties, plus a trade collection service. Waste Disposal is managed by the West London Waste Authority. Other services undertaken include street cleansing and the Community Toilet Scheme.

	<u>2008/09</u> <u>Actual</u> <u>£</u>	<u>2009/10</u> <u>Original</u> <u>£</u>	<u>2010/11</u> <u>Original</u> <u>£</u>
<u>Expenditure</u>			
Employees	1,365,783	1,067,800	1,080,200
Premises	83,441	52,800	47,600
Transport	2,205,546	2,291,900	2,418,600
Supplies and Services	983,802	475,700	630,200
Third Party Payments	14,126,505	15,039,600	14,738,300
Transfer Payments	0	0	0
TOTAL EXPENDITURE	18,765,077	18,927,800	18,914,900
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(4,256,742)	(4,108,200)	(4,330,500)
TOTAL INCOME	(4,256,742)	(4,108,200)	(4,330,500)
NET EXPENDITURE (CONTROLLABLE)	<u>14,508,335</u>	<u>14,819,600</u>	<u>14,584,400</u>
<u>Financial Accounting Adjustments</u>			
Central Support Charges	314,486	351,400	819,000
Departmental Charges	1,561,976	1,660,100	1,595,700
Capital Charges	221,226	5,300	11,900
Central Support Income	0	0	0
Departmental Charges Income	(541,808)	(569,600)	(485,200)
NET ACCOUNTING ADJUSTMENTS	1,555,880	1,447,200	1,941,400
NET EXPENDITURE (ALL BUDGETS)	<u>16,064,215</u>	<u>16,266,800</u>	<u>16,525,800</u>

Variation Analysis

Original Budget 2009/10	16,266,800
Inflation	9,400
Budget Transfers	(57,200)
Changes in Government grants	0
Other Government or Outside Body changes	(7,100)
Demand Led Growth	170,000
Service Reductions & Efficiency Savings	(350,300)
Other Growth and Savings	0
Changes to financial accounting adjustments	494,200
Original Budget 2010/11	<u>16,525,800</u>

Other Information

Employee FTE's (Budgeted)	29.0	29.0
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Section F

ADULT & COMMUNITY SERVICES

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

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REVENUE BUDGET - SUMMARY OF EXPENDITURE

<u>PURPOSE</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>
	<u>Actual</u>	<u>Original</u>	<u>Estimate</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Commissioning Care Services Division			
Divisional Management	0	0	0
Care Management	7,495,618	10,766,700	8,291,800
Service Development	41,994	93,000	153,000
Care Services - Older People & Younger Adults	22,786,726	21,607,800	20,898,500
Care Services - Learning Disabilities	9,926,237	6,385,900	7,520,100
Care Services - Mental Health	2,660,798	3,033,900	3,238,500
Care Services - Other Adults	565,143	733,700	696,100
Supporting People	163,038	49,800	2,934,000
Community Services Operations			
Divisional Management and Support Services	0	0	159,400
Housing Advice and Assessment	1,244,389	1,234,900	1,154,700
Resettlement Service	726,173	1,036,000	361,300
Temporary Accommodation	991,329	5,553,600	4,525,500
Private Sector and Other Housing	1,587,226	1,316,300	1,693,800
Care Provision - Learning Disabilities	3,723,376	5,834,500	5,774,300
Care Provision - Community Services	2,148,128	2,359,300	2,493,800
Transport Operations	0	1,021,600	536,000
Accessible Transport Unit	6,256,792	5,301,000	6,428,700
Commissioning Corporate Policy & Strategy			
Divisional Management	0	0	52,400
Performance & Engagement	731,190	800,800	988,400
Strategy & Policy	1,649,008	1,472,600	1,790,000
Grants to Voluntary Organisations	2,776,231	2,556,200	2,633,300
Contracting and Procurement	0	0	0
Performance & Quality Assurance	280,079	12,600	300
Rent Allowances	(110,999)	(31,400)	73,600
Directorate Management and Finance	466,978	489,100	766,800
TOTAL NET EXPENDITURE	66,109,454	71,627,900	73,164,300

<u>Variation Analysis</u>	
Original Estimate 2009/10	71,627,900
Inflation	146,800
Budget Transfers	(445,600)
Changes in Government grants	2,926,500
Other Government or Outside Body changes	1,278,400
Demand Led Growth	1,000,000
Service Reductions & Efficiency Savings	(2,550,800)
Other Growth and Savings	793,000
Changes to financial accounting adjustments	(1,611,900)
Original Budget 2010/11	<u>73,164,300</u>

REVENUE BUDGET - SUBJECTIVE SUMMARY OF EXPENDITURE

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	22,335,987	24,917,300	24,273,700
Premises	2,218,696	2,046,500	1,872,600
Transport	2,129,651	1,944,900	1,889,100
Supplies and Services	5,493,741	5,865,900	6,248,000
Third Party Payments	53,829,515	53,680,200	53,476,200
Transfer Payments	54,996,192	54,358,700	55,766,700
TOTAL EXPENDITURE	141,003,782	142,813,500	143,526,300
<u>Income</u>			
Government Grants	(52,548,217)	(53,237,800)	(50,467,500)
Other Grants and Contributions	(10,717,076)	(11,953,800)	(11,836,700)
Customer & Client Receipts	(19,081,311)	(17,220,100)	(17,672,000)
TOTAL INCOME	(82,346,604)	(82,411,700)	(79,976,200)
NET EXPENDITURE (CONTROLLABLE)	58,657,178	60,401,800	63,550,100
<u>Financial Accounting Adjustments</u>			
Central Support Charges	6,153,129	5,949,000	6,029,800
Capital Charges	6,985,336	5,670,100	3,865,700
Central Support Income	1,586,460	(393,000)	(281,300)
Departmental Support Charges	-287,313	8,762,000	7,132,800
Departmental Support Income	-6,985,336	(8,762,000)	(7,132,800)
NET ACCOUNTING ADJUSTMENTS	7,452,276	11,226,100	9,614,200
NET EXPENDITURE (ALL BUDGETS)	66,109,454	71,627,900	73,164,300

BUDGETED STAFFING FTE'S

	2009/10	2010/11
Number of employees	616.2	621.1

COMMISSIONING CARE SERVICES DIVISIONAL MANAGEMENT (CCS1)

This includes the management costs of the Commissioning Care Services Division which are recharged across the Commissioning Care Services Division.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	586,834	615,500	628,200
Premises	55,394	0	0
Transport	8,857	9,500	3,400
Supplies and Services	68,361	55,300	13,600
Third Party Payments	114,866	213,600	63,600
Transfer Payments	0	0	0
TOTAL EXPENDITURE	834,312	893,900	708,800
<u>Income</u>			
Government Grants	(55,400)	0	0
Other Grants and Contributions	(1,600)	(22,600)	(22,600)
Customer & Client Receipts	(55,485)	0	0
TOTAL INCOME	(112,485)	(22,600)	(22,600)
NET EXPENDITURE (CONTROLLABLE)	721,827	871,300	686,200
<u>Financial Accounting Adjustments</u>			
Central Support Charges	215,501	208,800	177,400
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Charges	55,100	59,400	30,700
Departmental Support Income	(992,428)	(1,139,500)	(894,300)
NET ACCOUNTING ADJUSTMENTS	(721,827)	(871,300)	(686,200)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

Variation Analysis

Original Estimate 2009/10	0
Inflation	(6,100)
Budget Transfers	11,800
Changes in Government grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	(190,800)
Other Growth and Savings	0
Changes to financial accounting adjustments	185,100
Original Budget 2010/11	0

Other Information

Employee FTE's (Budgeted)	12.5	11.0
<i>Reallocation of Safeguarding Team to CCS2 and recruitment of 0.5FTE PLD Manager</i>		

ADULT AND COMMUNITY SERVICES

CARE MANAGEMENT (CCS2)

Commissioning Care Services provide assessment, care management and occupational therapy services for all adult service users, including helping them live independently and arranging personal care at home, meals on wheels, equipment and adaptations to the home.

	<u>2008/09</u> <u>Actual</u> <u>£</u>	<u>2009/10</u> <u>Original</u> <u>£</u>	<u>2010/11</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	5,180,215	5,593,900	5,684,800
Premises	115,133	107,700	106,400
Transport	133,468	117,600	111,100
Supplies and Services	120,866	133,000	81,300
Third Party Payments	267,854	344,400	202,600
Transfer Payments	47,910	15,900	6,900
TOTAL EXPENDITURE	5,865,446	6,312,500	6,193,100
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	(233,728)	(85,000)	(85,000)
Customer & Client Receipts	(17,110)	0	0
TOTAL INCOME	(250,838)	(85,000)	(85,000)
NET EXPENDITURE (CONTROLLABLE)	5,614,608	6,227,500	6,108,100
<u>Financial Accounting Adjustments</u>			
Central Support Charges	1,172,855	1,093,000	1,208,400
Capital Charges	4,056	3,400	4,100
Central Support Income	0	0	0
Departmental Support Charges	704,099	3,442,800	971,200
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	1,881,010	4,539,200	2,183,700
NET EXPENDITURE (ALL BUDGETS)	7,495,618	10,766,700	8,291,800

Variation Analysis

Original Estimate 2009/10	10,766,700
Inflation	90,300
Budget Transfers	(42,800)
Changes in Government grants	(100)
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	(166,800)
Other Growth and Savings	0
Changes to financial accounting adjustments	(2,355,500)
Original Budget 2010/11	<u>8,291,800</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	136.0 148.0
<i>Addition of posts to meet new Safeguarding requirements and changes to care management structure and staffing as part of the redesign of care services</i>	

SERVICE DEVELOPMENT (CCS3)

Service Development is responsible for implementation of the strategic commissioning objectives for all adult social care services, supporting people, brokerage and adult learning, through market development, performance management and partnership working.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	614,350	774,300	770,700
Premises	0	0	0
Transport	13,486	8,600	4,000
Supplies and Services	44,666	98,000	160,400
Third Party Payments	0	0	0
Transfer Payments	0	0	0
TOTAL EXPENDITURE	672,502	880,900	935,100
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	(6,501)	0	0
Customer & Client Receipts	(9,827)	0	0
TOTAL INCOME	(16,328)	0	0
NET EXPENDITURE (CONTROLLABLE)	656,174	880,900	935,100
<u>Financial Accounting Adjustments</u>			
Central Support Charges	202,831	179,700	191,800
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Charges	47,644	0	23,400
Departmental Support Income	(864,655)	(967,600)	(997,300)
NET ACCOUNTING ADJUSTMENTS	(614,180)	(787,900)	(782,100)
NET EXPENDITURE (ALL BUDGETS)	41,994	93,000	153,000

Variation Analysis

Original Estimate 2009/10	93,000
Inflation	1,700
Budget Transfers	(7,500)
Changes in Government grants	60,000
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	0
Other Growth and Savings	0
Changes to financial accounting adjustments	5,800
Original Budget 2010/11	<u>153,000</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	19.0 20.0
<i>Increased capacity around development of care services and transformation</i>	

CARE SERVICES OLDER PEOPLE AND YOUNGER ADULTS (CCS4)

This budget covers independent sector provision of care services for older people and younger adults including Direct Payments and equipment/minor adaptations, meals, domiciliary care and short breaks for carers.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
Expenditure			
Employees	1,086,695	1,172,900	1,134,400
Premises	58,857	6,500	11,500
Transport	155,799	145,200	144,000
Supplies and Services	201,435	574,600	645,800
Third Party Payments	24,353,391	24,381,200	23,830,300
Transfer Payments	3,973,674	3,292,900	4,005,900
TOTAL EXPENDITURE	29,829,851	29,573,300	29,771,900
Income			
Government Grants	(1,167,824)	(1,211,700)	(1,451,700)
Other Grants and Contributions	(1,599,162)	(1,621,700)	(1,526,300)
Customer & Client Receipts	(6,969,033)	(7,289,600)	(7,497,400)
TOTAL INCOME	(9,736,019)	(10,123,000)	(10,475,400)
NET EXPENDITURE (CONTROLLABLE)	20,093,832	19,450,300	19,296,500
Financial Accounting Adjustments			
Central Support Charges	268,555	261,100	407,900
Capital Charges	79,809	569,000	-1,268,700
Central Support Income	0	0	0
Departmental Support Charges	2,344,530	1,327,400	2,462,800
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	2,692,894	2,157,500	1,602,000
NET EXPENDITURE (ALL BUDGETS)	22,786,726	21,607,800	20,898,500

Variation Analysis

Original Estimate 2009/10	21,607,800
Inflation	39,800
Budget Transfers	288,100
Changes in Government grants	(84,600)
Other Government or Outside Body changes	0
Demand Led Growth	806,900
Service Reductions & Efficiency Savings	(1,274,000)
Other Growth and Savings	70,000
Changes to financial accounting adjustments	(555,500)
Original Budget 2010/11	<u>20,898,500</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	30.5 30.5

ADULT AND COMMUNITY SERVICES

CARE SERVICES - ADULTS WITH LEARNING DISABILITIES (CCS5)

This budget covers independent sector provision of care services for adults with learning disabilities, including direct payments, residential care, day support services, supported accommodation and short breaks for carers.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
Expenditure			
Employees	0	0	45,000
Premises	193,431	158,000	192,000
Transport	25,177	0	0
Supplies and Services	38,455	49,800	53,100
Third Party Payments	15,615,847	15,709,700	15,318,100
Transfer Payments	718,963	550,800	1,057,400
TOTAL EXPENDITURE	16,591,873	16,468,300	16,665,600
Income			
Government Grants	0	0	0
Other Grants and Contributions	(6,213,006)	(8,836,300)	(8,784,700)
Customer & Client Receipts	(1,538,288)	(1,459,300)	(1,532,300)
TOTAL INCOME	(7,751,294)	(10,295,600)	(10,317,000)
NET EXPENDITURE (CONTROLLABLE)	8,840,579	6,172,700	6,348,600
Financial Accounting Adjustments			
Central Support Charges	1,557	1,600	17,600
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Charges	1,084,101	211,600	1,153,900
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	1,085,658	213,200	1,171,500
NET EXPENDITURE (ALL BUDGETS)	9,926,237	6,385,900	7,520,100

Variation Analysis

Original Estimate 2009/10	6,385,900
Inflation	3,000
Budget Transfers	(94,600)
Changes in Government grants	3,600
Other Government or Outside Body changes	0
Demand Led Growth	132,900
Service Reductions & Efficiency Savings	(69,000)
Other Growth and Savings	200,000
Changes to financial accounting adjustments	958,300
Original Budget 2010/11	<u>7,520,100</u>
Other Information	
Employee FTE's (Budgeted)	0.0 0.0

CARE SERVICES - PEOPLE WITH MENTAL HEALTH NEEDS CCS6

This budget covers independent sector provision of care services for adults under 65 with mental health needs, as well as in house services managed by South West London and St Georges MH Trust.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
Expenditure			
Employees	588,876	750,700	648,400
Premises	65,041	52,500	50,900
Transport	15,247	16,300	16,200
Supplies and Services	29,056	72,900	75,600
Third Party Payments	2,518,867	2,566,200	2,612,600
Transfer Payments	111,792	30,200	120,500
TOTAL EXPENDITURE	3,328,879	3,488,800	3,524,200
Income			
Government Grants	(15,839)	0	0
Other Grants and Contributions	(611,597)	(619,100)	(657,200)
Customer & Client Receipts	(506,470)	(259,200)	(246,100)
TOTAL INCOME	(1,133,906)	(878,300)	(903,300)
NET EXPENDITURE (CONTROLLABLE)	2,194,973	2,610,500	2,620,900
Financial Accounting Adjustments			
Central Support Charges	161,152	162,600	164,400
Capital Charges	60,751	62,200	58,600
Central Support Income	0	0	0
Departmental Support Charges	243,922	198,600	394,600
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	465,825	423,400	617,600
NET EXPENDITURE (ALL BUDGETS)	2,660,798	3,033,900	3,238,500

Variation Analysis

Original Estimate 2009/10	3,033,900
Inflation	10,900
Budget Transfers	(39,300)
Changes in Government grants	16,200
Other Government or Outside Body changes	0
Demand Led Growth	14,200
Service Reductions & Efficiency Savings	(21,600)
Other Growth and Savings	30,000
Changes to financial accounting adjustments	194,200
Original Budget 2010/11	3,238,500
Other Information	
Employee FTE's (Budgeted)	22.5
Closure of MH day centre facilities	19.6

CARE SERVICES - OTHER ADULTS (CCS7)

This budget relates to the provision of services to people with HIV/AIDS and for people requiring services for Drug and Alcohol misuse.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	249,007	287,000	288,400
Premises	0	0	0
Transport	8,541	11,700	13,700
Supplies and Services	121,371	108,500	117,200
Third Party Payments	155,609	261,000	157,900
Transfer Payments	65,383	66,200	81,000
TOTAL EXPENDITURE	599,911	734,400	658,200
<u>Income</u>			
Government Grants	(72,000)	(79,400)	(75,000)
Other Grants and Contributions	(17,927)	(70,700)	(15,300)
Customer & Client Receipts	(42,799)	(31,500)	(45,200)
TOTAL INCOME	(132,726)	(181,600)	(135,500)
NET EXPENDITURE (CONTROLLABLE)	467,185	552,800	522,700
<u>Financial Accounting Adjustments</u>			
Central Support Charges	50,440	48,100	49,000
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Charges	47,518	132,800	124,400
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	97,958	180,900	173,400
NET EXPENDITURE (ALL BUDGETS)	565,143	733,700	696,100

Variation Analysis

Original Estimate 2009/10	733,700
Inflation	(1,700)
Budget Transfers	(36,400)
Changes in Government grants	2,000
Other Government or Outside Body changes	0
Demand Led Growth	46,000
Service Reductions & Efficiency Savings	(40,000)
Other Growth and Savings	0
Changes to financial accounting adjustments	(7,500)
Original Budget 2010/11	<u>696,100</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	7.0 7.0

SUPPORTING PEOPLE (CCS8)

The Council is the commissioning body for local supported housing services funded through the Supporting People Programme. Supporting People is now funded through the Area Based Grant.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	44	0	0
Premises	0	500	0
Transport	26	700	0
Supplies and Services	37,033	21,400	18,200
Third Party Payments	2,892,692	2,848,000	2,847,600
Transfer Payments	0	0	0
TOTAL EXPENDITURE	2,929,795	2,870,600	2,865,800
<u>Income</u>			
Government Grants	(2,909,894)	(2,848,000)	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	0	0	0
TOTAL INCOME	(2,909,894)	(2,848,000)	0
NET EXPENDITURE (CONTROLLABLE)	19,901	22,600	2,865,800
<u>Financial Accounting Adjustments</u>			
Central Support Charges	0	0	4,300
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Charges	143,137	27,200	63,900
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	143,137	27,200	68,200
NET EXPENDITURE (ALL BUDGETS)	163,038	49,800	2,934,000

Variation Analysis

Original Estimate 2009/10	49,800
Inflation	100
Budget Transfers	0
Changes in Government grants	2,847,600
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	(4,500)
Other Growth and Savings	0
Changes to financial accounting adjustments	41,000
Original Budget 2010/11	<u>2,934,000</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	0.0 0.0

DIVISIONAL MANAGEMENT & SUPPORT SERVICES (CSO1)

This includes the management and support costs of the Community Services Operations Division which are recharged across the Community Services Operations Division.

	<u>2008/09</u> <u>Actual</u> <u>£</u>	<u>2009/10</u> <u>Original</u> <u>£</u>	<u>2010/11</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	430,227	404,000	370,400
Premises	41,994	44,500	5,200
Transport	7,909	7,200	16,900
Supplies and Services	228,300	257,700	128,800
Third Party Payments	0	0	0
Transfer Payments	0	0	0
TOTAL EXPENDITURE	708,430	713,400	521,300
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(2,231)	(10,900)	(10,900)
TOTAL INCOME	(2,231)	(10,900)	(10,900)
NET EXPENDITURE (CONTROLLABLE)	706,199	702,500	510,400
<u>Financial Accounting Adjustments</u>			
Central Support Charges	309,134	449,200	158,100
Capital Charges	16,082	18,400	16,100
Central Support Income	0	0	0
Departmental Support Charges	24,974	0	24,500
Departmental Support Income	(1,056,389)	(1,170,100)	(549,700)
NET ACCOUNTING ADJUSTMENTS	(706,199)	(702,500)	(351,000)
NET EXPENDITURE (ALL BUDGETS)	0	0	159,400

Variation Analysis

Original Estimate 2009/10	0
Inflation	5,400
Budget Transfers	(110,400)
Changes in Government grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	(124,600)
Other Growth and Savings	37,500
Changes to financial accounting adjustments	351,500
Original Budget 2010/11	<u>159,400</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	8.5
<i>Transfer of Staff to Children's Services</i>	6.5

HOUSING ADVICE AND ASSESSMENT (CSO2)

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

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	655,197	656,300	697,700
Premises	8,839	31,900	8,800
Transport	23,885	24,100	29,100
Supplies and Services	172,078	96,000	134,600
Third Party Payments	3,967	0	0
Transfer Payments	300	0	0
TOTAL EXPENDITURE	864,266	808,300	870,200
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(7,849)	0	0
TOTAL INCOME	(7,849)	0	0
NET EXPENDITURE (CONTROLLABLE)	856,417	808,300	870,200
<u>Financial Accounting Adjustments</u>			
Central Support Charges	276,315	259,200	222,200
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Charges	111,657	167,400	62,300
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	387,972	426,600	284,500
NET EXPENDITURE (ALL BUDGETS)	1,244,389	1,234,900	1,154,700

Variation Analysis

Original Estimate 2009/10	1,234,900
Inflation	6,800
Budget Transfers	55,100
Changes in Government grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	(11,600)
Other Growth and Savings	11,600
Changes to financial accounting adjustments	(142,100)
Original Budget 2010/11	<u>1,154,700</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	17.0
<i>Transfer of staff within division</i>	18.0

ADULT AND COMMUNITY SERVICES

RESETTLEMENT SERVICE (CSO3)

The Resettlement Service provides emotional and 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 and supports them when moving into temporary or permanent accommodation.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	330,315	507,700	344,000
Premises	0	1,600	0
Transport	24,053	29,600	26,600
Supplies and Services	99,257	150,600	94,200
Third Party Payments	45,568	0	9,000
Transfer Payments	26,933	0	0
TOTAL EXPENDITURE	526,126	689,500	473,800
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	(154,292)	(165,500)	(154,300)
Customer & Client Receipts	(88,908)	(54,800)	(93,300)
TOTAL INCOME	(243,200)	(220,300)	(247,600)
NET EXPENDITURE (CONTROLLABLE)	282,926	469,200	226,200
<u>Financial Accounting Adjustments</u>			
Central Support Charges	378,166	373,500	109,700
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Charges	65,081	193,300	25,400
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	443,247	566,800	135,100
NET EXPENDITURE (ALL BUDGETS)	726,173	1,036,000	361,300

Variation Analysis

Original Estimate 2009/10	1,036,000
Inflation	500
Budget Transfers	(243,500)
Changes in Government grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	(19,600)
Other Growth and Savings	19,600
Changes to financial accounting adjustments	(431,700)
Original Budget 2010/11	<u>361,300</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	12.5
<i>Transfer of Staff to Children's Services</i>	8.5

TEMPORARY ACCOMMODATION (CSO4)

The Temporary Accommodation Team lease properties from private sector landlords to use as temporary accommodation for clients who approach the Council as homeless. In addition, the team manage three hostels located in the borough.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	603,795	601,900	557,600
Premises	421,010	568,800	433,000
Transport	21,839	27,300	26,900
Supplies and Services	472,417	602,200	644,800
Third Party Payments	7,156	71,000	15,600
Transfer Payments	2,789,788	2,313,800	2,455,000
TOTAL EXPENDITURE	4,316,005	4,185,000	4,132,900
<u>Income</u>			
Government Grants	(400,000)	(400,000)	(400,000)
Other Grants and Contributions	(923)	0	0
Customer & Client Receipts	(3,514,711)	(3,594,400)	(3,594,400)
TOTAL INCOME	(3,915,634)	(3,994,400)	(3,994,400)
NET EXPENDITURE (CONTROLLABLE)	400,371	190,600	138,500
<u>Financial Accounting Adjustments</u>			
Central Support Charges	183,332	172,300	164,500
Capital Charges	231,341	4,601,400	4,059,600
Central Support Income	0	0	0
Departmental Support Charges	176,285	589,300	162,900
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	590,958	5,363,000	4,387,000
NET EXPENDITURE (ALL BUDGETS)	991,329	5,553,600	4,525,500

Variation Analysis

Original Estimate 2009/10	5,553,600
Inflation	(3,500)
Budget Transfers	(48,600)
Changes in Government grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	0
Other Growth and Savings	0
Changes to financial accounting adjustments	(976,000)
Original Budget 2010/11	<u>4,525,500</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	13.8
<i>Transfer of staff within division</i>	12.8

PRIVATE SECTOR AND OTHER HOUSING (CSO5)

The residential team deals with environmental health in private sector housing, including the provision of grants and loans to adapt and improve homes as well as domestic noise and pest control services.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	567,936	679,600	684,400
Premises	96,876	54,800	54,800
Transport	31,772	30,700	32,700
Supplies and Services	53,872	90,400	107,100
Third Party Payments	33,372	73,800	39,800
Transfer Payments	0	0	0
TOTAL EXPENDITURE	783,828	929,300	918,800
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	(37,500)	(33,200)	(67,700)
Customer & Client Receipts	(236,781)	(211,000)	(169,400)
TOTAL INCOME	(274,281)	(244,200)	(237,100)
NET EXPENDITURE (CONTROLLABLE)	509,547	685,100	681,700
<u>Financial Accounting Adjustments</u>			
Central Support Charges	178,555	160,300	156,200
Capital Charges	758,021	301,000	785,700
Central Support Income	0	0	0
Departmental Support Charges	141,104	169,900	70,200
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	1,077,680	631,200	1,012,100
NET EXPENDITURE (ALL BUDGETS)	1,587,227	1,316,300	1,693,800

Variation Analysis

Original Estimate 2009/10	1,316,300
Inflation	8,500
Budget Transfers	(8,200)
Changes in Government grants	0
Other Government or Outside Body changes	(3,700)
Demand Led Growth	0
Service Reductions & Efficiency Savings	(57,600)
Other Growth and Savings	57,600
Changes to financial accounting adjustments	380,900
Original Budget 2010/11	<u>1,693,800</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	15.3
<i>Small increase in administration capacity</i>	15.5

CARE PROVISION - LEARNING DISABILITIES (CSO6)

This section manages all of the in house adult learning disability provision, including residential homes, supported living services, respite care, adult placement scheme, community support services and supported employment.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	4,089,185	4,335,000	3,948,100
Premises	303,878	325,700	340,900
Transport	354,444	320,100	314,500
Supplies and Services	279,502	266,000	284,900
Third Party Payments	256	10,400	0
Transfer Payments	5,064	41,400	0
TOTAL EXPENDITURE	5,032,329	5,298,600	4,888,400
<u>Income</u>			
Government Grants	(9,185)	(34,100)	(3,800)
Other Grants and Contributions	(1,834,008)	(254,200)	(251,400)
Customer & Client Receipts	(356,746)	(268,300)	(257,500)
TOTAL INCOME	(2,199,939)	(556,600)	(512,700)
NET EXPENDITURE (CONTROLLABLE)	<u>2,832,390</u>	<u>4,742,000</u>	<u>4,375,700</u>
<u>Financial Accounting Adjustments</u>			
Central Support Charges	657,454	595,000	909,400
Capital Charges	109,990	108,600	111,400
Central Support Income	0	0	0
Departmental Support Charges	384,582	701,000	719,600
Departmental Support Income	(261,040)	(312,100)	(341,800)
NET ACCOUNTING ADJUSTMENTS	890,986	1,092,500	1,398,600
NET EXPENDITURE (ALL BUDGETS)	<u>3,723,376</u>	<u>5,834,500</u>	<u>5,774,300</u>

Variation Analysis

Original Estimate 2009/10	5,834,500
Inflation	(34,600)
Budget Transfers	(331,700)
Changes in Government grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	(2,000)
Other Growth and Savings	2,000
Changes to financial accounting adjustments	306,100
Original Budget 2010/11	<u>5,774,300</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	109.9
<i>Reduction in LD support workers</i>	107.2

CARE PROVISION - COMMUNITY SERVICES (CS07)

This section manages the four intensive day centres for older people and the Access Project, a day centre for adults with physical disabilities.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	1,056,099	1,191,100	1,179,200
Premises	295,269	100,200	98,300
Transport	577,040	563,100	544,700
Supplies and Services	80,802	55,800	70,500
Third Party Payments	137,148	117,700	155,700
Transfer Payments	(250,144)	5,300	0
TOTAL EXPENDITURE	1,896,214	2,033,200	2,048,400
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	(10,256)	(12,700)	(10,000)
Customer & Client Receipts	(242,852)	(168,100)	(68,800)
TOTAL INCOME	(253,108)	(180,800)	(78,800)
NET EXPENDITURE (CONTROLLABLE)	1,643,106	1,852,400	1,969,600
<u>Financial Accounting Adjustments</u>			
Central Support Charges	205,141	193,700	325,700
Capital Charges	119,524	48,400	58,800
Central Support Income	0	0	0
Departmental Support Charges	180,357	264,800	139,700
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	505,022	506,900	524,200
NET EXPENDITURE (ALL BUDGETS)	2,148,128	2,359,300	2,493,800

Variation Analysis

Original Estimate 2009/10	2,359,300
Inflation	4,800
Budget Transfers	112,400
Changes in Government grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	0
Other Growth and Savings	0
Changes to financial accounting adjustments	17,300
Original Budget 2010/11	<u>2,493,800</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	36.6 37.1
<i>Small increase in care support and maintenance capacity</i>	

ADULT AND COMMUNITY SERVICES

TRANSPORT OPERATIONS (CSO8)

This service manages and provides passenger services for vulnerable Adult & Community Services users and Specialist Needs Children's Services. It also provides a complete range of accessible transport to all Council Departments.

	<u>2008/09</u> <u>Actual</u> <u>£</u>	<u>2009/10</u> <u>Original</u> <u>£</u>	<u>2010/11</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	1,665,175	1,818,900	1,805,100
Premises	64,534	68,100	68,100
Transport	662,686	571,000	550,200
Supplies and Services	34,347	47,100	57,000
Third Party Payments	1,551,356	1,472,000	1,472,000
Transfer Payments	0	0	0
TOTAL EXPENDITURE	3,978,098	3,977,100	3,952,400
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	(4,323)	0	0
Customer & Client Receipts	(4,188,710)	(3,440,100)	(3,731,200)
TOTAL INCOME	(4,193,033)	(3,440,100)	(3,731,200)
NET EXPENDITURE (CONTROLLABLE)	(214,935)	537,000	221,200
<u>Financial Accounting Adjustments</u>			
Central Support Charges	148,870	152,600	166,300
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Charges	66,065	332,000	148,500
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	214,935	484,600	314,800
NET EXPENDITURE (ALL BUDGETS)	0	1,021,600	536,000

Variation Analysis

Original Estimate 2009/10	1,021,600
Inflation	(14,300)
Budget Transfers	(51,500)
Changes in Government grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	(250,000)
Other Growth and Savings	0
Changes to financial accounting adjustments	(169,800)
Original Budget 2010/11	<u>536,000</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	65.6 65.6

ADULT AND COMMUNITY SERVICES

ACCESSIBLE TRANSPORT (CS09)

The Accessible Transport Unit manages the Concessionary Fares, Disabled Person's Blue Badge, Taxi Card and the Super Shopper schemes. It additionally promotes the transport solutions model in partnership with the voluntary sector.

	<u>2008/09</u> <u>Actual</u> <u>£</u>	<u>2009/10</u> <u>Original</u> <u>£</u>	<u>2010/11</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	141,808	222,400	220,000
Premises	16,043	16,800	16,500
Transport	10,140	20,800	20,800
Supplies and Services	43,443	48,200	49,000
Third Party Payments	5,386,431	4,586,300	5,869,300
Transfer Payments	0	0	0
TOTAL EXPENDITURE	5,597,865	4,894,500	6,175,600
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(2,659)	(3,400)	(3,400)
TOTAL INCOME	(2,659)	(3,400)	(3,400)
NET EXPENDITURE (CONTROLLABLE)	5,595,206	4,891,100	6,172,200
<u>Financial Accounting Adjustments</u>			
Central Support Charges	126,623	145,500	87,400
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Charges	534,963	264,400	169,100
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	661,586	409,900	256,500
NET EXPENDITURE (ALL BUDGETS)	6,256,792	5,301,000	6,428,700

Variation Analysis

Original Estimate 2009/10	5,301,000
Inflation	(900)
Budget Transfers	(1,000)
Changes in Government grants	0
Other Government or Outside Body changes	1,283,000
Demand Led Growth	0
Service Reductions & Efficiency Savings	0
Other Growth and Savings	0
Changes to financial accounting adjustments	(153,400)
Original Budget 2010/11	<u>6,428,700</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	6.3 6.3

COMMISSIONING CORPORATE POLICY & STRATEGY DIVISIONAL MANAGEMENT CPS1

This includes the management and other centrally held costs of the Commissioning, Corporate Policy and Strategy division.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	141,148	156,600	159,800
Premises	0	0	0
Transport	1,485	2,400	21,800
Supplies and Services	12,216	10,200	35,900
Third Party Payments	0	0	0
Transfer Payments	0	0	0
TOTAL EXPENDITURE	154,849	169,200	217,500
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(574)	0	0
TOTAL INCOME	(574)	0	0
NET EXPENDITURE (CONTROLLABLE)	154,275	169,200	217,500
<u>Financial Accounting Adjustments</u>			
Central Support Charges	20,731	18,300	19,400
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Charges	10,280	16,100	5,400
Departmental Support Income	(185,286)	(203,600)	(189,900)
NET ACCOUNTING ADJUSTMENTS	(154,275)	(169,200)	(165,100)
NET EXPENDITURE (ALL BUDGETS)	0	0	52,400

Variation Analysis

Original Estimate 2009/10	0
Inflation	3,900
Budget Transfers	44,400
Changes in Government grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	0
Other Growth and Savings	0
Changes to financial accounting adjustments	4,100
Original Budget 2010/11	<u>52,400</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	2.0 2.0

PERFORMANCE & ENGAGEMENT (CPS2)

The Performance & Engagement Team provides support for the corporate consultation and engagement functions. In addition, it includes the Health Improvement team and Community Development programme. This group also includes the corporate Equality & Diversity team.

	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>
	<u>Actual</u>	<u>Original</u>	<u>Estimate</u>
	£	£	£
<u>Expenditure</u>			
Employees	335,970	445,700	736,900
Premises	117	500	3,100
Transport	6,903	7,600	1,300
Supplies and Services	107,258	85,500	115,000
Third Party Payments	179,073	100,000	0
Transfer Payments	983	4,000	1,800
TOTAL EXPENDITURE	630,304	643,300	858,100
<u>Income</u>			
Government Grants	(9,934)	0	0
Other Grants and Contributions	21,839	(42,000)	(75,500)
Customer & Client Receipts	(67,972)	(17,400)	0
TOTAL INCOME	(56,067)	(59,400)	(75,500)
NET EXPENDITURE (CONTROLLABLE)	574,237	583,900	782,600
<u>Financial Accounting Adjustments</u>			
Central Support Charges	103,599	91,800	143,000
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Charges	53,354	125,100	62,800
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	156,953	216,900	205,800
NET EXPENDITURE (ALL BUDGETS)	731,190	800,800	988,400

Variation Analysis

Original Estimate 2009/10	800,800
Inflation	28,300
Budget Transfers	(124,800)
Changes in Government grants	6,000
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	0
Other Growth and Savings	148,000
Changes to financial accounting adjustments	130,100
Original Budget 2010/11	988,400

Other Information

Employee FTE's (Budgeted)	9.6	15.7
<i>The Performance & Engagement team was restructured and expanded in 2009-10 to undertake more work on corporate performance and engagement</i>		

STRATEGY AND POLICY (CPS3)

The Strategy & Policy Team provide strategy & policy development in the areas of Housing and Adult Social Care, as well as support to the Local Strategic Partnership, the Community Safety Partnership and management of the council's voluntary sector grants programme.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	771,804	987,400	973,500
Premises	20,642	21,300	21,300
Transport	8,017	9,100	2,400
Supplies and Services	265,259	223,400	191,300
Third Party Payments	453,005	585,000	562,900
Transfer Payments	0	0	0
TOTAL EXPENDITURE	1,518,727	1,826,200	1,751,400
<u>Income</u>			
Government Grants	(130,414)	(276,500)	(268,900)
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(128,298)	(23,900)	(23,900)
TOTAL INCOME	(258,712)	(300,400)	(292,800)
NET EXPENDITURE (CONTROLLABLE)	1,260,015	1,525,800	1,458,600
<u>Financial Accounting Adjustments</u>			
Central Support Charges	239,798	213,000	231,600
Capital Charges	0	(39,400)	0
Central Support Income	0	0	0
Departmental Support Charges	149,195	261,500	99,800
Departmental Support Income	0	(488,300)	0
NET ACCOUNTING ADJUSTMENTS	388,993	(53,200)	331,400
NET EXPENDITURE (ALL BUDGETS)	1,649,008	1,472,600	1,790,000

Variation Analysis

Original Estimate 2009/10	1,472,600
Inflation	(11,000)
Budget Transfers	(56,200)
Changes in Government grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	0
Other Growth and Savings	0
Changes to financial accounting adjustments	384,600
Original Budget 2010/11	<u>1,790,000</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	22.5 23.0
<i>Net effect of changes around community strategy and policy, including community safety</i>	

GRANTS TO VOLUNTARY ORGANISATIONS (CPS4)

The Council manages a small grants programme, funding small one off projects by local community and voluntary groups. It also manages a larger programme of strategic funding for voluntary organisations and contributes to the London Borough Grant Scheme.

	<u>2008/09</u> <u>Actual</u> <u>£</u>	<u>2009/10</u> <u>Original</u> <u>£</u>	<u>2010/11</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	1,109	0	0
Premises	453,989	479,300	461,800
Transport	0	0	0
Supplies and Services	2,598,367	2,269,500	2,448,000
Third Party Payments	0	0	0
Transfer Payments	0	0	0
TOTAL EXPENDITURE	3,053,465	2,748,800	2,909,800
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	(22,000)	0	0
Customer & Client Receipts	(640,457)	(345,300)	(345,300)
TOTAL INCOME	(662,457)	(345,300)	(345,300)
NET EXPENDITURE (CONTROLLABLE)	2,391,008	2,403,500	2,564,500
<u>Financial Accounting Adjustments</u>			
Central Support Charges	0	0	3,200
Capital Charges	132,949	10,300	8,700
Central Support Income	0	0	0
Departmental Support Charges	252,274	142,400	56,900
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	385,223	152,700	68,800
NET EXPENDITURE (ALL BUDGETS)	2,776,231	2,556,200	2,633,300

Variation Analysis

Original Estimate 2009/10	2,556,200
Inflation	0
Budget Transfers	161,000
Changes in Government grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	0
Other Growth and Savings	0
Changes to financial accounting adjustments	(83,900)
Original Budget 2010/11	<u>2,633,300</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	0.0 0.0

CONTRACTING AND PROCUREMENT (CPS5)

The Contracts and Corporate Procurement Unit undertake the contracting, tendering and evaluation of adult social care contracts. In addition the unit leads on developing the Council's corporate procurement strategy as well as advising on procurement and contract management across the

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	278,717	348,700	345,700
Premises	0	0	0
Transport	7,498	4,500	1,700
Supplies and Services	24,506	1,900	5,300
Third Party Payments	0	51,300	51,300
Transfer Payments	0	0	0
TOTAL EXPENDITURE	310,721	406,400	404,000
<u>Income</u>			
Government Grants	0	0	0
Other Grants and Contributions	(4,548)	0	0
Customer & Client Receipts	(55,339)	(29,100)	(29,100)
TOTAL INCOME	(59,887)	(29,100)	(29,100)
NET EXPENDITURE (CONTROLLABLE)	250,834	377,300	374,900
<u>Financial Accounting Adjustments</u>			
Central Support Charges	54,426	15,700	84,100
Capital Charges	0	0	0
Central Support Income	(287,313)	(393,000)	(281,300)
Departmental Support Charges	250	0	21,400
Departmental Support Income	(18,197)	0	(199,100)
NET ACCOUNTING ADJUSTMENTS	(250,834)	(377,300)	(374,900)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

Variation Analysis

Original Estimate 2009/10	0
Inflation	(800)
Budget Transfers	(1,600)
Changes in Government grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	0
Other Growth and Savings	0
Changes to financial accounting adjustments	2,400
Original Budget 2010/11	0
<u>Other Information</u>	
Employee FTE's (Budgeted)	7.0 7.0

PERFORMANCE AND QUALITY ASSURANCE (CPS6)

The P&QA team support the IT systems used by the ACS directorate and manage the collation of performance information for management and statutory purposes across the directorate. They also undertake contract monitoring and corporate work on complaints and the Comprehensive Area

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	1,284,925	1,376,400	1,181,600
Premises	0	0	0
Transport	9,506	12,500	3,400
Supplies and Services	124,501	162,500	158,400
Third Party Payments	9,027	15,400	115,500
Transfer Payments	0	0	0
TOTAL EXPENDITURE	1,427,959	1,566,800	1,458,900
<u>Income</u>			
Government Grants	1	(2,300)	(2,300)
Other Grants and Contributions	17,454	(22,600)	(22,600)
Customer & Client Receipts	0	0	0
TOTAL INCOME	17,455	(24,900)	(24,900)
NET EXPENDITURE (CONTROLLABLE)	1,445,414	1,541,900	1,434,000
<u>Financial Accounting Adjustments</u>			
Central Support Charges	333,489	294,900	272,400
Capital Charges	73,937	(13,200)	31,400
Central Support Income	0	0	0
Departmental Support Charges	26,408	30,800	112,100
Departmental Support Income	(1,599,169)	(1,841,800)	(1,849,600)
NET ACCOUNTING ADJUSTMENTS	(1,165,335)	(1,529,300)	(1,433,700)
NET EXPENDITURE (ALL BUDGETS)	280,079	12,600	300

Variation Analysis

Original Estimate 2009/10	12,600
Inflation	(7,600)
Budget Transfers	40,800
Changes in Government grants	100
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	0
Other Growth and Savings	0
Changes to financial accounting adjustments	(45,600)
Original Budget 2010/11	<u>300</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	31.4 27.3
<i>Transfer and deletion of posts as part of minor changes to structure</i>	

ADULT AND COMMUNITY SERVICES

RENT ALLOWANCES (RA)

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

	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>
	<u>Actual</u>	<u>Original</u>	<u>Estimate</u>
	£	£	£
<u>Expenditure</u>			
Employees	0	0	0
Premises	0	0	0
Transport	0	0	0
Supplies and Services	46,384	153,100	153,100
Third Party Payments	0	0	0
Transfer Payments	47,505,544	48,038,200	48,038,200
TOTAL EXPENDITURE	47,551,928	48,191,300	48,191,300
<u>Income</u>			
Government Grants	(47,480,291)	(48,230,300)	(48,230,300)
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(270,714)	0	0
TOTAL INCOME	(47,751,005)	(48,230,300)	(48,230,300)
NET EXPENDITURE (CONTROLLABLE)	(199,077)	(39,000)	(39,000)
<u>Financial Accounting Adjustments</u>			
Central Support Charges	0	0	111,000
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Charges	88,078	7,600	1,600
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	88,078	7,600	112,600
NET EXPENDITURE (ALL BUDGETS)	(110,999)	(31,400)	73,600

Variation Analysis

Original Estimate 2009/10	(31,400)
Inflation	0
Budget Transfers	0
Changes in Government grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Service Reductions & Efficiency Savings	0
Other Growth and Savings	0
Changes to financial accounting adjustments	105,000
Original Budget 2010/11	73,600
<u>Other Information</u>	
Employee FTE's (Budgeted)	0

ADULT AND COMMUNITY SERVICES

DIRECTORATE MANAGEMENT AND FINANCE (DMF)

This includes the Director of Adults and Community Services and costs relating to the strategic management of the Directorate, including its finance and accountancy support functions, which are recharged across the Directorate.

	<u>2008/09</u> <u>Actual</u> £	<u>2009/10</u> <u>Original</u> £	<u>2010/11</u> <u>Estimate</u> £
Expenditure			
Employees	1,676,556	1,991,300	1,869,800
Premises	7,648	7,800	0
Transport	21,874	5,300	3,700
Supplies and Services	189,989	232,300	404,900
Third Party Payments	104,032	273,200	152,400
Transfer Payments	0	0	0
TOTAL EXPENDITURE	2,000,099	2,509,900	2,430,800
Income			
Government Grants	(297,436)	(155,500)	(35,500)
Other Grants and Contributions	(5,000)	(168,200)	(164,100)
Customer & Client Receipts	(137,496)	(13,800)	(23,800)
TOTAL INCOME	(439,932)	(337,500)	(223,400)
NET EXPENDITURE (CONTROLLABLE)	1,560,167	2,172,400	2,207,400
Financial Accounting Adjustments			
Central Support Charges	864,602	859,100	644,800
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Charges	50,379	96,600	25,700
Departmental Support Income	(2,008,170)	(2,639,000)	(2,111,100)
NET ACCOUNTING ADJUSTMENTS	(1,093,189)	(1,683,300)	(1,440,600)
NET EXPENDITURE (ALL BUDGETS)	466,978	489,100	766,800

Variation Analysis

Original Estimate 2009/10	489,100
Inflation	23,300
Budget Transfers	38,900
Changes in Government grants	75,700
Other Government or Outside Body changes	(900)
Demand Led Growth	0
Service Reductions & Efficiency Savings	(318,700)
Other Growth and Savings	216,700
Changes to financial accounting adjustments	242,700
Original Budget 2010/11	<u>766,800</u>
Other Information	
Employee FTE's (Budgeted)	30.5 32.5
<i>Transfer of specialist posts into Finance team</i>	

LONDON BOROUGH OF RICHMOND UPON THAMES

CABINET

DATE: 22 FEBRUARY 2010

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

**LEAD OFFICER: MARK MAIDMENT, DIRECTOR OF
FINANCE AND CORPORATE
SERVICES**

SUBJECT: REVENUE BUDGET STRATEGY AND COUNCIL TAX 2010/11

WARDS: ALL

KEY DECISION?: YES

IF YES, IN FORWARD PLAN?: YES

1. PURPOSE OF THE REPORT

1.1 To consider the revenue budget strategy and recommend the level of Council Tax for 2010/11.

EXECUTIVE SUMMARY

1.2 This report draws attention to the key elements affecting the budget for 2010/11 and considers the prospects for future years. In light of the current economic situation, it recommends no Council Tax increase for 2010/11. It assumes the achievement of over £4m in efficiencies/savings in the year. The report also sets out the latest version of the Medium Term Financial Strategy which draws attention to the need to achieve further significant efficiencies/savings if Council Tax increases are to be kept below 5% in future years.

2. RECOMMENDATIONS

2.1 that the Central Items and contingencies as set out in paragraph 3.6.4 be agreed;

2.2 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 paragraph 3.11);

2.3 that the Council be **RECOMMENDED** to agree the Revenue Budget for 2010/11;

2.4 that the Council be **RECOMMENDED** to agree that the Richmond upon Thames element of the Band D Council Tax be unchanged at £1,287.39;

2.5 that the Cabinet note the Greater London Authority (GLA) precept of £309.82;

- 2.6 **that the Council be RECOMMENDED to agree that the overall Band D level of Council Tax for 2010/11 including the GLA element be set at £1,597.21, the same level as 2009/10. The levels of Council Tax for all property bands are shown at Appendix A; and**
- 2.7 that the Cabinet approve the revised Medium Term Financial Strategy including the efficiencies/savings identified. (Appendix D)

3. DETAIL

3.1 The Corporate Planning and Performance Management Process

3.1.1 The Community Plan is the key document which sets out the vision for a Richmond upon Thames, which:

- Is inclusive
- Puts protection of the environment at the core of its services and community life
- Delivers quality public services that truly reflect the needs of all its local people
- Addresses its challenges by harnessing the capacity of all its partners in the public, private, voluntary and community sector

It has been prepared in conjunction with partner organisations in the Local Strategic Partnership and each partner organisation has agreed specific targets towards achieving the vision. The Community Plan informs the Council's Medium Term Financial Strategy (MTFS) and its Corporate Plan.

The Council's Corporate Plan sets out the actions required by the borough to contribute to the overall Community Plan objectives.

The performance management framework draws on the Corporate Plan to devise service plans and, ultimately, individual staff appraisal targets. Amongst the key issues for the Council which impact on financial strategy are:

- Take up of personal budgets under Self Directed Support
- Client numbers and costs of Adult Social Care
- Numbers and costs of Children Looked After and Care Leavers
- Recycling rates
- Levels of Planning and Building Control applications
- Collection rates for key income streams (e.g. CTAX, Business Rates)
- Staffing levels including agency staff

The intention is that all staff understand what the Council is trying to achieve and have specific personal targets to aim for.

3.2 The Medium Term Financial Strategy (MTFS)

3.2.1 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.

3.2.2 Historically, the Council has received relatively poor financial settlements from Government and, in order to provide the high quality services expected by the residents, has had to ensure that it makes the best use of these limited resources. The Council has been successful in achieving this aim and has been recognised by the Audit Commission through the highest value for money rating in the annual Use of Resources assessment.

3.2.3 The challenge for the MTFs now is to navigate the Council through the major challenges presented to the boroughs finances by the recession and the impact of government policy which is set to make major reductions in the level of resources available to the public sector. The Chancellor's Pre Budget Report signalled major reductions in spending over the next 3 – 5 years. The Institute of Fiscal Studies has suggested that, if health, schools, Sure Start programmes and overseas aid budgets are to be protected in 2011/12 and 2012/13, then other areas of the public sector will face average annual cuts of 5.6% p.a. over 3 years (16% in total). If the Government chooses to extend protection to a third year then the annual average for unprotected services will be around 6.9% p.a.

Such reductions in the level of resources are unprecedented in recent years and the Council needs to plan carefully for the future. The latest update to the MTFs, attached at Appendix D, projects known plans and expected budget changes forward for the next 2 years. It identifies a significant potential budget gaps if Council Tax increases are to remain below 5% and summarises modelling done on the impact of the underlying assumptions changing and the plans being put in place to manage this position.

3.3 The Current Financial Position

3.3.1 The outlook for the Council's finances continues to be very challenging. The reasons behind this are summarised in the following paragraphs and covered in more detail in the attached MTFs. This has lead the Council to a major review of the way it provides its services and organises itself internally that is summarised later in this report. In assessing the Council's current position, there are 3 key issues to consider:

- Current budget trends
- Future outlook -Economic position and public finances
- Level of balances and reserves

3.3.2 Current Budget Trends

3.3.3 The Council has consistently managed its budgets within the levels agreed, however, for the last two years in particular, this has meant taking in-year action to contain increasing service demand and falls in major sources of income. In particular investment rates and some income streams have begun to be significantly reduced in the current economic climate.

3.3.4 The action taken in the current year together with some one off funds brought forward in Adult Social Care masks the continuing challenge of achieving existing efficiency programmes whilst also dealing with the continued underlying growth in areas that support the most vulnerable in our community. These areas of pressure have all been reflected in the budget and the risk analysis on the MTFs but, once again sit alongside efficiency actions aimed at balancing these costs.

3.3.5 Future outlook

Section G

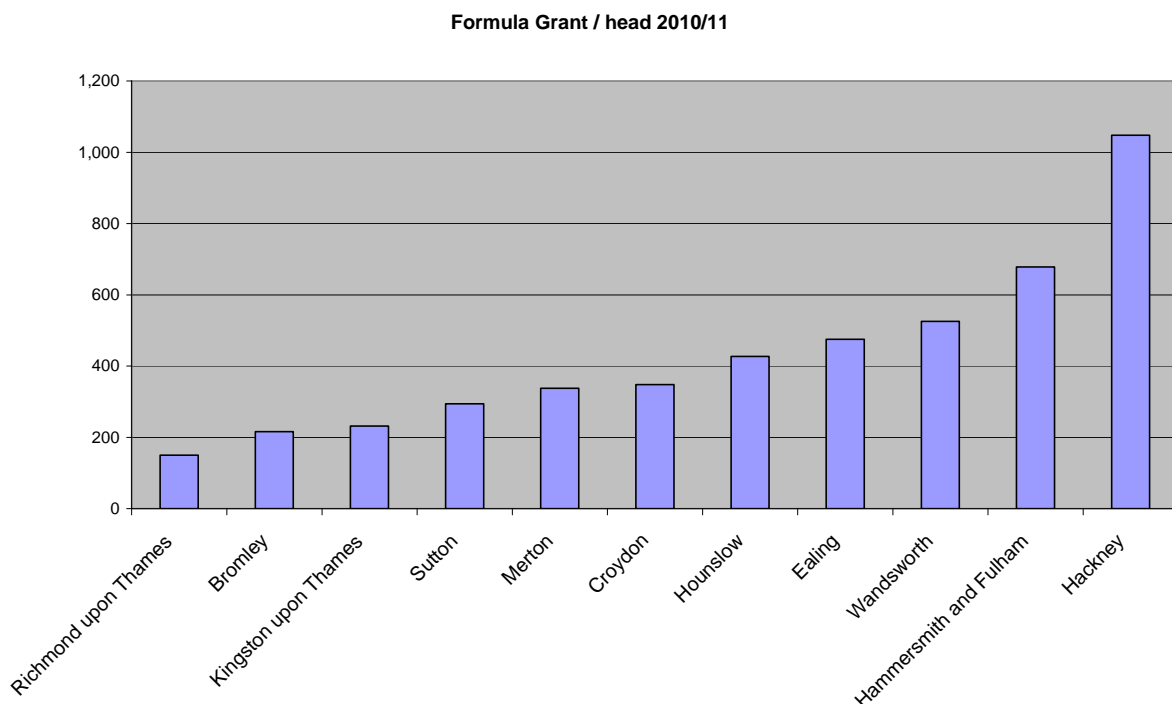
3.3.6 The Council is likely to remain under pressure in respect of both increasing costs and diminishing resources from Government. The continuing rise in the cost of social care costs shows no sign of abating and expectations of Council services remain high.

3.3.7 We are currently in the final year of a three year grant settlement that was prepared by the Government before the current economic crisis arose. There has been much debate about what the next funding settlement may bring and talk of a radical overhaul of the “relationship between the citizen and the state”. It is unlikely we will see any definite proposals until after the General Election later this year, therefore at the present time the MTFs assumes Government funding being frozen (reducing in real terms) for the future.

3.3.8 The 2009/10 Local Government Finance Settlement

3.3.9 Appendix C contains a Briefing Note on the main detail of the 2010/11 settlement. As has been the case for a number of years, the settlement was a poor one for Richmond. The Council’s grant increased by £400k or the minimum “floor” amount of 1.5% (excluding schools just 87p per head of population). To put this into context, the increase in landfill tax imposed by the Government next year will exceed this amount by itself. The grant, therefore, remains well below the level required to be considered equitable for the Boroughs residents. The Borough has, once again, made representations to Government about the level of the settlement including specific proposals to reduce or return additional landfill tax charges, provide safety net funding, provide direct funding to support borrowing, and returning a bigger proportion of business rates to invest in the local economy.

3.3.10 The following chart illustrates how much less per head Richmond receives compared to other boroughs.



If Richmond were funded at the same level as Bromley, the next lowest funded authority, we would receive an additional £66 per head. This would equate to approximately £139 off the Band D Council Tax. Funding at the same level as Kingston would provide an additional £82 per head, equivalent to around a £173 reduction in Band D Council Tax.

Section G

3.3.11 The outlook for the future of the grant remains poor. With some 66% of our general Government Grant now coming from the protection of the “floor” it is certain that Richmond will remain at the minimum increase in grant for the foreseeable future. The Government has made no promises for the floor level of grant beyond 2010/11.

3.3.12 Balances and Reserves

3.3.13 Appendix B to this report contains a full listing of the revenue balances and reserves held by the Council and their intended application. The key issues are:

- General Reserve planned to reduce to around £9m in four years time.
- The current year’s plans will bring expenditure from reserves over the last 4 years to around £35m. However, the Council’s discretionary balances, will not have reduced by as much as originally projected for the current year due to the current projected underspend for 2009/10 and one off receipts particularly in respect of VAT refunds. Reserves remain targeted at investment in key priorities and invest to save schemes.
- Approximately 15% (£7m) of the quoted balances at 1.4.09 are funds that are outside of the Council’s direct control e.g. school balances, Collection Fund. In addition to this a further approximately 22% (£10.5m) e.g. PFI Reserve and Insurance Funds, whilst being nominally under Council control, are effectively not available for use.
- New reserves have been established to support economic recovery programmes and to support the development of a major efficiencies programme.
- The MTFS includes use of £2.25m of the General Reserve between 2009/10 and 2012/13.
- Balances are only available for use once. Their use to reduce Council Tax in any given year will result in efficiencies being required in future years

Appendix B to this document includes a fuller analysis of the reserves position.

3.4 The Efficiency Strategy

3.4.1 The Council has a strong track record of identifying efficiencies and has, so far, identified potential efficiencies of over £10m in response to Government targets set as part of the 2007 Comprehensive Spending Review. Many of these have already been included in the budget assumptions.

3.4.2 In response to the increased pressure brought about by the recession, the Council has stepped up its efficiency plans with a whole organisational review aimed at looking at all the key aspects of how the Council delivers its services and where there may be opportunities to reduce costs whilst also focussing on the key issues for the customer. This process is now approaching the end of its first stage and we expect it to yield business cases that will deliver potential for considerable budget reductions from 2010 and beyond. In addition we have again been reviewing specific budget areas with Members to look at where further short term opportunities for reductions may exist (whilst continuing to invest in those areas that the public have told us are of most importance). The impact of these plans will be reported as part of the budget papers in February/March 2010.

3.5 Working in Partnership

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- 3.5.1 The Council and our local partners have a strong commitment and good track record of working in partnership. This was recognised in the CAA 2008 and shown through specific action on addressing the impact of the economic recession, in our joint commissioning work with NHS Richmond (NHSR) and engagement with the voluntary sector.
- 3.5.2 Set out below is a list of some of the partnership initiatives which are underway and contributing to the delivery of priorities within the borough. A more detailed explanation of our partnership working is included in the Medium Term Financial Strategy.
- Joint arrangements with NHSR including joint funding of key posts, shared budgets, Adult Services funding, fully integrated care teams (Community Mental Health, Health and Social Care Locality and Intermediate Care) and a programme to enable agreement on future priorities and financial planning.
 - Work with the voluntary sector to provide a single building to act as a “Charity Hub” for the borough providing improvements to and savings on accommodation as well as offering the opportunity for voluntary organisations to collaborate and share resources.
 - The Recession Action Plan includes support to affected groups including the professional and executive unemployed and young adults. In addition, the Business Skills and Economic Development Partnership is playing a key role in developing the strategic direction for the local economy.
 - The Community Safety Partnership has been successful in delivering safest London Borough status for Richmond with reduced perceptions of anti social behaviour as well as reductions in property crime and violence. The partnership has won an award for its work with older people in the borough.
- 3.5.3 As the impact of the financial crisis bites in the public services, delivery through partnership will be even more important and our strategic approach to both finance and service delivery will increasingly need to build on strong partnership arrangements.

3.6 Overall budget proposals

- 3.6.1 In line with the Constitution and in accordance with proposals agreed by Leading Members and the Overview and Scrutiny Coordinating Group, individual service budgets have been agreed by the relevant Cabinet Member and reports have been submitted to the relevant Overview and Scrutiny Committee.
- 3.6.2 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 during the current difficult economic conditions, maintaining service standards and investment in key services and efficiencies/savings. In particular it has:
- Built in £3.4m for new demands/costs for statutory services:
 - £1.0m on Care Services for Older People and people with Learning Difficulties
 - £0.5m on Childrens services
 - £0.7m extra to meet escalating waste disposal costs
 - £1.2m to meet Concessionary fares costs
 - Provided continuing support for capital investment, particularly in Education, where there is a growing need for new primary school places.

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- Assumed inflation will be close to zero on both salaries and a number of contracted services. Also reductions have been applied to supplies and services. The contingency budget has been increased to £1.2m to cover the increased risk associated with these inflation assumptions and the potential cost of Government promises in relation to free care for certain elderly people.
- Partly balanced the above by identifying £4m of cashable efficiency savings and income generation

3.6.3 The final service totals are:

	<u>£m</u>
Children's Services & Culture	32.304
Environment	27.584
Adult and Community Services	63.550
Finance & Corporate Services	23.891
Total	<u>147.329</u>

3.6.4 Central Items and contingency

	<u>£m</u>
Treasury	2.868
General Contingency	1.200
Waste Contingency	1.674
Capitalisation of Revenue	-0.700
Use of balances	-0.750
Transfers to Reserves	0.589
Area Based Grant	-9.252
Total	<u>-4.371</u>

3.6.5 Summary of Borough Expenditure

	<u>£m</u>
Service Estimates	147.329
Central Items and Contingency	-4.371
Total	<u>142.958</u>

3.7 Levies

3.7.1 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 relevant amounts and services are set out below:

Levy	Directorate	2009/10 £000	2010/11 £000	Variation %
West Waste	Environment	6,041	6,641	9.9*
Lee Valley Park	Environment	274	274	0.0*

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Flood Defence	Corporate Services	178	178	0.0*
London Pension Fund Authority	Corporate Services	358	340	-0.5**
Coroner's Service	Corporate Services	135	135	0.0

* At the time of writing, the final levy figures were subject to confirmation.

** The LPFA levy figures exclude a charge of £165k for a deficit in one of the pensioner sub funds which is still under discussion with LPFA and DCLG.

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

3.8 Capping

3.8.1 Under the Local Government Act 1999, the Secretary of State retains reserve capping powers. The stated intention behind these powers is to control excessive tax increases but in practice they are largely based on monitoring year on year budget increases.

3.8.2 The Secretary of State does not set capping criteria in advance and announces decisions on capping or other action in April, after budgets have been set and Council Tax bills sent. The Government has made it clear that it considers the grant settlement sufficient to set an expectation that that the average Council tax rise will be below the record low of around 3% average last year.

3.8.3 The proposed budget for 2010/11 would give increases in the budget requirement and tax level as set out below:

	2009/10		2010/11	
	Amount	Increase	Amount	Increase
Budget Requirement inc. schools	£237.729m	4.9%	£243.520m	2.4%
Budget Requirement ex schools	£141.260m	3.4%	£142.958m	1.2%
Council Tax (LBRuT element only)	£1,287.39	4.3%	£1,287.39	0.0%

3.9 The Greater London Authority (GLA) Precept

3.9.1 The Band D Council Tax in respect of the GLA Precept will remain at £309.82.

3.10 Summary of requirements and Council Tax

3.10.1

	£m
Total LBRuT Budget Requirement	142.958
School expenditure funded from DSG	100.562
GLA Precept	27.542
	<hr/>
	271.062
Less	
Formula Grant	-28.015
DSG	-100.562
Contribution from Collection Fund	-0.500

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Total Requirement for Council Tax	<u>141.985</u>
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3.10.2 At the Council meeting of 26th January 2010, the Council Tax Base for 2010/11 was agreed as 88,895.44 Band D equivalents.

3.10.3 Based on the above figures, the total tax at Band D including the GLA element is unchanged at £1,597.21.

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

	2009/10	2010/11	%
	£	£	increase
LBRUT	1,287.39	1,287.39	0.00
GLA	309.82	309.82	0.00
TOTAL	1,597.21	1,597.21	0.00

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

3.11.1 Section 25(2) of the Local Government Act 2003 requires the Chief Financial Officer of an authority to report on:

- (a) the robustness of the estimates made for the purposes of the calculations, and
- (b) the adequacy of the proposed financial reserves.

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.

3.11.2 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
- Whether budget setting and monitoring processes are robust and effective
- Demand pressures on the budget
- Identifying and achieving efficiency improvements
- Risks to Government funding levels
- Risks to other income streams

3.11.3 The Council has a good recent track record in financial management that is recognised through external assessment from the Audit Commission with scores of 3 (good) for the Use of Resources judgement and recognition of delivery of Value For Money (VFM). These scores 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 energy.

3.11.4 In spite of strong budgeting and monitoring procedures, the Council cannot be immune from changes in demand for the services that it provides or the national/global economic position. There are particular demand risks associated with care needs for both adults and children in addition to external pressures which are affecting the current and future cost of disposing of waste. On top of this, the continued economic downturn is providing a severe test of the Council's finances and, although we have taken action to contain the position, the underlying position remains challenging. The budget process has considered all of these issues and, within the resource constraints

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faced by the Council, has adjusted budget levels. It must be considered, however, that the continuing recession and the Government's need to reduce public spending will have a further impact on the Council's budget both via increased demand for services and decreasing sources of income. The Council has sufficient reserves to deal with such a position in the short term and in the medium term has taken action to increase its savings/efficiency programme significantly. Achievement of this programme will be closely monitored.

- 3.11.5 Paragraph 3.4 discussed the Council's approach to efficiency. Given the resource constraints and demand pressures faced by the Council it is imperative that the search for increased efficiency remains at the heart of all Council activities. This will contribute towards the achievement of the Council's objectives. The latest version of the MTFS identifies the need for a more substantial programme of efficiencies to be delivered in coming years.
- 3.11.6 The major risks around government funding are; the potential change to the "floor" mechanism, which provides for a minimum level of increase in grant each year; a general reduction in specific or area based grants and; unfunded demands being placed upon Council or partner services. This risk is highlighted by the fact that the "floor" provides the borough with over £18m more than it would receive were the "floor" to be withdrawn. This equates to around 16% on Council Tax and represents, in percentage terms, by far the largest level of floor protection for any authority in the country. The Government is likely to seek to freeze or reduce grant funding as part of its strategy to bring down public sector spending in future years.
- 3.11.7 It is imperative that any business invests in the maintenance of its infrastructure assets if it is to continue to provide high quality services and avoid major one-off crisis expenditure. The Council has made progress in this area and the earmarking of revenue balances and capital resources for the purpose reflect the continuing commitment. These funds are, however, becoming much more limited and infrastructure projects in the future are likely to rely more and more on the Council's ability to borrow or generate efficiencies to fund such projects.
- 3.11.8 A full list of the current reserves held by the Council is attached at Appendix B. The main infrastructure funds are fully committed and likely, in the absence of any further contributions, to be significantly depleted by 2011.
- 3.11.9 The financial strategy includes the use of £750k general reserves in 2009/10 and a further £0.750m in the subsequent 2 years. Thereafter the use of balances is removed from budget assumptions. 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. The largest single figure in the reserves list is the Pension Fund surplus/deficit which, in common with many other Pension Funds, is showing a large deficit. The Council has a 15 year recovery plan for the fund. However, the recessionary impact on financial markets will have a very significant impact on the fund. It is, therefore, likely that both the employer and employee contribution rates are likely to rise after the next valuation in 2010.

4. CONSULTATION AND ENGAGEMENT

- 4.1 The Council has undertaken two consultation exercises in relation to the budget. The first was with a selected representative sample of the public who attended an evening run by the OPM organisation, the second a Citizens Panel survey. The outcomes are reported within the MTFS. The Council has participated in several events for local business to discuss the current economic position and attended a business breakfast organised by Richmond in Business in January to discuss its budget position. It has also circulated to the major businesses and business associations copies of these reports for comment. In addition the individual service budgets have been considered by the relevant Overview and Scrutiny Committee.

5 FINANCE AND EFFICIENCY IMPLICATIONS

5.1 These are set out in the report.

6. POLICY IMPLICATIONS/CONSIDERATIONS

6.1 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.

7. RISK ASSESSMENT

7.1 The risks faced by the Council in relation to financial planning and budget setting are set out in the MTFS (Appendix C) and in paragraph 3.11 of this report (The Director of Finance and Corporate Services' comments on Section 25 (2) of the Local Government Act 2003).

8. EQUALITY IMPLICATIONS /CONSIDERATIONS

8.1 The Council is currently in the process of seeking recognition at level 4 of the Equality Standard. This involves the Council auditing each of its major policies and service areas and carrying out further assessments each time any major changes are made. Some of those changes will also be reflected in major budget changes shown in this report.

9. LEGAL IMPLICATIONS

9.1 There are none arising directly from this report.

10. ENVIRONMENTAL STATEMENT

10.1 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.

11. BACKGROUND DOCUMENTS:

11.1 Accountancy Estimate Working Papers

Correspondence from GLA, DCLG and other Government Departments

Local Government Finance Settlement information on DCLG website at:
<http://www.local.communities.gov.uk/finance/1011/grant.htm>

Medium Term Financial Strategy

12. CONTACTS

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Mark Maidment – Director of Finance and Corporate Services
Tel: 020 8891 7171
e-mail: m.maidment@richmond.gov.uk

Council Tax Bands 2010/11

Band	Richmond Council Tax Requirement (2010/11) £	Greater London Authority (2010/11) £	Total Council Tax (2010/11) £
A	858.26	206.55	1,064.81
B	1,001.30	240.97	1,242.27
C	1,144.34	275.40	1,419.74
D	1,287.39	309.82	1,597.21
E	1,573.48	378.67	1,952.15
F	1,859.56	447.52	2,307.08
G	2,145.65	516.37	2,662.02
H	2,574.78	619.64	3,194.42

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APPENDIX B

DESCRIPTION	Actual Balance at 1.4.09 £000	Estimated Movement 09/10 £000	Estimated Balance at 31.3.10 £000	PURPOSE OF RESERVE
RESERVES HELD AT COUNCIL'S DISCRETION				
General Reserve (available for any purpose)	-11,455	750	-10,705	Working balance/unexpected events/emergencies/balancing budget and Council Tax
Earmarked Reserves:				
General Insurance Reserve	-3,659	*	-3,659	Revaluation done as part of Insurance tendering process. Balance likely to start reducing from 2010/11
Vehicles Insurance Reserve	-177	*	-177	Internal insurance for Council vehicles
Schools' Maternity & Supply Cover Scheme	-457	*	-457	Internal insurance arrangement for supply and maternity cover in schools
VAT Reserve	-164	-1,322	-1,486	To cover potential tax liabilities. Includes one off VAT refunds received in 09/10 (proposed to transfer to the efficiency reserve)
Infrastructure Reserve	-5,226	2,700	-2,526	Major works to improve Council infrastructure/deliver benefits to the community
Project Development Reserve	-1,505	1,139	-366	To fund start up costs and development costs of major projects
Repairs and Renewals Fund	-159	-467	-626	Purchase or creation of assets providing benefits of at least 3 years.
Social Services Special Equipment Reserve	-261	*	-261	To fund purchase of small items of equipment for Social Services establishments
Carry Forwards Reserve	-1,523	1,523	0	Unspent revenue budgets carried forward for specific Cabinet approved projects
PFI Reserve (Future Liabilities)	-6,679	-80	-6,759	To allow for future smoothing of annual payments under PFI contracts
Waste & Recycling Reserve	-1,061	-974	-2,035	Used to fund Waste and Recycling Strategy and to meet any future penalties under the Landfill allowance Trading Scheme (LATS)
Youth Development Fund	-1,000	1,000	0	To fund capital schemes to improve youth facilities
Community Development Fund	-212	0	-212	To support investment in the 5 areas of relative deprivation as identified in the Community plan
Climate Change Reserve	-831	444	-387	To support the Council's Sustainability Team in reducing the threat of climate change, cut carbon emissions and promote energy efficiency

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DESCRIPTION		Actual Balance at 1.4.09	Estimated Movement 09/10	Estimated Balance at 31.3.10	PURPOSE OF RESERVE
	Section 106	-1,108	*	-1,108	To fund the rise in cost of works between receipt and usage of developer contributions
	Efficiency Reserve	-983	-2,286	-3,269	Created from the PSA2 / LAA grant for efficiency projects across the Council and includes the current projected revenue underspend
	PSA Reserve	-1,039	143	-896	Government grant to fund improvement projects. It is proposed that this reserve is merged with the efficiency reserve at year end.
	Recession Recovery Fund	-244	50	-194	Used to support initiatives to address the impact of recession on people, businesses and communities in the borough
	Economic Development Fund	-510	130	-380	To fund Town Centre Management, environmental and business assessments and DDA advisory service for local employers.
	LABGI receipt 09/10	0	-256	-256	proposed to be merged with the economic development fund / recession recovery fund
	Section 117 Reserve	-1,022	0	-1,022	To fund future claimants under Section 117 of the Mental Health Act. This reserve is being reviewed and is likely to reduce significantly.
	Salaries Oncost Account	-488	50	-438	Balance of on-cost charged on employee budgets to fund liability insurance etc.
	Other Reserves	-537	*	-537	Various small reserves
Sub total: Reserves held at Council's discretion		-40,300	2,544	-37,756	
<u>RESERVES OUTSIDE OF COUNCIL CONTROL</u>					
	Schools	-5,937	*	-5,937	Ring fenced to schools
	Collection Fund	-361	-700	-1,061	Accumulated surplus arising from higher than budgeted collection rate
	Home Loans Unit	-107	0	-107	Funds associated with former GLC mortgages (distributed across all London Boroughs)
Sub total: Reserves outside Council control		-6,405	-700	-7,105	
TOTAL RESERVES		-46,705	1,844	-44,861	

All movements in reserves are estimated and may be subject to review at year end. Those marked with an asterisk rely on detailed year end transactions so no estimates are currently available

Local Government Provisional Finance Settlement for 2010/11

Preliminary Briefing 26th November 2009

The Department for Communities and Local Government issued the provisional 2010/11 Local Government Finance Settlement for consultation on 26th November.

The Provisional Settlement covers 2010/11 and is the last year of a 3 year Settlement. Funding will be given through non ring-fenced grant wherever possible.

Three types of grant will be provided:

- 1) Non-Ring fenced General Grant – The main type of general grant will be formula grant. Its main purpose will be to provide funding for core services and will be distributed using formulae depending on relative need.
- 2) Non-Ring fenced Area Based Grant (ABG) - This grant will be allocated according to specific policy criteria. There will be no conditions attached to the way this funding can be used. Many of the grants previously received through specific grants are now a part of the Area Based Grant.
- 3) Specific Grants – Specific grants will only be given in limited circumstances e.g. uncertainty or where there is a recognised need for resources to be allocated for a specific purpose, where Revenue Support Grant (RSG) and ABG cannot be used.

Funding will be given through non ring-fenced grant wherever possible.

The General Grant announcement is exactly in line with our expectations. We still await the detailed announcement for Area Based Grant and Specific Grants. These remain the key areas of concern and uncertainty for the borough.

National Headlines

The main national headlines from the Provisional Settlement announcement are:

- Total revenue grants for English local authorities including dedicated funding for schools will be £76.2 billion in 2010/11, representing an increase of 4% on 2009/10.
- Formula grant (general support for Council services), excluding schools, will total £29 billion in 2010/11, an increase of 2.6%.
- Dedicated Schools Grant (DSG) is set to increase by 4.5% to £30.96bn in 2010/11. Per pupil funding will increase by 4.3% for England in 2010/11.

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- The Provisional Settlement continues to include a minimum (floor) level of increase in grant. The floor for London authorities is 1.5% in 2010/11. The floor level of increase is applied to the previous year's grant total after making certain adjustments for changes in funding methodology. The level of floor increase has consistently reduced over the past 3 years.
- The government expects the 2010/11 average Band D Council Tax increase in England to be the lowest in 16 years.

What does it mean for Richmond?

The Provisional Grant Settlement for Richmond in 2010/11 is outlined and compares to 2009/10 as follows:

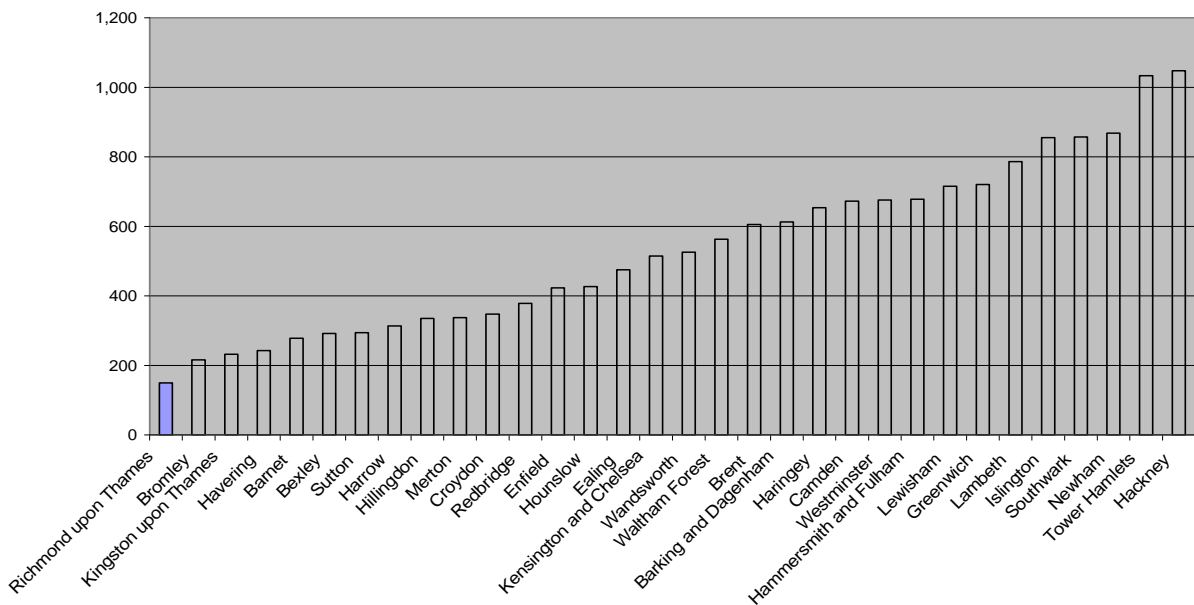
Year	Formula Grant (£m)	% Change	£ per head of population
2009/10	27.615	1.75%	148.81
2010/11	28.015	1.50%	149.68

Richmond has received the minimum 1.5% floor increase in 2010/11 on the adjusted 2010/11 figure. This actually equates to a cash increase of £400k or 1.4% an increase per head of 87p.

Richmond's floor level increase is once again lower than the London average. On average, the formula grant for London boroughs will increase by £75m or 1.8% in 2010/11.

For 2010/11, this level of Central Government support for non-school services within Richmond equates to £149.68 funding per head of population. This compares to the London borough average (excluding City of London) of £535.34 (£385.66 more than Richmond), and the Outer London borough average of £403.71 (£254.03 more than Richmond).

Formula Grant per head of population



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Richmond continues to be the worst funded borough in London. The table shows how much extra per head Richmond would receive if it received the same level of funding per head as the next two lowest funded boroughs.

Local Authority	£ per head	Extra £ received per head
Richmond upon Thames	149.68	
Bromley	215.86	66.17
Kingston	231.87	82.19

If Richmond were funded at the same level as Bromley it would receive an additional £12.4m in grant equivalent to a reduction in Council Tax of around 10.9%. If it were funded at the Outer London average it would receive an additional £47.5m in grant funding, equivalent to a reduction in Council Tax of around 41%.

Without the floor mechanism in place the Council would have only received £9.5m for 2010/11, meaning that 66% or £18.5m of Richmond's grant will be attributable to the floor mechanism.

The provisional Dedicated Schools Grant for 2010/11 allocated to Richmond has increased by 5.8% to £100.562m, compared to £95.057m in 2009/10. This reflects a 4.2% increase in per pupil funding alongside an increase in pupil numbers. In calculating this figure, the government has used provisional pupil numbers so the actual allocation to Richmond may be different.

Conclusions

Whilst the Provisional Settlement is in line with our financial planning assumptions, it continues to leave Richmond as the lowest funded authority in London.

Richmond continues to be particularly vulnerable to changes in the floor mechanism due to the large proportion of grant generated from this part of the formula.

We are currently analysing the detail of the settlement and working on various responses to the Government both individually and in conjunction with other London Boroughs. Additional briefings will be circulated and more detailed reports will be made to both Cabinet and Finance and Strategy Overview and Scrutiny Committee in due course.

If you would like further information about the settlement and the impact on Richmond, please call Mark Maidment, Director of Finance and Corporate Services on 020 8891 7171 or Graham Russell, Assistant Director of Finance on 020 8891 7226.



Medium Term Financial
Strategy

February 2010 Update

Contents

1. Executive Summary
2. Objectives
3. Background
4. Current position
5. Performance and efficiency
6. Looking Forward
7. Conclusions
8. Action Plan

1. Executive Summary

In recent years, the Council has, through a combination of strong financial management and a commitment to efficiency and value for money, been able to stabilise its finances and provide high quality services to its residents whilst maintaining Council Tax increases within its target of 5%. It has achieved this despite its position as the most poorly funded borough in London.

Throughout this period, the Council identified that the safeguarding of the level of Government support it received through the “floor” mechanism was a critical factor and that any threat to it would have serious financial consequences for the borough. That threat may now be materialising.

The economic situation facing the nation has led to a large public sector deficit and the recent pre budget report heralded major long term reductions in public expenditure. Although the details of how these reductions will impact on the Council are unlikely to become clear before the General Election, the Council has been proactive in developing a strategy to minimise the impact of the likely funding cuts on front line services within the borough.

It has introduced the “Efficiency Challenge” which supplements its existing efficiency plans and aims to:

- Reduce the Council's projected budget by 10-15% over the next 3 years
- Enhance the culture of efficiency with all services being subject to regular review
- Allow the Council to maintain targeted investment in key priority areas

A key element in achieving the aims of the strategy will be the Council's ability to work more closely and effectively with its partners and further integration work with NHS Richmond is already underway.

This year represents a sea change in the financial position of the Council and the changes to its MTFS reflect this. The Council will need to build on its reputation as an efficient provider of high quality services in order to navigate its way through the current crisis.

The key financial figures in this report show:

- A council tax rise of 0% in 2010/11 rising to an underlying increase of around 7% unless further action is taken.
- Efficiencies/income generation already identified of just under £6m in the next three years
- A target of a further £10 - 15m reduction from the “Efficiency Challenge” work (see also separate reports to Cabinet).
- Low inflation expectations for 2010/11 but rising in later years.
- Continuing growth pressures in adults and children's social care and waste disposal.
- No increase in Government grants after 2010/11.

Beyond this the report attempts to model the impact of key assumptions changing and identify to what degree current strategies will be able to manage such changes. All of this is set against a background of continuing high service performance. The key MTFS aims remain to maintain financial control/stability, getting more by working with our partners, whilst also enabling targeted investment in the Council's priority services and driving key service performance.

2. Objectives

Through the adoption of the following formal set of objectives for the Medium Term Financial Strategy (MTFS) it is the Administration's aim to maintain a sustainable financial position whilst identifying funds to invest in the Council's key priorities as set out in the Corporate Plan. The following objectives reflect the current economic climate and efficiency priorities. We have also summarised achievement in the last year:

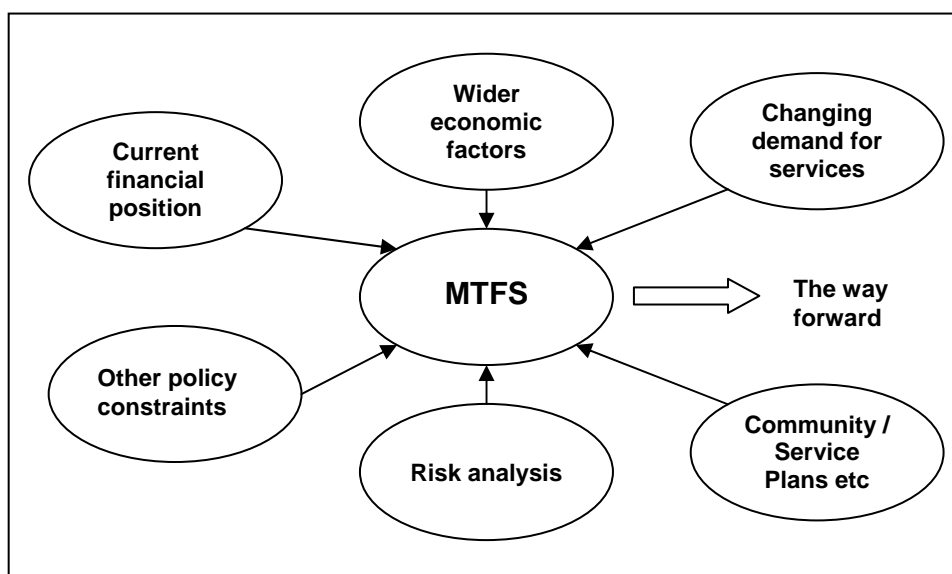
MTFS Objectives		Progress
1	To set the lowest Council Tax increase consistent with the provision of high quality local services (maintaining the current aim of sub-5% increases)	2009/10 = 3.46% increase. 2010/11 = 0% increase proposed
2	To manage spending within the overall budget levels agreed	1.4% underspend currently projected
3	To maintain prudent levels of reserves whilst investing those reserves that are available in the Council's key priorities	£35m projected to be invested since 2006
4	To deliver year on year efficiency improvements to.....	Exceeded Govt. targets and new £15m programme developed
5 both address the increased budgetary pressures created by the current economic climate and create opportunity for strategic and sustainable front line service investments	See details in budgets
6	To support a prudent level of capital investment to meet the Council's strategic priorities and work to identify alternative funding sources	See detail in capital budget
7	To enable longer term planning in the delivery of the Local Strategic Partnership's and the Council's vision and objectives	Continuing process

Further details against the specific targets set last year are included in the MTFS review circulated to the Coordination, Finance and Performance Commission and Cabinet in January.

2. Background

2.0 What is the Medium Term Financial Strategy (MTFS)

- 2.1 It is the Council's forward looking financial planning document which takes account of all the various factors and influences that are expected to impact on the Council over the next 3 – 5 years. These factors include economic conditions, Government spending plans, inflation, planned changes to service delivery, changing demand for services, the impact of new legislation, sources of income etc. It also includes an assessment of the risks faced by the Council.
- 2.2 It allows the Council to model the expected impact of the various factors and to plan how it will implement its priority policies to meet the needs of the residents whilst seeking to maintain a stable financial position and limiting Council Tax increases. The diagram below summarises the main influences on the MTFS:

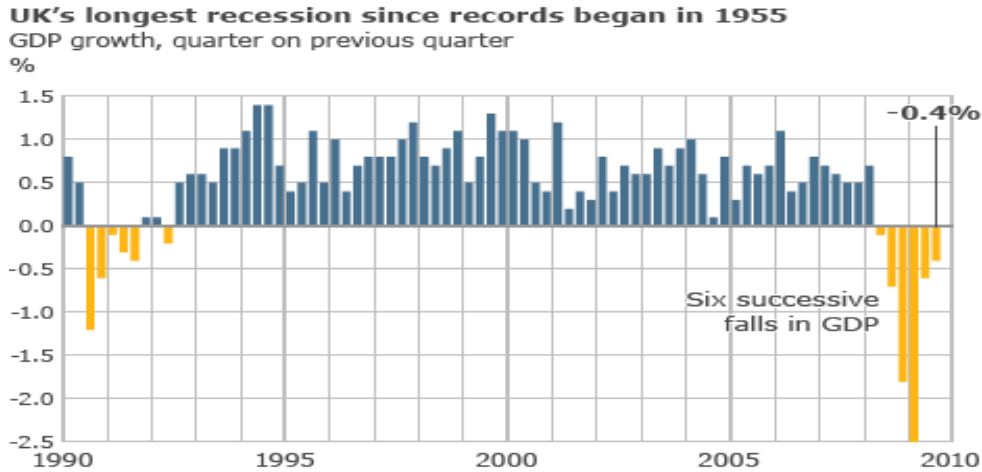


- 2.3.1 The purpose of this document is to set out the Council's medium term financial strategy and to form part of its deliberations as it moves towards setting its detailed budget for 2010/11 and the framework for its longer term plans.
- 2.3.2 The Strategy forms a key plank in the Council's achievement of the aims set out in the Corporate and Community Plan, individual service plans and performance plans. Budgets are developed alongside the services performance and efficiency agenda and monitored similarly. This document draws on the information, aims and concerns set out in these and other documents and seeks to provide a financial framework within which the Council can plan for the longer term.
- 2.3.3 The current economic climate and the expectations of reduced government funding across the whole of the public sector make longer term planning extremely difficult for both the Council and its partners. Hence this strategy seeks to identify where the Council can work with partners to maximise our joint use of resources and to enable some basic modelling of the impact of different resourcing scenarios.

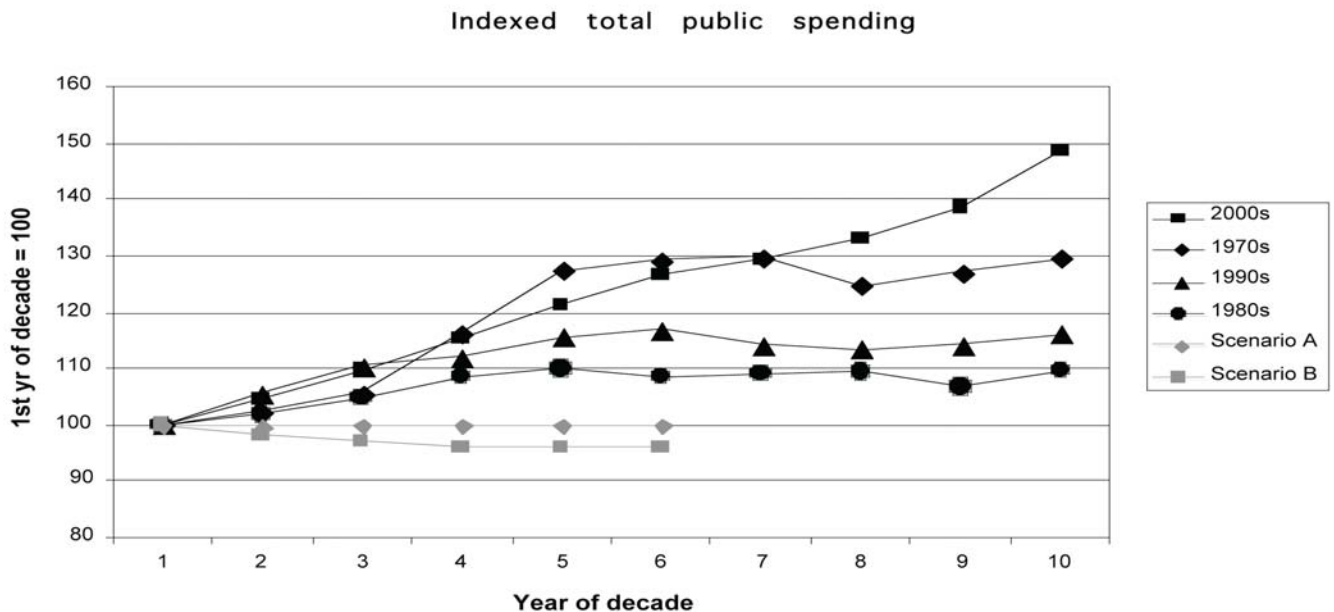
3. Current position

- 3.1.1 In 2009/10 the Council set a budget that included reductions of over £7m for the following three years and recognised that further would be required if the current economic climate did not improve and/or the Council wished to reduce Council Tax increases. The background to this included:
- Strong budgetary control position over a number of years
 - Relative underlying strength in Councils' finances
 - Significant efficiency programme and plans
 - Strong partnership working
 - Significant investment plans in key priorities including education and sustainability

The MTF review paper presented to Cabinet in January (item number 135 at : <http://moderngov.richmond.gov.uk/ieListDocuments.asp?CId=163&MId=2220&Ver=4>) set out in some detail the current economic position and it's initial impacts on the Borough. Whilst the detail is not repeated here, the two graphs below do show quite starkly the depth of the current recession and the expected reduction in public spending compared to earlier recessionary periods.



Total public spending in real terms*



*Source CIPFA/SOLACE publication "After the Recession"

The second graph above shows 2 different scenarios that can be drawn from current HM Treasury projections (Scenario A showing nil real terms growth and Scenario B up to 5% real terms reduction) of public expenditure. It can be seen that this degree of stagnant public spending has been seen during the last decade, but was experienced in the second halves of the 1970s, 80s and 90s.

4. Performance and Efficiency

4.1 The Council's performance has steadily improved in recent years. As outlined above, it has invested heavily in long term strategies that are aimed at further improving efficiency and service performance. According to Audit Commission figures, the Council was amongst the lowest spending per head of population on services in the country in 2008/09. In addition, the Council continues to be scored strongly in terms of both Value for Money and overall performance by the Audit Commission. With individual

inspections rating a number of the Councils services amongst the best in the country. This has also been reflected in resident satisfaction surveys in terms of living in the area, but this is not always as strongly reflected in perceptions of the Council's impact on the local area.

4.2 The Council has continued to build on its performance management through:

- Introduction of improved budget challenge process at start of service planning
- Improved performance reports to members
- New performance management system to draw all information into one place
- Implementation of data quality action plan
- Revised/earlier service planning process

The out come of this action has been a more cohesive process for drawing financial and performance planning together that has enabled further improvement in the links between service planning and budget. This has been drawn through into both the budget setting process and the development of the Council's efficiency programme.

4.3 The efficiency programme itself has been significantly enhanced in the current year in recognition of the expected long term impact of the current recession on public finances. The Council has introduced the Richmond "Efficiency Challenge" which aims to identify at least a further £10m (on top of existing efficiencies) over the next three years. Key strands within the implementation of the efficiency strategy are:

- The budget and service planning processes referred to above.
- The whole organisation review (supported by PWC) – see report on Cabinet agenda February 2010.
- Efficiency programme Board
- Contracts review Board
- IDEAS forum for staff to present efficiency proposals
- Staff and community engagement programme

The impact of this programme has begun to be reflected in the 2010/11 budget and will be fleshed out in more detail as the year progresses. However, the Council has recognised that this will be a very large change programme, possibly leading to a reduction in staff of 10 % - 15%. To achieve the savings anticipated there will need to be an investment in service delivery and change management and this is also set out in high level form in the reports to Cabinet. As in the past, this means that the Council has not set "blanket" savings targets for services but rather has sought to use its current position of relative financial strength to plan changes in a way that enables members to consider those areas for investment/reduction based on a series of considerations including impact on performance, assessment of need, importance to local community, achievability, efficiency comparisons etc. Members' views are informed through a variety of mechanisms including the budget and Community Plan consultations. Reports from the budget consultation process for 2010/11 have been circulated to Cabinet and are available on-line at www.richmond.gov.uk (under the consultation pages).

5. Looking Forward

5.1 The National Funding Context

5.1.1 The 2007 Spending Review (CSR07) and the associated 3 year funding settlement for Local Government were published in November 2007. The increases for the 2010/11 were confirmed in November 2009. No announcement has been made for future years at this stage and, given the impending general election, none is expected until late spring/early summer 2010 at the earliest. The Council must therefore plan on the basis of the information available (set out in para 3 above).

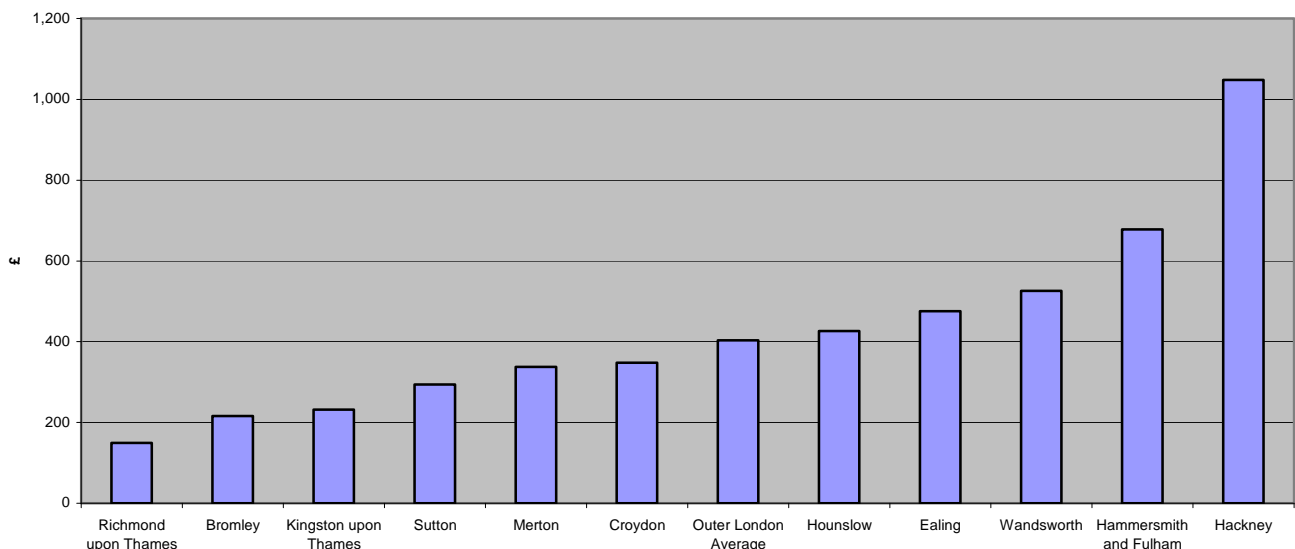
5.2 The Local Government Finance Settlement

5.2.1 There were few surprises in the confirmation of the figures for the current year. As we are now in the final of the three years announced, the planning in this document extends beyond the grant announcement and we have therefore made an assumption that grant will be frozen in the final two

years of this strategy. Our financial modelling further considers the impact of a reduction in this figure. There also continue to be some changes to Area Based Grants (ABG) and in line with our previous policy we have broadly matched expenditure levels to the grants received.

- 5.2.2 The retention of the system of “floor” damping remains critical for the Council. The “floor” mechanism provides a minimum level of increase in the amount of Formula Grant to be received by an authority. Without it, authorities would receive the unadjusted amount of Formula Grant as calculated by the Government.
- 5.2.3 In 2010/11, Richmond will receive £28.015m in Formula Grant a cash increase of £0.4m over the equivalent figure for 2009/10. To put this into context, the detailed budget calculations include over £1.4m for inflation alone. This illustrates the scale of the financial challenges facing the authority. It should also be noted that the value of the “floor” mechanism to the Council stands at around £18m or 66% of the total Formula Grant. The level of floor protection has fallen from 1.75% in 2009/10 to 1.5% in 2010/11 and our financial model assumes it may fall again to 0% in 2011/12. This effectively builds in even larger real terms reductions in resources for Richmond than for Local Government generally.
- 5.2.4 The Amount of Formula Grant to be received by the borough equates to £149.68 per head of population. This is the lowest amount of funding per head in London and 3rd lowest nationally amongst Unitary Authorities. The chart overleaf shows comparisons with a selection of London Boroughs and the outer London borough average. The next lowest funded London Borough, Bromley, receives over £66 per head more than Richmond. Funding at this level for Richmond would yield an additional £12.3m in grant which would allow a reduction of 10.8% in the Council Tax. **Funding at the Outer London average level (£403.71 per head) would yield an additional £47.5m in grant, enough to reduce Council Tax by approximately 42%).** The Council continues to make the case to Government for a review of its treatment via the formula grant. The Government responded to the borough’s case by promising to take account of our comments in deciding on the final settlement but, ultimately, made no changes.

Formula Grant per head 2010/11



- 5.2.5 After the direct funding of schools through DSG is allowed for, Richmond’s support from Revenue Grant and Business rates makes up around 20% of the remaining budget requirement - compared to a national average of nearer 50% reflecting the twin impact of the low level of grant implied by the Government’s formula and the relatively high Council Tax base.
- 5.2.6 Local authorities are currently facing significant and unavoidable spending pressures, which will continue into future years. These include the escalating costs of pensions, waste disposal, social care, any knock on effects of NHS funding issues, increasing energy charges, pay and workforce pressures, and potential grant fluctuations as a result of demographic changes.

5.3 Outlook for the Public Finances

- 5.3.1 The financial crisis and recession has left the country with a high deficits and levels of debt. The Government is planning to pursue a policy of deficit reduction based on a combination of expenditure reductions and tax increases for some years to come.
- 5.3.2 Much time has already been spent in trying to work out just how bad the impact will be on public finances with, nationally, politicians of all parties moving from a position of focussing only on the need for efficiencies to a point where the language has become one of “cuts” or even “savage cuts” in public spending. The precise impact on local government will only be known once decisions have been taken as to the balance of spending cuts and tax increases and which, if any, services are to be protected.
- 5.3.3 There has been increasing publicity over the national increase in the burden of Council Tax over the last 10 years. In Richmond the increase has been largely brought about by consistently poor grant settlements accompanied by increases in demand for services particularly in the area of social care.. When making the recent Government Grant announcement for 2010/11 (see Briefing Note at Appendix C), the Minister indicated her expectation that the average Council Tax increase for 2010/11 would be below 3%.
- 5.3.4 The deepening economic crisis has increased further the public expectations for restraint in Council Tax increases and public spending generally but has also opened up discussions at a national level on how the expectations of services may also need to change i.e. discussions have ranged from the “Easy-Council” or “John Lewis” approach at a whole Council level to the production of a green paper on various potential changes to funding for adult social care.

5.4 Public expectation

- 5.4.1 Results from the 2008 Place Survey illustrate how the public expectations issue plays out locally. The vast majority of residents (92%) are satisfied with Richmond upon Thames as an area. This is the second highest level of satisfaction in London and significantly above both the London and national average (74.9% and 77.5% respectively). In Richmond upon Thames satisfaction with the Council was 53%. This is slightly above both the London average (49%) and significantly above the outer London average (46%).
- 5.4.2 In terms of value for money around a third of residents (30%) feel that the Council offers value for money, while a third, do not (36%). Those who are satisfied with the Council are more likely to feel it provides value for money (53%). The proportion of residents agreeing the Council provides value for money (30%) is in line with the outer London average (30%).
- 5.4.3 Attendees at the annual budget consultation event undertaken in November 2009 with a cross section of local residents discussed the Council's budget and service priorities in the context of likely constraints on public expenditure. Following this, just over half (52%) of attendees felt the Council provides value for money while just 16% disagreed. The event also highlighted some of the public's key priorities in terms of investment in local services. The top three service priorities included social services and care for older people and vulnerable adults; activities for young people and tackling crime and anti-social behaviour.

5.5 Capital Expenditure

- 5.5.1 A review of the capital element of the MTFs and the Capital Programme for 2010/11 to 2014/15 are to be considered by Cabinet in February 2010. This Capital Programme represents the largest investment programme ever set out by the Council totalling over £200m during the 5 year period. The key feature of the current programme is the continued dominance of Education projects (73% of the total programme over the next 5 years). This reflects the increased resources being provided by Central Government for the redevelopment of secondary schools on top of the Council's own investment plans for primary school expansions. In particular £55m is included for the first time in relation to the proposed change of three of the Borough's secondary schools into Academies. It should be noted, however, that overall funding still falls some way short of the Council's estimated need for investment in Education services and we continue to seek alternative forms of funding.

5.5.2 The table below shows some of the key capital indicators for forthcoming years. Internal financing through capital receipts or the use of reserves forms a diminishing element of financing over the next three years and as new capital receipts are expected to be very limited during the current economic downturn, they disappear as a funding option after 2012/13. Capital grants are key to the programme reflecting Central Government investment in Education projects. The funding gap for the programme is increasingly taken up by borrowing as time goes on. This, and the use of internal resources which are currently invested, will impact on the revenue account through increased debt servicing costs and reduced earnings from interest. 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 and, particularly beyond 2010/11 the programme can be considered to be no more than indicative at this stage.

	2010/11 £000s	2011/12 £000s	2012/13 £000s	2013/14 £000s	2012/13 £000
Total Capital Expenditure	77,468	47,544	45,609	24,106	12,575
Capital expenditure to be funded from reserves and capital receipts	7,284	7,468	5,687	0	0
Capital expenditure to be funded from grants and contributions	44,293	23,914	28,806	13,366	3,558
Capital expenditure to be funded from borrowing	25,891	16,162	11,116	10,740	9,017
Estimated Debt Outstanding at 31 st March	67,372	79,698	83,242	88,846	92,727

5.5.3 The Capital Programme remains a key means by which the Council is able to deliver the priorities set out in the Community and Corporate Plans. It is underpinned by robust governance arrangements designed to ensure that resources are directed towards the Council's priorities and that investment decisions are affordable as well as effective.

5.6 Working in Partnership

5.6.1 The Council and our local partners have a strong commitment and good track record of working in partnership. This was recognised in the CAA 2008 and shown through specific action on addressing the impact of the economic recession, in our joint commissioning work with NHS Richmond (NHSR) and engagement with the voluntary sector.

5.6.2 As the impact of the financial crisis bites in the public services, delivery through partnership will be even more important and our strategic approach to both finance and service delivery will increasingly need to build on strong partnership arrangements.

5.6.3 The key partner organisation in financial terms is NHSR. For some years, the Council and NHSR have shared information about their respective financial strategies. At its meeting on 18 January 2010 the Cabinet agreed to proposals for closer joint working with NHSR and this will enable agreement on shared priorities and better joint planning of expenditure over the short, medium and long term for both organisations. The Council receives some £10m in NHS funding relating to Adult Services and shared budgets to the value of £1.0m are in place in respect of the Joint Equipment Service. A number of key posts are jointly funded and appointed including a Joint Director of Public of Health (approved by Cabinet November '09), a Joint Commissioner – Mental Health with two Joint Directors of Community Commissioning (expected to be approved by January Cabinet). In addition we have fully integrated Community Mental Health Teams, Health and Social Care Locality teams and the Intermediate Care Team. The next phase of work towards greater integration will include more sharing of support functions and co-location of some staff.

5.6.4 The Council is working closely with Richmond Council for Voluntary Services and Richmond Citizen's Advice Bureau to develop options for the accommodation of a number of voluntary sector organisations in a single building to form a "Charity Hub" by the end of March 2011. At its meeting on 18 January 2010 the Cabinet agreed to proposals to lease or purchase a property which will be managed as a social

enterprise by, and for, the local voluntary sector. As well as making more efficient use of office space in the sector, it will offer an improved quality of accommodation for organisations participating in the project and opportunities for organisations to collaborate and share resources. The Cabinet report can be viewed at the following link:

http://www.richmond.gov.uk/council_committees_list?mgl=ieListDocuments.asp&CId=163&MId=2221&Ver=4

- 5.6.5 The Business Skills and Economic Development Partnership (BSEP) developed the borough's Recession Action Plan which has been endorsed by the wider Local Strategic Partnership. The plan includes actions to support affected groups, including professional/executive unemployed and young adults. The Partnership produced a number of leaflets to signpost essential support for individuals and businesses. The BSEP is also playing a key role in the development of strategic direction for the borough's economy. The Partnership, along with other LSP partners, is helping to scope the new local Economic Assessment which will inform future Economic Development Strategies and Community Plans.
- 5.6.6 The Community Safety Partnership which includes the police, council, PCT, probation and Fire Brigade, is delivering safest London borough status for Richmond upon Thames. Successes include reduced perceptions of graffiti and other forms of anti-social behaviour as a problem (demonstrated by the Place Survey) and reductions in property crime and violence. The Community Police Partnership (CPP) continues to be an exemplar of how to engage with the local community. Its recent successes have included a very well attended Face the People meeting. The CPP has also won an award from the Metropolitan Police Authority for their work with older people, alongside colleagues in Adult and Community Services. The award winning project introduces vulnerable adults to their Safer Neighbourhood Teams to help them reduce the risk of them becoming victims of crime, and feeling safer in their homes and communities.

5.6 Key Risks/Opportunities

- 5.6.1 Although the Council receives only 19.6% of its non-school funding from Government, demands on services, changes in grant regimes and legislative changes can all have a significant impact on the Council's budget. The current Government grant proposals reflects a continued tightening of public finances – with 66% of the Council's general grant being reliant on the "floor" regime, any move away from this protection would leave the Council facing a very serious financial position. The major identified risks are considered in more detail in Annex 3 and some of the key/changing risks and opportunities are drawn out below:

Key Risks	Key Opportunities
<ul style="list-style-type: none"> • Long term economic recession • Long term reduction in Government funding for Council and partners • Waste Disposal costs • Increasing numbers/cost of childrens' services • Increasing demand for adult social care • Return of rising inflation against reduced funding • Treasury/pension costs 	<ul style="list-style-type: none"> • Overall efficiency strategy • Government funding of schools capital investment • Short term cost reductions through deflationary pressures • Savings from partnership working including joint commissioning

- 5.6.2 Opportunities through changing the way services are provided or increasing income are covered in detailed service plans for each service. The Council is continually seeking to work with its major partners and, where possible, with other authorities to maximise the use of combined resources. This is reinforced through the Local Area Agreement (LAA), which has been agreed with the Council's major partners. The Council is currently working on a number of projects with Capital Ambition (pan London body supporting efficiency projects) to ensure that any opportunities for better procurement can be implemented quickly.

- 5.6.3 The revenue investment priorities and planned efficiencies have been set out in more detail in each of the budget review reports considered by individual Overview and Scrutiny Committees. Allowance has also been made in the current budgeting assumptions for the major capital investment plans. More details on this position have been set out in the revised capital strategy.
- 5.6.4 The programme identifies that the Council will rapidly become almost entirely reliant on borrowing and Government grants to support its capital expenditure. The revenue programme reflects the expected loss of investment income/cost of borrowing as this position develops but this will clearly mean that the Council will become more vulnerable to Government restrictions on borrowing / changes in borrowing regulations in the future. In particular, under the current revenue grant regime, it is clear that the Council is receiving no additional government support for new borrowing allocations i.e. the whole cost of any new borrowing will fall on Borough taxpayers. Hence the level of future capital expenditure must be considered uncertain at this time.
- 5.6.5 The Council's inflationary pressures are very uncertain in the medium term. The Retail Prices Index (RPI) was negative when the MTFS review process was concluding in October 2009 , however, both RPI and RPIX (excluding mortgage interest) have risen sharply to 2.4% and 3.8% respectively and the Consumer Prices Index (CPI) which the Government uses as its inflationary benchmark stands at 2.9%. Various economists and major firms provide forecasts for inflation but the range at the present time is so large to be of little use. Our assumptions and the risks associated therewith are set out in the appendices of this report, however, whatever this position, it is clear going forward that any growth has to be at least matched by equivalent savings/income. To give a feel for what effect different elements of expenditure can have on the Council's budget:
- A 1% increase or decrease in the pay award equates to £700k or 0.6% of Council Tax
 - Each additional £1m revenue expenditure equates to a rise in Council Tax of approximately 0.9%.
 - To reduce Council tax by 1% requires savings of approximately £1.1 -£1.2m.
 - Borrowing of £1m over a 25year period adds approximately £70k per annum to the Council's expenditure.
- 5.6.6 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.

6. **Conclusion/Forward financial strategy**

6.1 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 three years:

(Note: Includes use of balances etc)

	2010/11 £000	2011/12 £000	2012/13 £000
Opening Base Budget (previous year)*	141,260	142,958	150,688
Inflation and associated increases	1,438	4,159	4,333
Government/Outside body led growth	2,729	2,091	1,540
Demand led growth	2,045	1,060	1,060
Investment priorities	591	883	786
Efficiency proposals / income generation	-4,080	-1,593	-246
Other growth and savings	-1,025	1,130	986
LBRUT Budget Requirement	142,958	150,688	159,147
Formula Grant	-28,015	-28,015	-28,015
Collection Fund	-500	-250	0
LBRUT CTAX Requirement	114,443	122,423	131,132
CTAX Base	88,895	88,995	89,095
CTAX Richmond Element	1,287.39	1,375.61	1,471.81
%age increase	0.00	6.85	6.99

* Opening position adjusted annually to allow for known transfers into/out of revenue grant and Government decisions to transfer specific grants to Area Based Grant or Formula Grant

The increase in the Council's budget requirement for 2010/11 is 1.2% which is considerably lower than the previous 3 years (average 4.2%). This is primarily due to the reduced impact of inflation and a larger than usual programme of efficiencies.

6.2 The figures in the model above have been set at the prudent end of our expectations although not at the worst case scenario. As it stands, the figures imply Council Tax increases of nearly 7% in 2011/12 and 2012/13. These are above the historic capping limit of 5% and considerably in excess of what the Government and local residents would regard as reasonable or acceptable. Following the announcement of the final grant settlement for 2010/11, the Government has stated that, "we expect the average Band D council tax increase in England to fall to a 16 year low".

6.3 Achievement of the £10m-£15m of efficiencies envisaged under the Efficiency Challenge would reduce Council Tax increases shown in the model to between an average of 3.2% - 4.5% over the period 2011/12 to 2013/14.

- 6.4 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.

Description	£	%
Employee Costs	77,411	34.8
Premises Costs	12,485	5.6
Transport Costs	9,505	4.3
Supplies and Services Costs	19,595	8.8
Third Party Payments*	90,572	40.7
Transfer Payments	8,219	3.7
Treasury	2,868	1.3
Central Items	1,620	0.8
	222,275	100.0
Funded by:		
Income from fees, charges etc.	-53,311	24.0
Government Grant		
Formula Grant	-28,015	12.6
Other Specific Grants	-26,006	11.7
Council Tax	-114,943	51.7
	-222,275	100.0

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

The key 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.

- 6.5 The budgeted impact of inflation in 2010/11 is considerably lower than in “normal” years. The impact of the financial crisis has seen inflation fall to very low levels and, in particular, there is an expectation of a very low pay award for the forthcoming year. To put inflation in context, a 1% increase in staff costs equates to £0.8m and a 1% increase in other costs equates to £1.4m. The model assumes a return to “normal” for general inflation rates over the next 3 – 5 years but that pay awards will be held at levels below general inflation.
- 6.4 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 elderly and children requiring care. In common with all local authorities, this has put immense pressure on finances and the problem is particularly acute in Richmond as there is often no increase in funding to support the unavoidable increased costs. The MTFS assumes that these pressures will continue into the future. 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 £40m on the provision of care for all client groups so a 1% increase in costs or client numbers would cost £0.4m. This expenditure is included in the Third Party Costs figure in the table.
- 6.5 Most major service contracts usually have an annual uplift linked to a specific measure of inflation. There is a risk that the use of a particular measure may lead to volatility in costs which is out of step with other areas of Council expenditure. For example, the December 09 figure for RPI is 2.4%, for RPIX is 3.8% and for CPI is 2.9%. In addition, the updates normally relate to a specific month and this can have a significant impact on cost. For example, the November RPI figure was 0.3% which is well below the December figure of 2.4%.
- 6.6 The Council is currently suffering reduced income from a number of important sources (e.g. planning fees, building control fees, land charges). 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 rebound in the future, there will remain the underlying risk of shortfalls. The Council currently budgets to collect around £53m in fees and charges.

- 6.7 The final variable is the level of Government support for services. This comes to the Council in a variety of ways e.g. Formula Grant, Area Based Grant, Specific grants and, as discussed earlier, will be under severe pressure for the foreseeable future as the Government takes steps to reduce the record public sector deficit. Government Grants of all sorts currently total £54m so a 1% fall would cost the Council £0.48m.
- 6.8 To summarise, a 1% worsening in each of the factors above would lead to additional costs of £3.6m which equates £40.50 or 3.1% on the Council Tax. This clearly illustrates the potential impact of the volatile risk factors underlying the budget.
- 6.9 The current strategy is intended to maintain financial stability into the medium term . On current assumptions, as shown above, savings of between £10-£15m would yield an average rise of between 3.2% - 4.5%. To further reduce the Council Tax increase to (say) 2.5% over the next 3 years would require additional budget reductions of between £2.5m p.a. (assuming £10m achieved from Efficiency Challenge) and £0.8m p.a. (assuming £15m achieved from Efficiency Challenge).

7. Priorities and Planned Actions

Key priorities for the Administration include:

- Investments in sustainability with the aim of reducing the Council's "carbon footprint"
- Continuing to ensure efficient use of resources
- Investment in Youth provision
- Additional investment in school infrastructure
- Supporting the local economy through the current recession
- Aligned with the sustainability agenda – action on improving recycling and reducing waste

Action planned against MLTFS objectives:

Objective 1: To set the lowest Council Tax increase consistent with the provision of high quality local services (maintaining the current aim of sub-5% increases)

- Continue to improve long term service planning to identify savings and efficiencies to meet budget requirements.
- Identify proposals to begin to address the significant gap in the Councils finances in 2011/12 and beyond
- Continue lobbying Government for better resourcing.
- Seek to maximise all income sources where consistent with policy priorities
- Set sub-5% Council Tax increase for 2010/11 and beyond

Objective 2: To manage spending within the overall budget levels agreed

- Improve regular budget/performance monitoring including monitoring reports focussed on key financial and performance risks.
- Review services where major projected overspends occur and identify action plans to contain.
- Take action to address any projected overspends in-year.

Objective 3: To maintain prudent levels of reserves whilst, still ensuring that those reserves that are available are targeted at the Council's key priorities

- Maintain regular review of investment programmes particularly in light of the need to balance priorities for additional investment in schools, youth and sustainability, with the limited resources available to the Council.
- Update policies on balances and reserves when setting budget
- Continue to identify opportunities for bidding for Government/other external funding

Objective 4: To deliver year on year efficiency improvements

- Continue/enhance unit cost comparisons to drive more detailed reviews
- Further development of the locally based Call Centre and the enabling of transactions with the Council to take place electronically (if residents so wish) aiming to improve the efficiency and responsiveness of the whole organisation.
- Focussed review of major contracts and spending areas
- Expand existing efficiency programme

Objective 5: Address the increased budgetary pressures created by the current economic climate and create opportunity for strategic and sustainable front line service investments

- Regular review of existing financial plans
- Revise and keep under review Treasury Management Policies.
- Implement Economic Recession and Recovery Action Plan
- Complete Richmond Works project
- Work jointly with PCT and other partners to maximise resources in an increasingly difficult funding climate

Objective 6: To support a prudent level of capital investment to meet the Council's strategic priorities and work to identify alternative funding sources

- Resolve funding in respect of Academies Programme
- Review primary investment options and seek further funding.
- Investigate alternative funding options with Government
- Maintain or increase the percentage of capital programme delivered.

Objective 7: To enable longer term planning in the delivery of the Local Strategic Partnership's and the Council's strategic vision and objectives

- Aim to link budget consultation in with wider public consultation exercises.
- Progress health integration plans.
- Deliver detailed business cases following organisational review by end of Summer 2010.

Directorate	Description	2010/11 £000	2011/12 £000	2012/13 £000
All	Base Budget (including ABG)	141,260	142,958	150,688
All	<u>Inflation</u>			
	Employees	93	1,501	1,586
	Other	1,345	2,658	2,747
		1,438	4,159	4,333
	<u>Impact of Grant Changes</u>			
All	Increases in Employers GNI Contributions	0	600	0
All	Other Grant Changes	209	60	60
		209	660	60
	<u>Impact of Outside Body Changes</u>			
ACS	Concessionary Fares	1,283	491	540
ENV	West London Waste Authority	700	700	700
FCS	Levies	226	200	200
FCS	Land Charges Income	250	0	0
All	Supplementary Business Rate	79	0	0
All	Other	-18	40	40
		2,520	1,431	1,480
	<u>Demand Led Growth</u>			
ACS	Care Services for Older People / LD	1,000	500	500
CSC	Looked After Children / SEN	185	500	500
CSC	Southwark Judgement	300	0	0
ENV	Reduced income levels	500	0	0
All	Other	60	60	60
		2,045	1,060	1,060
	<u>Investment Priorities</u>			
CI	Treasury (Changes to the Capital Programme)	591	883	786
	<u>Efficiencies / Income Generation</u>			
ACS	Self Directed Support	-1,200	-500	0
ACS	Transport Review	-250	0	0
ACS	Detailed Line by Line Budget Review	-1,001	0	0
ACS	Adult Social Care Transformation	-50	0	0
ACS	Income budgets	-50	0	0
CSC	General staffing / structural review	-144	-212	0
CSC	Libraries service efficiencies	-85	-20	0
CSC	School Effectiveness additional income	-20	-20	0
CSC	Connexions review	-45	0	0
CSC	Review of Departmental Initiatives	-35	0	0
CSC	Music Trust Grant	-10	0	0
CSC	Sports and Fitness Centre Maintenance	-10	0	0
ENV	Catering Review	-52	0	0
ENV	Streamline vehicle use by Veolia (in progress)	-100	0	0
ENV	General Efficiencies - Salaries etc	-313	0	0
ENV	Improved Efficiency of Street Cleansing	-100	0	0
ENV	Increased income on Transport	-100	0	0
ENV	Change from 'regular diesel' to recycled oil	-40	0	0
ENV	Re-alignment of Income Budgets	-170	0	0
ENV	Richmond Works	0	-600	0
FCS	Benefits Workflow	-46	0	0
FCS	Banking Contract	-25	0	0

Section H

FCS	Credit Card charges	-90	0	0
FCS	Review of Support Budgets	-94	0	0
FCS	HR / Payroll Review	-50	0	0
All	Reduction in Supplies Budgets	0	-241	-246
		-4,080	-1,593	-246

Other Growth and Savings

FCS	Local Election	200	-200	0
FCS	Support for Customer Relationship Man. System	105	0	0
ACS	Corporate Performance Team	148	0	0
CI	Civic Centre Lease	-2,339	0	0
CI	Treasury (Effect of Interest Rate Changes)	718	-24	-362
All	Reduced Use of Balances	0	250	250
All	Employers Pension Contributions	0	1,104	1,098
All	Other	143	0	0
		-1,025	1,130	986

Final Budget (inc ABG)

142,958	150,688	159,147
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Acronyms used

ACS Adult and Community Services
 ENV Environment
 CSC Children's Services and Culture
 FCS Finance and Corporate Services
 CI Central Items

ABG Area Based Grant
 DIR Directorate
 HB Housing Benefit
 HR Human Resources
 LD Learning Difficulties
 SEN Special Educational Needs

Significant Known/Committed Cost Pressures

Inflation

Details of items included in the inflation figure are set out below. In 2010/11, the overall impact of inflation is expected to be extremely low. Longer term it is far more difficult to predict. The assumptions built in below draw on a number of sources including HM treasury projections.

Inflation – Salaries and General Prices

This needs to allow for the projected pay award in 2010/11, incremental progression on salaries and general price inflation. The Local Government pay award is not yet known but it is expected to be very low or nil. A number of political statements have been made stating that from 2011, for at least 2 years, public sector pay increases will be restricted to a maximum of between 0% and 1%. The projections in the MTFS allow for a potential 0% increase in salaries in 2010/11 and anything more will be met from an enhanced contingency fund. 0% is also allowed in 2010/11 for most other expenditure and income - although specific work will be carried out in significant areas of the budget where inflation rates may vary significantly from the standard. The cost of increments is calculated on an individual basis. As part of the overall efficiency drive, supplies and services budgets continue to receive no inflation over the life of this plan but salaries are assumed to increase by 1% in both 2011/12 and 2012/13.

Inflation – Energy

The budgets for 2009/10 were increased significantly in the light of known and expected price increases. In the event these increases have proved less than projected and 2010/11 gets a one off benefit from the reduction in the budgeted costs. Looking forward energy costs are very difficult to predict with events overseas and currency values having an impact as well as current decreases in demand. These estimates assume increases in 2011/12 and 2012/13 will average 10%.

Inflation - Pensions

The latest triennial valuation of the Council's fund was completed in 2007. At that time the actuary advised that the contribution rate to be paid by the Council should remain at the 23.9% agreed at the latest valuation. Since that time the investments of the fund (in common with others) have declined significantly and the value of liabilities have increased. It must now be assumed that a further increase will be necessary in 2011/12. It is extremely difficult to predict what this will be, as there are other changes related to "cost-sharing" with employees under discussion which will affect the final outcome. This plan assumes a further 2% increase may be required – but this should be seen as a worst case scenario.

Inflation – Contracts

The Council has a significant level of outsourced services run under contract with the private sector. Most of these contracts have either specific inflation indices built into them (often RPIX or industry specific) or require renegotiation on an annual basis such as social care spot purchases. The 3 year figures assume a return to inflation of 2.5%.

Inflation and the economy also impact on the value of capital contracts. As inflation and the economy recovers it is expected that building prices will start to rise again. The Council will continue to manage this within its existing capital programme.

Capital Financing Costs / Investment Income

The Council still has a significant capital programme and, although much is funded through Government Grant, the current plans would still see an increase in borrowing of £70m over the next 5 years. The cost of financing 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.

Social Services growth and efficiency measures

The restructure and modernisation of these services has continued to yield both performance and efficiency gains. The continued work on implementing Self Directed Support and the introduction of reablement services are aimed at continuing to make our services more efficient and effective. However, reablement efficiencies have taken longer to deliver than originally anticipated and the underlying cost and demand pressures remain high. Managing this area of spend is a key risk for the Council and its health partners.

Primary School expansion and Secondary School 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 primary places.

In the secondary sector the Council already has one major Secondary school rebuild underway and has made significant investments in two others. It has an approved Academies programme which is still subject to final funding agreements. In the primary sector, in recognition of the need to significantly expand the number of places to meet demand in each of the coming years, the Council has begun an expansion programme and is actively seeking a site for a new school. Again it continues to discuss with Government the potential funding opportunities as, particularly in the current economic climate, the Council's funds are likely to become ever more limited.

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). In addition the Councils leaving care budgets have been increased following the "Hillingdon Judgement" in relation to care for unaccompanied asylum seeking children and the "Southwark Judgement" in relation to young homeless persons. This will be kept under close review throughout the year.

Levies

Most levy increases except West London Waste Authority (WLWA) have been assumed at 0% for 2010/11 and 2.5% for future years and included in the inflation figures.

Waste Disposal Costs

We have made significant progress in projecting waste disposal costs with WLWA but a large amount of educated "guesswork" is still required around reductions in use of landfill, increased recycling etc. The final levy increase is subject to both our and other boroughs tonnages. The increase is expected to be lower than previously anticipated partly due to new disposal contracts and partly due to lower than projected waste tonnages. This has allowed the increase in contributions to this budget and the reserve fund associated with it to be reduced from this year. The current provisions made within the budget allow for the projections including increases in Landfill Tax and a reserve fund to smooth any impact of potential Landfill Allowance Trading Scheme (LATS) penalties (which could be imposed after 2011/12).

Recycling / Waste Collection Costs

Changes in the waste and recycling service have resulted in a significant increase in recycling rates. The contract continues to be reviewed with a view to reducing costs and continuing to push up recycling rates. The Waste and Recycling reserve will be used to meet any one off investment requirements.

Concessionary Fares

This area has become very complicated with changes to the cost distribution methodology and the introduction and subsequent change in a specific Government grant relating to the national roll out of concessionary fares to all those over 60yrs. The estimates currently allow for the impact of London losing approximately 50% of the Government grant that was originally allocated. It must be considered that a worse case scenario could see London lose the majority of this direct Government support, with a best case scenario being that support is increased to reflect the full extent of the scheme in London.

Risks and Opportunities

Current economic climate

The current economic climate presents probably the biggest single risk to the Council. The MTFs currently allows Government Funding to be static in cash terms (reducing in real terms), for salaries inflation to remain low and general inflation to return to an average of 2.5%. For the public sector there is an expectation, as set out elsewhere in these papers, that funding will be severely restricted even with an economic recovery to normal growth levels. The Council maintains a model that reviews potential changes in funding/costs and this is reported on elsewhere in the main MTFs.

Government Funding

The Government funding position is unlikely to become clearer until after the General Election, however, it is clear that public spending will be restricted with some scenarios showing 5-7% reduction in real terms expenditure for a number of years.

The “floor” mechanism has provided a welcome protection against the worst effects of recent changes in grant calculations. This now provides protection at some 66% (almost £19m) above the “real” grant calculations and the removal/reduction of the floor presents an increasing risk beyond 2010/11. Clearly across this longer timescale there remains a possibility of a wholesale change in Local Government funding but this currently seems a very remote possibility.

The one opportunity in terms of Government funding is in terms of bids for primarily capital expenditure and we continue to be proactive in particular in regard to Education, although even these opportunities must be expected to contract in the near future with the Governments own figures showing a 50% reduction in capital expenditure.

Waste Disposal

The Council's trade and domestic refuse is dealt with via a statutory body – West London Waste Authority (WLWA). Although this Council has a good record in terms of recycling, much of the waste generated is currently disposed of to landfill sites. Legislation means that WLWA will face increasing restrictions on the level of waste it is expected to send to landfill sites and rapidly increasing penalties if it fails to achieve these targets. The Waste Authority estimates that it will be able to avoid penalties until 2011/2012 but beyond that the picture is less clear and depends on the success of its new disposal strategy. For various reasons WLWA believes penalties are unlikely to be imposed in the near term but we will need to keep this under close review.

Homelessness/Asylum Seekers

Asylum Seekers grant is has become a significantly smaller issue for this Borough in recent years, although recent decisions on support required for young asylum seekers (the so-called Hillingdon judgement) has introduced a significant budgetary cost.

On homelessness generally, the current projected downturn in the economy combined with a reduction in the rate of housing benefit subsidy for homeless households in temporary accommodation represents a significant upward pressure on the housing budget and the Government continues to seek to restrict the level of rent on which it will pay benefit.

Investment Income/Capital Investment

The Council has a significant investment portfolio and therefore the revenue budget is more vulnerable to interest rate movements. Some of this risk has been removed in recent times as we have reduced the budgeted rates for investment income, however, this remains a significant source of income. The Council previously took action to lengthen the term of some of its investments to provide some protection against such movements but in recent times, with increasing concerns about financial institutions portfolio length has been reduced. The proposed capital programme investments, combined with greatly reduced opportunities for capital receipts,

means that net borrowing costs have and are projected to continue to rise in the future. This will be the subject of regular review by officers and Members.

Direct Grants

The Council receives £19m in direct Government Grants. Similar to the general grant it must be considered that much of this will be at risk of reduction as the Government seeks to reduce public expenditure.

Fees and Charges

The Council will review all existing fees and charges and ensure that opportunities for new sources of finance are investigated in accordance with the Corporate Fees and Charges Policy. However, it should be noted that there are risks inherent in having large parts of the budget financed by potentially volatile income streams and these are particularly apparent in the current economic climate.

Pension Fund

Stock market volatility combined with continuing increases in longevity means there remains a long term risk here. However, the Pension fund is an issue which has to be considered from a very long term perspective and the Council's Investment Committee is charged with taking that longer perspective. There are also proposals being developed to introduce "cost-sharing" between employers and employees for future changes which should, to a limited extent, mitigate some of the impact on employers.

NHS/PCT funding

Of all the Council's partners, the PCT is the one whose funding and funding decisions can have a significant impact on the Council's services. We continue to work closely together to achieve efficiencies which we hope will help contain the significant growth pressures on social care services.

Social Care Funding

The Government has recently announced a promise of free care for the elderly with the highest level of care needs. It has estimated the costs of this and will provide approximately 2/3rds via a special grant with the rest to come from "Local Government efficiency". The Borough's own calculations, based on the information provided so far, indicate that costs may be significantly higher than the funding proposed by Government.

Richmond Works

The Richmond Works project which aims to enable flexible/homeworking. The project is scheduled to complete in 2010 and minimum expected lease savings are included in the 2011/12 projections shown.

ICT/E-Government investment

The Council has an ICT strategy and agreed list of prioritised projects. These developments will offer the opportunity for efficiency and/or service enhancement. It should also be recognised that this remains a rapidly changing environment and the demand for changed levels of service and enhanced information means that demand for investment is likely to remain at a high level.

Dedicated Schools Grant

Similar to other Government funding streams the level of support to schools in the future is unclear – although the Government continues to refer to this sector as being likely to be protected from the worst impact of cuts in funding. One of the major concerns for the Council's wider budget is that the budget provides sufficient funding for both schools expansion and meeting the full cost of Special Educational Needs placements which have continued to grow in recent years.

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.

Review of Revenue Reserves and Balances

The budget report for 2010/11 contains a full list of revenue reserves and balances with an analysis of expected changes in the current year which indicate that there is likely to be an overall reduction of around £2m. Despite the projected use of £6m (bringing to approximately £35m the amount of reserves utilised in the last 4 years) this is a smaller change than originally forecast because of the current forecast underspend, one off receipts from VAT refunds and receipts of one off funds for LABGI / PSA funding.

It is extremely difficult to predict the future level of all reserves and some, such as insurance and pension reserves, are only calculated at year end and, for school balances in particular, projections provided by schools have proved unreliable in the past. Included within these funds is some £17.4m which is held on behalf of other parties, for statutory purposes, linked to specific PFI payments or used for internal insurance purposes. Both the Insurance fund and the S117 Reserve are due for review at the year end and could be subject to reduction. Outside of this, the Administration does not consider any major changes can or will be made to the purposes for which they are held.

The remainder of the funds are largely made up of a number held as general reserves against budgetary risks to the Council and those committed to investment in the Council's infrastructure. In last financial year expenditure from reserves exceeded £9m and for the current year this is expected to be around £6m.

From a strategic viewpoint, the Administration is delivering on its belief that the reserves should be utilised through targeted investment in key Council services. In particular this investment has gone into improving schools, investing in youth, community and sustainability developments. 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 now stands at £11.46m which is around the middle of the Council's agreed range and the plans continue to assume the use of some £2.25m to support Council Tax levels over the next four years. Assuming no further contributions, this will reduce the reserve to £9.2m which will be around 5-6% of the net budget (excluding schools). Using the current policy of 5% being the minimum prudent level to hold general reserves, 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 – the **Infrastructure Fund** – stands at £5.2m and was earmarked for improvements in parks, libraries, highways and modernisation initiatives (Richmond Works). Much of this fund has now been committed and it is expected that this fund will have reduced to £2.5m by the year end primarily as a result of expenditure on Schools and the Accommodation Strategy.

The **Waste and Recycling Reserve** has been used (along with a significant element of the R&R Fund) to meet the costs associated with changes in waste collection and recycling. This is very much an "invest to save" initiative aimed at avoiding the increasing costs associated with Landfill Tax. In order to keep our budget provisions in line with anticipated costs up to 2011/12 the additional contributions being made to this contingency have been reduced to £700k from 2010/11, although part of this increase will be required to meet increased levy costs. The **Repairs and Renewals fund** is currently programmed to begin to be replenished in the current year as repayments exceed expenditure for the first time since the fund's inception.

Of particular note for 2010/11 is the establishment of the new **Recession and Recovery Fund** aimed at providing practical support to the local economy and the new **Efficiency Reserve** which will provide support for schemes aimed at achieving long term efficiencies for the Council.

Overall reserve position

Overall reserves and balances stood at £46.7million at the end of the 2008/9 financial year and we currently project they will reduce to around £45m by the start of 2010/11.

LONDON BOROUGH OF RICHMOND UPON THAMES

CABINET

DATE: 22 FEBRUARY 2010

REPORT OF: DEPUTY LEADER AND CABINET
MEMBER FOR RESOURCES

LEAD OFFICER: DIRECTOR OF FINANCE AND
CORPORATE SERVICES

SUBJECT: CAPITAL BUDGET 2010/11 TO 2014/15

WARDS: ALL

KEY DECISION?: YES

IF YES, IN FORWARD PLAN?: YES

For general release

1. PURPOSE OF THE REPORT

- 1.1 This report considers the 5 year programme for 2010/11 to 2014/15 and provides details of the proposed capital investment programme for 2010/11.
- 1.2 The Medium Term Financial Strategy and Prudential Indicators are part of this process and are also considered here. The process also takes account of the ongoing review of the Council's Asset Management Plan and Capital Strategy.

EXECUTIVE SUMMARY

This report makes recommendations as to the schemes to be included in the Capital Investment Programme for the financial years 2010/11 to 2014/15 having regard to:

- The likely level of resources available to fund the programme
- The risks associated with running a 5 year rolling programme
- The Prudential Indicators, which determine the affordability of the programme

2 RECOMMENDATIONS

- 2.1 That the schemes identified in Appendix A be approved for inclusion in the capital budget.**
- 2.2 That the Cabinet note the proposals in Appendix A for the financial years 2011/12 to 2014/15.**
- 2.3 That the overall capital budget for 2010/11 be RECOMMENDED to Council in March for approval alongside the revenue budget and Council Tax.**
- 2.4 That the Prudential Indicators in Appendix B be RECOMMENDED to Council in March for approval alongside the revenue budget and Council Tax.**

3 BACKGROUND

- 3.1** The Council updates its long-term capital strategy every year in line with the revenue strategy and the impact of the local government finance settlement on the resources available. This strategy is informed by the Asset Management Plan (AMP) which includes five “core principles” including the manner in which we deal with the backlog of repairs to buildings in capital terms and including links to the Accommodation Strategy. The AMP links to the Key Lines of Enquiry (KLOEs) for “Use of Resources” within the Comprehensive Area Assessment (CAA) framework. A full update of the Asset Management Plan was approved by Cabinet in January 2010.
- 3.2** This report recommends the proposed five-year capital programme, giving descriptions of the main schemes contained in the first year of the programme. During the year, the capital programme is updated for changes due to new schemes and allocations, such as Transport for London grants, with these updates being approved by Cabinet.
- 3.3** Bids for new capital schemes to be added to the programme go through a process of prioritisation by officers and recommendation to Members. The outcomes of this year’s process are given in paragraph 6.
- 3.4** In addition to the capital projects set out in this report, the Council has two Private Finance Initiative schemes, which are for Older Peoples Homes and Primary Schools. The Council also has a partnership with the private sector to invest in the IT infrastructure of the Council. These schemes have generated significant investment in the Council’s infrastructure involving the private sector.
- 3.5** This PFI expenditure was previously not deemed to result in an asset within the public sector and was therefore shown ‘off balance sheet’ (i.e. not within the Council’s capital accounts). However, with the introduction of International Financial Reporting Standards (IFRS) these schemes will be judged to be under the control of the Council and therefore ‘on balance

sheet'. The funding for these schemes is via the revenue budget over a number of years, and the intention is that this treatment should not result in additional costs to the Council.

- 3.6 Each year, the Council undertakes a budget consultation exercise to gauge public opinion on priority areas for investment. This year's consultation showed that roads, footpaths, refuse collection, recycling and sustainability initiatives were the highest priorities. The full Budget Consultation report can be seen at: www.richmond.gov.uk/orc_budget_consultation_2009-10.pdf
- 3.7 The Council is continuing to improve its links with external partners LSP Asset Group, Police, PCT Proposals for voluntary sector accommodation.

4 FINANCIAL MODEL 2010/11 TO 2014/15

- 4.1 **Appendix A** shows a financial model summarising the capital position up to 2014/15. The model includes budgets for creating three Academies; two Academies were approved in December 2009, and the third is due to be considered later in 2010.
- 4.2 The model includes estimated capital receipts from Property Disposals, which will need to be reviewed regularly in the light of developments in the economic climate over the coming months. To support the programme the Council needs to borrow either by taking out a loan from an external body or by using cash balances held by the Council. The Council will finance schemes in this way where they do not attract external funding, or cannot be financed from a revenue contribution.
- 4.3 Given the likely reductions in Government support for public spending in the coming years, it must be considered that none of the funding set out in this report can be absolutely guaranteed, although significant Council funding continues to be shown for the next five years for programmes in schools, housing and corporate buildings. Priorities will be reconsidered by any new administration in 2010. Funding will need to be reconsidered each year according to various factors including:
- value for money
 - service benefits
 - external funding attracted
 - invest to save opportunities
 - overall affordability to the Council
- 4.4 The Council aims to maintain a balance in the Repairs and Renewals Fund. The requirement for repayment means this Fund can only be used to finance "Invest to Save" schemes.

5 DETAILS OF THE 2010/11 CAPITAL PROGRAMME

- 5.1 The 2010/11 capital investment programme is the Council's most ambitious to date, with over £77m of capital investment planned.

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5.2 The administration proposes to reflect its priorities in the Capital Programme by:

- Expansion and refurbishment of primary schools as per Primary Strategy for Change reported to Cabinet in June 2008.
- Affordable homes are a key target and the Council is committed to a continuing role in providing funding to support Registered Social Landlord development, as reported to Cabinet in April 2009.
- Environment and sustainability objectives including the Green Travel Plan and achieving Breeam (Building Research Establishment Environmental Assessment Method) rating of excellent for redevelopment schemes.

5.3 Summary figures for the 2010/11 programme are set out below with detailed scheme listings in **Appendix A**:

Directorate	£m
Children's Services and Culture	63.957
Adult and Community Services (inc. Housing)	10.197
Environment	3.020
Corporate Projects/Programmes	3.726
Net estimated slippage	-3.432
Total	77.468

5.4 The programme also continues to address the backlog of maintenance on the Council's assets with major planned maintenance programmes for schools and other Council buildings. The Corporate Planned Maintenance budgets for the next 3 years have been reviewed by the Asset Management Working Group. Although this does not constitute a new bid, it is considered that this group should scrutinise the planned spend as it will link to decision making on future bids. A report on these budgets is also on this agenda.

5.5 Allowance has also been made for the Accommodation Strategy, which involves a variety of initiatives (homeworking, refurbishment etc.) designed to reduce the overall office accommodation requirement of the Council. This investment is aimed at yielding revenue savings through a more efficient use of office accommodation, and is expected to be complete during 2010.

5.6 The Housing Capital Programme has an annual budget of £2.5m for investment in affordable housing in conjunction with Registered Social Landlords (RSLs), and this annual allocation has been re-phased to reflect the latest estimated expenditure in this area.

5.7 In November 2008 the Department for Children, Schools & Families (DCSF) approved the Authority's Primary Strategy for Change which enabled the release of Primary Capital Programme funding. Given the increase in Education capital there will be further detailed reports on this area.

6 CAPITAL BIDS PROCESS

- 6.1 The Capital Bid process for prioritising and approving new capital schemes in line with Council priorities was carried out against a background of very limited funding resources available to the Council for 2010/11 and beyond.
- 6.2 Three new schemes have been added to the capital programme, the largest being £0.500m for Street Lighting Health & Safety Works to be financed from borrowing. The total new budget to be added in 2010/11 is £0.582m.

7 CAPITAL RESOURCES

- 7.1 In determining the Capital Budget for any given year, the Council must take account of resources available, existing commitments against those resources, likely future resource and expenditure pressures and the prioritisation of new schemes against the likely level of available resources for that particular year.
- 7.2 The types of resources currently available are listed below:
 - 7.2.1 Grants and Contributions - These are issued from a number of sources. The majority are issued by the DCSF to finance work on Education projects. Since 1st April 2004, Capital Grants have been described as Supported Capital Expenditure (Capital) or SCE(C). The Council works extensively to ensure that it draws in funding from many sources – with one major example being the Arcadia in the City project which combines a limited amount of underwritten resources from the Council, a lottery grant and significant fund raising. Raising funds from external partners and sponsors will continue to be a key theme within the Council's ongoing programme of works.
 - 7.2.2 Section 106 receipts – These benefits are received from developers by means of legally binding planning obligation agreements which are intended to enable developments to go ahead which might otherwise have been refused. Planning obligations often provide for local transport and highway improvements, expansion of school places or affordable housing schemes.
 - 7.2.3 Infrastructure Fund – This fund was created to enable improvements to be made to the infrastructure of the Council. The fund is currently projected to have reduced to £1.8m at the start of 2010/11, and is largely committed to meet office accommodation works aimed at producing long term efficiency savings for the Council. It can be seen from the table in Appendix A that this fund would run out during 2010/11 without any further contribution from revenue.
 - 7.2.4 Repairs and Renewals Fund - This fund was set up as an internal loan mechanism with funds being reimbursed from revenue budgets by the relevant service over a period not exceeding ten years. It is used to fund Invest to Save type projects.
 - 7.2.5 Usable Capital Receipts - When the Council sells a fixed asset, a capital receipt is generated. These receipts can be used to finance capital projects. The rationalisation of Council property and realisation of assets has been a key part of the Council being able to fund its long-term capital programme. However, receipts are a finite resource as once this rationalisation is completed, there will be little scope to generate further receipts. In the current economic climate it is likely that some of the existing scheduled receipts will continue to be deferred to later years.

- 7.2.6 Large Scale Voluntary Transfer receipt – The balance of this receipt at the start of 2009/10 was £1.082m, and this is expected to be fully utilised by the end of 2009/10. The Council has used this receipt in support of social housing schemes.
- 7.2.7 Borrowing – Since 1st April 2004, the Prudential Borrowing regime has applied. This has relaxed the controls on Council borrowing so that the Council sets its own limits on what it can afford to borrow rather than requiring Government credit approvals. The Government notionally supports the cost of borrowing through the revenue grant system. However, for Councils like Richmond who are on the grant “floor” ie receive the minimum increase in revenue grant, no additional funding is received to support the borrowing.

8 PRUDENTIAL BORROWING

- 8.1 Under the Prudential Borrowing regime, the Council has powers to borrow as it considers appropriate (within the limits indicated by the Prudential Code) to finance schemes that have no other funding available. The cost of such borrowing will be fully met from Council Tax, as it is not subject to any government support. The Council sets its own priorities and evaluates the need to fund the borrowing for capital spend against other calls on the revenue budget and Council Tax. This allows investment to go ahead which might, for example, generate revenue savings to offset the cost, which would not have been previously possible.
- 8.2 The Prudential Code seeks to ensure that all external borrowing is within prudent and sustainable levels, that capital expenditure plans are affordable and that treasury management decisions are taken in accordance with professional good practice. A framework of self-regulation is in place with authorities setting themselves a number of ‘prudential indicators’ to ensure that these aims are met. The Prudential Indicators are attached in **Appendix B**. Although the form of these indicators is set by the Code, the actual limits are set by each authority based on their local situation. However, the Government does have a reserve power to step in and restrict levels in order to control total public sector debt and the national economy.
- 8.3 In order to minimise the risks associated with the introduction of the Prudential code, the setting of the prudential limits is done in conjunction with the setting of the Medium Term Financial Strategy to ensure that the effect on the revenue budgets is allowed for.
- 8.4 Officers will continually review the alternative methods of financing to ensure that the programme is funded through the most advantageous methods.

9 FINANCIAL IMPLICATIONS AND RISK ANALYSIS

- 9.1 Risks to the capital programme can arise from six main areas:
- The complete or partial loss of (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.

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- Unexpected calls on the Councils capital resources from unforeseen events.
- Interest rate movements making borrowing more costly than anticipated.
- Increased level of borrowing requires greater use of revenue budget for interest and repayments.

9.2 These risks cannot be completely removed but the following considerations have been made to try and minimise the risks:

- Receipts are only included in the programme when there is a definite disposal timetable for the relevant assets, and the 5-year capital programme assumes that 70% of projected disposal receipts will actually be received.
- The introduction of controls prior to schemes starting now ensure that a budget holder is clearly assigned responsibility for monitoring the budget and also ensure that necessary approvals have been sought and funding has been identified.
- Regular monthly capital expenditure monitoring meetings are held with officers with monitoring responsibilities, to identify any problems at an early stage.
- Staffing levels in construction and property development areas have been increased to support capital projects.
- The approval process for new capital schemes considers the revenue implications of increased borrowing required.

9.3 The CPA has recently been replaced by Comprehensive Area Assessments (CAA). The CAA is made up of two elements, the Area Assessment and the Organisational Assessment. The Organisational Assessment is broken down into a number of areas with a maximum score of 4. The Council was scored 2 out of 4 for Asset Management, a sub-element of Managing Resources. A narrative report supports the Organisational Assessment scores, and this report recognises that arrangements for managing assets are adequate and improving.

9.4 The Capital Bid process which is now embedded in the budget setting process ensures that all new projects identify target outcomes which are used to assess the success of the project on completion. Major projects use the Council's PAT system for project management and a process for Post Project Reviews has been developed and evaluation templates are currently being tested on selected completed projects. Once the test is completed and the final process agreed this will be rolled out to all significant projects.

10 CONCLUSION

10.1 The Capital Budget has been boosted by an increase in the level of capital grants available from the Department for Children, Schools and Families. These grants are timely as the Council now needs to concentrate resources

on meeting the increased demand for Primary school places. However, these grants fall short of the amounts actually needed to address this problem.

- 10.2 The proposed Capital Programme is likely to contract considerably after 2010/11 when the indications are that Government support will be significantly reduced. From then it will focus on the priority areas of Schools, Housing, Corporate Maintenance Programme and the Accommodation Strategy.
- 10.3 It is important that the capital programme should not be seen as fixed. It will develop throughout the course of the coming year(s) and must maintain some flexibility to cope with many different scenarios. The Council has limited resources available and, after past disposals, does not have as substantial asset holdings as many other Councils. In these circumstances, the Council has a duty to the taxpayer to actively manage its assets and take a firm stance on assets that are surplus to requirements.
- 10.4 It remains important that the Council continues its drive to make the best use of its assets and, where they are not required, disposes of them to generate investment in the remaining assets.

11 CONSULTATION AND ENGAGEMENT

- 11.1 Consultation has been undertaken with Service Departments' Capital Budget Managers.

12 FINANCIAL AND EFFICIENCY IMPLICATIONS

- 12.1 These are contained in the body of the report.

13 POLICY IMPLICATIONS/CONSIDERATIONS

- 13.1 The Council's budget is part of the Policy Framework and therefore requires the approval of Council.

14 RISK ASSESSMENT

- 14.1 Risks are assessed in paragraph 9 above.

15 EQUALITY IMPACT/CONSIDERATIONS

- 15.1 No direct equalities impact implications arise from this report.

16 LEGAL IMPLICATIONS

- 16.1 There are no direct legal implications arise from this report. However virtually all projects will require legal input into procurement and contractual documentation.

17 ENVIRONMENTAL STATEMENT

- 17.1 There are no direct environmental impacts arising from the recommendations made in this report.

18 BACKGROUND DOCUMENTS:

Various Cabinet reports
The Local Government Act 2003 (Prudential Borrowing system)
The Capital Strategy
The Asset Management Plan

19 CONTACTS

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CAPITAL PROGRAMME FOR 2010/11 to 2014/15

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	<u>Estimate</u> <u>10/11</u> £000	<u>Estimate</u> <u>11/12</u> £000	<u>Estimate</u> <u>12/13</u> £000	<u>Estimate</u> <u>13/14</u> £000	<u>Estimate</u> <u>14/15</u> £000	<u>TOTAL</u> £000
Slippage from previous year (estimated at 15%)	9,685	13,117	5,687	3,483	2,414	34,386
<u>Children's Services and Culture</u>						
Whitton School S&FC - Lincoln Fields	54	0	0	0	0	54
Building Schools for the Future: Teddington School	6,337	772	0	0	0	7,109
Primary Places / Strategy including Holy Trinity	4,875	0	0	0	0	4,875
Schools Investment Programme	8,576	5,000	5,000	0	0	18,576
General Planned Maintenance (c/f from 2009/10)	554	0	0	0	0	554
General Planned Maintenance	1,083	1,083	1,083	1,083	1,083	5,415
Modernisation	2,253	1,876	1,876	1,876	1,876	9,757
School Access Initiative	346	231	231	231	231	1,270
Devolved Formula Capital	1,773	1,773	1,773	1,773	1,773	8,865
Targeted Capital Fund (Standards & Diversity)	2,225	0	0	0	0	2,225
Primary Strategy Capital Programme	8,191	0	0	0	0	8,191
Basic Need Safety Valve	5,000	2,331	0	0	0	7,331
Basic Need	2,991	0	0	0	0	2,991
14-19 diplomas, SEN & Disabilities	7,500	0	0	0	0	7,500
Section106 receipts applied to Primary Expansion progr.	1,700	0	0	0	0	1,700
Children's Centres and Extended Schools	1,283	0	0	0	0	1,283
Extended Schools	126	0	0	0	0	126
Sure Start Children's Centres	471	0	0	0	0	471
Improving Access & Quality	890	0	0	0	0	890
Aiming High for Disabled Children	206	0	0	0	0	206
Co-Location Grant (Hampton Children's Centre)	1,400	0	0	0	0	1,400
Wave 2 Playbuilders	591	0	0	0	0	591
Harnessing Technology Grant	369	0	0	0	0	369
Relocation of Heathfield Library	500	0	0	0	0	500
Youth Facilities (£1m Youth Development Fund)	370	0	0	0	0	370
Primary School expansion (BNSV)	0	3,327	0	0	0	3,327
Targeted Capital Fund (Kitchen Improvements)	1,156	0	0	0	0	1,156
Academies	3,137	15,320	25,870	10,430	622	55,379
	63,957	31,713	35,833	15,393	5,585	152,481

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	<u>Estimate</u> <u>10/11</u> £000	<u>Estimate</u> <u>11/12</u> £000	<u>Estimate</u> <u>12/13</u> £000	<u>Estimate</u> <u>13/14</u> £000	<u>Estimate</u> <u>14/15</u> £000	<u>TOTAL</u> £000
<u>Adult and Community Services</u>						
Avenue Centre	3,572	0	0	0	0	3,572
Housing Development schemes	4,480	2,850	2,350	2,350	2,350	14,380
Sponsored Moves	150	150	150	150	150	750
Improvement Grants	1,995	1,345	1,345	1,345	1,345	7,375
	10,197	4,345	3,845	3,845	3,845	26,077
<u>Environment</u>						
Barn Elms Feasibility	255	0	0	0	0	255
Air Quality Action Plan	20	0	0	0	0	20
Parks Strategy	425	0	0	0	0	425
Parks Cyclical Capital Fund	150	150	150	150	150	750
Principal Roads restructure	140	140	140	140	140	700
Areas of Relative Deprivation	1,148	0	0	0	0	1,148
Townmead Depot improvements	100	0	0	0	0	100
Richmond Card on-line top-up	32	0	0	0	0	32
Street Lighting - Health & Safety	500	500	500	500	500	2,500
Works at St Marys (Busen)	250	0	0	0	0	250
	3,020	790	790	790	790	6,180

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<u>Finance and Corporate Services</u>						
General Maintenance Programme (c/f from 2009/10)	300	0	0	0	0	300
General Maintenance Programme	1,750	1,746	1,350	1,350	1,350	7,546
DDA Compliance	78	0	0	0	0	78
Capitalisation of revenue	700	700	700	700	700	3,500
Richmond Theatre	759	820	887	959	0	3,425
Accommodation Strategy	89	0	0	0	0	89
PDQ Replacement Project	50	0	0	0	0	50
	3,726	3,266	2,937	3,009	2,050	14,988
Estimated slippage (15% of current year schemes)	-13,117	-5,687	-3,483	-2,414	-2,109	-26,810
TOTAL	77,468	47,544	45,609	24,106	12,575	207,302
<u>Financed By..</u>						
Grants	41,314	23,914	28,806	13,366	3,558	110,958
Contributions	0	0	0	0	0	0
Use of Section 106 Receipts/AHF (capital)	1,279	0	0	0	0	1,279
Use of Section 106 Receipts (revenue)	1,700	0	0	0	0	1,700
Direct Revenue Financing	0	0	0	0	0	0
Use of Infrastructure Reserve	1,764	38	0	0	0	1,802
Use of R&R Reserve	82	0	0	0	0	82
Use of Project Development Reserve	0	0	0	0	0	0
Youth Development Fund	370	0	0	0	0	370
Application of Capital Receipts	4,918	4,711	3,395	0	0	13,024
Application of LSVT Receipts	0	0	0	0	0	0
Borrowing - SCE(R)	4,590	1,544	1,544	1,544	1,544	10,766
Borrowing - unsupported	21,451	17,337	11,864	9,196	7,473	67,321
	77,468	47,544	45,609	24,106	12,575	207,302

Government Grants

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Estimated Unused Grant at 1st April	0	0	0	0	0	
Estimated New Grant in Year	41,314	23,914	28,806	13,366	3,558	
Estimated Use of Grant in Year	-41,314	-23,914	-28,806	-13,366	-3,558	
Estimated Unused Grant at 31 March	0	0	0	0	0	
S106 & AHF						
Estimated Unused S106 at 1st April	6,004	3,025	3,025	3,025	3,025	
Estimated New S106 in Year	0	0	0	0	0	
Estimated Use of S106 in Year	-2,979	0	0	0	0	
Estimated Unused S106 at 31st March	3,025	3,025	3,025	3,025	3,025	
Infrastructure Fund						
Balance of Fund at 1st April	1,802	38	0	0	0	
New Contributions	0	0	0	0	0	
Use during the Year - Capital	-1,764	-38	0	0	0	
Use during the Year - Revenue	0	0	0	0	0	
Balance of Fund at 31st March	38	0	0	0	0	
Repairs and Renewals Fund						
Balance of Fund at 1st April	665	1,664	2,723	3,646	4,511	
Repayments	1,081	1,059	923	865	806	
New Contributions	0	0	0	0	0	
Used for Capital Schemes during the Year	-82	0	0	0	0	
Used for Revenue Schemes during the Year	0	0	0	0	0	
Balance of Fund at 31st March	1,664	2,723	3,646	4,511	5,317	
Project Development Fund						
Balance of Fund at 1st April	293	0	0	0	0	
New Contributions	0	0	0	0	0	
Use during the Year - Capital	0	0	0	0	0	
Use during the Year - Revenue	-293	0	0	0	0	
Balance of Fund at 31st March	0	0	0	0	0	

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	<u>Estimate</u> <u>10/11</u> £000	<u>Estimate</u> <u>11/12</u> £000	<u>Estimate</u> <u>12/13</u> £000	<u>Estimate</u> <u>13/14</u> £000	<u>Estimate</u> <u>14/15</u> £000	<u>TOTAL</u> £000
General Capital Receipts (94701)						
Estimated Unused Capital Receipts at 1st April	1,165	4,116	0	0	0	
Estimated New Receipts in Year:						
- @ 100% for receipts earmarked for specific work	1,200	0	0	0	0	
- @ 70% for other receipts	6,669	595	3,395	0	0	
RHP Right to Buy receipts	0	0	0	0	0	
Estimated Use of Capital Receipts in Year	-4,918	-4,711	-3,395	0	0	
Estimated Unused Capital Receipts at 31st March	4,116	0	0	0	0	
LSVT Receipt (Usable Part) (94702)						
Estimated Unused Capital Receipt at 1st April	0	0	0	0	0	
Estimated Use of LSVT Receipt in Year	0	0	0	0	0	
Estimated Unused Capital Receipt at 31st March	0	0	0	0	0	
Borrowing						
Estimated Borrowing at 1st April	43,245	67,522	82,567	88,403	94,007	
Estimated New Borrowing in Year	26,041	18,881	13,408	10,740	9,017	
Estimated Debt Repayment	-1,764	-3,836	-7,572	-5,136	-5,136	
Estimated Borrowing at 31st March	67,522	82,567	88,403	94,007	97,888	

Prudential Indicators**A. Actuals and Estimates of Capital Expenditure**

Capital expenditure underpins the whole of the process and forms the basis of determining the need to borrow. The capital expenditure shown in this indicator is in line with the proposed Capital Programme for 2010/11.

	<u>Actual</u> <u>2008/09</u> <u>£000</u>	<u>Revised</u> <u>2009/10</u> <u>£000</u>	<u>Estimate</u> <u>2010/11</u> <u>£000</u>	<u>Estimate</u> <u>2011/12</u> <u>£000</u>	<u>Estimate</u> <u>2012/13</u> <u>£000</u>	<u>Estimate</u> <u>2013/14</u> <u>£000</u>	<u>Estimate</u> <u>2014/15</u> <u>£000</u>
Capital Expenditure	43,840	54,879	77,468	47,544	45,609	24,106	12,575
<i>Of Which:</i>							
Financed by RuT	14,828	22,205	33,175	23,630	16,803	10,740	9,017
Financed from Grants & Contributions	29,012	32,674	44,293	23,914	28,806	13,366	3,558

The figures given above are the latest position. The estimate of capital expenditure changes during the course of the year as schemes are added and completion dates change. The budget monitoring reports during 2009/10 have detailed these changes which have generally arisen from additional Government Grants. In addition to these budget changes the slippage to future years also accounts for some movement.

The proposed Capital Programme shows a significant reduction after 2010/11. This is due to Building Schools for the Future and the future of a number of other Education grants being unknown at this time, the depletion of the Infrastructure Fund and capital receipts. The proposed Academies at Whitton, HCC and Shene are included with the majority of spend from 2011/12 to 2013/14.

B. Actuals and Estimates of ratio of Financing Costs to Net Revenue Stream

This set of prudential indicators is designed to show whether the general fund can support future capital spend and shows how the cost of borrowing fits with the revenue strategy.

	<u>Actual</u> <u>2008/09</u> <u>£000</u>	<u>Revised</u> <u>2009/10</u> <u>£000</u>	<u>Estimate</u> <u>2010/11</u> <u>£000</u>	<u>Estimate</u> <u>2011/12</u> <u>£000</u>	<u>Estimate</u> <u>2012/13</u> <u>£000</u>	<u>Estimate</u> <u>2013/14</u> <u>£000</u>	<u>Estimate</u> <u>2014/15</u> <u>£000</u>
Financing Costs	574	3,351	2,352	3,510	4,154	4,946	5,818
Net Revenue Stream	226,828	237,729	152,210	159,940	168,399	178,421	188,230
As a Ratio	0.25%	1.41%	1.55%	2.19%	2.47%	2.77%	3.09%

Financing costs represent the net interest costs to the Council (interest payable on debt less interest due on balances), the costs of financing the Civic Centre lease, and an assumed provision for debt repayment (the Minimum Revenue Provision).

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 Formula Grant income. The revised Prudential Code issued in December 2009 makes it clear that Dedicated Schools Grant should be counted as a Specific Grant and therefore net off the relevant spend, reducing the Net Revenue Stream by over This change in calculation methodology from 2010/11 onwards has reduced the value of the Net Revenue Stream, thereby making financing costs a higher percentage. For comparison, the Net Revenue Stream would be £141,260m in 2009/10 on the same basis, giving a comparable Ratio of 2.37%.

In effect, this shows how much of the Council's budget is being spent on financing debt. This figure is a latest estimate and will not be final until the Council approve the budget and Council Tax in March.

The financing costs are linked to movements in interest rates. 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 at (currently) lower rates. The current market projections are for bank base rate to remain at the low point of 0.50% during much of 2010/11 before possibly rising again, although the further into the future the projection, the less certain it is.

The increases in costs in future years are due to a projected increase in borrowing to fund the Capital Programme, which leads to increased interest payments. The programme also uses a proportion of balances (Capital Receipts, Infrastructure Fund and others) to fund spending. This reduces the balances we are receiving interest on. These estimates assume the Capital Programme spends to budget, although there has been slippage in prior years which has reduced the need to borrow in each year.

The reduction in costs in 2010/11 is due to the Civic Centre lease expiring in February 2010.

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C. Estimates of the impact of Capital Investment decisions on the Council Tax

This indicator is designed to highlight whether the general fund can support future capital spend and illustrates the change in the level of Council Tax 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.

<u>Impact of Change in Financing Costs</u>	<u>Actual</u> <u>2008/09</u> <u>£000</u>	<u>Revised</u> <u>2009/10</u> <u>£000</u>	<u>Estimate</u> <u>2010/11</u> <u>£000</u>	<u>Estimate</u> <u>2011/12</u> <u>£000</u>	<u>Estimate</u> <u>2012/13</u> <u>£000</u>	<u>Estimate</u> <u>2013/14</u> <u>£000</u>	<u>Estimate</u> <u>2014/15</u> <u>£000</u>
Principal Repayments (represented by MRP)	1,185	1,364	1,520	2,304	2,735	3,028	3,256
Net Interest Payments	-611	1,987	832	1,206	1,419	1,918	2,562
Financing Costs	574	3,351	2,352	3,510	4,154	4,946	5,818
Year on Year Increase	1,195	2,777	-999	1,158	644	792	872
Impact on the Council Tax		1.97%	-0.87%	0.95%	0.49%	0.56%	0.58%
Impact on a Band D		£31.46	-£11.24	£13.01	£7.23	£8.88	£9.77

The cost to the Council Tax Payer is only in respect of the schemes which are funded by the Council. This 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. Schemes such as Transport for London which are fully financed by grant have no impact on the Council Tax.

The negative Net Interest Payments in 2008/09 reflected the benefits of the then higher interest rates for short term investments, with fixed borrowing costs and strong cash flow. This position is currently reversed, and likely to stay in this position for several years. The increased need to borrow to finance capital projects also adds to net interest costs.

The increase in Principal Repayments is due to the anticipated increased need to borrow which impacts both the interest payments due on higher borrowing and the provision for debt repayment (MRP) increasing. There is also an impact from the use of capital receipts and other reserves to finance the Capital Programme and so reducing the level of investments.

The large year on year decrease in Financing Costs in 2010/11 is due to the Financing Lease for the Civic Centre ending. This reduces the payments by approx £2.2m which more than offsets that year's increase. The large year on year increase in Financing Costs in 2011/12 is due to the financing of the capital programme, particularly the need to borrow to provide school places.

D. Actuals and Estimates of 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>Actual</u> <u>2008/09</u> <u>£000</u>	<u>Revised</u> <u>2009/10</u> <u>£000</u>	<u>Estimate</u> <u>2010/11</u> <u>£000</u>	<u>Estimate</u> <u>2011/12</u> <u>£000</u>	<u>Estimate</u> <u>2012/13</u> <u>£000</u>	<u>Estimate</u> <u>2013/14</u> <u>£000</u>	<u>Estimate</u> <u>2014/15</u> <u>£000</u>
Capital Financing Requirement (CFR)	54,512	77,487	102,008	118,586	129,260	136,973	142,735
Year on Year Increase in CFR	+978	+22,975	+24,522	+16,578	+10,674	+7,713	+5,762
<i>Increase represented by:</i>							
Schemes financed by Borrowing	2,163	24,339	26,042	18,882	13,409	10,741	9,018
MRP contributions to fund the Requirement	-1,185	-1,364	-1,520	-2,304	-2,735	-3,028	-3,256
	978	22,975	24,522	16,578	10,674	7,713	5,762

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The CFR increases when there is an increase in spending which is not funded externally or from internal sources such as the Infrastructure Fund or Capital Receipts. The Council would therefore need to borrow either by taking out a loan from an external body or by "borrowing" cash coming in to pay for the scheme.

The balance of Useable Capital Receipts includes rough estimates of a possible 3 year disposal programme from 2010/11, although the detail has yet to be finalised. The Infrastructure Fund will also be minimal by the end of 2010/11.

E. Net Borrowing and the Capital Financing Requirement

The code states that 'The local authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement (CFR) in the preceding year plus the estimates of any additional capital financing requirement for the current and the next two financial years'. This indicator sets a limit on the amount a local authority can borrow.

Net borrowing is defined as the total borrowing of the authority less total investments.

	<u>Actual</u> <u>2008/09</u> <u>£000</u>	<u>Revised</u> <u>2009/10</u> <u>£000</u>	<u>Estimate</u> <u>2010/11</u> <u>£000</u>	<u>Estimate</u> <u>2011/12</u> <u>£000</u>	<u>Estimate</u> <u>2012/13</u> <u>£000</u>	<u>Estimate</u> <u>2013/14</u> <u>£000</u>	<u>Estimate</u> <u>2014/15</u> <u>£000</u>
Net External Borrowing Limit Set	102,000	118,600	129,300	137,000	142,700	142,700	142,700
Net External Borrowing	-21,214	-5,816	25,545	47,977	59,645	71,221	81,192
Amount above/(below) limit	-123,214	-124,416	-103,755	-89,023	-83,055	-71,479	-61,508

Net borrowing is projected to stay well within the limit set.

F. Authorised Limit for External Debt

The authorised limit should show the absolute limit of borrowing based upon the authority's plans and include a sufficient headroom for adverse cash movements.

	<u>Actual</u> <u>2008/09</u> <u>£000</u>	<u>Revised</u> <u>2009/10</u> <u>£000</u>	<u>Estimate</u> <u>2010/11</u> <u>£000</u>	<u>Estimate</u> <u>2011/12</u> <u>£000</u>	<u>Estimate</u> <u>2012/13</u> <u>£000</u>	<u>Estimate</u> <u>2013/14</u> <u>£000</u>	<u>Estimate</u> <u>2014/15</u> <u>£000</u>
Authorised Limit Set	55,000	64,000	91,000	110,000	120,000	131,000	140,000
Projected External Debt	44,072	43,245	70,788	89,669	100,077	110,817	119,834
Amount above/(below) limit	-10,928	-20,755	-20,212	-20,331	-19,923	-20,183	-20,166

The Council is projected to stay well within the Authorised Limit set for 2010/11. 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>Actual</u> <u>2008/09</u> <u>£000</u>	<u>Revised</u> <u>2009/10</u> <u>£000</u>	<u>Estimate</u> <u>2010/11</u> <u>£000</u>	<u>Estimate</u> <u>2011/12</u> <u>£000</u>	<u>Estimate</u> <u>2012/13</u> <u>£000</u>	<u>Estimate</u> <u>2013/14</u> <u>£000</u>	<u>Estimate</u> <u>2014/15</u> <u>£000</u>
Operational Boundary Set	50,000	59,000	86,000	105,000	115,000	126,000	135,000
Projected External Debt	44,072	43,245	70,788	89,669	100,077	110,817	119,834
Amount below Limit	-5,928	-15,755	-15,212	-15,331	-14,923	-15,183	-15,166

Actual external debt was well within the Operational Boundary in 2008/09 and this position is projected to

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 2009, a revised version of the Code was issued and the Treasury Management Policy will be amended to reflect the new Code when this is reviewed in February. 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 less investments.

Short term investments which last less than a year are included as variable rate investments. Although the rate is fixed for the duration of the investment, that investment will mature and can be re-invested at a different rate during the year. Investments lasting over a year are included as fixed rate investments.

Fixed Rate Exposure	<u>Actual</u> 2008/09 £000	<u>Revised</u> 2009/10 £000	<u>Estimate</u> 2010/11 £000	<u>Estimate</u> 2011/12 £000	<u>Estimate</u> 2012/13 £000	<u>Estimate</u> 2013/14 £000	<u>Estimate</u> 2014/15 £000
Upper Limit	30,000	51,000	82,000	101,000	115,000	126,000	135,000
Lower Limit	0	1,000	32,000	51,000	66,000	77,000	86,000
Projected Exposure	14,698	25,771	56,812	75,693	91,101	101,841	110,858

The Fixed Rate exposure at 31 March 2009 was within the lower and upper limits set.

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

Variable Rate Exposure	<u>Actual</u> 2008/09 £000	<u>Revised</u> 2009/10 £000	<u>Estimate</u> 2010/11 £000	<u>Estimate</u> 2011/12 £000	<u>Estimate</u> 2012/13 £000	<u>Estimate</u> 2013/14 £000	<u>Estimate</u> 2014/15 £000
Upper Limit	-89,000	-85,000	-84,000	-81,000	-85,000	-84,000	-83,000
Lower Limit	-24,000	-10,000	-9,000	-6,000	-10,000	-9,000	-8,000
Projected Exposure	-39,073	-34,748	-34,428	-30,877	-34,617	-33,781	-32,827

The Variable Rate exposure at 31 March 2009 was within the lower and upper limits set.

The movements in the exposure limit reflects the projected decline in balances 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.

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> 2010/11 %	<u>Upper Limit</u> 2010/11 %	<u>Estimate</u> 2010/11 %
Under 1 year	0%	30%	12%
1 to 2 years	0%	40%	1%
2 to 5 years	0%	50%	7%
5 to 10 years	0%	60%	5%
10 to 15 years	}	}	19%
15 to 25 years	} 20%	} 85%	45%
over 25 years	}	}	11%

Section I

It can be seen from the above table that the maturity structure has begun to concentrate at the longer end to take advantage of rates for this duration. This is also due to the decision to repay £6m of debt with very high interest rates during the summer when repayment rates were beneficial.

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, with debt authorities 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>Actual</u> 2008/09	<u>Revised</u> 2009/10	<u>Estimate</u> 2010/11	<u>Estimate</u> 2011/12	<u>Estimate</u> 2012/13	<u>Estimate</u> 2013/14	<u>Estimate</u> 2014/15
Limit	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Actual / Estimate	35.3%	23.5%	15.0%	16.2%	5.2%	5.3%	5.4%
Projected Investments at 31st March (£m)	24.2	12.3	7.3	7.3	2.3	2.3	2.3

Interest rates are usually higher for longer term investments than short term. However, given the current problems in financial markets, the decision has been taken to limit further long term investments until the market stabilises. Once the Council is satisfied that the risks of long term investments can be controlled, the Council would keep around 40% of it's 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.

Definitions of Budget Headings

BVACOP

The Best Value Accounting Code of Practice (BVACOP) 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 superannuation contribution, agency staff and employee expenses. Indirect employee expenses include relocation, interview, training, advertising and severance payments.

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, cleaning and domestic supplies, contract cleaning, 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 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, 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 trading operation where the service does not fit into another area (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.

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 services, office accommodation, legal services etc

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, deferred charges and government grant deferred.

OTHER DEFINITIONS

Corporate and Democratic Core

This comprises corporate management and democratic representation and management budgets.