



# BUDGET BOOK

**2024/25**

## Budget Book 2024/25

Each year the Council sets detailed revenue and capital budgets. The revenue budgets relate to the income and expenditure incurred through 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 Financial Control - Finance 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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## Table of Contents

	Section
<b>Revenue Budget Strategy and Council Tax 2024/25</b>	<b>A</b>
-Revenue Budget Strategy and Council Tax Report	A1
-Council Tax Bands 2024/25	A2
-Revenue Reserves	A3
 <b>Budget Pages</b>	 <b>B-G</b>
<b>Summary</b>	<b>B</b>
-Summary by Committee	B1
-Subjective Summary	B2
-Subjective Summary by Service	B3
 <b>Education and Children’s Services</b>	 <b>C1</b>
-Summary by Service Area	C2
-Subjective Analysis	C3
-Education and Children’s Services	C4
-Public Health	C5
 <b>Adult Social Services, Health &amp; Housing</b>	 <b>D1</b>
-Summary by Service Area	D2
-Subjective Analysis	D3
-Housing Management	D4
-Housing Services	D5
-Other Housing	D6
-Adult Social Care	D7
-Commissioning and Quality Standards	D8
-Public Health	D9
-Adults Business Resources	D10
-Regulatory Services Partnership	D11
 <b>Environment, Sustainability, Culture &amp; Sports Services</b>	 <b>E1</b>
-Summary by Service Area	E2
-Subjective Analysis	E3
-ECS Management and Support	E4
-Highways Operations and Streetscene	E5
-Leisure	E6
-Waste	E7
-Policy and Performance	E8
-Planning Transportation	E9

<b>Finance, Policy, Resources</b>	<b>F1</b>
-Summary by Service Area	F2
-Subjective Analysis	F3
-Directorate	F4
-Financial Management	F5
-Revenue Services	F6
-Financial Services	F7
-Chief Executive Group	F8
-Place	F9
-Change and Innovation	F10
-Property Services	F11
-Central Items	F12
<b>Transport and Air Quality</b>	<b>G1</b>
-Summary by Service Area	G2
-Subjective Analysis	G3
-Highways, Operations and Street Scene	G4
-Regulatory Services	G6
-Traffic and Engineering	G5
-Housing Management	G7
<b>Capital Programme 2023/2024 to 2028/29</b>	<b>H</b>
<b>Medium Term Financial Strategy</b>	<b>I</b>
<b>Definitions</b>	<b>J</b>

**LONDON BOROUGH OF RICHMOND UPON THAMES**

**REPORT TO: FINANCE, POLICY AND RESOURCES COMMITTEE**

**DATE: 29TH FEBRUARY 2024**

**REPORT OF: EXECUTIVE DIRECTOR OF FINANCE**

**TITLE OF DECISION: REVENUE BUDGET STRATEGY AND COUNCIL TAX 2024/25**

**WARDS: ALL**

**KEY DECISION?: YES**

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

**For general release**

**1. MATTER FOR CONSIDERATION**

- 1.1 This report gives details of the budget strategy and recommends to Council that the Band D level of Council Tax, excluding the GLA element, be set at £1,792.26 (an increase of 2.99% in Council Tax plus 2% for the Social Care Precept). Including the GLA precept, which has increased by 8.58%, the Band D Council Tax will be £2,263.66.

**2. RECOMMENDATIONS**

- 2.1 That Members consider the advice of the Executive Director of Finance in respect of Section 25 of the Local Government Act 2003 in setting the budget (see paragraphs 3.35 to 3.45);
- 2.2 That the Council be recommended to agree the Revenue Budget for 2024/25;
- 2.3 **That the Council be recommended to agree that the Band D level of Council Tax for 2024/25, including the Council's increase in Council Tax of 2.99%, the Social Care Precept of 2% and the GLA increase of 8.6%, be set at £2,263.66, an overall increase of 5.72% on 2023/24. The levels of Council Tax for all property bands are shown at Appendix A;**
- 2.4 That the Service Committee note that the Medium Term Financial Strategy was approved by this Committee in September 2023 and a further update will be provided by September 2024; and
- 2.5 That the Council be recommended to implement, from 1st April 2025, a 100% council tax premium for second homes and to reduce the period after which empty homes are charged a council tax premium from two years to one (see paragraphs 3.46 - 3.51).

### **3. DETAILS**

#### **Background**

- 3.1. In developing its financial strategy the Council has reviewed the national budget and assessed the impact of the single year local government finance settlement, spending review announcements and high inflation, the cost of living crisis and rising demand in some areas, particularly considering where the longer term impacts on the budget may be.
- 3.2 The Administration set out in its manifesto an overall objective to make Richmond Fairer which includes ensuring there is a fairer deal for all residents and support for the most vulnerable in our community. The Administration has also committed to responsible stewardship of Council finances and all areas of Council expenditure have been reviewed to seek further efficiencies and rebalance priorities.
- 3.3 The Council has been active in fighting for a fairer funding deal for Richmond residents, coordinating lobbying of ministers especially in relation to support for residents during the pandemic, the provision of free school meals before it was funded centrally, calling for the Household Support Fund to be extended, campaigning for Local Housing Allowance levels to be increased and currently calling for the uprating of the housing benefit subsidy cap for temporary accommodation placements. This Council has previously been successful in yielding a five-year £20 million funding agreement in order to help address the historic pressures faced in the shortfall in Special Educational Needs funding.

#### **The Local Government Finance Settlement (LGFS)**

- 3.4 In the context of many years of austerity in local government and a period of high inflation, the Government published the Provisional Local Government Finance Settlement for 2024/25 on 18th December. Once again this was a single year settlement which continues to make the medium term outlook uncertain as the distribution of funding between boroughs could be impacted in future years by formula changes. It announced no new funding streams and confirmed that several planned reforms to local government finance have been further delayed until the next Parliament. The settlement was finalised in early February.
- 3.5 Following lobbying from the sector, the final settlement included some further additional funding and an increase in average Core Spending Power (defined as Government grant plus ability to increase council tax) of 7.5% across England, with Richmond's Core Spending Power increasing by 7.7%, largely driven by the 'funding guarantee' payment (as detailed below). Despite increasing calls for the Government to urgently address the structural under funding of the sector the settlement still includes less additional funding than the previous settlement and does not adequately cover increased costs and projected pressures.
- 3.6 The Government's review of its national funding distribution (the "fair funding review") has been delayed again until the next Parliament, which is good news for Richmond, as it was anticipated that this would take funding away from London boroughs. The 2023/24 local government finance settlement is therefore based on an update of the current distribution methodology.
- 3.7 The Council's overall financial position in 2024/25 is now better than previously assumed when the Medium Term Financial Strategy was agreed in September 2023. The headline announcements for Richmond are as follows:

- Local authorities will be able to raise council tax by up to 2% for the “Social Care Precept” and by a further general 2.99% increase before triggering the requirement for a local referendum.
- A continuation of the assurance that no authority would suffer “negative Revenue Support Grant (RSG)” (removing, for the short term, a £7.7m risk to the finances of Richmond) for 2024/25. As 2023/24, Richmond will again not be penalised as being liable for negative RSG in relation to the grants being ‘rolled into’ RSG and would receive those at the level previously identified as separate grants.
- An increase in the social care grant funding for adults and children’s social care of £692m nationally, topped up by a further £500m announced on 24<sup>th</sup> January, worth an additional £2.8m in total for Richmond.
- The additional funding introduces the requirement to produce productivity plans to be submitted to the Department for Levelling Up, Housing and Communities “setting out how [Councils] will improve service performance and reduce wasteful expenditure to ensure every area is making best use of taxpayers’ money” with a deadline of summer 2024.
- The one-off “Services Grant” introduced by the Government in 2022/23 to assist with the Government’s National Insurance uplift which has since been reversed and now is for “vital services, including social care” has been significantly reduced. This is now worth £0.16m for Richmond, compared to £0.91m in 2023/24. This is unringfenced, and is assumed to drop out in full in future years following the downward trajectory.
- For the first time Richmond’s settlement has triggered a ‘funding guarantee’ which ensure all authorities receive at least a 4% increase in CSP (increased from 3% announced at the provisional settlement) excluding council tax growth. Richmond, one of seven London boroughs to receive this for the first time, will therefore receive an additional £2.6m of grant in 2024/25.

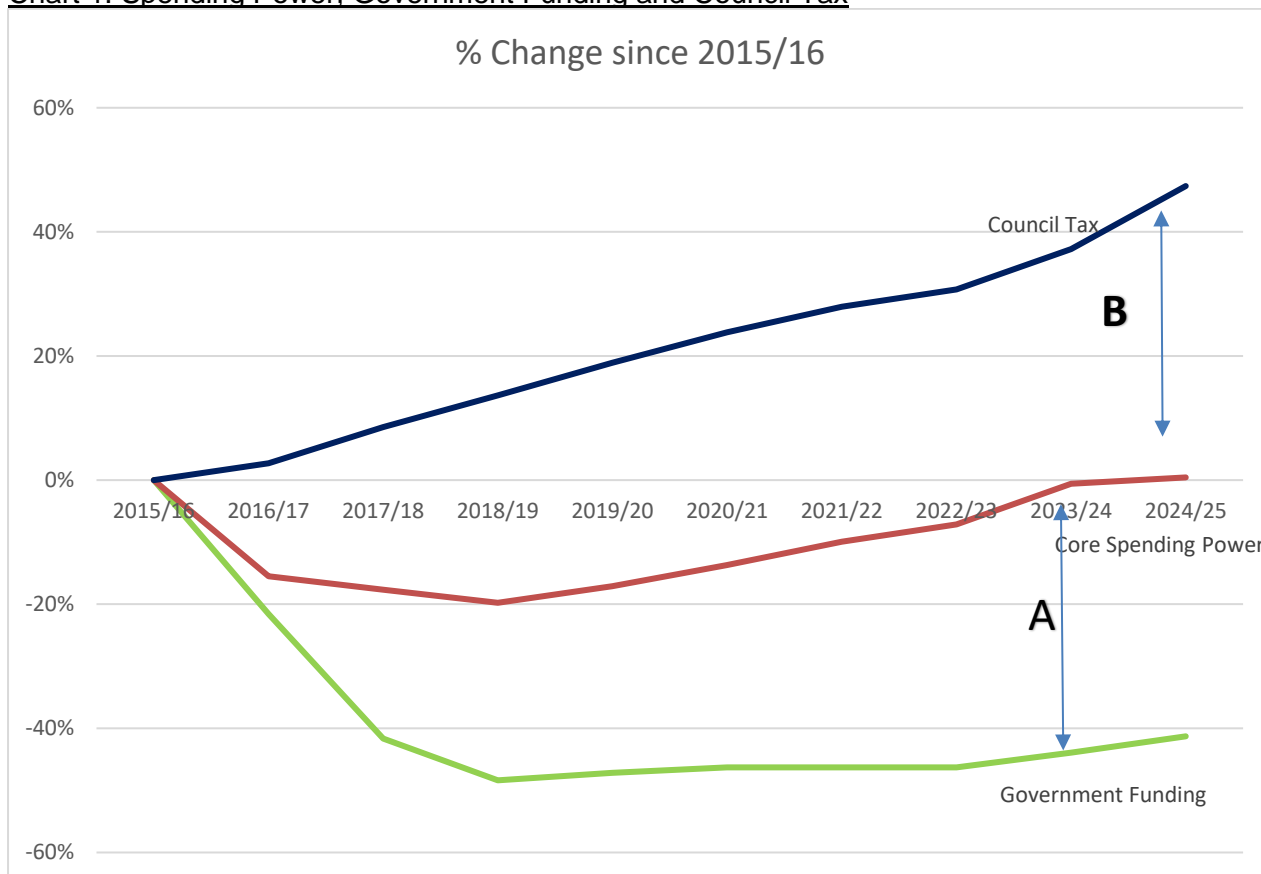
3.8 Whilst the LGFS gives welcome recognition of the challenges facing local government, it is important to note that again the settlement is for one year only and offers no certainty beyond that. It is also important to consider this settlement against the background of the changes in local government finance which have seen the Council:

- Lose all of its general Revenue Support Grant (RSG)
- Receive the lowest allocation from the various “Improved Better Care Fund” allocations, including the Adult Social Care Discharge Fund at only £0.2m
- Suffer an overall loss of general Government support (retained business rates and RSG) of around £40m in cash terms since 2010 (in real terms this would be higher).

3.9 The continued removal of the proposed negative RSG removes a key risk to Richmond’s finances for 2024/25, however, it is still unclear if this risk will re-materialise in later years. Richmond remains one of the lowest funded councils and will continue to argue that the current core funding position should be the minimum baseline for any future funding settlement.

3.10 The chart below illustrates how changes in funding from Government translates to changes in Core Spending Power. The loss in Government funding (area A on the chart), is compensated for the Government’s assumption of increased council tax from Richmond residents (area B on the chart).

**Chart 1: Spending Power, Government Funding and Council Tax**



3.11 The Council has, since the introduction of Spending Power as a measure of the impact of the LGFS, argued that it dilutes the true effect of reductions in central Government funding by using locally raised council tax to offset the reductions. Spending power calculations by central Government assume that council tax is raised by the maximum amount possible locally.

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

3.12 The MTFS is intended to identify a financially sustainable way of achieving the Council’s aims, recognising the need to balance service demands with available resources and the impact on council tax payers. The MTFS was updated in September 2023 to reflect the latest assumptions around inflation and the Administration’s plans.

3.13 The latest budget monitoring data shows that the Council is forecasting a £5.0m underspend on its revenue budget in 2023/24. This is made up of a number of over and underspends across the wide range of services provided by the Council. However, increased treasury income over and above the level included in the 2023/24 budget of almost £6.5m is currently masking longer term service pressures within social care. It is not expected that this level of income will continue as interest rates drop whilst the service pressures continue. This position already assumes the use of £5.0m reserves to balance the budget which as a result of the projected underspend, may not be required. The Q3 monitoring report is shown elsewhere on this agenda.



## **Impact of Inflation and the Cost of Living Crisis**

- 3.14 Whilst the UK has experienced inflation rates of largely between 0% and 3% over the last ten years, prices have increased much more quickly over the last two years. During that time, the country has faced the highest levels of inflation for 40 years, with the Consumer Price Index (CPI) peaking at 11.1% in October 2022. This reflects dramatically increasing prices, particularly in gas and electricity charges, transport, household equipment and food. These increases have had a significant impact on the Council's budgetary outlook. The most recent announcement showed annual inflation at 4.0% (January 2024 CPI), whilst this was no change from the previous month, estimates expect a continued fall. However the cumulative impact of significant inflation remains within base budgets. The Council's budget is sensitive to inflation figures, particularly when potential council tax increases are capped at a lower rate than current levels of inflation. Whilst the rate of price increases is slowing, the increase remains in the base of Council costs forever.
- 3.15 The impact of increased inflation pressures on household income during the cost of living crisis adds to the uncertainty and risk in particular to Council income budgets. The Council originally set aside £3m in an Emergency Funding Reserve transferred from the Financial Resilience Reserve to assist residents and businesses during the crisis and a further top up of this pot of £1.5m is proposed elsewhere on this agenda. There is still a significant risk around the impact on residents who continue to struggle, and this additional funding will enable the Council to continue to support where necessary, and also mitigate the risk that the Household Support Fund does not continue into 2024/25. The Council's response will now necessarily begin to move away from immediate crisis support and focus on longer term interventions to ensure financial resilience and community capacity to support those who are struggling.
- 3.16 The Council continues its strong commitment and good track record of working in partnership. This has been particularly important in light of the current cost of living crisis, working with the voluntary sector and other parts of the public and private sector is key to successfully delivering support to residents. In particular, co-working has been strengthened to ensure that work across the borough's partners is well-informed and support is directly targeted to those in greatest need. The Council has successful partnership working arrangements with the NHS and is working closely with local health and care organisations, as part of the South West London Integrated Care System (ICS). There is a renewed focus on optimising impact of the Better Care Fund Grants which are focussed on integrated delivery of services and in managing pressure in health and care system. There are several structures and plans aimed at bringing system wide approaches to addressing the needs of local people making best use of local resources.

## **Balances and Reserves**

- 3.17 Appendix B to this report contains a full listing of the revenue balances and reserves held by the Council and gives details on their intended application. The key issues are:
- The General Reserve held a balance of £11.64m at the beginning of 2023/24 with £1.01m committed, leaving an estimated balance of £10.62m. This is within the range (5-10% of Budget Requirement) agreed by the Council.
  - Approximately 28% (£28.6m) e.g. Business Rates Volatility Reserve, PFI Reserve, Schools Balances and Insurance Funds, whilst being under Council control, are essentially not available for use for other purposes.
  - The Invest to Save Reserve will be used to fund the ongoing change and transformation programmes, with planned use of £0.8m in 2024/25 and £1.4m in 2025/26. A total of £2.2m has been specifically set aside in the paper to the Finance,

Policy and Resources Committee in September 2023 to establish the 'Change Programme Delivery Fund'.

- The Public Realm Improvement Fund was topped up by £1.5m at the end of 2022/23 with £3.8m remaining available to continue to be used to fund investment in the borough's parks and town centres during this year including schemes at Broad Street and Heathfield.
- The Financial Resilience Reserve which was set up to provide flexibility in managing any short-term impact on services and investing in preventative measures to reduce longer term costs, stands at £29.9m. Of that balance £0.3m is set aside to assist with the DSG High Needs funding gap (a reduction of £6.9m compared to last year to reflect the improved DSG position (see below)) with the remaining £29.6m to provide against future pressures. The 2023/24 budget includes a planned use of £5m from this reserve made up of £3.5m initial drawing plus the £1.5m cost of increased homelessness pressures agreed in year. As a result of the projected in year underspend, this may not be required in full. This reserve is likely to be required in future years to enable services to continue to be provided at their current levels. The reserve can provide against a medium term funding outlook which is very unclear; particularly ongoing service demand pressures, the revisions to the local government funding mechanisms which continue to be delayed and the uncertain longer term implications of the reform of adult social care funding.
- Over recent years the Dedicated School Grant (DSG) has proved insufficient to meet the requirement to provide a "minimum funding guarantee" to schools and meet the rising costs of those with high needs. Whilst school funding has been removed from local authority general grant, any shortfall needs to be met by the local authority or recovered in some way from schools' funds. The DSG has successfully recovered most of the previous deficit and now has a brought forward deficit of £0.3m which has allowed £11m of the equal provision previously set aside within the Financial Resilience Reserve (FRR) to be released over the last two years. After extensive lobbying of the Government, a 'Safety Valve' funding agreement was made with the Department for Education in which the Council will receive £20m over a five-year period to remove the cumulative DSG deficit. The Council is expected to contribute £1.2m each year to plug this gap which is incorporated within this budget. It is predicted that the deficit will be recovered in full during 2023/24 allowing the final element of the provision held within the FRR to be released.
- Due to the increase in electricity prices, the Energy from Waste plant which incinerates the borough's waste, run by the West London Waste Authority (WLWA), has achieved additional income in all years since 2022/23 and expects to do so again in 2024/25. As a result the Council received a rebate of £1.9m in 2022/23 and £2.4m in 2023/24 from WLWA which has been transferred to the Waste Reserve. A further £0.6m expected in 2024/25 which will also be added to this reserve. This money is being set aside to provide for any future financial implications of the Environment Act 2021, the implementation of which could lead to the Council incurring significant additional costs.
- In September 2022, the Finance, Policy and Resources Committee approved the creation of a £3m Emergency Funding Reserve funded from the FRR, to underpin further work to support residents and businesses through the cost of living crisis. The remaining balance of this reserve at the beginning of 2023/24 was £2.6m with a further planned use of £1.0m in 2023/24 and further plans in 2024/25. Regular updates are provided to this Committee around the use of this reserve, with the remaining balance being available for further support. A further top up of this pot of £1.5m is outlined elsewhere on this agenda.

- Balances are available for use only once. Their use to reduce council tax or meet existing cost pressures can allow the Council to smooth the impact of underlying funding and service changes but must be carefully considered as part of longer-term planning.

### **Overall Budget Proposals**

- 3.18 In line with the Council's Constitution individual service budgets have been submitted to the relevant Council Committees.
- 3.19 Despite the relatively positive LGFS for 2024/25, the Council has had to continue to base its planning for council tax in the light of the serious, long term reductions in local government funding. It has done so in a way that will maintain or improve service standards for residents.
- 3.20 The Administration's priorities in setting the budget are to ensure that the borough continues to bounce back from the health and economic impacts of the pandemic and offers support through the cost of living crisis; to promote a strong recovery, to continue to deliver on key priorities and to manage the Council's finances responsibly in the light of continued uncertainty, including a continuing efficiency programme. Key priorities include "fairer finances", the delivery of more affordable housing, the climate emergency strategy, investment in youth services and tackling violent crime and anti-social behaviour. Detailed budget proposals have been presented to each service committee and in particular have included the following:
- £4.6m to reflect rising levels of need in children's social care and education services. The funding will support the increasing levels of need and cost of placements for children who are looked after by the Council as well as increasing staffing for the social care and child protection teams. There is also funding to establish the new White House Family Hub and an expansion of the council tax funding provision for children leaving care over the age of 21. Plus a further £1.6m allowed for contractual inflation within these services.
  - An additional £2.9m added to adult social care services for market sustainability and improvement fund, continuing the work to deliver reform of the adult social care system to ensure a sustainable care market. This is fully funded by Government grant. In addition, a further £2.1m has been added to fund demand pressures, in particular the increased demand and greater intensity of care needs for home care and mental health service users and additional costs for increases to the London Living Wage across direct Council contracts. Pressures within the NHS are contributing to increased activity through people being discharged from hospital through the Discharge to Assess arrangements who have more complex needs. Only £0.2m of Government grant has been awarded to Richmond for this work.
  - Allowed for the continuing increased pressures associated with looking after the homeless within the borough (£1.4m). It was previously projected that this increase would rise significantly in future years but it is now expected to be mitigated partly by external factors, specifically the announcement in the Chancellor's autumn statement on the uplifting of Local Housing Allowance (LHA) rates which should aid homelessness prevention efforts and potential for moving people out of temporary accommodation due to the increase in affordability within the private sector for those on Housing Benefit.

- A further contingency of £1.0m is being held centrally for additional service pressures in social care and homelessness or other demand led areas to ensure that they can be funded if they arise.
- Increasing the level of Temporary Accommodation that the Council is able to offer within the borough.
- Continuing investment of £0.5m (plus an additional £1m per annum in the capital programme) to help deliver the Richmond Climate Emergency Strategy agreed by the Environment, Sustainability, Culture and Sports Committee in January 2020. Specific allocation of these funds within year include air quality monitoring, a focussed energy and sustainability team and ecology work.
- The capital programme will invest a further £1m per year into upgrading lighting within the office estate to be more energy efficient.
- Investment in the corporate change programme (£0.8m) to deliver future service improvements and efficiencies to put the Council on a more sustainable long term financial footing, to be funded from the Invest to Save Reserve.
- Allowed for £32k to roll out the mega skip initiative, enabling residents to dispose of unwanted items for recycling.
- Launching a “summer splash” offer of reduced cost and free swimming sessions, plus swimming lessons for those children who missed out during COVID.
- Investment in the Community Safety Team and CCTV provision across the borough (£0.1m) with a further capital investment of £0.2m for equipment.
- Continued capital investing through use of the Public Realm Improvement Fund.
- Maintaining key infrastructure in the borough such as Teddington Lock footbridges, parks pavilions and the highest ever investment in pavements and highways and investing in our community facilities, with new provision for Ellera Hall, Ham Community Centre and Whitton.
- Support for residents during the cost of living crisis, adding a further £1.5m to the already provided £3m Emergency Funding Reserve. This includes the Council stepping in to provide certainty and continuity to residents relying on crisis funding via the Household Support Fund as the Government has still made no decision on whether this funding will continue beyond the current year.
- Funding to celebrate the borough’s twinning reaffirmation in the summer of 2025 (£0.1m).
- Developing a strategic vision for Richmond Town Centre (£0.1m)
- Provided for the continued loss of income to the Council as some of the behavioural changes seen during the past two years may continue e.g. parking and leisure services (£1.7m).
- Investment in the provision of pocket parks across the borough (£0.1m per year)
- Sending birthday cards to all 18 year olds to remind them to register to vote.

- An additional £1.2m continues to be provided as a contribution to the recovery of the DSG deficit to meet the conditions agreed within the safety valve funding agreement for the High Needs schools block.
- A continuation of the efficiency plan which in phase one delivered just over £5m in 2023/24 with a further £12m in efficiencies as follows:
  - Reductions generated from procurement and contract savings £0.2m
  - Income/efficiencies and holding down inflation on supplies budgets £10.6m
  - Transformation and service remodel £1.1m.
- Provided continuing support for capital investment, with a wider capital strategy review expected in the summer.
- Provided for inflation.

3.21 The Council continues its ongoing efficiency programme and managing the Council's finances prudently in this way allows for targeted investment in specific priorities as set out in the Administration's manifesto including making the borough a "fairer" place. In order to help deliver a more financially sustainable position in the longer term a programme of works continues to systematically review Council spend to ensure it is aligned with corporate priorities and to deliver further efficiencies such as:

- The office estate is being reviewed recognising the change in working practices and this could lead to future revenue savings as a result of reduced office accommodation costs and better aligned service provision. The first phase of moves has already delivered revenue savings and work continues on consolidating the Council's use of buildings with no diminution in front line service delivery.
- Investment has been made in moving IT services to "the Cloud" and reducing reliance on more expensive agency staff which has reduced ongoing IT costs.
- Investment in reducing the carbon footprint of the Council's estate will reduce energy costs and help contribute towards the Council's "net zero by 2030" target.
- Rigorous commissioning and procurement policies will be progressed to ensure value for money. An external review has identified where there could be further cost reduction opportunities in commissioning and procurement activities which are now being progressed.
- The digital strategy and continued investment in analytics capability will help to improve services, increase efficiency and help to tackle fraud.

3.22 The final service totals are:

	<u>2024/25</u>
	<u>£m</u>
Adult Social Services, Health and Housing	64.4
Education and Children's Services	52.9
Environment, Sustainability, Culture and Sports	32.2
Finance, Policy and Resources	37.4
Transport and Air Quality	-6.6
<b>Total</b>	<u><b>180.4</b></u>

### 3.23 Central Items and Contingency:

	<u>£m</u>
Capital Funding and Investment	3.2
Pensions Deficit Funding	1.5
Investment Items	1.5
General Contingency	0.5
Pay Award	3.8
Service Pressures Contingency	1.0
Contract Contingency / Other	4.7
Planned Transfers to/from Reserves	-1.1
Non Ring Fenced Grants	-0.2
Additional Social Care Grant	-1.4
Revenue Support Grant	-0.2
Funding Guarantee	-2.6
Retained Business Rates	-26.9
Contribution from Collection Fund (CTAX)	-1.1
Contribution from Reserves to Balance Council Tax	-2.2
<b>Total Central Items</b>	<b><u>-19.6</u></b>

### 3.24 Summary of Borough Expenditure:

	<u>£m</u>
Service Estimates	180.3
Central Items and Contingency	-19.6
<b>Total</b>	<b><u>160.7</u></b>

### Levies

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

Levy	2023/24	2024/25	Variation
	£000	£000	%
West London Waste Authority	8,045	8,509	5.8%
Lee Valley Park	227	232	2.2%
Environment Agency	211	213	1.1%
London Pension Fund Authority	298	298	0%

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

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

### Capping/Council Tax Referendums and the Adult Social Care Precept

- 3.26 The Localism Act abolished direct capping by the Government and replaced it with the ability of the Secretary of State to set a maximum level of council tax increase. Any council wishing to set a higher level of increase will be required to hold a local referendum. The Secretary of State has announced the level that will trigger a referendum will be 3% (or higher) for 2024/25 (also 3% in 2023/24).

- 3.27 The LGFS for 2024/25 also announced that once again local authorities responsible for adult social care will be given an additional 2% flexibility to be used entirely for adult social care. This is being offered in recognition of demographic changes which are leading to growing demand for adult social care, and increased pressure on council budgets.
- 3.28 Taken together this would allow a maximum council tax increase without triggering a referendum of 4.99% for this Council.
- 3.29 As detailed above, the Council continues to experience increasing demand on social care services and therefore considers it appropriate to increase council tax by the 2% allowed for the Adult Social Care Precept. Taking into account the other pressures the Council is facing in relation to inflation, both in the current and next financial year, the need to protect services, and the fact that Government funding has not met that gap in full, the Council has little choice but to increase the non-social care element of council tax by the maximum allowed of 2.99%. Doing so will still require the use of £2.2m from the Financial Resilience Reserve to balance the budget in 2024/25.

### **The Greater London Authority (GLA) Precept**

- 3.30 The Band D council tax in respect of the GLA precept is expected to increase by £37.26 (8.6%) to £471.40. Of this sum £20 is to fund transport, £13 for police and the remainder (a 2.99% increase) for non-police services.

### **3.31 Summary of requirements and Council Tax**

	<b>2024/25</b>
	<b>£'m</b>
Net Expenditure after use of balances and reserves	188.728
Collection Fund Deficit/ (Surplus)	-1.100
	<u>187.628</u>
Less:	
Retained Business Rates	-26.900
Richmond Requirement for Council Tax	<u>160.728</u>
GLA Precept	42.275
Total Requirement including GLA Precept	<u>203.002</u>

- 3.32 The council tax base for 2024/25 was set as 89,679 Band D equivalents in the delegated authority report published on 21st December 2023.

- 3.33 **Based on the above figures, allowing for roundings, the total council tax at Band D including the GLA element would be increased to £2,263.66, an increase of 5.72%.**

- 3.34 The table below shows the impact of the increases in council tax provisionally proposed by the Council and the GLA:

	<b>2023/24</b>	<b>2024/25</b>	<b>£</b>	<b>%</b>
	<b>£</b>	<b>£</b>	<b>change</b>	<b>change</b>
Richmond	1,707.07	1,792.26	85.18	4.99
GLA	434.14	471.40	37.26	8.58
<b>TOTAL</b>	<b>2,141.21</b>	<b>2,263.66</b>	<b>122.44</b>	<b>5.72</b>

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

3.35 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 Executive Director of Finance 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.

3.36 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 relatively low (compared to other London Councils) level of reserves.
- The current economic position and future outlook.
- Whether budget setting and monitoring processes are robust and effective.
- Demand pressures on the budget, particularly in light of the high proportion of the budget spent on social care services and the continuing increased complexity and inflationary pressures both on social care in particular and wider council services.
- Identifying and achieving cost and income improvements.
- Changes to the system of funding for Local Government.
- Risks to Government funding levels.
- Risks to other income streams.

3.37 The Council has a good track record in financial management and in the delivery of value for money. The judgements by external inspectorates take into account both the service performance of the Council and the way that budgets are prepared and monitored as well as the wider use of resources including staffing and physical resources.

3.38 Local government finance issues have been dominated in the current year by the impact of inflation both on the Council's own direct costs and the impact on residents and the cost of living crisis. Although the latest settlement has provided welcome additional funding in 2024/25 which was not expected in the September 2023 MTFs, the longer term position remains very uncertain. Any future Fair Funding Review is likely to present a risk for Richmond, as the Government continues to pursue its Levelling Up agenda. Longer term planning remains challenging and the Council has therefore taken a prudent stance to providing reserves and assuming the need for further efficiency measures. The longer term position remains extremely challenging and uncertain regarding future Government funding levels.

3.39 The Council has sufficient reserves to deal with the challenges it faces in the short term and continually reviews its savings and efficiency programme as part of medium and longer term planning. The continued building of the Financial Resilience Reserve over recent years plus the short term funding announcement made by Government have improved the Council's position.

3.40 The ongoing financial sustainability of the Council depends on finding significant opportunities for efficiencies, cost-reduction or income to meet future projected budget shortfalls. It is necessary to invest to save to unlock these opportunities at scale, and to protect critical services and resident experience from the impact of budget reductions. To



this end the Council is investing in its own corporate change programme. Within this programme, there are workstreams reviewing the Council's assets, including the office estate, investing in digital, data and customer experience, as well as reviewing the approach to commissioning and procurement. This will contribute towards the achievement of the Council's objectives.

- 3.41 Despite the constrained funding position, the Council remains committed to maintaining the services that residents both rely on and value, plus it continues to invest in the essential infrastructure which both underpins high quality services and will help to rebuild the economic vibrancy of the Borough. The affordability of this programme has been helped by the identification of one-off capital and revenue resources but the programme still relies heavily on the Council being prepared to increase its borrowing in future years. The impact of the required increase in borrowing is built into the MTFs and will be kept under regular review with the aim of reducing the borrowing need if possible.
- 3.42 The Council's reserves and their use are linked to both the capital and revenue budget. A full list of the current reserves held by the Council is attached at Appendix B and will be reviewed again as part of the update of the MTFs later in 2024/25. The overall level of useable reserves remains adequate for the purposes identified.
- 3.43 With levels of reserves below the London average, reserves will continue to be monitored and reviewed regularly. Both the current and projected levels of General Reserve are expected to remain within the Council's agreed range of 5-10% of the Budget Requirement.
- 3.45 In summary, the Chief Financial Officer (being the Executive Director of Finance) confirms that she is content that the estimates are robust for the purposes of the required budget/council tax calculations and that the Council's reserves are adequate in the short to medium term.

### **The Levelling Up and Regeneration Act**

- 3.46 The Levelling Up and Regeneration Act 2023 received Royal Assent in October 2023 and allows local authorities to:
- charge a 100% council tax premium on second homes;
  - shorten the timeframe for charging the current "long term empty" council tax premium from two years to one.
- 3.47 The aim of the legislation is to incentivise the occupation of empty properties which, considering the acute national housing crisis and lack of available housing in the borough, is a key priority for this Council. It is therefore proposed that these two provisions are brought into effect for Richmond. The majority of other London boroughs are taking a similar position.
- 3.48 The earliest possible implementation date for the second homes premium is 1st April 2025, so long as a formal decision is made by full Council and published to local residents by 1st April 2024. As a shortening of the long term empty premium timeframe is a change to an existing provision, it can be brought in from the start of the next financial year without notice, once agreed by full Council. Therefore, the earliest start date potentially would be 1st April 2024.
- 3.49 The Council would retain 51% of all additional income collected with 49% passed to the GLA. It is estimated there are around 350 second home properties in the borough and potentially over 200 properties impacted at any one time by the proposed change to the

long term empty premium. It is estimated that additional income for the Council of £0.8m could be generated each year.

- 3.50 There is no requirement to consult with residents before bringing in these measures, but a notice of intention must be given regarding the second home premium at least 12 months before implementation. However work will need to be carried out over the coming months to identify eligible properties (differentiating between properties used as genuine second homes and those held by landlords that are empty between lettings, for instance) and this will involve communication with residents as part of the process. Work will also be done to ensure the revised policy on long term empty homes is sensitive to issues such as probate.
- 3.51 It is therefore recommended that the Council agrees to adopt these proposals at its meeting on 5th March, with both being implemented from the 1st April 2025.

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

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

#### **5. PROCUREMENT IMPLICATIONS**

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

#### **6. LEGAL IMPLICATIONS**

- 6.1 There are none arising directly from this report.

#### **7. CONSULTATION AND ENGAGEMENT**

- 7.1 The Council has undertaken a number of resident surveys in recent years which have included key questions on their priorities for spending and opinion of the Council's approach to financial management. The results have been used to inform the budget strategy.
- 7.2 The Council maintains contact with the local business community via the Chamber of Commerce and other business and community forums. Officers have been invited to attend business breakfast meetings at which they provide an update on the Council's financial position and its future plans as well as keeping businesses informed about changes to the business rates system.
- 7.3 Service Committees have also considered relevant detailed service budget reports and have the opportunity to comment before this committee recommends final decisions to Council.

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

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

## **9. RISK CONSIDERATIONS**

- 9.1 The risks faced by the Council in relation to financial planning and budget setting are set out in paragraphs 3.35 to 3.45 of this report as part of the Executive Director of Finance's comments on Section 25 (2) of the Local Government Act 2003.
- 9.2 Many of the risks are similar to previous years but it is particularly worth noting the risks in relation to the pressures on our residents during cost of living crisis, Government funding, schools and children's/adult social care.

## **10. EQUALITY IMPACT CONSIDERATIONS**

- 10.1 Appendix C considers the equality impact of major changes to the 2024/25 budget.

## **11. ENVIRONMENTAL CONSIDERATIONS**

- 11.1 The Council has made significant allowance in its revenue and capital budgets to address the actions outlined in the Richmond Climate Emergency Strategy. These will be reviewed as the action plan is developed and implemented.

## **12. APPENDICES**

Appendix A – Council Tax Bands 2024/25  
Appendix B – Revenue Reserves  
Appendix C – Equality Impact Assessment  
Appendix D – Council Tax Resolution

## **13. BACKGROUND PAPERS**

None

## **14. CONTACTS**

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**Richmond Council Tax Bands 2024/25**

<b>Band</b>	<b>Richmond Council Tax (2024/25)</b>	<b>Greater London Authority (2024/25)</b>	<b>Total Council Tax (2024/25)</b>
	<b>£</b>	<b>£</b>	<b>£</b>
A	1,194.84	314.27	1,509.11
B	1,393.98	366.64	1,760.62
C	1,593.12	419.02	2,012.14
D	1,792.26	471.40	2,263.66
E	2,190.54	576.16	2,766.70
F	2,588.81	680.91	3,269.72
G	2,987.09	785.67	3,772.76
H	3,584.51	942.80	4,527.31

## ESTIMATED RESERVE BALANCES AT YEAR END

Description/ Purpose	Balance at 31-Mar-23 £000	Estimated Revenue usage 2023/24 £000	Estimated Capital Usage 2023/24 £000	Estimated Additions 2023/24 £000	Estimated Balance at 31-Mar-24 £000	Estimated Movement 2024/25 £000	Estimated Balance at 31-Mar-25 £000	PURPOSE OF RESERVE
<b>'GENERAL RESERVES'</b>								
Financial Resilience Reserve:								In recognition of the volatility of the arrangements of future local government funding
– DSG (High Needs) Contingency (FRR)	-257	257			0		0	
– Other (FRR)	-29,665	4,764		-4,810	-29,711	2,240	-27,471	
Emergency Funding Reserve	-2,610	1,032			-1,579	1,579	0	To support Cost of Living measures
Refugee and Homelessness Support Reserve	-6,840	802			-6,038	1,911	-4,128	To support refugee and homelessness pressures
Pensions Resilience Reserve	-3,000	0			-3,000		-3,000	Funding set aside to fund impacts of future actuarial reviews of pension fund
Public Realm Improvement Fund	-3,852	35	1,148		-2,668	2,668	0	Investment in public realm across the borough - revenue and capital
Invest to Save Reserve	-6,561	799			-5,762	1,836	-3,926	Funding for efficiency work across the Council, including an allowance for redundancy costs
Repairs and Renewals Fund Reserve	-3,211	277		-298	-3,231	210	-3,021	Purchase or creation of assets providing benefits of at least 3 years
	-55,996	7,965	1,148	-5,108	-51,990	10,443	-41,547	
<b>General Reserve</b>	-11,636	1,011			-10,625		-10,625	To be used to contribute to minimising Council Tax in future years
	-67,632	8,976	1,148	-5,108	-62,615	10,443	-52,172	
<b>STATUTORY RESERVES OVER WHICH THE COUNCIL HAS LIMITED OR NO CONTROL</b>								
Dedicated Schools Grant Reserve	257	-1,191			-934		-934	Created from under/overspend of Dedicated Schools Budget. Currently showing a deficit balance. Earmarked for schools expenditure.
Schools maternity and supply cover scheme	-442	*			-442		-442	Internal insurance arrangement for supply and maternity cover in schools
Schools' Reserves	-7,305	*			-7,305		-7,305	Ring fenced to schools
South London Partnership Reserve	-914	27			-887		-887	5 Borough collaboration to promote sustainable growth
Other	-66	0			-66		-66	e.g. Homes Loan unit
	-8,470	-1,164	0	0	-9,634	0	-9,634	

Description/ Purpose	Balance at 31-Mar-23 £000	Estimated Revenue usage 2023/24 £000	Estimated Capital Usage 2023/24 £000	Estimated Additions 2023/24 £000	Estimated Balance at 31-Mar-24 £000	Estimated Movement 2024/25 £000	Estimated Balance at 31-Mar-25 £000	PURPOSE OF RESERVE
<b>EARMARKED FOR CERTAIN OR PROBABLE EXPENDITURE OUTSIDE THE COUNCIL'S CONTROL:</b>								
General Insurance Reserve	-3,237	0			-3,237		-3,237	Internal insurance fund (non vehicle). Revaluation is completed as part of the insurance tendering process.
PFI Reserve (Education)	-6,699	0			-6,699		-6,699	To allow for future smoothing of annual payments under PFI contracts
PFI Reserve (Social Services)	-3,137	-181			-3,318		-3,318	
Direct Payment Reserve	-170	0			-170		-170	Recouped funds for Direct Payment Service Users to support with costs of their care in future
	-13,244	-181	0	0	-13,425	0	-13,425	
Business Rates Volatility Reserve	-6,116	0			-6,116		-6,116	Used to smooth the impact of NNDR year on year variations and S31 grants
Council Tax Volatility Reserve	-957	0			-957		-957	To smooth the impact of council tax collection year on year variations
	-7,074	0	0	0	-7,074	0	-7,074	
<b>OTHER EARMARKED RESERVES</b>								
Climate Change Reserve	-3,081	843	150		-2,088	250	-1,838	To support the Council's Sustainability Team in reducing the threat of climate change, to cut carbon emissions and promote energy efficiency
Waste and Recycling Reserve	-3,503	-2,409			-5,912	-630	-6,542	Used to fund Waste and Recycling Strategy
Youth Development Fund Reserve	-248	0			-248		-248	To fund capital schemes to improve youth facilities
Learning Disability and Health Reform Grant Reserve	-754	200			-554		-554	Previous unringfenced grant for use to assist pressures within Adult Social Care
Richmond CCG Contributions reserve	-1,592	450			-1,142		-1,142	To fund health pressures in agreement with CCG
Other Minor Reserves under £100K	-142				-142		-142	Various small reserves
	-9,320	-916	150	0	-10,086	-380	-10,466	
<b>TOTAL RESERVES</b>	<b>-105,740</b>	<b>6,715</b>	<b>1,298</b>	<b>-5,108</b>	<b>-102,834</b>	<b>10,063</b>	<b>-92,771</b>	

**SUMMARY BY COMMITTEE****B1**

	<u>2023/24</u> <u>Revised</u> <u>£</u>	<u>2024/25</u> <u>Budget</u> <u>£</u>
Adult Social Services, Health and Housing	63,217,300	64,427,800
Education and Childrens Services	48,019,100	52,859,300
Environment, Sustainability, Culture and Sports	30,797,700	32,201,000
Finance, Policy and Resources	36,428,200	37,434,000
Transport and Air Quality	(4,820,000)	(6,626,500)
Central Items	(21,219,400)	(19,567,900)
<b>Net Expenditure</b>	<b><u>152,422,900</u></b>	<b><u>160,727,700</u></b>

**SUBJECTIVE SUMMARY****B2**

	<u>2023/24</u> <u>Original</u> <u>£</u>	<u>2023/24</u> <u>Revised</u> <u>£</u>	<u>2024/25</u> <u>Budget</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	58,125,700	63,948,100	64,218,180
Premises	16,761,300	18,420,200	18,946,900
Transport	1,623,500	1,505,800	1,505,800
Supplies & Services	20,993,100	21,538,100	20,514,620
Third Party Payments	179,651,800	202,879,400	203,421,600
Transfer Payments	164,344,000	163,911,800	170,904,900
Support Service	1,175,100	1,708,500	1,708,500
<b>TOTAL EXPENDITURE</b>	<b>442,674,500</b>	<b>473,911,900</b>	<b>481,220,500</b>
<b><u>Income</u></b>			
Government Grants	(214,922,800)	(226,989,800)	(228,055,200)
Other Grants & Contributions	(5,372,500)	(4,867,200)	(4,507,200)
Customer & Client Receipts	(60,949,000)	(62,794,700)	(63,014,200)
Interest Received	(65,700)	(67,700)	(67,700)
Recharge Income	0	(1,246,000)	(1,246,000)
Internal Charges	(3,574,400)	(4,304,200)	(4,034,600)
<b>TOTAL INCOME</b>	<b>(284,884,400)</b>	<b>(300,269,600)</b>	<b>(300,924,900)</b>
<b>NET EXPENDITURE (excluding Central Items)</b>	<b>157,790,100</b>	<b>173,642,300</b>	<b>180,295,600</b>
Central Items	(5,367,200)	(21,219,400)	(19,567,900)
<b>NET EXPENDITURE</b>	<b>152,422,900</b>	<b>152,422,900</b>	<b>160,727,700</b>



**SUBJECTIVE SUMMARY BY SERVICE - BUDGETS 2024/25**

	<u>Education and Children's Services (Non DSG)</u>	<u>Adult Social Services, Health and Housing</u>	<u>Environment, Sustainability, Culture and Sports Services</u>	<u>Finance, Policy &amp; Resources</u>	<u>Transport and Air Quality</u>	<b><u>TOTAL (EXCL. DSG)</u></b>	<u>Education and Children's Services (DSG)</u>	<b><u>TOTAL (INC. DSG)</u></b>
<b>Expenditure</b>								
Employees	392,400	20,689,180	15,923,800	23,017,200	4,195,600	<b>64,218,180</b>	-	<b>64,218,180</b>
Premises	2,270,200	810,500	4,587,300	8,076,600	3,202,300	<b>18,946,900</b>	-	<b>18,946,900</b>
Transport	-	645,400	71,800	212,500	576,100	<b>1,505,800</b>	-	<b>1,505,800</b>
Supplies & Services	5,389,800	2,894,620	3,146,000	7,671,200	1,255,300	<b>20,356,920</b>	157,700	<b>20,514,620</b>
Third Party Payments	57,673,600	83,233,100	22,224,300	3,519,800	6,780,500	<b>173,431,300</b>	29,990,300	<b>203,421,600</b>
Transfer Payments	8,677,700	8,296,000	-	51,694,100	-	<b>68,667,800</b>	102,237,100	<b>170,904,900</b>
Support Services	-	251,800	533,700	482,900	440,100	<b>1,708,500</b>	-	<b>1,708,500</b>
<b>Total</b>	<b>74,403,700</b>	<b>116,820,600</b>	<b>46,486,900</b>	<b>94,674,300</b>	<b>16,449,900</b>	<b>348,835,400</b>	<b>132,385,100</b>	<b>481,220,500</b>
<b>Income</b>								
Government Grants	(19,549,200)	(30,480,000)	-	(45,643,800)	-	<b>(95,673,000)</b>	(132,385,100)	<b>(228,058,100)</b>
Other Grants & Contributions	(1,798,600)	(2,495,700)	(104,100)	(628,100)	-	<b>(5,026,500)</b>	-	<b>(5,026,500)</b>
Customer & Client Receipts	(196,600)	(19,417,100)	(13,636,000)	(8,712,800)	(21,051,700)	<b>(63,014,200)</b>	-	<b>(63,014,200)</b>
Interest	-	-	-	(67,700)	-	<b>(67,700)</b>	-	<b>(67,700)</b>
Internal charges	-	-	(545,800)	(2,187,900)	(2,024,700)	<b>(4,758,400)</b>	-	<b>(4,758,400)</b>
<b>Total</b>	<b>(21,544,400)</b>	<b>(52,392,800)</b>	<b>(14,285,900)</b>	<b>(57,240,300)</b>	<b>(23,076,400)</b>	<b>(168,539,800)</b>	<b>(132,385,100)</b>	<b>(300,924,900)</b>
<b>NET EXPENDITURE (EXCL. CENTRAL ITEMS)</b>	<b>52,859,300</b>	<b>64,427,800</b>	<b>32,201,000</b>	<b>37,434,000</b>	<b>(6,626,500)</b>	<b>180,295,600</b>	-	<b>180,295,600</b>
<b>Central Items</b>	-	-	-	(19,567,900)	-	(19,567,900)	-	(19,567,900)
<b>NET EXPENDITURE (INC. CENTRAL ITEMS)</b>	<b>52,859,300</b>	<b>64,427,800</b>	<b>32,201,000</b>	<b>17,866,100</b>	<b>(6,626,500)</b>	<b>160,727,700</b>	-	<b>160,727,700</b>

# **EDUCATION AND CHILDREN'S SERVICES**

Should you have any queries concerning the Education and Childrens Services pages please contact:

**Ruth Ebaretonbofa-Morah  
Financial Controller**

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## EDUCATION AND CHILDREN'S SERVICES

### SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
Education and Children's Services	48,019,100	52,859,300
<b>Total Education and Childrens Services</b>	<b><u>48,019,100</u></b>	<b><u>52,859,300</u></b>

<u>Variation Analysis</u>	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
<b>2023/24 ORIGINAL BUDGET</b>	44,579,200	44,579,200
Inflation to Current Prices	3,084,300	4,720,800
Changes in Government Grants	0	(732,300)
Other Government or Outside Body Changes	4,100	4,100
Demand Led Growth	0	4,583,700
Efficiency Savings	0	(806,600)
Investment Priorities	24,000	282,500
Other Growth & Savings	63,700	227,900
Budget Transfers	263,800	0
<b>NET EXPENDITURE</b>	<b><u>48,019,100</u></b>	<b><u>52,859,300</u></b>

## EDUCATION AND CHILDREN'S SERVICES

### SUBJECTIVE ANALYSIS

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
<u>Expenditure</u>		
Employees	392,400	392,400
Premises	2,270,200	2,270,200
Supplies & Services	5,560,000	5,547,500
Third Party Payments	87,306,100	87,663,900
Transfer Payments	105,443,900	110,914,800
TOTAL EXPENDITURE	<hr/> 200,972,600	<hr/> 206,788,800
<u>Income</u>		
Government Grants	(150,965,500)	(151,934,300)
Other Grants & Contributions	(1,798,600)	(1,798,600)
Customer & Client Receipts	(189,400)	(196,600)
TOTAL INCOME	<hr/> (152,953,500)	<hr/> (153,929,500)
<b>NET EXPENDITURE</b>	<hr/> <b>48,019,100</b>	<hr/> <b>52,859,300</b>

## EDUCATION AND CHILDREN'S SERVICES

### Education and Children's Services

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
Achieving for Children Contract	84,203,100	84,560,900
Grant Funding	(41,833,800)	(37,338,900)
Children's Retained costs	379,400	366,900
General Fund Contribution to DSG	1,200,000	1,200,000
Schools PFI	1,107,400	1,107,400
	45,056,100	49,896,300

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	41,616,200	41,616,200
<b>Inflation to Current Prices</b>	3,084,300	4,720,800
<b>Changes in Government Grants</b>		
- Social Care Grant income	0	(732,300)
<b>Other Government or Outside Body Changes</b>		
- Employers Pension Contribution Increase	4,100	4,100
<b>Demand Led Growth</b>		
- Social Care Placement growth	0	2,587,000
- Social Care Staffing	0	710,100
- Legal Advice - Social care	0	335,000
- S17 Support for Young People and Families	0	174,000
- Special Guardianship Order Allowances	0	55,000
- Extension of Council Tax support scheme for care leavers	0	164,000
- White House Family Hub	0	149,300
- External Audit Fees	0	15,400
- Support Service Transformation - Investment in Digitisation	0	73,900
- Children With Disabilities Equipment and Respite Care	0	72,000
- Home to School Transport	0	213,000
- SEND Inspection and Quality Assurance Resource for Extended Inspection Regime	0	35,000
<b>Efficiency Savings</b>		
- Income, Contract and Departmental Efficiencies	0	(8,100)
- Reduction in ICT and Business Support Costs	0	(135,400)
- Transformation of Transport Services	0	(158,000)
- Placement Sufficiency Strategy	0	(400,000)
- Increase In-House Foster Carers	0	(105,100)
<b>Investment Priorities</b>		
- Social Care and Early Help Transformation	0	70,000
- Digital Transformation Programme Manager	0	37,500
- Investment in Cybersecurity	0	25,000
- Transformation of Placements	0	150,000
- Cost of Living Response - Free School Meals	12,500	0
- Cost of Living Response - Powerstation Food Parcels	11,500	0
<b>Other Growth &amp; Savings</b>		
- Rent Review	30,900	2,900
- Special Educational Needs Transport - Commissioned Review	22,800	0
- Investment in Youth Services - Climate Change Funding	10,000	0
- Early Help Transformation	0	91,000
- Social Care Delivery Models	0	134,000
<b>Budget Transfers</b>		
- Revolving Credit Agreement Interest	263,800	0
<b>NET EXPENDITURE</b>	<b>45,056,100</b>	<b>49,896,300</b>

## EDUCATION AND CHILDREN'S SERVICES

### Education and Children's Services

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
Public Health	2,963,000	2,963,000
	<hr/> 2,963,000	<hr/> 2,963,000

<u>Variation Analysis</u>	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
<b>2023/24 ORIGINAL BUDGET</b>	2,963,000	2,963,000
<b>NET EXPENDITURE</b>	<hr/> <b>2,963,000</b>	<hr/> <b>2,963,000</b>

# **ADULT SOCIAL SERVICES, HEALTH AND HOUSING**

Should you have any queries concerning the Adult Social Services, Health and Housing pages please contact:

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## ADULT SOCIAL SERVICES, HEALTH AND HOUSING

### SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
<b>Housing &amp; Regeneration</b>		
Housing Management	218,800	237,500
Housing Services	6,356,600	6,959,800
Other Housing	480,900	380,900
<b>Adult Social Care &amp; Public Health</b>		
Adult Social Care	52,240,700	53,122,800
Commissioning and Quality Standards	9,023,900	8,906,000
Public Health	(8,241,200)	(8,364,000)
Business Resources	2,867,500	2,939,700
<b>Environment &amp; Community Services</b>		
Private Sector Housing	270,100	245,100
<b>Total Adult Social Services, Health &amp; Housing</b>	<b><u>63,217,300</u></b>	<b><u>64,427,800</u></b>

<u>Variation Analysis</u>	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
<b>2023/24 ORIGINAL BUDGET</b>	56,549,000	56,549,000
Inflation to Current Prices	5,737,500	5,783,500
Changes in Government Grants	(1,551,000)	(2,170,800)
Other Government or Outside Body Changes	133,200	133,200
Demand Led Growth	1,001,500	2,737,300
Efficiency Savings	0	(860,300)
Investment Priorities	311,400	567,600
Other Growth & Savings	560,500	1,409,400
Budget Transfers	475,200	278,900
<b>NET EXPENDITURE</b>	<b><u>63,217,300</u></b>	<b><u>64,427,800</u></b>



## ADULT SOCIAL SERVICES, HEALTH AND HOUSING

### SUBJECTIVE ANALYSIS

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
<u>Expenditure</u>		
Employees	20,633,700	20,689,180
Premises	764,500	810,500
Transport	645,400	645,400
Supplies & Services	2,770,700	2,894,620
Third Party Payments	81,344,600	83,233,100
Transfer Payments	8,296,000	8,296,000
Support Services	251,800	251,800
<b>TOTAL EXPENDITURE</b>	<b>114,706,700</b>	<b>116,820,600</b>
<u>Income</u>		
Government Grants	(29,932,200)	(30,480,000)
Other Grants & Contributions	(2,419,500)	(2,495,700)
Customer & Client Receipts	(19,137,700)	(19,417,100)
<b>TOTAL INCOME</b>	<b>(51,489,400)</b>	<b>(52,392,800)</b>
<b>NET EXPENDITURE</b>	<b>63,217,300</b>	<b>64,427,800</b>

## ADULT SOCIAL SERVICES, HEALTH AND HOUSING

### Housing Management

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
Joint Control Room	575,500	594,200
Careline	(369,900)	(369,900)
Animal Welfare	13,200	13,200
	218,800	237,500

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	139,600	139,600
<b>Inflation to Current Prices</b>	34,400	38,500
<b>Other Government or Outside Body Changes</b>		
- Employer's Pension Contribution Increase	3,200	3,200
<b>Efficiency Savings</b>		
- Income, Contract and Departmental Efficiencies	0	(2,900)
<b>Other Growth &amp; Savings</b>		
- CCTV Pilot - additional staffing resource	17,500	35,000
<b>Budget Transfers</b>	24,100	24,100
<b>NET EXPENDITURE</b>	<b>218,800</b>	<b>237,500</b>

## ADULT SOCIAL SERVICES, HEALTH AND HOUSING

### Housing Services

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
Housing Services Teams	2,449,300	2,517,800
Discretionary Social Fund (Housing)	140,000	140,000
Direct Homelessness costs	3,202,300	3,737,000
Homelessness Prevention Schemes	569,900	569,900
Ex HRA Properties	(4,900)	(4,900)
	6,356,600	6,959,800

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	4,484,400	4,484,400
<b>Inflation to Current Prices</b>	1,504,400	1,514,100
<b>Changes in Government Grants</b>		
- New Burdens Grant (domestic abuse)	0	(16,100)
- Additional Homelessness Prevention Grant (2023/24 only)	(653,000)	0
<b>Other Government or Outside Body Changes</b>		
- Employer's Pension Contribution Increase	19,300	19,300
<b>Demand Led Growth</b>		
- Housing Services Staffing Review	200,000	265,000
- Homelessness Pressures	801,500	872,300
<b>Efficiency Savings</b>		
- Income, Contract and Departmental Efficiencies	0	(7,300)
- Improved Temporary Accommodation Rent Collection Rates	0	(171,900)
<b>NET EXPENDITURE</b>	<b>6,356,600</b>	<b>6,959,800</b>

## ADULT SOCIAL SERVICES, HEALTH AND HOUSING

### Other Housing

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
Management and Support	337,600	337,600
Delivery and Development	143,300	143,300
Residential Acquisitions	0	(100,000)
	480,900	380,900

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	454,200	454,200
<b>Inflation to Current Prices</b>	18,900	19,800
<b>Other Government or Outside Body Changes</b>		
- Employer's Pension Contribution Increase	3,700	3,700
<b>Efficiency Savings</b>		
- Income, Contract and Departmental Efficiencies	0	(900)
- Acquired Properties (Richmond Housing Partnership managed)	0	(100,000)
<b>Budget Transfers</b>	4,100	4,100
<b>NET EXPENDITURE</b>	<b>480,900</b>	<b>380,900</b>

## ADULT SOCIAL SERVICES, HEALTH AND HOUSING

### Adult Social Care

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
Adult Service Operations Teams	8,522,200	8,455,200
Early Help & Enablement Services	1,923,300	1,924,300
Services for Older People, Sensory & Physical Disabilities	12,013,800	12,800,300
Services for Adults with Learning Disabilities	23,503,900	23,471,200
Services for Adults with Mental Health Needs	4,220,500	4,170,500
Care Provision	2,013,000	1,923,700
Borough of Sanctuary (Operational & Staffing budgets)	44,000	377,600
	52,240,700	53,122,800

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	48,810,300	48,810,300
<b>Inflation to Current Prices</b>	3,349,000	3,360,800
<b>Changes in Government Grants</b>		
- ASC Market Sustainability and Improvement Fund Grant Income	0	(1,343,700)
- ASC Market Sustainability and Improvement Fund - Workforce Fund Grant Income	(1,005,000)	0
- Additional Social Care Grant Income	0	(732,200)
- Adult Social Care Discharge Fund Grant Income	0	(72,400)
- Winter Pressures Grant Loss	450,000	450,000
<b>Other Government or Outside Body Changes</b>		
- Employer's Pension Contribution Increase	69,700	69,700
<b>Demand Led Growth</b>		
- Demographic Pressures in all Client Groups Care Budget	0	1,600,000
<b>Efficiency Savings</b>		
- Income, Contract and Departmental Efficiencies	0	(7,900)
- Mental Health Commissioning Review	0	(50,000)
- Older People Day Services	0	(100,000)
- Placement Policy	0	(100,000)
- Older People Delivery Plan	0	(300,000)
<b>Investment Priorities</b>		
- Adult Social Care Assessments	130,000	0
- Borough of Sanctuary (operational & staffing budgets)	44,000	377,600
<b>Other Growth &amp; Savings</b>		
- National Living Wage Increases	0	500,000
- ASC Market Sustainability and Improvement Fund Grant Spend	0	1,343,700
- ASC Market Sustainability and Improvement Fund - Workforce Fund Grant Spend	1,005,000	0
- Winter Pressures Grant Spend Removal	(450,000)	(450,000)
- Overnight Respite	(32,900)	(65,600)
- Adult Social Care Discharge Fund Grant Spend	0	72,400
- Removal of Short Term Staffing Efficiencies	0	59,400
<b>Budget Transfers</b>	(129,400)	(299,300)
<b>NET EXPENDITURE</b>	<b>52,240,700</b>	<b>53,122,800</b>

## ADULT SOCIAL SERVICES, HEALTH AND HOUSING

### Commissioning and Quality Standards

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
Commissioning Teams	1,530,200	1,542,800
Advocacy, Supported Employment and Other minor services	519,600	519,600
Professional Standards and Safeguarding	1,147,900	1,143,500
Prevention and Wellbeing	2,814,000	2,687,900
Adult Public Health Services	3,012,200	3,012,200
	9,023,900	8,906,000

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	8,282,900	8,282,900
<b>Inflation to Current Prices</b>	490,000	497,900
<b>Other Government or Outside Body Changes</b>		
- Employer's Pension Contribution Increase	18,700	18,700
<b>Efficiency Savings</b>		
- Income, Contract and Departmental Efficiencies	0	(6,900)
<b>Other Growth &amp; Savings</b>		
- Cost of Living Response - Benefits Advice for Older People, Physical Disability & Learning Disability Clients	0	(126,100)
- Removal of Short Term Staffing Efficiencies	0	18,600
<b>Budget Transfers</b>	232,300	220,900
<b>NET EXPENDITURE</b>	<b>9,023,900</b>	<b>8,906,000</b>

## ADULT SOCIAL SERVICES, HEALTH AND HOUSING

### Public Health

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
Core Public Health (team and other)	1,954,600	1,966,100
Public Health Grant	(10,195,800)	(10,330,100)
	(8,241,200)	(8,364,000)

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	(8,115,500)	(8,115,500)
<b>Inflation to Current Prices</b>	200,400	201,200
<b>Changes in Government Grants</b>		
- Increase in Public Health Grant Income	(322,100)	(456,400)
<b>Other Government or Outside Body Changes</b>		
- Employer's Pension Contribution Increase	1,100	1,100
<b>Efficiency Savings</b>		
- Income, Contract and Departmental Efficiencies	0	(500)
<b>Investment Priorities</b>		
- Cost of Living - Mental Health First Aid Training	8,400	0
<b>Budget Transfers</b>	(13,500)	100
<b>NET EXPENDITURE</b>	<b>(8,241,200)</b>	<b>(8,364,000)</b>

## ADULT SOCIAL SERVICES, HEALTH AND HOUSING

### Adults Business Resources

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
Business Resources	2,867,500	2,939,700
	2,867,500	2,939,700

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	2,251,900	2,251,900
<b>Inflation to Current Prices</b>	137,000	147,700
<b>Changes in Government Grants</b>		
- Client Level Data Flow - Grant Income 2023/24	(20,900)	0
<b>Other Government or Outside Body Changes</b>		
- Employer's Pension Contribution Increase	17,000	17,000
<b>Efficiency Savings</b>		
- Income, Contract and Departmental Efficiencies	0	(11,900)
<b>Investment Priorities</b>		
- 2022 23 Social Care Implementation Grant	108,000	0
- 2023 24 Client Short Long Term Data Collection	21,000	0
- Transformation Plan – Change Agents	0	190,000
<b>Other Growth &amp; Savings</b>		
- 2023 24 Client Level Data Flow - Grant Spend	20,900	0
- Removal of Short Term Efficiencies	0	16,000
<b>Budget Transfers</b>	332,600	329,000
<b>NET EXPENDITURE</b>	<b>2,867,500</b>	<b>2,939,700</b>



## ADULT SOCIAL SERVICES, HEALTH AND HOUSING

### Regulatory Services Partnership

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
Private Sector Housing	270,100	245,100
	270,100	245,100

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	241,200	241,200
<b>Inflation to Current Prices</b>	3,400	3,500
<b>Other Government or Outside Body Changes</b>		
- Employer's Pension Contribution Increase	500	500
<b>Efficiency Savings</b>		
- Income, Contract and Departmental Efficiencies	0	(100)
<b>Budget Transfers</b>	25,000	0
<b>NET EXPENDITURE</b>	<b>270,100</b>	<b>245,100</b>

# **ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES**

Should you have any queries concerning the Environment, Sustainability, Culture & Sports Services pages please contact:

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## ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES

### SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
<b>Environment and Community Services</b>		
ECS Management and Support	1,459,400	1,466,200
Highways Operations and Streetscene	915,600	776,600
Leisure	11,019,800	10,610,000
Waste & Recycling	14,964,400	17,002,700
<b>Chief Executives</b>		
Planning and Transport Strategy	2,179,000	2,006,400
Policy and Performance	259,500	339,100
<b>Total Environment, Sustainability, Culture &amp; Sports Services</b>	<b>30,797,700</b>	<b>32,201,000</b>

<u>Variation Analysis</u>	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
<b>2023/24 ORIGINAL BUDGET</b>	29,282,300	29,282,300
Inflation to Current Prices	2,639,400	2,892,000
Other Government or Outside Body Changes	133,500	676,000
Demand Led Growth	2,600	2,600
Efficiency Savings	0	(138,400)
Investment Priorities	539,500	455,700
Income Generation	0	(441,600)
Other Growth & Savings	(1,372,000)	64,000
Budget Transfers	(427,600)	(591,600)
<b>NET EXPENDITURE</b>	<b>30,797,700</b>	<b>32,201,000</b>

## ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES

### SUBJECTIVE ANALYSIS

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
<u>Expenditure</u>		
Employees	15,869,100	15,923,800
Premises	4,500,900	4,587,300
Transport	71,800	71,800
Supplies & Services	3,253,700	3,146,000
Third Party Payments	22,041,800	22,224,300
Support Services	533,700	533,700
<b>TOTAL EXPENDITURE</b>	<b>46,271,000</b>	<b>46,486,900</b>
<u>Income</u>		
Other Grants & Contributions	(104,100)	(104,100)
Customer & Client Receipts	(14,857,600)	(13,636,000)
Internal Charges	(511,600)	(545,800)
<b>TOTAL INCOME</b>	<b>(15,473,300)</b>	<b>(14,285,900)</b>
<b>NET EXPENDITURE</b>	<b>30,797,700</b>	<b>32,201,000</b>

## ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES

### ECS Management and Support

	<u>2023/24</u> <u>Revised</u> <u>£</u>	<u>2024/25</u> <u>Budget</u> <u>£</u>
Business Support	111,000	111,000
ECS Management Team	742,700	745,300
Finance and Performance	394,500	394,500
Precepts and Levies	211,200	215,400
	1,459,400	1,466,200

	<u>2023/24</u> <u>Revised</u> <u>£</u>	<u>2024/25</u> <u>Budget</u> <u>£</u>
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	1,427,400	1,427,400
<b>Inflation</b>	41,700	47,500
<b>Other Government or Outside Body Changes</b>		
- Coroner's Court Levy	0	53,000
- Environment Agency Levy	0	4,200
- Employer's Pension Contribution Increase	7,000	7,000
<b>Efficiency Savings</b>		
- Income, Contract and Departmental Efficiencies	0	(5,800)
<b>Budget Transfers</b>	(16,700)	(67,100)
<b>NET EXPENDITURE</b>	1,459,400	1,466,200

## ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES

### Highways Operations and Streetscene - including Regulatory Services

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
Emergency Planning	94,200	94,200
Regulatory Services Partnership	821,400	682,400
Environmental Services		
	915,600	776,600

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	861,300	861,300
<b>Inflation</b>	4,700	6,600
<b>Other Government or Outside Body Changes</b>		
- Employer's Pension Contribution Increase	600	600
<b>Efficiency Savings</b>		
- Income, Contract and Departmental Efficiencies	0	(1,900)
<b>Investment Priorities</b>		
- RSP Increased Food Safety Inspections	39,000	0
<b>Other Growth &amp; Savings</b>		
- Removal of Temporary Resource for Noise Team	0	(90,000)
<b>Budget Transfers</b>	10,000	0
<b>NET EXPENDITURE</b>	915,600	776,600

## ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES

### Leisure

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
Arts and Culture	1,180,500	1,166,300
Libraries	4,099,800	4,185,400
Parks Management	5,061,200	4,716,700
Registrars and Cemeteries	(919,100)	(953,300)
Sports Services	1,597,400	1,494,900
	11,019,800	10,610,000

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	9,723,300	9,723,300
<b>Inflation</b>	952,800	1,130,100
<b>Other Government or Outside Body Changes</b>		
- Lee Valley Regional Park Authority Levy	17,000	28,300
- Employer's Pension Contribution Increase	73,300	73,300
<b>Efficiency Savings</b>		
- Income, Contract and Departmental Efficiencies	0	(83,300)
- Parks & Cemeteries Efficiencies	0	(15,000)
<b>Investment Priorities</b>		
- Tackling Climate Change Projects	243,300	63,500
- Cost of Living Libraries Warm Spaces	6,700	0
- Towpath Strategy Development	67,000	0
- Increased Cleaning at Pools on the Park	0	30,000
- Investment in Parks Equipment	0	15,000
<b>Income Generation</b>		
- Review of Fees & Charges	0	(218,600)
<b>Other Growth &amp; Savings</b>		
- National Non Domestic Rate Payments	(78,300)	18,700
- Removal of Temporary Covid Support - Events Income	0	(30,000)
- Removal of Temporary Covid Support - Room Hire	0	(20,000)
- Removal of Temporary Resource for Towpath Investment	0	(120,000)
- Removal of Climate Change Investment		
<b>Budget Transfers</b>	14,700	14,700
<b>NET EXPENDITURE</b>	11,019,800	10,610,000

## ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES

### Waste

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
Public Conveniences	120,200	98,200
Street Cleansing	3,046,700	3,046,700
Waste and Street Cleansing Contract Management	364,900	364,900
Waste Collection and Recycling	5,525,600	5,299,700
Waste Disposal including WLWA Levy	5,907,000	8,193,200
	14,964,400	17,002,700

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	14,930,800	14,930,800
<b>Inflation</b>	1,441,800	1,483,300
<b>Changes in Government Grants</b>		
<b>Other Government or Outside Body Changes</b>		
- Employer's Pension Contribution Increase	7,900	7,900
- West London Waste Authority Levy (WLWA)	0	474,000
<b>Demand Led Growth</b>		
- Waste Contract Increase in Number of Properties	2,600	2,600
<b>Efficiency Savings</b>		
- Income, Contract and Departmental Efficiencies	0	(8,300)
<b>Investment Priorities</b>		
- Mega Skip Provision	0	32,000
<b>Income Generation</b>		
- Review of Fees & Charges	0	(107,900)
<b>Other Growth &amp; Savings</b>		
- National Non Domestic Rate Payments	3,300	3,300
- Community Toilet Scheme	22,000	0
- Public Recycling Point Provision	150,000	150,000
- WLWA Renewable Energy Income Disbursement	(1,459,000)	320,000
- Increase in Commercial Waste Income	0	(150,000)
<b>Budget Transfers</b>	(135,000)	(135,000)
<b>NET EXPENDITURE</b>	14,964,400	17,002,700



## ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES

### Policy and Performance

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
Climate Change	259,500	339,100
	259,500	339,100

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	551,500	551,500
<b>Inflation</b>	8,600	15,800
<b>Other Government or Outside Body Changes</b>		
- Employer's Pension Contribution Increase	1,000	1,000
<b>Efficiency Savings</b>		
- Income, Contract and Departmental Efficiencies	0	(5,200)
<b>Investment Priorities</b>		
- Tackling Climate Change Projects	84,200	281,700
- Cost of Living Warm Homes	59,800	33,500
<b>Other Growth &amp; Savings</b>		
- Climate Change Youth Funding	(10,000)	0
<b>Budget Transfers</b>	(435,600)	(539,200)
<b>NET EXPENDITURE</b>	259,500	339,100

## ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES

### Planning and Transport Strategy

	<u>2023/24</u> <u>Revised</u> <u>£</u>	<u>2024/25</u> <u>Budget</u> <u>£</u>
Building Control	164,900	164,100
Development Management	936,700	822,400
Flood Defence	30,000	30,000
Information and Business Support	36,900	36,900
Land Charges	(237,400)	(187,400)
Policy and Design	796,200	863,200
Strategic Developments	10,400	10,400
Thames Landscape Strategy	37,000	37,000
Transport Strategy	404,300	229,800
	2,179,000	2,006,400

	<u>2023/24</u> <u>Revised</u> <u>£</u>	<u>2024/25</u> <u>Budget</u> <u>£</u>
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	1,788,000	1,788,000
<b>Inflation</b>	189,800	208,700
<b>Other Government or Outside Body Changes</b>		
- Employer's Pension Contribution Increase	26,700	26,700
<b>Efficiency Savings</b>		
- Income, Contract and Departmental Efficiencies	0	(18,900)
<b>Investment Priorities</b>		
- Tackling Climate Change - Cargo Bikes	39,500	0
<b>Income Generation</b>		
- Review of Fees & Charges	0	(115,100)
<b>Other Growth &amp; Savings</b>		
- Land Charges Central Government Income Reduction	0	50,000
- Richmond Town Centre Engagement Phase 2	0	125,000
- Removal of Temporary Local Plan Resource	0	(14,000)
- Conservation Area Team	0	(44,000)
- Removal of Short Term ULEZ Mitigation Measures	0	(135,000)
<b>Budget Transfers</b>	135,000	135,000
<b>NET EXPENDITURE</b>	2,179,000	2,006,400

# **FINANCE, POLICY AND RESOURCES**

Should you have any queries concerning the Finance, Policy and Resources pages please contact:

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## FINANCE, POLICY AND RESOURCES

### SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
<b>Finance Directorate</b>		
Directorate	314,000	314,000
Financial Management	3,030,800	3,255,800
Revenue Services	8,111,500	9,605,800
Financial Services	1,531,400	1,469,000
<b>Chief Executives Directorate</b>		
Chief Executive Group	7,947,700	7,859,300
Place	(2,900)	(130,700)
<b>Change and Innovation Directorate (from 2024/25)</b>		
Change and Innovation	9,185,700	9,224,700
<b>Housing and Regeneration Directorate</b>		
Property Services	6,310,000	5,836,100
	36,428,200	37,434,000
Central Items	(21,219,400)	(19,567,900)
<b>Total Finance, Policy and Resources</b>	<b>15,208,800</b>	<b>17,866,100</b>

<u>Variation Analysis</u>	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
<b>2023/24 ORIGINAL BUDGET</b>	28,060,900	28,060,900
Inflation	1,289,900	1,571,400
Changes in Government Grants	7,000	7,000
Other Government or Outside Body Changes	162,600	1,968,100
Demand Led Growth	0	651,000
Efficiency Savings	(98,100)	(725,000)
Investment Priorities	1,583,200	544,300
Income Generation	0	(177,900)
Other Growth & Savings	152,900	465,500
Budget Transfers	(97,400)	(298,500)
Central Items	(15,852,200)	(14,200,700)
<b>NET EXPENDITURE</b>	<b>15,208,800</b>	<b>17,866,100</b>

## FINANCE, POLICY AND RESOURCES

### SUBJECTIVE ANALYSIS

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
<u>Expenditure</u>		
Employees	22,782,200	23,017,200
Premises	8,005,900	8,076,600
Transport	212,500	212,500
Supplies & Services	8,648,400	7,671,200
Third Party Payments	4,593,000	3,519,800
Transfer Payments	50,171,900	51,694,100
Support Services	482,900	482,900
<b>TOTAL EXPENDITURE</b>	<b>94,896,800</b>	<b>94,674,300</b>
<u>Income</u>		
Government Grants	(46,095,000)	(45,643,800)
Other Grants & Contributions	(1,368,100)	(628,100)
Customer & Client Receipts	(8,749,900)	(8,712,800)
Interest	(67,700)	(67,700)
Recharge Income	(1,246,000)	(1,246,000)
Internal charges	(941,900)	(941,900)
<b>TOTAL INCOME</b>	<b>(58,468,600)</b>	<b>(57,240,300)</b>
<b>NET EXPENDITURE (excluding Central Items)</b>	<b>36,428,200</b>	<b>37,434,000</b>
Central Items	(21,219,400)	(19,567,900)
<b>NET EXPENDITURE (including Central Items)</b>	<b>15,208,800</b>	<b>17,866,100</b>

## FINANCE, POLICY AND RESOURCES

### Finance Directorate

	<u>2023/24</u> <u>Revised</u> <u>£</u>	<u>2024/25</u> <u>Budget</u> <u>£</u>
Directorate	314,000	314,000
	314,000	314,000

	<u>2023/24</u> <u>Revised</u> <u>£</u>	<u>2024/25</u> <u>Budget</u> <u>£</u>
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	371,700	371,700
<b>Inflation</b>	10,000	10,500
<b>Other Government or Outside Body Changes</b>		
- Employer's Pension Contribution Increase	2,000	2,000
<b>Efficiency Savings</b>		
- Income, Contract and Departmental Efficiencies	0	(500)
<b>Budget Transfers</b>	(69,700)	(69,700)
<b>NET EXPENDITURE</b>	314,000	314,000

## FINANCE, POLICY AND RESOURCES

### Financial Management

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
Financial Control and Accountancy	2,132,900	2,132,900
Corporate Management	863,100	988,100
Non Distributed Costs	(296,200)	(196,200)
Levies	325,400	325,400
Home Loans	5,600	5,600
	3,030,800	3,255,800

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	2,962,000	2,962,000
<b>Inflation</b>	55,500	85,700
<b>Other Government or Outside Body Changes</b>		
- Employer's Pension Contribution Increase	13,300	13,300
<b>Demand Led Growth</b>		
- Bank card charges	0	125,000
<b>Efficiency Savings</b>		
- Income, Contract and Departmental Efficiencies	0	(30,200)
<b>Other Growth &amp; Savings</b>		
- Reduction in Rebate for Agency Staff due to Lower Use	0	100,000
<b>NET EXPENDITURE</b>	3,030,800	3,255,800

## FINANCE, POLICY AND RESOURCES

### Revenue Services

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
Council Tax and Business Rates	261,700	261,700
Parking Administration	1,010,400	1,010,400
Accessible Transport and Concessionary Fares	5,341,900	7,139,000
Housing Benefit Administration	1,317,700	1,184,900
Housing Benefit Subsidy	179,800	9,800
	8,111,500	9,605,800

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	7,721,200	7,721,200
<b>Inflation</b>	235,200	246,400
<b>Other Government or Outside Body Changes</b>		
- Employer's Pension Contribution Increase	22,300	22,300
- Concessionary fares	0	1,797,100
<b>Efficiency Savings</b>		
- Staffing Efficiencies linked to Rollout of Universal Credit	0	(70,000)
- Increased Housing Benefit Overpayment Recovery	0	(170,000)
- Income, Contract and Departmental Efficiencies	0	(11,900)
<b>Investment Priorities</b>		
- Cost of Living Programme Resource and Software Investment	150,400	68,900
<b>Other Growth &amp; Savings</b>		
- IT Software	(19,400)	0
<b>Budget Transfers</b>	1,800	1,800
<b>NET EXPENDITURE</b>	8,111,500	9,605,800



## FINANCE, POLICY AND RESOURCES

### Financial Services

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
Internal Audit	42,700	42,700
Shared Audit and Fraud	644,600	604,600
Pensions Administration	51,500	51,500
Pension Fund Administration	23,400	23,400
Insurance	13,300	13,300
Health and Safety Team	111,800	111,800
Procurement	644,100	621,700
	1,531,400	1,469,000

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	1,488,800	1,488,800
<b>Inflation</b>	1,700	14,300
<b>Other Government or Outside Body Changes</b>		
- Employer's Pension Contribution Increase	20,400	20,400
<b>Efficiency Savings</b>		
- Reduction in Audit Days	0	(40,000)
- Income, Contract and Departmental Efficiencies	0	(14,500)
<b>Investment Priorities</b>		
- Change Programme	20,500	0
<b>NET EXPENDITURE</b>	1,531,400	1,469,000

## FINANCE, POLICY AND RESOURCES

**Chief Executive Group**

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
Community and Partnerships	2,157,000	1,816,700
Resident Engagement	966,900	883,700
Communications	412,200	386,500
Community Safety	629,200	489,200
Corporate Initiatives	209,000	59,000
Legal Services	25,000	25,000
Member Services	1,661,700	1,992,700
Policy, Performance and Analysis	801,100	1,103,600
Chief Executive's support and trainees	760,300	678,900
Corporate Project Office	75,800	174,500
Apprenticeship Levy	249,500	249,500
	7,947,700	7,859,300

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	6,984,000	6,984,000
<b>Inflation</b>	304,100	347,300
<b>Changes in Government Grants</b>		
- New Burdens Grant (Consultations)	7,000	7,000
<b>Other Government or Outside Body Changes</b>		
- Employer's Pension Contribution Increase	32,300	32,100
<b>Demand Led Growth</b>		
- Members' allowances	0	331,000
- Twinning Reaffirmation	0	75,000
- Citizens Advice Bureau Rent Contribution	0	20,000
<b>Efficiency Savings</b>		
- Income, Contract and Departmental Efficiencies	0	(47,700)
- Restructuring of Graduate Trainee Scheme	0	(59,500)
<b>Investment Priorities</b>		
- Cost of Living Crisis Support Measures	370,000	10,100
- Public Realm Improvement Fund	35,400	0
- Community Safety Projects carried over from 2022/23	76,600	0
- Change Programme	59,100	314,800
<b>Other Growth &amp; Savings</b>		
- Combatting Violence against Women and Girls (VAWG)	0	77,600
- Change Programme Senior Management Changes	0	(72,300)
- Removal of Short-term Budgets	0	(199,700)
<b>Budget Transfers</b>	79,200	39,600
<b>NET EXPENDITURE</b>	7,947,700	7,859,300

## FINANCE, POLICY AND RESOURCES

### Place

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
Economic Development	726,100	608,100
Commercial Property	(980,700)	(990,500)
Valuation and Asset Management Team	251,700	251,700
	(2,900)	(130,700)

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	(316,800)	(316,800)
<b>Inflation</b>	63,100	79,200
<b>Other Government or Outside Body Changes</b>		
- Employer's Pension Contribution Increase	3,500	3,500
<b>Efficiency Savings</b>		
- Income, Contract and Departmental Efficiencies	0	(12,000)
<b>Investment Priorities</b>		
- Cost of Living Crisis Support Measures	118,000	0
- Modular Housing Feasibility Study	51,000	0
<b>Income Generation</b>		
- Commercial Rent Income from Office Consolidation	0	(177,900)
<b>Other Growth &amp; Savings</b>		
- Commercial Property - Adjustment of Income targets	0	215,000
- National Non Domestic Rate adjustments	37,700	37,700
<b>Budget Transfers</b>	40,600	40,600
<b>NET EXPENDITURE</b>	(2,900)	(130,700)

## FINANCE, POLICY AND RESOURCES

Change and Innovation

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
Directorate and Support	0	170,100
Customer Experience	1,849,500	1,776,100
ICT and Digitalisation	4,732,300	4,732,300
HR and Organisational Development	2,118,600	2,060,900
Electoral Services	485,300	485,300
	9,185,700	9,224,700

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	8,186,600	8,186,600
<b>Inflation</b>	466,200	510,300
<b>Other Government or Outside Body Changes</b>		
- Employer's Pension Contribution Increase	52,500	52,500
<b>Efficiency Savings</b>		
- Income, Contract and Departmental Efficiencies	0	(48,700)
<b>Investment Priorities</b>		
- Cost of Living Crisis Support	28,700	(40,100)
- Change Programme	131,300	133,900
<b>Other Growth &amp; Savings</b>		
- Change Programme Senior Management Changes	0	216,300
- Microsoft E5 Licences	215,700	215,700
<b>Budget Transfers</b>	104,700	(1,800)
<b>NET EXPENDITURE</b>	9,185,700	9,224,700

## FINANCE, POLICY AND RESOURCES

**Property Services (Housing and Regeneration)**

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
Facilities Management	3,818,000	3,793,000
Utilities	3,076,900	3,067,600
Sustainability	483,900	129,900
Public Halls and Community Centres	(288,400)	(286,900)
Office Accommodation	815,700	668,300
AFC Properties	(1,596,100)	(1,535,800)
	6,310,000	5,836,100

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	6,030,600	6,030,600
<b>Inflation</b>	154,100	277,700
<b>Other Government or Outside Body Changes</b>		
- Employer's Pension Contribution Increase	16,300	16,300
- Climate Change Levy increase 2024/25	0	8,600
<b>Efficiency Savings</b>		
- Income, Contract and Departmental Efficiencies	0	(36,600)
- Office Consolidation Running Cost Reductions	(98,100)	(183,400)
<b>Investment priorities</b>		
- Public Sector Decarbonisation Phase 3C support (RCES)	355,700	56,700
- Asset Review Programme	161,500	0
- Reinforced Autoclave Aerated Concrete (RAAC) surveys	25,000	0
<b>Other Growth &amp; Savings</b>		
- National Non Domestic Rate adjustments	(81,100)	(24,800)
<b>Budget Transfers</b>	(254,000)	(309,000)
<b>NET EXPENDITURE</b>	<b>6,310,000</b>	<b>5,836,100</b>

## FINANCE, POLICY AND RESOURCES

**Central Items**

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
<b>ASSET MANAGEMENT &amp; TREASURY</b>		
Interest Payable	5,242,000	3,438,800
Interest Receivable	(4,561,700)	(6,048,400)
MRP (Principal Loan Repay)	5,753,000	4,861,000
Revenue Funding of Capital Expenditure	917,000	917,000
<b>CONTINGENCY &amp; INVESTMENT ITEMS</b>		
General Contingency	0	500,000
Pay and Other Contingency	1,952,100	8,532,400
Service Pressures Contingency	0	1,000,000
Investment Initiatives	0	1,500,000
<b>NON-RINGFENCED GOVERNMENT GRANTS</b>		
Revenue Support Grant	(190,000)	(207,700)
Funding Guarantee	0	(2,611,500)
General Service Grant	(876,900)	(157,600)
New Homes Bonus	0	(13,300)
Social Care Grant - late addition	0	(1,377,000)
<b>OTHER</b>		
Centrally Funded Pensions	2,887,300	1,455,300
Distribution of surplus on Collection Fund	(290,000)	(1,100,000)
Retained NNDR and Section 31 Grants	(25,708,000)	(26,900,000)
Contributions from Earmarked Reserves	(312,400)	(1,116,900)
Transfers from Earmarked Reserves to Balance the Budget	(5,020,500)	(2,240,000)
Transfers from General Fund Reserve	(1,011,300)	0
<b>NET EXPENDITURE</b>	<b>(21,219,400)</b>	<b>(19,567,900)</b>

	<u>2024/25</u>
	<u>Budget</u>
	£
<b>Variation Analysis</b>	
<b>2023/24 ORIGINAL BUDGET</b>	(5,367,200)
<b>Inflation</b>	9,032,400
<b>Changes in Government Grants</b>	
- Revenue Support Grant	(17,700)
- General Service Grant Reduction	719,300
- Funding Guarantee Grant	(2,611,500)
- Social Care Grant Increase	(1,377,000)
- New Homes Bonus Grant	(13,300)
<b>Demand Led Growth</b>	
- Service Pressures Contingency	1,000,000
<b>Efficiency Savings</b>	
- Unused Pay Contingency from 2023/24	(500,000)
<b>Investment Priorities</b>	
- Cost of Living Programme - Addition to Emergency Funding Reserve	1,500,000
- Revenue Cost of Capital	718,100
<b>Change in Use of the Following Reserves:</b>	
- Transformation Programme - Invest to Save Reserve	(784,600)
- Cost of Living Programme - Emergency Funding Reserve	156,500
- Refugee and Homelessness Support Reserve	(377,600)
- Climate Emergency Strategy (RCES) Reserve Use	98,100
- Microsoft licences - Renewals Fund Reserve Use	(210,200)
<b>Income Generation</b>	
- Treasury Management	(4,900,000)
<b>Other Growth &amp; Savings</b>	
- Pension Actuarial Valuation	(1,278,100)
- Retained NNDR and Section 31 Grants	(1,192,000)
- Collection Fund Surplus	(810,000)
- Energy Income - top up of Waste Reserve	(320,000)
- Change in Use of Reserves to Balance the Budget	1,260,000
<b>Budget Transfers</b>	(14,293,100)
<b>NET EXPENDITURE</b>	<b>(19,567,900)</b>

# **TRANSPORT AND AIR QUALITY SERVICES**

Should you have any queries concerning the Transport and Air Quality pages please contact:

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## TRANSPORT AND AIR QUALITY SERVICES

### SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2023/24</u> <u>Revised</u> <u>£</u>	<u>2024/25</u> <u>Budget</u> <u>£</u>
<b>Environment and Community Services Directorate</b>		
Highways Operations and Streetscene	1,119,300	1,039,000
Regulatory Services	488,400	182,500
Traffic and Engineering	(6,469,700)	(7,855,000)
<b>Housing and Regeneration Directorate</b>		
Housing Management	42,000	7,000
<b>Total Transport and Air Quality</b>	<b><u>(4,820,000)</u></b>	<b><u>(6,626,500)</u></b>

<u>Variation Analysis</u>	<u>2023/24</u> <u>Revised</u> <u>£</u>	<u>2024/25</u> <u>Budget</u> <u>£</u>
<b>2023/24 ORIGINAL BUDGET</b>	<b>(6,048,500)</b>	<b>(6,048,500)</b>
Inflation	678,600	811,300
Other Government or Outside Body Changes	29,300	(1,200)
Efficiency Savings	0	(97,600)
Investment Priorities	736,800	0
Income Generation	0	(991,600)
Other Growth & Savings	(233,500)	(255,700)
Budget Transfers	17,300	(43,200)
<b>NET EXPENDITURE</b>	<b><u>(4,820,000)</u></b>	<b><u>(6,626,500)</u></b>



## TRANSPORT AND AIR QUALITY SERVICES

### SUBJECTIVE ANALYSIS

	<u>2023/24</u>	<u>2024/25</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
<u>Expenditure</u>		
Employees	4,270,700	4,195,600
Premises	2,878,700	3,202,300
Transport	576,100	576,100
Supplies & Services	1,305,300	1,255,300
Third Party Payments	7,593,900	6,780,500
Support Services	440,100	440,100
TOTAL EXPENDITURE	<hr/> 17,064,800	<hr/> 16,449,900
<u>Income</u>		
Customer & Client Receipts	(19,860,100)	(21,051,700)
Internal charges	(2,024,700)	(2,024,700)
TOTAL INCOME	<hr/> (21,884,800)	<hr/> (23,076,400)
<b>NET EXPENDITURE</b>	<hr/> <b>(4,820,000)</b>	<hr/> <b>(6,626,500)</b>

## TRANSPORT AND AIR QUALITY SERVICES

### Highways, Operations and Street Scene

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
Depots	110,700	174,700
Highways	(139,900)	(139,900)
Inspection and Enforcement	796,800	723,600
Network Management	(636,300)	(647,400)
Transport and Workshops	988,000	928,000
	1,119,300	1,039,000

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	<b>963,700</b>	<b>963,700</b>
<b>Inflation</b>	157,200	241,800
<b>Other Government or Outside Body Changes</b>		
- Employer's Pension Contribution Increase	18,900	18,900
<b>Efficiency Savings</b>		
- Income, Contract and Departmental Efficiencies	0	(80,600)
<b>Income Generation</b>		
- Review of Fees & Charges	0	(34,300)
<b>Other Growth &amp; Savings</b>		
- NNDR	7,200	7,200
- 1 Year Fly Tipping Enforcement Measures	0	(50,000)
<b>Budget Transfers</b>	(27,700)	(27,700)
<b>NET EXPENDITURE</b>	<b>1,119,300</b>	<b>1,039,000</b>

## TRANSPORT AND AIR QUALITY SERVICES

### Regulatory Services

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Revised</u> £
RSP - Air Quality	488,400	182,500
	<hr/> 488,400	<hr/> 182,500

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	<b>182,500</b>	<b>182,500</b>
<b>Investment Priorities</b>		
- Air Quality Projects Tackling Climate Change	259,800	0
<b>Budget Transfers</b>	46,100	0
<b>NET EXPENDITURE</b>	<hr/> <b>488,400</b>	<hr/> <b>182,500</b>

## TRANSPORT AND AIR QUALITY SERVICES

### Traffic and Engineering

	<u>2023/24</u> <u>Revised</u> <u>£</u>	<u>2024/25</u> <u>Revised</u> <u>£</u>
Engineering - Highways	4,951,100	4,474,100
Engineering - Parking & Traffic	974,700	924,500
Engineering - Road Safety	322,700	322,700
On & Off Street Parking	(12,718,200)	(13,576,300)
	(6,469,700)	(7,855,000)

	<u>2023/24</u> <u>Revised</u> <u>£</u>	<u>2024/25</u> <u>Budget</u> <u>£</u>
<b><u>Variation Analysis</u></b>		
<b>2023/24 ORIGINAL BUDGET</b>	(7,260,700)	(7,260,700)
<b>Inflation</b>	521,400	569,500
<b>Other Government or Outside Body Changes</b>		
- Traffic Signals Contribution	0	(30,500)
- Employer's Pension Contribution Increase	10,400	10,400
<b>Efficiency Savings</b>		
- Income, Contract and Departmental Efficiencies	0	(17,000)
<b>Investment Priorities</b>		
- Street Lighting Audit	77,000	0
- Investment in Roads & Pavements	400,000	0
<b>Income Generation</b>		
- Review of Fees & Charges	0	(922,300)
<b>Other Growth &amp; Savings</b>		
- National Non Domestic Rate Payments	(240,700)	(12,900)
- Parking Income - Gradual Recovery from Covid-19	0	(200,000)
<b>Budget Transfers</b>	22,900	8,500
<b>NET EXPENDITURE</b>	(6,469,700)	(7,855,000)

## TRANSPORT AND AIR QUALITY SERVICES

### Housing Management

	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Revised</u> £
CCTV	42,000	7,000
	<hr/> 42,000	<hr/> 7,000

<u>Variation Analysis</u>	<u>2023/24</u> <u>Revised</u> £	<u>2024/25</u> <u>Budget</u> £
<b>2023/24 ORIGINAL BUDGET</b>	<b>66,000</b>	<b>66,000</b>
<b>Income Generation</b>		
- Review of CCTV Charging	0	(35,000)
<b>Budget Transfers</b>	(24,000)	(24,000)
<b>NET EXPENDITURE</b>	<hr/> <b>42,000</b> <hr/>	<hr/> <b>7,000</b> <hr/>

## LONDON BOROUGH OF RICHMOND UPON THAMES

**COMMITTEE** Finance, Policy and Resources Committee  
**DATE:** 29 February 2024  
**REPORT OF:** Executive Director of Finance  
**TITLE OF DECISION:** Capital Programme and Funding Review  
**WARDS:** All  
**KEY DECISION?:** YES  
**IF YES, IN FORWARD PLAN?:** YES

### 1. MATTER FOR CONSIDERATION

- 1.1. The Committee is asked to consider and approve the review of the current six year capital programme. The report looks at the programme approved in September 2023, outlines changes to budgets since then, provides details of new schemes, and looks at how the capital programme is funded.

### 2. RECOMMENDATIONS

- 1.1. The committee are recommended to view the capital programme and the changes being proposed.
- 1.2. That the revised capital programme and its funding in Appendix A be recommended to Council for approval.
- 1.3. That the 2024/25 Capital Strategy in Appendix C be recommended to Council for approval.

### 3. BACKGROUND

- 3.1. Since 2018, the Council has spent £168m on the capital programme to support investment in the borough. The investments reflect the administration's priorities to invest in our schools including expanding SEN places, to support affordable housing projects and enable independent living, to invest in our public realm, to promote active travel and to reduce our carbon footprint. The current six-year programme was approved by Committee in September 2023. That programme included a potential need to borrow a further £79m which brought the Council's total underlying need for borrowing by the end of the programme to around £213m. The total expenditure for the six years approved by this report was £221m.
- 3.2. Since September 2023 the programme has been adjusted for:
- budget slippage and rephasing

- new schemes since approved by Members/under delegated authority
- the addition of new schemes and increases to budget
- removal of non-committed schemes
- changes to financing

#### 4. THE REVISED PROGRAMME

4.1. The main schemes in the revised six-year capital programme relate to Twickenham Riverside, Elleray Hall redevelopment, Clarendon and Strathmore school sites at Petersham, and highways and pavement works. There is also provision for affordable housing schemes funded from Section 106 receipts from developers (assuming ongoing receipt of Section 106 contributions), expenditure on the Richmond Climate Emergency Strategy (RCES) and redevelopment at Ham Close.

4.2. During the course of this year, various new approved schemes have been added to the programme under the appropriate approval process. A breakdown of these new schemes added since September 2023 is shown below:

	£000		£000
<b>Capital Programme 2023/24 to 2028/29 (before in-year additions below)</b>			<b>220,851</b>
Additions to the budget during 2023/24:		Funded by:	
UK Shared Prosperity Fund	392	Capital Grants	
Elleray Hall redevelopment	450	Capital Contributions - CIL	
Ham Close	2,100	Capital Contributions - CIL	
Richmond Station Heritage Project	100	Capital Contributions - CIL	
Home Improvement Agency - system replacement	65	Capital Grant - DFG	
Affordable Housing Scheme	1,041	Section 106 Receipts	
School kitchen equipment investment	25	Emergency Funding Reserve	
Teddington Suspension Footbridge and Lock Cut Footbridge	2,696	Capital Receipts/Borrowing	
Schools General Planned Maintenance Funding	1,274	Capital Grant – DfE & contributions	
			<b>8,143</b>
<b>6 Year Programme 2023/24 to 2028/29 (before changes proposed in this report)</b>			<b>228,994</b>

#### 5. REVIEW OF NEED TO SPEND

5.1. The Council has a significant borrowing requirement in future years and a need to continue the prudent management of finances in order to keep Council Tax increases to a minimum. It is therefore necessary to continue to keep all expenditure under review, including capital projects. Any significant increase in capital spend is likely to require new borrowing (either internal or external). To ensure that capital budgets

remain appropriate to the priorities of the Council and the levels of funding available, cash flows have been amended to reflect the latest forecast of spending profiles and budgets have been rephased as a result. This provides a more realistic projection of the borrowing required to support the programme, and therefore the interest and repayment budgets needed which feed in to current and future forecasting and budgets.

5.2. The following table summarises the revised programme after a review of the existing programme:

	<b>£000</b>	
<b>Current Programme 2023/24 to 2028/29 (before budget changes)</b>	<b>228,994</b>	
Removal of budgets from programme:		Reason for budget removal:
Public Sector Decarbonisation	(129)	Review of the budgets to align projects with grant conditions
Ham Parade - Improved public realm/outdoor seating (PRIF)	(453)	Review of proposed scheme following consultation
Schools General Planned Maintenance	(866)	Aligning 2024/25 budget with anticipated allocation
Other	(11)	
<b>Total Budget Removed</b>	<b>(1,459)</b>	
<b>Revised Programme after budget changes</b>	<b>227,535</b>	
The above was to be financed by:		
Capital Contribution	(11)	
Richmond Public Realm Reserve	(453)	
Borrowing	(995)	
<b>Financing Removed</b>	<b>(1,459)</b>	

## 6. NEW SCHEMES AND INCREASES TO BUDGET (NEW BIDS)

6.1. Appendix B details the new schemes and increases to existing budgets to be added to the capital programme. This is summarised below:

Year	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Committee	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Services, Health & Housing	0	50	0	0	1,363	3,464	4,877
Education & Children's Services		4,788	0	0	0	0	4,788
Environment, Sustainability, Culture & Sport	100	363	100	100		1,450	2,113
Finance, Policy & Resources	1,000	775	1,250	1,250	250	1,580	6,105
Transport & Air Quality		1,475	400	400	3,100	3,000	8,375
<b>Total new schemes and increases to budget</b>	<b>1,100</b>	<b>7,451</b>	<b>1,750</b>	<b>1,750</b>	<b>4,713</b>	<b>9,494</b>	<b>26,258</b>



- 6.2. The additions include continuing investment in maintaining key infrastructure in the borough such as Teddington Lock footbridges, pavements and highways, and investing in our community facilities such as new provision for Elleray Hall. In addition, a further £1m is being added to tackle the Climate Change Strategy across the period, alongside further LED and decarbonisation projects. The bids include an additional year of the schemes funded directly by grant such as affordable housing projects and Disabled Facilities Grant schemes.
- 6.3. In light of the real inflationary pressures being experienced, a capital inflation contingency pot was created in 2022 with £55,000 allocated to the purchase of new gritter machines (ULEZ compliant) in 2023/24. Currently, there is £2.9m available in the pot which will be allocated, where appropriate, to particular schemes where current approved budget is insufficient as a result of increased costs due to inflation.
- 6.4. £1.82m of bids recommended for approval are to be financed by the unallocated Richmond Climate Emergency Strategy (RCES) fund and are listed at the bottom of Appendix B. These schemes will draw down on the RCES unallocated budget within the existing programme. An additional £229k for 2026/27, £350k for 2027/28 and £421k for 2028/29 has been added to the RCES fund, and in total, including this new budget and allocation of RCES funding for new schemes, there is £1.78m unallocated which is available for future climate projects.
- 6.5. Below is a breakdown of the changes to the Council's Capital Programme as a result of the new schemes noted above:

<b>Current Programme 2023/24 to 2028/29 (Approved September 2023)</b>							<b>£000</b>
	Grants & Contributions	CIL & S106	Revenue Funding	Earmarked Reserves	Receipts	Borrowing	Total
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Budgets removed (para 5.2)	(11)	0	0	(453)	0	(995)	<b>(1,459)</b>
Added in year (para 4.2)	1,731	3,691	0	25	2,696	0	<b>8,143</b>
New bids (para 6.1)	1,100	7,451	1,750	1,750	4,713	9,494	<b>26,258</b>
<b>Total in this report</b>	<b>2,820</b>	<b>11,142</b>	<b>1,750</b>	<b>1,322</b>	<b>7,409</b>	<b>8,499</b>	<b>32,942</b>
<b>Proposed Capital Programme 2023/24 to 2028/29 (Appendix B)</b>							<b>253,793</b>

- 6.6. In addition to the approved programme there is a known "pipeline" of potential schemes which includes investment required as part of the Leisure Strategy, the office accommodation project, Whitton Community Centre and Richmond libraries. Funding for these will be added into the programme as schemes are agreed. Members should bear this pipeline in mind when considering adding other schemes to the capital programme as, ultimately, available resources are limited.

## 7. FINANCING

7.1. The below table summarises the updated borrowing position following the changes proposed in this report:

	£000	£000
<b>Current Financing Requirement 2023/24 to 2028/29 (before changes proposed in this report)</b>		<b>79,032</b>
In-year additions to the capital programme financed from borrowing (Paragraph 4.2)	0	
Add in-year refinancing	2,163	
Add new bid schemes funded by borrowing (para 6.1)	4,188	
Add recurring spend	12,445	
<b>Proposed Capital Programme 2023/24 to 2028/29 Financing Requirement</b>		<b>97,828</b>

- 7.2. **Borrowing:** The Council's potential underlying need to borrow to fund the proposed approved programme (current programme plus new bids) would therefore increase to £97.8m from the currently assumed position of £79m (paragraph 7.1 above). This borrowing requirement represents 39% of the budget in the proposed six year programme. The increase reflects the short-term increase in borrowing required to fund the Twickenham Riverside programme until capital receipts are generated to recover some of the investment. Whilst the Council does not hold a significant balance of available capital resources, these will be used to replace borrowing in the programme as they become identified. Council officers will continue to proactively pursue additional external funding to reduce the Council's need to borrow.
- 7.3. The budget for the new Clarendon School at Petersham has increased by £7.4m, which is funded from £3m unallocated basic needs funding plus a commitment by the Council to meet the £4.4m funding gap until the future Department for Education (DfE) high needs capital grant allocation is announced. The Council will continue to lobby the DfE for adequate funding to maintain existing schools and to create new much needed SEN provision as the capital funding of schools is the responsibility of national Government, not the Council. If and when the DfE grant allocation is sufficient to fund this scheme, this will be used to replace borrowing assumptions in the capital programme.
- 7.4. Where possible the Council will use internal borrowing, utilising cash-backed earmarked reserves. The debt charge on internal borrowing is the loss of interest earned from reducing balances invested, which is (almost always) lower than external borrowing rates. In addition to paying interest charges on any debt it must also create a "minimum revenue provision" (MRP) budget to contribute to paying down this debt. This is similar in concept to paying off the capital on a mortgage. Internal borrowing has been an attractive alternative to external borrowing in recent years as loss of investment income by internally borrowing has been lower than the cost of externally borrowing. This position is assumed for 2024/25 (i.e internal borrowing will be used) however this will be kept under review. Where internal borrowing is unavailable, or if external borrowing becomes financially advantageous, this will normally be advanced via the Public Works Loan Board (PWLb).

- 7.5. **Capital Receipts:** At the start of 2023/24 the Council held a total of £5.546m in capital receipts including £0.973m in relation to Garden Cottage which is held as ring-fenced to fund capital spend on Orleans House Gallery and York House.
- 7.6. **Community Infrastructure Levy:** As detailed in the table below, at 31st December 2023, a balance of £6.823m of Strategic Borough CIL had been received and not spent. In agreeing the new capital programme (and/or in financing the final outturn for the current year) the Council may decide to either:
- (i) Refinance existing schemes via the use of CIL and thereby reduce the cost of the existing capital programme to the taxpayer;
  - (ii) Introduce new schemes to be funded from CIL (including those linked to the environmental priorities of the Council);
  - (iii) Retain the unallocated CIL receipts for future years; or
  - (iv) A combination of the above.

### Richmond Strategic CIL Statement as at 31st December 2023

£			
<b>Total Cash Received as at 31st December 2023</b>	<b>-17,609,693</b>		
	<b>SCIL Budget Committed £</b>	<b>Expenditure Incurred to date £</b>	<b>Net Remaining Budget £</b>
<b>Projects to be funded by SCIL</b>			
20mph schemes - Phase 2	400,000	0	400,000
ANPR Cameras for School Streets enforcement	145,000	71,006	73,994
Completed SCIL projects as at 30/06/23	9,788,096	9,792,197	-4,101
Elleray Hall redevelopment	3,063,000	536,044	2,526,956
Ham Close	2,100,000	0	2,100,000
Hampton Court Road Cycle Scheme	450,000	465	449,535
Hospital Bridge Road - Walking & Cycling improvements	270,000	37,218	232,782
Remote monitoring of gullies	60,000	0	60,000
School Streets (part RCES)	150,000	30,860	119,140
Teddington Suspension footbridge	540,000	0	540,000
Traffic Improvements	500,000	217,663	282,337
Zebra Crossings	230,000	101,350	128,650
<b>Total Approved SCIL Funded projects</b>	<b>17,696,096</b>	<b>10,786,802</b>	<b>6,909,293</b>
<b>Value of SCIL Receipts under Committed to date</b>	<b>86,403</b>		
Forecast of further CIL receipts by 31.3.2026	-4,500,000		
<b>Forecast Value of SCIL Receipts Uncommitted by 31.3.2026</b>	<b>-4,413,597</b>		
<b>Balance SCIL Receipts remaining unspent as at 31st December 2023</b>		<b>-6,822,891</b>	

7.7. **Affordable Housing Section 106 Receipts:** The affordable housing capital programme supports affordable housing delivery in the borough and is funded in the first instance from Section 106 affordable housing receipts. As shown in the table below a total of £22.909m is currently unallocated within the capital programme, however £16.853m of this is attributable to planning permission related income not yet received so the balance currently available and uncommitted is £6.056m. Further work is continuing to estimate the timing and profile of these potential future Section 106 affordable housing receipts, particularly for larger sites, however the timing or receipt of future payments cannot be guaranteed as they are dependent on whether individual developments progress and whether they hit key trigger points and milestones. This is subject to regular monitoring from the Section 106 Team within the Planning Division and the Affordable Housing Team within the Housing and Regeneration Directorate, in conjunction with the Executive Director of Finance.

<b>As at 31st December 2023</b>	<b>£000</b>	<b>£000</b>
Affordable Housing S106 opening balance 2022/23		<b>16,136</b>
Received in the year to date	2,921	
Committed to existing capital schemes	(12,110)	
Committed to revenue	(891)	
<b>Affordable Housing S106 currently available</b>		<b>6,056</b>
Secured in planning permissions (not yet received)	16,853	
<b>Unallocated within the capital programme</b>		<b>22,909</b>

- 7.8. There are some significant affordable housing schemes already in the pipeline that may draw down on these unallocated Section 106 affordable housing receipts estimated in the region of £2.9 to £3.2m. These schemes include Council led developments such as those at Twickenham Riverside and Elleray Hall.
- 7.9. Further schemes are being worked up by officers and further funding will be committed as and when contributions are received, and proposals are approved by Members. However, Section 106 affordable housing receipts are only one source of funding for any such schemes and the Council could utilise grants from other organisations such as the Greater London Authority (GLA) if available. Additionally, Council borrowing can be used to top up available funding if necessary and where a business case is made and objectives align with the housing aims and objectives of the Council, as was the case with the property acquisition programme.
- 7.10. The Development Delivery Agreement (DDA) is an agreement between the Council and Richmond Housing Partnership (RHP) to combine available funding resources to improve and increase the delivery of affordable housing in the borough. The Council utilises funds held both under the Trust Account Deed (which is built up as a result of RHP receipts from disposals of transferred assets) and from Section 106 affordable housing receipts. The scheme was originally approved in September 2019. The first call on supporting funding in the DDA will generally come from the Trust Account balances (held by RHP), with Council funding utilised in later years although this will be adjusted where necessary. The intention of the DDA is to enable RHP to deliver

additional homes beyond those already in its pipeline. One scheme at Bucklands has been approved, with the first tranche of funding paid to RHP in 2023/24.

- 7.11. Final decisions on financing will be brought to this Committee for approval as part of future reports.

## 8. PROPOSED CAPITAL PROGRAMME

- 8.1. Following all the proposals in this programme, the revised six-year capital programme will have total expenditure of £253.8m. The most significant sources of financing are borrowing (£97.8m), grants (£75.8m), capital receipts (£34.7m) and Affordable Housing Section 106 receipts (£35m), however opportunities are taken to make use of ringfenced sources of funding to minimise borrowing, where possible.
- 8.2. A summary of the full capital programme is shown in the table below, along with how the programme is financed. Full details of the capital programme are available in Appendix A.

Year	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Committee	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Services, Health & Housing	9,293	7,676	3,664	3,664	2,271	27,009	53,577
Education & Children's Services	7,006	22,541	4,389	1,451	-	-	35,387
Environment, Sustainability, Culture & Sport	1,318	3,753	1,324	800	800	-	7,995
Finance, Policy & Resources	16,824	43,439	25,058	10,680	2,830	1,000	99,831
Transport & Air Quality	15,366	10,189	3,069	2,700	-	-	31,324
New Bids	1,100	7,451	1,750	1,750	4,713	8,915	25,679
<b>Total Capital Programme</b>	<b>50,907</b>	<b>95,049</b>	<b>39,254</b>	<b>21,045</b>	<b>10,614</b>	<b>36,924</b>	<b>253,793</b>

Financed By							
Available Capital Receipts B/F	-	-	-	-	14,074	8,574	22,648
Grants	16,364	32,588	10,070	8,389	3,464	4,964	75,839
S106 & CIL	5,237	4,355	700	650	550	1,150	12,642
Affordable Housing S106	1,610	3,600	1,100	1,100	1,100	26,509	35,019
Contributions	-	-	-	-	-	-	-
Revenue Funding	85	25	-	-	-	-	110
Earmarked Reserves	1,427	550	-	-	-	-	1,977
New Capital Receipts In Year	6,219	3,452	-	24,980	-	-	34,651
Capital Receipts Not Used C/F	-	-	-	-14,074	-8,574	-4,273	-26,921
Borrowing	19,965	50,479	27,384	-	-	-	97,828
<b>Total Financing</b>	<b>50,907</b>	<b>95,049</b>	<b>39,254</b>	<b>21,045</b>	<b>10,614</b>	<b>36,924</b>	<b>253,793</b>

## **9. FINANCE AND EFFICIENCY IMPLICATIONS**

- 9.1. The timing and funding of capital expenditure has a direct impact on the level of Council cash balances and the level of borrowing. Therefore, any changes to the Programme will have an impact on the Treasury Management position.
- 9.2. The current approved programme relies on an estimated £97.8m of borrowing which is broken down per year in paragraph 8.2. The Council would need to continue to appraise the cost of new external borrowing versus the cost of internally borrowing which is the opportunity cost of lost investment income. If new borrowing of £50.5m in 2024/25 was taken internally in 2024/25 (as cash balances are predicted to be sufficient during 2024/25) the opportunity cost of lost investment income would be £1.8m to £2.4m depending on the speed of spend occurring in year (and therefore how quickly balances reduce for investment). This is versus the cost to externally borrow which is estimated to be £3.7m in the first full year for a loan taken in 2024/25. Additional MRP costs would remain largely the same regardless of whether new borrowing is internal or external. For future years' additions, Members will need to be mindful of the ongoing uncertainty around central Government funding, forecasts for interest rates, and ongoing demand pressures on revenue budgets, particularly as there are already some further large capital schemes that are under development, as detailed in paragraph 6.6.

## **10. CAPITAL STRATEGY**

- 10.1. The Council's Capital Strategy has been written using the guidance in the CIPFA Prudential Code and is attached as Appendix C for approval.

## **11. PROCUREMENT IMPLICATIONS**

- 11.1. None in specific relation to this report

## **12. LEGAL IMPLICATIONS**

- 12.1. None specifically in relation to this report

## **13. RISK ASSESSMENT**

- 13.1. The key risks associated with this report are the cost of financing the potential demands on the Council's capital programme at a time when public sector funding is severely constrained, and that borrowing costs rise significantly above the current projections. These should be set against the risk that if expenditure is not committed, it is likely that the Council will fail to achieve a number of its key non-financial priorities.

## **14. CONSULTATION AND ENGAGEMENT**

- 14.1. Consultation and engagement will be carried on individual schemes within the capital programme.

**15. BACKGROUND INFORMATION:**

Previous capital programme report(s)

**16. APPENDICES**

Appendix A – Revised six year capital programme 2023/24 to 2028/29

Appendix B – New schemes and increases to budget 2023/24 to 2028/29

Appendix C – Capital Strategy

**17. CONTACTS**

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**RICHMOND UPON THAMES****6 Year Capital Programme 2023/24 to 2028/29**

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
<b>Education &amp; Children's Services</b>							
<b>Basic Needs</b>							
Basic Needs - unallocated funding	-	869	350	350	-	-	1,569
Christ's School Bulge Class	19	-	-	-	-	-	19
Collis KS1 Rebuild	8	-	-	-	-	-	8
Devolved Formula Capital	208	225	225	225	-	-	883
East Sheen Double Demountable Classrooms	800	80	-	-	-	-	880
Richmond upon Thames School (REEC)	2,900	5,006	200	-	-	-	8,106
<b>SEN Provision</b>							
Future Feasibilities	5	-	-	-	-	-	5
Strathmore at Darell School	30	-	-	-	-	-	30
Strathmore at Hampton High	400	4,000	2,711	-	-	-	7,111
Strathmore at the Russell SEN	8	-	-	-	-	-	8
New Clarendon School at Petersham	500	13,400	-	-	-	-	13,900
The Gateway Health & Safety Works	4	-	-	-	-	-	4
Investment in School Kitchen equipments	57	-	-	-	-	-	57
Vineyard Primary Special Resource Provision	326	1,500	-	-	-	-	1,826
Waldegrave School - Wellbeing and information Centre	30	-	-	-	-	-	30
The White House/Family Hub/Pilot	-	273	-	-	-	-	273
<b>Schools General Planned Maintenance</b>							
Buckingham Primary - Upgrade Toilets	6	-	-	-	-	-	6
Conditions Surveys	20	-	-	-	-	-	20
Contingency	83	-	-	-	-	-	83
Darell Primary School - Roof Replacement	200	23	-	-	-	-	223
Design Fees	40	-	-	-	-	-	40
Stanley School Decarbonisation LED Lighting (RCES)	142	10	-	-	-	-	152
East Sheen Decarbonisation LED Lighting (RCES)	45	6	-	-	-	-	51
East Sheen Primary - Condition of KS2 Toilets	1	-	-	-	-	-	1
Final Retention Payments - Various Schemes	3	-	-	-	-	-	3
Hampton Hill Junior - Electrical Upgrade/Rewiring	10	-	-	-	-	-	10
Hampton Infants - Nursery Block & Boiler Replacement	88	-	-	-	-	-	88
Hampton Wick Infant and Nursery School - Playground and outdoor play spaces	120	154	-	-	-	-	274
Hampton Wick Infant and Nursery School - Roof replacement phase 1	220	10	-	-	-	-	230
Heathfield School Partnership - Windows and Doors	249	-	-	-	-	-	249
Meadlands Nursery Block	23	-	-	-	-	-	23



**6 Year Capital Programme 2023/24 to 2028/29**

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
Orleans Primary - Playground and Soft Play Areas	13	-	-	-	-	-	13
Urgent Health & Safety Works	50	-	-	-	-	-	50
Vineyard Primary - Boundary Wall & Toilet Repairs	10	-	-	-	-	-	10
Windham Nursery - Security Safeguarding Works	32	5	-	-	-	-	37
Schools General Planned Maintenance - unallocated funding	-	1,442	866	866	-	-	3,174
AfC Critical IT investment	267	315	37	10	-	-	629
Children's Centres	89	-	-	-	-	-	89
Short Break Care	-	11	-	-	-	-	11
<b>Total Education &amp; Children's Services</b>	<b>7,006</b>	<b>27,329</b>	<b>4,389</b>	<b>1,451</b>	-	-	<b>40,175</b>
<b>Adult Social Services, Health &amp; Housing</b>							
Integrated Community Equipment	1,463	1,463	1,463	1,463	1,463	1,463	8,778
Occupational Therapy	100	100	100	100	100	100	600
Health Bus	-	50	-	-	-	-	50
4A & B Station Road	1,000	-	-	-	-	-	1,000
<b>Housing Grants</b>							
Coldbusters Home Repair Assistance Grant	175	175	175	175	175	175	1,050
Disabled Facilities Grant (Except Richmond Housing Partnership)	900	1,478	1,126	1,126	1,126	2,626	8,382
Disabled Facilities Grant (Richmond Housing Partnership)	500	746	600	600	600	600	3,646
Empty Property Grants	50	-	-	-	-	-	50
Sponsored Moves	40	100	100	100	70	-	410
Home Improvement Agency - System replacement	65	-	-	-	-	-	65
<b>Affordable Housing Development</b>							
Residential Acquisitions Programme	6,000	1,014	-	-	-	-	7,014
RHP Extension Programme	-	100	100	100	100	100	500
Ham Close Affordable Housing	-	2,500	-	-	-	2,500	5,000
Affordable Housing Schemes - Unallocated	-	-	-	-	-	22,909	22,909
<b>Total Adult Social Services, Health &amp; Housing</b>	<b>10,293</b>	<b>7,726</b>	<b>3,664</b>	<b>3,664</b>	<b>3,634</b>	<b>30,473</b>	<b>59,454</b>
<b>Finance, Policy &amp; Resources</b>							
Busen - Reprovision	385	-	-	-	-	-	385
Elleray Hall Redevelopment	1,601	3,511	-	-	-	-	5,112
Ham Close	2,924	9,011	4,273	4,350	-	-	20,558
Twickenham Riverside	1,217	21,000	18,000	4,000	500	-	44,717
York House Refurbishment	400	600	-	-	-	-	1,000
Council Funded Decarbonisation Projects - Phase 1	205	445	-	-	-	-	650
Empty Property Purchase	37	100	-	-	-	-	137
Council Funded Decarbonisation Projects - Phase 2 (Part RCES)	750	250	-	-	-	-	1,000

**6 Year Capital Programme 2023/24 to 2028/29**

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Public Sector Decarbonisation (PSDS 3a) (part RCES)	884	-	-	-	-	-	884
Public Sector Decarbonisation (PSDS 3c) (part RCES)	94	416	305	-	-	-	815
Mayoral Car	41	-	-	-	-	-	41
Minimum Energy Efficiency Standards - Compliance Work (RCES)	24	-	-	-	-	-	24
Civic Centre - Consolidation Project and LED Lighting (Part RCES)	532	-	-	-	-	-	532
General Planned Maintenance	3,936	1,330	1,330	1,330	1,330	1,330	10,586
Development Delivery Agreement (DDA)	-	1,000	1,000	1,000	1,000	1,000	5,000
Emergency Plant and Equipment Renewal	21	460	-	-	-	-	481
UK shared prosperity fund	130	262	-	-	-	-	392
Public Sector Decarbonisation (PSDS) Vineyard Primary	380	-	-	-	-	-	380
SSA wide - Access Control System Replacement	50	200	-	-	-	-	250
York House - Audio Visual System Replacement	38	-	-	-	-	-	38
LED Lighting Upgrade Project	-	1,000	1,000	1,000	-	-	3,000
Twickenham Central Depot Gritting Salt Storage Cover	160	-	-	-	-	-	160
Ferguson Hall and Adjoining WCs - Asbestos removal and demolition	186	-	-	-	-	-	186
Pavilion works	-	300	150	-	-	-	450
Queens Road Refurbishment	428	-	-	-	-	-	428
Broad Street improvements (PRIF)	376	300	-	-	-	-	676
Castelnau shopping parade improvements (PRIF)	95	-	-	-	-	-	95
East Sheen Library brighter spaces (PRIF)	80	-	-	-	-	-	80
Hampton Wick improvements (PRIF)	75	-	-	-	-	-	75
Heathfield Shop Front improvements (PRIF)	203	-	-	-	-	-	203
Redevelopment of Milestone Green (PRIF)	80	-	-	-	-	-	80
York House Basement Building Regulations Compliance Works	-	425	-	-	-	-	425
ICT Investment	450	1,300	-	-	-	-	1,750
IT Infrastructure - PCI & PSN Compliance	10	13	-	-	-	-	23
Inflation placeholder	945	2,041	-	-	-	-	2,986
Richmond Community Fund (round 3)	81	-	-	-	-	-	81
Richmond Community Fund (round 4)	6	-	-	-	-	-	6
<b>Total Finance, Policy &amp; Resources</b>	<b>16,824</b>	<b>43,964</b>	<b>26,058</b>	<b>11,680</b>	<b>2,830</b>	<b>2,330</b>	<b>103,686</b>
<b>Environment, Sustainability, Culture &amp; Sport</b>							
Artificial pitches at Whitton Sports Centre	14	-	-	-	-	-	14
Barn Elms Playing Fields Athletics Track	250	200	-	-	-	-	450
Improve/redesign of Garfield Road pocket park (PRIF)	46	-	-	-	-	-	46
Pools on the Park - Boundary Wall Replacement	75	-	-	-	-	-	75
Pools on the Park - Group Exercise Studio	12	169	-	-	-	-	181
Pools on the Park - Refurbishment of the gym members changing room, associated toilets/shower blocks and café toilet block	-	148	-	-	-	-	148

**6 Year Capital Programme 2023/24 to 2028/29**

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
Pools on the Park - Refurbishment of swimming changing room & associated toilets/shower blocks	-	148	-	-	-	-	148
Pools on the Park - Replace pool lights	-	199	-	-	-	-	199
Pools on the Park - Replacement of the pool hall ceiling/AHU/Lighting System	6	798	-	-	-	-	804
Pools on the Park - Upgrade ventilation	-	70	-	-	-	-	70
Pools on the Park - UV Installation POTP & TPFC	-	149	-	-	-	-	149
Teddington Pools, AHU replacement	-	242	-	-	-	-	242
Teddington Pools, Boilers	6	441	-	-	-	-	447
Teddington Sports Centre Sand Dressed Pitch Replacements	-	-	524	-	-	-	524
Pocket parks	100	100	100	100	-	-	400
Boroughwide Park improvements (PRIF)	38	-	-	-	-	-	38
Parks Cyclical Maintenance	150	150	150	150	150	150	900
Parks Strategy	300	450	300	300	300	300	1,950
Libraries CCTV Installation	-	223	-	-	-	-	223
Hampton Library lighting (RCES)	10	-	-	-	-	-	10
Local Studies Library, AHU replacement	12	47	-	-	-	-	59
Old Town Hall Library (Richmond Museum) - New Lift	118	21	-	-	-	-	139
Teddington Library - First Floor refurbishment	172	-	-	-	-	-	172
Library of things (RCES)	40	-	-	-	-	-	40
Public Recycling Points Vehicle	-	200	-	-	-	-	200
Orleans House Gallery - Delivery phase	45	12	-	-	-	-	57
Climate Change Strategy (RCES) - unallocated	-	309	350	350	350	421	1,780
Green Homes Grant	24	-	-	-	-	-	24
Twickenham Green Lighting	-	40	-	-	-	-	40
<b>Total Environment, Sustainability, Culture &amp; Sport</b>	<b>1,418</b>	<b>4,116</b>	<b>1,424</b>	<b>900</b>	<b>800</b>	<b>871</b>	<b>9,529</b>
<b>Transport and Air Quality</b>							
20mph schemes - Phase 2	20	380	-	-	-	-	400
A314 Hanworth Road	75	-	-	-	-	-	75
Automatic Number Plate Recognition Cameras for School Streets enforcement	74	-	-	-	-	-	74
Aragon Road car park replacement ANPR solution and Autobill automated payment option	54	-	-	-	-	-	54
Arragon Road, TW Safety measure	60	-	-	-	-	-	60
Flood Alleviation Works	80	150	269	-	-	-	499
Friar's Lane Car Park Improvement	186	-	-	-	-	-	186
Gritter machines (ULEZ compliant)	376	-	-	-	-	-	376
Hammersmith Bridge Mitigation measures	-	115	-	-	-	-	115

**6 Year Capital Programme 2023/24 to 2028/29**

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>Total</b>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Hampton Court Road Cycle Scheme	-	505	-	-	-	-	<b>505</b>
Hampton Healthy Streets	35	-	-	-	-	-	<b>35</b>
Highways and Pavements	2,700	2,490	2,700	2,700	2,700	2,700	<b>15,990</b>
Hospital Bridge Road	19	-	-	-	-	-	<b>19</b>
Hospital Bridge Road - Walking & Cycling improvements	30	453	-	-	-	-	<b>483</b>
Hospital Bridge Road / Turing House School	-	18	-	-	-	-	<b>18</b>
Kew Gardens Pedestrian bridge - Repainting	50	-	-	-	-	-	<b>50</b>
Kew Road Cycle Lane	116	-	-	-	-	-	<b>116</b>
Meadlands School Zebra Crossing	140	-	-	-	-	-	<b>140</b>
Paradise road car park ANPR solution and Autobill automated payment option	69	-	-	-	-	-	<b>69</b>
Railshead Road – S106	220	-	-	-	-	-	<b>220</b>
Remote monitoring of gullies	40	20	-	-	-	-	<b>60</b>
Richmond Road East Twickenham	470	70	-	-	-	-	<b>540</b>
S106 Schemes	-	32	-	-	-	-	<b>32</b>
Safer Route to School Improvements/Engineering measures (RCES)	15	545	50	-	-	-	<b>610</b>
Specialised Street Lighting Columns	20	30	-	-	-	-	<b>50</b>
Strawberry Vale Corridor	238	-	-	-	-	-	<b>238</b>
Strawberry Vale Cycle Scheme	450	-	-	-	-	-	<b>450</b>
Street Lighting	3,000	2,063	-	-	-	-	<b>5,063</b>
Street Trees	145	-	-	-	-	-	<b>145</b>
Teddington Suspension footbridge and Lock Cut Footbridge Essential Maintenance Works	4,381	2,871	-	-	-	-	<b>7,252</b>
Traffic Calming measures	93	133	-	-	-	-	<b>226</b>
Traffic improvements	-	30	-	-	-	-	<b>30</b>
Uplift Schemes/Twickenham Area Action Plan	-	179	-	-	-	-	<b>179</b>
Zebra Crossing Meadway, linking Kneller Gardens and Crane Park	27	-	-	-	-	-	<b>27</b>
Zebra Crossing, Broad Lane between Nightingale Road and Wensleydale Road	132	-	-	-	-	-	<b>132</b>
Kings Road - school safety zone	50	-	-	-	-	-	<b>50</b>
London Road Twickenham Corridor	100	-	-	-	-	-	<b>100</b>
The Vineyard Safety improvements	50	97	-	-	-	-	<b>147</b>
Wellington Road Pedestrian Crossing	80	-	-	-	-	-	<b>80</b>
Richmond Station Heritage Project	-	100	-	-	-	-	<b>100</b>

**6 Year Capital Programme 2023/24 to 2028/29**

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
Gully replacement programme	-	100	100	100	100	-	400
School Street enhancement projects	-	55	-	-	-	-	55
Air Quality Monitoring - Richmond Town Centre (RCES)	55	-	-	-	-	-	55
Bikehangars - residential scheme (part RCES)	284	67	-	-	-	-	351
Contraflow cycle schemes (RCES)	10	55	-	-	-	-	65
Cycle Parking - public on-street (RCES)	43	-	-	-	-	-	43
Electric Vehicle Charge Points (part RCES)	549	-	-	-	-	-	549
Electrification of trading pitches (RCES)	5	60	-	-	-	-	65
Legacy pavement repair and tree re-stocking programme (RCES)	211	-	-	-	-	-	211
Richmond Cycle Hub (RCES)	-	296	-	-	-	-	296
School Streets (part RCES)	102	320	50	-	-	-	472
A305 Sixth Cross to Apex	50	-	-	-	-	-	50
A305 Fifth to Sixth Cross	30	-	-	-	-	-	30
A305 Richmond Road	200	-	-	-	-	-	200
A310 Cross Deep - Waldegrave to Heath	20	80	-	-	-	-	100
Barnes High Street improvements (PRIF)	6	-	-	-	-	-	6
East Twickenham Public realm improvements (PRIF)	149	-	-	-	-	-	149
Richmond Town Centre signage and wayfinding (part PRIF + RCES)	16	50	-	-	-	-	66
Cargo Bike Rental Service	41	-	-	-	-	-	41
Concrete Carriageway Improvement Scheme	-	300	300	300	300	300	1,500
Thermal Road Improvement programme	-	250	250	250	250	250	1,250
<b>Total Transport and Air Quality</b>	<b>15,366</b>	<b>11,914</b>	<b>3,719</b>	<b>3,350</b>	<b>3,350</b>	<b>3,250</b>	<b>40,949</b>
<b>Total Capital Programme</b>	<b>50,907</b>	<b>95,049</b>	<b>39,254</b>	<b>21,045</b>	<b>10,614</b>	<b>36,924</b>	<b>253,793</b>
<b>Financed By :</b>							
Opening Resources available	-	-	-	-	14,074	8,574	22,648
Grants	16,364	32,588	10,070	8,389	3,464	4,964	75,839
S106 & CIL	5,237	4,355	700	650	550	1,150	12,642
Affordable Housing S106	1,610	3,600	1,100	1,100	1,100	26,509	35,019
Revenue Funding	85	25	-	-	-	-	110
Earmarked Reserves	1,427	550	-	-	-	-	1,977
Application of Capital Receipts	6,219	3,452	-	24,980	-	-	34,651
Surplus funds to be C/F	-	-	-	14,074	-	8,574	26,921
Borrowing Requirement	19,965	50,479	27,384	-	-	-	97,828
<b>Total Financing</b>	<b>50,907</b>	<b>95,049</b>	<b>39,254</b>	<b>21,045</b>	<b>10,614</b>	<b>36,924</b>	<b>253,793</b>

**New schemes and increases to budget 2023/24 to 2028/29****Adult Social Services, Health & Housing**

Coldbusters Home Repair Assistance Grant  
 Disabled Facilities Grant (Except Richmond Housing Partnership)  
 Disabled Facilities Grant (Richmond Housing Partnership)  
 Health Bus  
 Integrated Community Equipment  
 Occupational Therapy

**Total Adult Social Services, Health & Housing****Financed by:**

Grant  
 Grant  
 Grant  
 Grant  
 Grants and Reimbursements  
 Grant

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Grant	-	-	-	-	-	175	175
Grant	-	-	-	-	-	1,126	1,126
Grant	-	-	-	-	-	600	600
Grant	-	50	-	-	-	-	50
Grants and Reimbursements	-	-	-	-	1,363	1,463	2,826
Grant	-	-	-	-	-	100	100
<b>Total</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>1,363</b>	<b>3,464</b>	<b>4,877</b>

**Education & Children's Services**

AfC Critical IT investment  
 New Clarendon School at Petersham  
 The White House/Family Hub/Pilot

**Total Education & Children's Services**

Borrowing  
 Borrowing  
 Borrowing

Borrowing	-	115	-	-	-	-	115
Borrowing	-	4,400	-	-	-	-	4,400
Borrowing	-	273	-	-	-	-	273
<b>Total</b>	<b>-</b>	<b>4,788</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,788</b>

**Finance, Policy & Resources**

4A & B Station Road  
 Empty Property Purchase  
 General Planned Maintenance  
 LED Lighting Upgrade Project  
 York House Basement Building Regulations Compliance Works

**Total Finance, Policy & Resources**

Borrowing  
 Borrowing  
 Borrowing  
 Borrowing  
 Borrowing

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Borrowing	1,000	-	-	-	-	-	1,000
Borrowing	-	100	-	-	-	-	100
Borrowing	-	-	-	-	-	1,330	1,330
Borrowing	-	-	1,000	1,000	-	-	2,000
Borrowing	-	425	-	-	-	-	425
<b>Total</b>	<b>1,000</b>	<b>525</b>	<b>1,000</b>	<b>1,000</b>	<b>-</b>	<b>1,330</b>	<b>4,855</b>

**Environment, Sustainability, Culture & Sport**

Climate Change Strategy (RCES) - unallocated  
 Libraries CCTV Installation  
 Parks Cyclical Maintenance  
 Parks Strategy  
 Pocket parks  
 Twickenham Green Lighting

**Total Environment, Sustainability, Culture & Sport**

CIL  
 CIL  
 Borrowing  
 Borrowing  
 CIL  
 Borrowing

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
CIL	-	-	-	-	-	1,000	1,000
CIL	-	223	-	-	-	-	223
Borrowing	-	-	-	-	-	150	150
Borrowing	-	-	-	-	-	300	300
CIL	100	100	100	100	-	-	400
Borrowing	-	40	-	-	-	-	40
<b>Total</b>	<b>100</b>	<b>363</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>1,450</b>	<b>2,113</b>

		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
<b>Transport and Air Quality</b>								
Gully replacement programme	Borrowing	-	100	100	100	100	-	400
Highways and Pavements	Borrowing	-	-	-	-	2,700	2,700	5,400
School Street enhancement projects	CIL	-	55	-	-	-	-	55
School Street Phase 4	CIL	-	270	-	-	-	-	270
Teddington Suspension footbridge and Lock Cut Footbridge Essential Maint	Borrowing	-	750	-	-	-	-	750
Concrete Carriageway Improvement Scheme	CIL	-	300	300	300	300	300	1,500
Thermal Road Improvement programme	CIL	-	250	250	250	250	250	1,250
<b>Total Transport and Air Quality</b>		-	1,725	650	650	3,350	3,250	9,625
<b>Total new schemes and increases to budget</b>		<b>1,100</b>	<b>7,451</b>	<b>1,750</b>	<b>1,750</b>	<b>4,713</b>	<b>9,494</b>	<b>26,258</b>
<b><u>New bids financed from existing unallocated budgets</u></b>		<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>Total</b>
<b>Richmond Climate Emergency Strategy (RCES) fund:</b>								
LED Lighting Upgrade Project	RCES		1,000					1,000
Public Sector Decarbonisation (PSDS 3a) (part RCES)	RCES	94	416	305				815
		<b>94</b>	<b>1,416</b>	<b>305</b>	-	-	-	<b>1,815</b>
<b>Total new Schemes</b>		<b>1,194</b>	<b>8,867</b>	<b>2,055</b>	<b>1,750</b>	<b>4,713</b>	<b>9,494</b>	<b>28,073</b>
<b>Financed By :</b>								
Grants		-	-	-	-	1,363	3,464	4,827
S106 & CIL		146	1,552	650	650	550	1,550	5,098
Application of Capital Receipts		-	100	-	-	-	-	100
Borrowing Requirement		1,048	7,215	1,405	1,100	2,800	4,480	18,048
<b>Total Financing</b>		<b>1,194</b>	<b>8,867</b>	<b>2,055</b>	<b>1,750</b>	<b>4,713</b>	<b>9,494</b>	<b>28,073</b>

## **London Borough of Richmond upon Thames**

### **Capital Strategy 2024/25**

1. This capital strategy is in response to changes in CIPFA's Prudential Code and Treasury Management Code and sets out the long-term context within which capital expenditure, borrowing and investment decisions are made. It is to be approved by full Council. The overall aim of the framework is to demonstrate that such decisions properly take account of stewardship, prudence, value for money, sustainability, proportionality, and affordability.

Both the Prudential Code and Treasury Code were revised in December 2021 with full implementation of both these codes required from 2023/24. The amendments to the Treasury Management Code and Prudential Code largely related to investments that are not part of treasury management activity and do not arise from cash flows and debt management. These are commercial investments such as purchase of investment properties, investments in subsidiaries or investments for service objectives including regeneration. The Council's investment arrangements take due notice also to Investment Guidance issued under Section 15 of the Local Government Act 2003 by the Department for Levelling Up, Housing and Communities (DLUHC). The wording changes within the revised Prudential Code have been incorporated into the Capital Strategy and Prudential Indicators have been amended in line with the amended Code requirements. The revised Treasury Management Code also introduces strengthened requirements for skills and training for those responsible for management, delivery, governance, and decision making in treasury management. Prudential Indicators are included in the 2024/25 Treasury Management Policy and Strategy also presented to this Committee.

## **2. Capital Expenditure – Capital Programme**

### **Overview of Governance Process**

- 2.1 The capital programme is based upon the approved capital schemes, Treasury Management Strategy, Asset Management strategy, capital resources projections and an annual process for prioritising additions which recognises cost in use and sustainability issues.
- 2.2 It contains currently approved spending and sets the financial parameters within which the Committee may add to commitments in the context of reserves and resources anticipated in the medium-term outlook.
- 2.3 The overall programme is reviewed and approved by the Full Council in February after additions are made to the programme. Individual schemes may



be approved and added to the programme during the year using Committee approval or other delegated decision making frameworks as appropriate.

- 2.4 Monitoring of capital expenditure is embedded throughout the organisation with project managers working with finance teams to update their cost estimates and budgets. These reports are regularly reviewed by the Council's management team, and monitoring reported to Committees periodically.
- 2.5 Capital budgets are reviewed and reported annually to Full Council. Budgets are reviewed and updated throughout the year, with additional capital budgets approved where appropriate. These projects are prioritised based on their ability to meet strategic priorities, ensure continued service delivery, reduce annual revenue costs and protect Council income. All bids are reviewed by senior officer working groups and lead Council Members before being presented for consideration and approval at Full Council. General assumptions are as follows:

General assumptions are as follows:

- a) Expenditure on schools is driven by the Council's duty to educate and provide sufficient places for every age group in buildings which are fit for purpose. While much of the costs of repairs and new pupil places is funded from either Government grant, the Council will also use S106/CIL receipts and other resources and borrowing as required to meet this statutory duty.
  - b) For non-housing and non-school related Council operational property, schemes are prioritised where they will either provide future revenue savings, are critical to keeping a property in use, or will facilitate the Council's regeneration schemes. Schemes that are critical to keeping a property in use are selected based upon the current condition information and maintenance forecast.
  - c) Highways type schemes and other areas where there is a regular annual budget are prioritised where there are health and safety considerations to road and pavement users, as well as facilitating travel within the Borough for residents and visitors to promote economic activity in the area.
- 2.6 Capital spend and the availability of resources to finance that spend are monitored by the Executive Director of Finance on a monthly basis.

### **Long-term View of Capital Spending Plans**

- 2.7 The Capital Programme considers the programme and available resources for the current year and five subsequent years. The Council's ability to finance capital spending is restricted only by its own view on affordability, subject to

the Government's possible imposition of limits on local authority borrowing for macro-economic reasons.

2.8 The potential sources of finance for the Capital Programme are:

- d) Grants – either earmarked for particular schemes or services, or available for any scheme. There is no revenue effect, provided that the receipt of grant is not significantly delayed.
- e) CIL and Section 106 – these are either earmarked for particular use or generally for a specific type of spend. Where conditions are more general, these will be used to replace financing from borrowing or Council resources wherever possible. There is no revenue effect.
- f) Borrowing – this is used where a need to spend is identified and no alternative funding is available. Borrowing is financially disadvantageous compared to other sources of finance. The Council must make annual provision for debt repayment and debt charges. Where possible the Council will use internal borrowing and the debt charge will be the loss of interest from reducing balances invested. Where there is no scope to borrow internally, external loans are taken out and the Council will make either “repayment” or “interest only” mortgage type payments. All borrowing costs are financed as a charge to the revenue budget (e.g. a charge to the Council Tax payer)
- g) Revenue Reserves – other than specific schemes from the Repairs and Renewals Fund this is rarely used as there are minimal earmarked reserves available. This reduces balances invested and therefore the interest income to the Council.
- h) Capital Receipts – these are used where available in preference to borrowing. There is a loss of investment interest associated with their use. The Council reviews its assets regularly and will dispose of under-utilised assets and has used the proceeds extensively over time to support the Capital Programme.

### **3. Investment**

3.1 The underlying objectives of the Council's Investment Policy are security of the capital sums invested and liquidity to ensure the funds invested are available for expenditure when needed. Once proper levels of security and liquidity are determined, it is then reasonable to consider what yield can be obtained consistent with these priorities. The Council's Investment activities are conducted in a manner that regards the successful identification, monitoring and control of risk as of prime importance and accordingly the analysis and reporting includes a substantial focus on the risk implications.

## Treasury Management Investments

- 3.2 These are investments that arise from the Council's cash flows and ultimately represent balances which need to be invested until the cash is required for use in the course of business.
- 3.3 The Council's policy on Treasury Management Investments is submitted to the Finance, Policy and Resources Committee and approved by the Full Council. The overall arrangements and strategy for the ensuing financial year are reviewed and approved in February or March, an Annual Report after the end of the financial year and a mid-year review report. From time to time the Executive Director of Finance may submit additional reports recommending changes in Policy for approval if circumstances require.
- 3.4 The Council's Treasury Management Practices (TMPs) are in accordance with the Treasury Management Code issued by CIPFA in 2002, which was revised in December 2021 and mandatory from 2023/24. As prescribed in the revised Code, the Executive Director of Finance will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Executive Director of Finance will also ensure that those engaged in Treasury Management follow the policies and procedures set out. The present arrangements are documented and monitored by the responsible officer in effective day to day management of the Treasury Management function. Treasury Management activities and issues are reviewed monthly by a meeting within the Resources Directorate, attended by the Executive Director of Finance and day to day Treasury Management activities are handled by the Financial Management Division of the Finance Directorate. Treasury Management staff attend training courses and seminars to ensure they maintain sufficient knowledge as prescribed by the Code in order to keep up to date with current developments.
- 3.5 Treasury Management advisers are appointed at least once within the lifetime of each Council to carry out an independent review of the Council's Treasury Management activities. Link Treasury Services commenced the last lifetime review in January 2021, the next review therefore being due in January 2025.
- 3.6 The Council's detailed investment policy is contained within the Treasury Policy Statement. Its overriding purpose is the control of risk. It specifies the types of investments that may be used and the limits of their use. These limits relate to the maximum time period for each investment type and to the maximum amount that may be held at any one time. The choice of limits is governed by the requirement to safeguard the security of the Council's portfolio and to spread risk through suitable diversification. The Council uses credit rating information from the three main credit rating agencies (Fitch, Moody's and Standard and Poor's) and this data is supplemented by other available information where appropriate. The limits also consider liquidity requirements and finally the yield that may be obtained.

- 3.7 The Council held investments of £154m at 31st December 2023, at an average rate of 4.83%. The Council is expected to begin 2024/25 with investments in excess of £100m. The estimated movements for the following two years based upon current cash flows show average investments remaining above £110m.

### **Investments that are not part of Treasury Management Activity**

- 3.8 The Council may invest in other financial assets and property primarily for service and commercial purposes that are not part of Treasury Management activity. These activities are subject to similar assessments of risk as for Treasury Management investments. They are approved as part of the capital programme as described in Sections 2 or 3 of this Capital Strategy.
- 3.9 The Prudential Code determines that certain acts or practices are not prudent activity for a local authority and incur risk to the affordability of local authority investment. The Council has complied with paragraph 51 of the Prudential Code, which states that an authority must not borrow to invest primarily for financial return, and states that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority and where any financial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose.
- 3.10 Investment Property: The Council owns Investment Property and may occasionally use capital receipts or other funds to purchase investment properties. The annual review of Council assets may lead to operational use ceasing and the asset being reclassified as an investment property either to retain them long term for income generation or pending a further decision to dispose of or redevelop the site. The level of borrowing required to finance the Capital Programme is a consideration when reviewing the use of these assets.
- 3.11 Suitable properties for purchase by the Council are selected after going through robust procedures to assess the security of the investment in the short, medium and longer term, that the risk of not achieving satisfactory rental returns is minimised and that there are the best prospects of future rental and capital growth.
- 3.12 The Council's valuers are supported through the acquisition process by specialist property investment surveyors and legal advisers. The Council may contact agents in the market to help identify potential investment properties for sale as these are not frequently widely marketed, or commission its specialist property advisers to undertake a search for specific suitable properties. The adviser undertakes negotiations with the vendor for the acquisition subject to approval by officers. A set of assessment criteria are used in evaluating the suitability of properties. These criteria are as follows:

- a) Location
  - b) Tenancy strength/strength of covenant
  - c) Length of tenure
  - d) Occupier's lease length
  - e) Repairing terms/obligations
  - f) Lot size (value of the investment)
- 3.13 These criteria are assessed against weighting factors ranging from Excellent to Unacceptable
- 3.14 If a property is considered to meet the Council's investment criteria, the Council commissions a Property Investment Surveyor (not the same one used to identify the property) to provide a market report on the property. This report will include commentary on the credit worthiness of the tenant, an opinion of value and a recommendation in respect of the provisionally agreed acquisition price. This is undertaken in accordance with the Royal Institute of Chartered Surveyors Red Book.
- 3.15 Prior to acquiring any properties, officers also undertake a further due diligence exercise including reviewing the leases, commissioning a building survey and report, a mechanical and electrical survey, a valuation report, and ensuring that there is an Energy Performance Certificate in place with a rating of at least D, but this has been revised to B due to changing regulations. Solicitors also undertake legal due diligence with a further review of the leases, the planning position and a report on title, highlighting any potential title defects.
- 3.16 All investment properties are revalued annually at fair value as part of the Council's preparation of final accounts and audit process. Consideration is given at the end of each financial year as to whether impairment of any properties is required.
- 3.17 Loans to facilitate Council Policy. The Council may make loans to organisations the Council has an interest in (e.g. WLWA, SWMCB, AfC), academy schools, other service providers, voluntary organisations or other bodies working to achieve Council priorities. The Council's Treasury Policy Statement also covers the terms under which such loans can be made.
- 3.18 The main loans made under this facility at present are:
- £15m loan to WLWA to facilitate the building of a new EfW facility. This is made by Richmond as a constituent authority of WLWA who will therefore benefit from the improved facilities. This loan is now being repaid so the balance is declining. Interest was fixed when the loan was agreed.

- Revolving Credit Agreement for AfC where the Council shares the cash flow “overdraft” funding for AfC pro rata to its ownership of the organisations with RB Kingston and RB Windsor & Maidenhead. This loan varies with the cash flow of Achieving for Children.
- A loan to the South West Middlesex Crematorium Board has been agreed in principle to finance the cremator replacement project. This loan was estimated at £1.1m for around 3 years and is made by Richmond as a constituent authority of the Board. As of 31st December 2023 the balance outstanding was £400,000.

## 4 **Borrowing**

- 4.1 **External Borrowing.** The Council’s external long-term borrowing is from the Public Works Loan Board (PWLB) except for £12.3m from Mayor of London’s Energy Efficiency Fund (MEEF) and £5m from Barclays Bank. Historically, loans were taken on a maturity basis. However, the decision was taken to switch to repayment loans as a result of changes to the regulatory framework and as a way to minimise cost of carry and the potential loss of investment following financial crisis in 2008.
- 4.2 The Council also offers deposit facilities to various other bodies and manages invests on behalf of various Trusts. The Council passes on its average investment return to these depositors.
- 4.3 **Internal Borrowing.** This arises where capital expenditure is financed by borrowing but no external loan is taken out. This is effectively using positive cash flow in lieu of external debt. The money still has to be repaid (effectively the Council is not holding the cash required to support its reserves position, and the money will be needed when the reserves are used) but instead of incurring interest costs payable to PWLB or a bank, the Council receives less interest as it holds less investments.
- 4.4 In prior years the Council has had substantial cash balances which were used to support internal borrowing where required as it is cheaper than external borrowing. However, as the Council has a projected continuing need to increase its borrowing, it has to manage the risk of interest rate increases against the current saving. Decisions on capital expenditure being funded from any available cash flow (internal) or formal (external) borrowing will therefore be taken to balance the risks and rewards of both options considering market expectations and the Council’s appetite for risk.
- 4.5 The following table shows estimates of the Council’s External and Internal Borrowing outstanding balances based upon the currently approved capital programme.

	<u>31st March</u> <u>2024</u>	<u>31st March</u> <u>2025</u>	<u>31st March</u> <u>2026</u>	<u>31st March</u> <u>2027</u>
	£000	£000	£000	£000
External Borrowing				
- Loans	111,544	111,434	132,844	129,378
- Leases/PFI	11,245	9,468	7,553	6,766
Internal Borrowing	52,768	100,653	99,390	95,628
Underlying Need to Borrow	<u>178,557</u>	<u>221,555</u>	<u>239,787</u>	<u>231,772</u>

- 4.6 **Minimum Revenue Provision.** Regulations issued under the Local Government Act 2003 require local authorities to make prudent provision for the repayment of debt. This is referred to as the Minimum Revenue Provision (MRP) and is funded from revenue (e.g. is part of the Council Tax Requirement calculation). The annual statement on the Council's MRP Policy is contained within the Treasury Policy Statement and approved by full Council in February or March.
- 4.7 **Voluntary Revenue Provision.** The Council can make more than the minimum prudent set aside to cover debt repayment if it decides that is the best use of its resources in any year. However, this would again be funded from revenue budget and there are other ways to produce future savings in a more flexible way which are more likely to be used.
- 4.8 **Authorised and Operational Borrowing Limits.** Section 3 of Part 1 of the Local Government Act 2003 requires local authorities to set an affordable borrowing limit and operational boundary each year. This is contained within the Prudential Indicators and approved by full Council in February or March each year. In February 2023, the authorised limit and operational boundary for 2023/24 were set at £194m and £189m respectively and actual external debt (including lease and PFI obligations) is expected to be £126m at year end. It is proposed to set the authorised limit for 2024/25 at £146m and the operational boundary at £141m as no external borrowing is planned to be taken in 2024/25 however there is £20m headroom included in proposed limits set.

## Key Changes

4. When the budget was set in February this year, it included increased investment in both adults and children's services and provisions for increased inflationary pressures whilst also recognising the continued loss of some Council income (in particular in parking and leisure services) as a result of behaviour change since the pandemic. The budget also included increased pressures associated with looking after the homeless. Even after recognising the maximum Council Tax increase of 4.99%, additional income earned on treasury investments, the delivery of an extra efficiencies plan to the value of £5m and increased social care grant from Government, a contribution from reserves of £3.5m was still required to balance the budget.
5. Since that time, the country has continued to experience high levels of inflation. The food and energy price surge had the biggest impact on the CPI rate during 2022/23 with inflation in the UK peaking at 11.1% in October 2022 (a 40 year high). The most recent announcement showed annual inflation dropping to 6.8% in July 2023 as energy prices have dropped. The Bank of England has predicted that inflation will continue to fall further to around 5% by the end of this calendar year.
6. In addition to this, the Council is still suffering the ongoing effects of Covid-19 'scarring', in particular in relation to parking and leisure income. Both inflation and the continuing challenges residents are facing since the pandemic have also caused the demand for council services to increase further even higher than assumed levels when the budget was set. The Q1 reports elsewhere on this agenda also outline the significant demand pressures currently being experienced, particularly within adult and children's social care. Previous reports have also approved additional budget to support homelessness responsibilities, resulting in an additional drawing from reserves of £1.5m compared to that assumed when the budget was set.
7. All these factors along with the wider cost of living crisis puts significant pressure on the Council's finances and uncertainty for the future. Councils across the country are experiencing similar pressures, with many struggling to remain financially sustainable.
8. Despite the financial pressures, the Council is focused on protecting front line services for residents and delivering the Administration's manifesto commitments. As reported regularly to this committee, the cost of living programme is delivering targeted support across the borough. Over £4m has been committed to the Public Realm Improvement Fund to invest in our high streets and our parks. Our climate emergency work continues with investment in more trees, EV charging points and making Council buildings more energy efficient. The community safety team has been working with the police to tackle crime and anti-social behaviour and improve safety for women and girls. The Council is committed to the Twickenham Riverside project to help regenerate Twickenham town centre and to projects that will deliver more affordable housing. Budgets for core activities such as street cleaning, waste collection and



the maintenance of roads and pavements have been protected or enhanced.

### Latest MTFS Position

9. The MTFS assumes fairly stable central Government support for 2024/25 but clearly notes that the outcome of fair funding review changes are unknown, as is the timeframe for them as they continue to be delayed. The wider national political climate also adds further uncertainties beyond that date and the extent to which any future Government funding will meet the demand pressures faced by the local authority sector within homelessness and social care is unclear. The Administration is aiming to ensure that, despite this uncertain background, its approach looks to support vulnerable and less well off residents, provide excellent core services and deliver on corporate plan commitments.
10. The attached paper shows that based on current assumptions, unlike in previous years when the budget gap has been building up over the medium term, current assumptions predict a significant gap from 2024/25 due to the ongoing impact of inflation and significant service pressures being experienced across homelessness, and adult and children's social care. Even with the maximum Council Tax increase assumed in year one, there is still a significant funding gap of £8m which will need to be met from cost reductions or the use of reserves. Reserves cannot sustain the longer term and so the Council's change programme (as outlined elsewhere on this agenda) and a series of service reviews will need to deliver efficiencies to address this. At the same time the Council needs to meet its key objectives consistent with delivering Fairer Finances and the other objectives of the Corporate Plan, including making Richmond green, safe and fair.
11. The table below summarises the projections provided in the previous MTFS (September 2022) against the latest position:

### Revised MTFS

Year	2024/25	2025/26	2026/27	2027/28
Original Cumulative MTFS Gap £ (mid)	£25.0m	£32.6m	£39.8m	n/a
<b>Revised Cumulative Gap £ (using base assumptions and before any further Council Tax increase)</b>	<b>£15.8m</b>	<b>£24.5m</b>	<b>£32.9m</b>	<b>£38.8m</b>

*Note cumulative 4.99% Council Tax Increase in year one followed by 2.99%*

*£7.6m*

*£12.4m*

*£17.3m*

*£22.4m*

### Further Development and Efficiency Plans

12. Key within these assumptions is what happens to general Government grant funding, the impact of the Government changes to the funding of adult social care services and homelessness prevention, the continued impact of Covid-19 and the final impact of inflationary pressures.
13. Given the above projections, further work is already underway to deliver wider efficiencies as part of the corporate Change Programme as outlined elsewhere

on this agenda.

14. The outcomes of this work will be reported back to Members throughout the year alongside the financial reporting programme set out in paragraph 45 of the MTFS.

## **FINANCIAL IMPLICATIONS**

15. Since 2018 careful management of the Council's finances has enabled reserve levels to be increased. The significant Dedicated Schools Budget deficit due to the underfunding of SEND has been tackled. The initial impact of the pandemic has been navigated successfully and challenges due to the cost of living crisis and high inflation are being addressed. The Council's financial resilience has been improved and this will help the Council set balanced budgets in the short term as well as being able to finance the Change Programme.
16. The Council's financial position is undoubtedly challenged due to the continued significant service and ongoing impact of inflationary pressures on service expenditure and reserves will need to be used in the short-term to meet the gap. The attached document updates the forward financial strategy and outlines the further work that is still required by the Council.

## **LEGAL IMPLICATIONS**

17. None specific to this report.

## **CONSULTATION AND ENGAGEMENT**

18. A number of the detailed budget proposals will be subject to individual consultation.

## **ENVIRONMENTAL IMPACT**

19. Both the revenue and capital budgets of the Council incorporate funding to meet the demands of improving the Council's environmental footprint.

## **APPENDICES**

Appendix A – Medium Term Financial Strategy– September 2023

## **CONTACTS**

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# MEDIUM TERM FINANCIAL STRATEGY

## SEPTEMBER 2023

## Executive summary

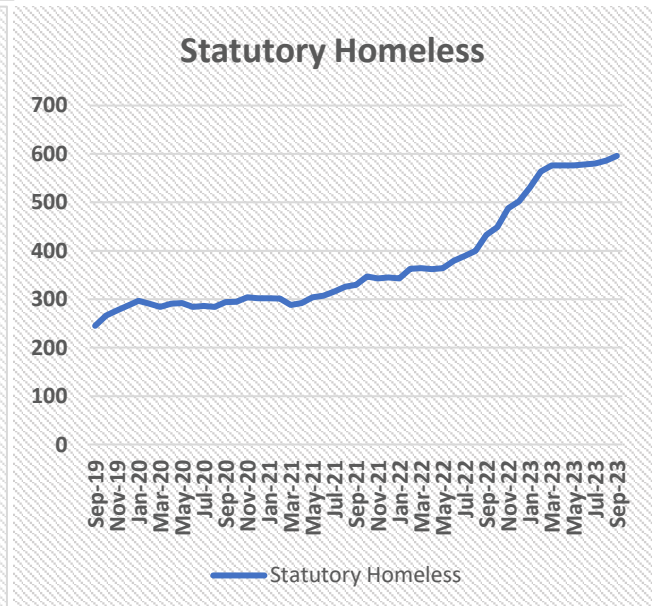
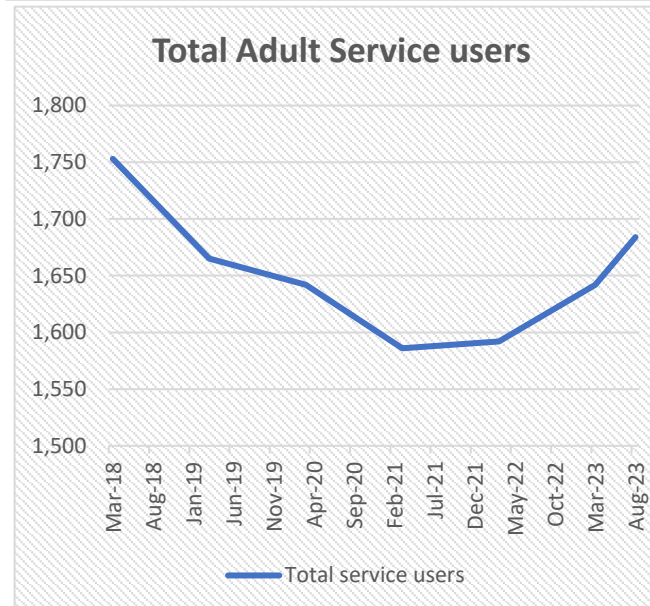
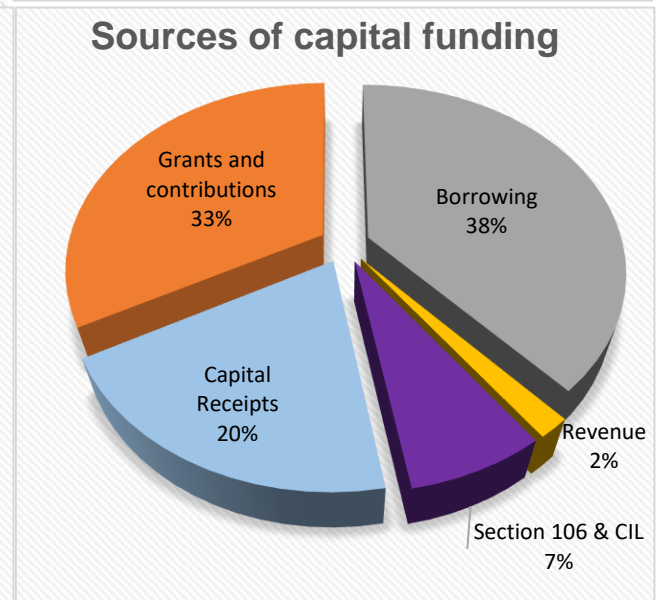
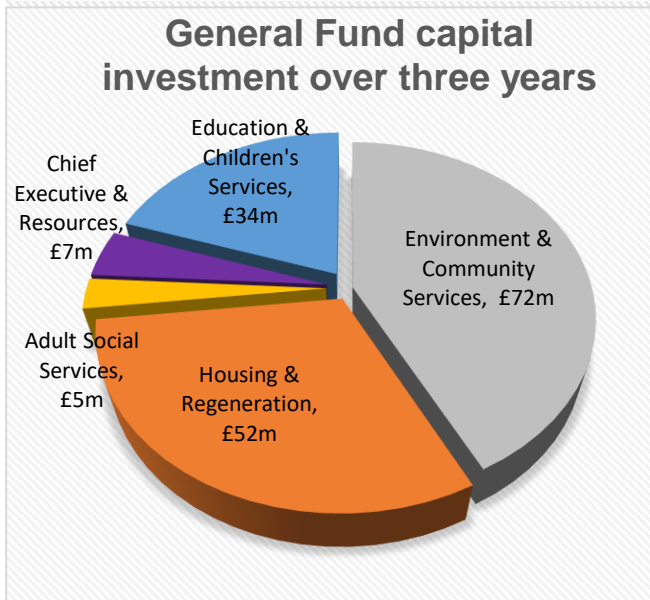
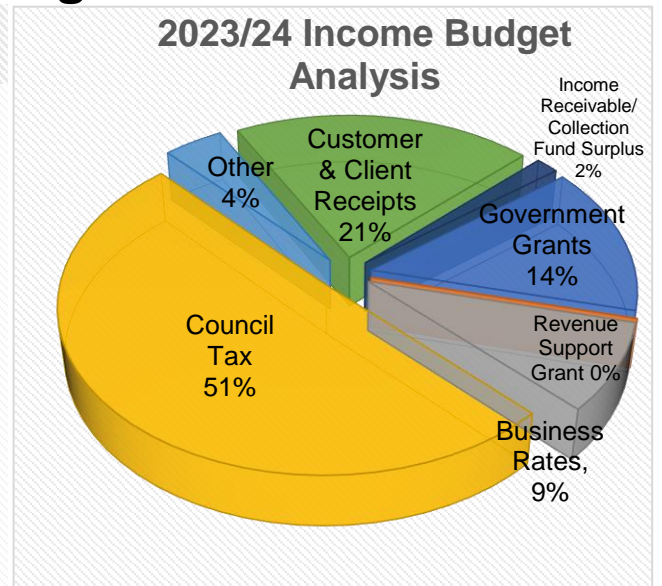
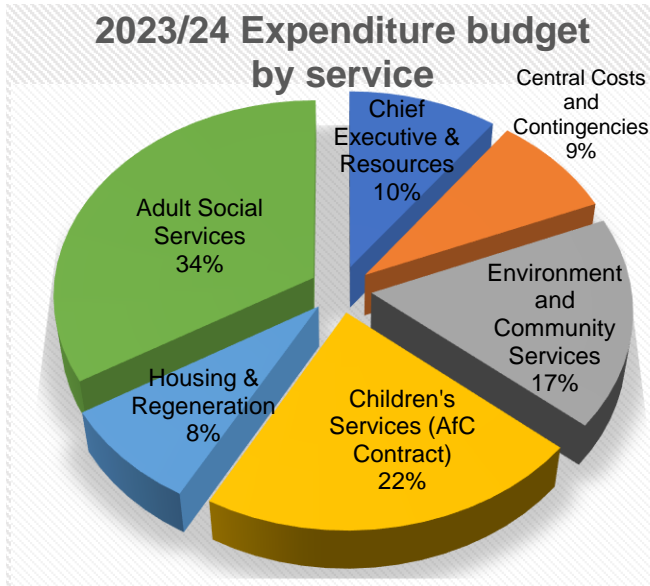
1. The Council sets a Medium Term Financial Strategy (MTFS) in order to ensure that it can plan for future commitments, establish a framework for setting council tax, ensure financial sustainability and recognise and address the risks inherent in achieving these aims. The Administration has translated its commitments into a Corporate Plan and this strategy seeks to ensure that the aims of the Corporate Plan can be achieved within the finance available to the Council. This update of the Strategy also considers the impact of continued inflationary increases on the Council's finances, as well as the legacy impact of the pandemic on some demand based services and income levels and the need for the Council to ensure that it can support vulnerable and less well-off residents during the cost of living crisis, as well as our local business and voluntary sectors, as the local economy suffers under rising prices.

## Background

2. The key objective of the MTFS is to set the lowest possible Council Tax consistent with delivering Fairer Finances and the other objectives of the Corporate Plan, including increased provision of affordable housing and the Climate Emergency Strategy. However, the Administration continues to recognise the context of a post-financial crisis risk against the level of central Government support grant and historical structural underfunding by the Government of special needs education.
3. As the country moves forward following the Covid-19 pandemic, the Council has successfully supported both residents and businesses within the borough, navigating through the pressures presented at the time to deliver services to those most in need. The Council has so far successfully delivered on the Dedicated Schools Budget (DSB)'s deficit recovery plan with the support of the Department for Education funding agreement. Since 2018 reserve levels have been increased in order to build a healthy financial base which enables the Council to better deal with what are clear financial challenges on the horizon.
4. The Administration's priorities in setting the budget are to ensure that the borough bounces back from the health and economic impacts of the pandemic and offers support through the cost of living crisis; to promote a strong recovery, to continue to deliver on key priorities and to manage the Council's finances responsibly in the light of continued uncertainty, including a continuing efficiency programme. Key priorities include "fairer finances", the delivery of more affordable housing, the climate emergency strategy, investment in youth services and tackling violent crime and anti-social behaviour. Detailed initiatives were set out in the budget to deliver on these priorities and are continuing.
5. In addition, the seriousness of the cost of living crisis and its potential impact on our residents and businesses is fully recognised and is a priority for the Administration which will continue to work on ensuring that the most vulnerable in our community are supported and cared for whilst achieving fairer outcomes for all residents.
6. Alongside the cost of living crisis for individuals and businesses being driven by high inflation, the Council itself faces further significant challenges. As outlined this time last year, the country has been facing the highest levels of inflation for 40 years, with CPI peaking at 11.1% in October 2022, causing pressures on existing Council budgets. The most recent announcement showed annual inflation dropping to 6.8% in July 2023 as energy prices have dropped. The Bank of England has predicted that inflation will continue to fall further to around 5% by the end of this calendar year. Alongside general inflation pressures, the Council faces significant increases in demand for services, in particular within adult and children's social care and homelessness. Richmond is not alone in facing these demands. A recent survey by London Councils outlined that 22 out of 24 respondents indicated a forecast overspend in 2023/24 with the largest pressures in adult (5.2%) and children's social care (5%) and housing (17%) (respective % overspends compared to budget in brackets).

7. Government grant is not sufficient to address the rising complexity of demand and increased costs incurred by local government. A report by the Institute for Fiscal Studies released in August 2023 outlined that government funding for local government across London is 17% lower than the levels of need suggest it should be based on latest population and deprivation statistics. Future government funding remains uncertain as the national political landscape could be subject to significant change, potentially as soon as 2024.
  
8. The Strategy will include taking specific actions in respect of:
  - delivering efficiencies by ensuring the recently launched Change Programme acts as an enabler for the delivery of better and more efficient services including innovative ways to deliver services to minimise the scope of savings required and protecting front line services
  - continuing to provide support with the cost of living crisis
  - maximising access to sources of grant funding and
  - continuing to implement plans to deliver the Fairer Finances and Corporate Plan objectives including in respect of affordable housing and the Climate Emergency Strategy.
  
9. Further details on the actions already in progress are provided later in this document. A high level summary of revenue and capital expenditure and income and demand pressures within the borough is overleaf.

# Facts and figures



## The current MTFS

10. The MTFS agreed in September 2022 showed that, assuming the achievement of agreed savings plans, the budget gap before Council Tax increases would be:

Year	2023/24	2024/25	2025/26	2026/27
MTFS Gap £	<b>£16.2m</b>	<b>£25.0m</b>	<b>£32.6m</b>	<b>£39.8m</b>

11. The budget setting exercise for 2023/24 included an improved local government grant settlement which was presented by Government as a 7.2% increase in Richmond's Core Spending Power since the previous year. The budget therefore recognised an increase in the level of Government grants for social care as well as the continuation of grants relating to homelessness. Core Spending Power is made up of Government funding for the Council plus locally raised Council Tax and Business Rates. This means that the majority of the increase in spending power is made up of the revenue generated by local Council Tax payers.
12. Despite the increase in the maximum allowed Council Tax increase for 2023/24 of 2.99% plus a further 2% adult social care precept set out by the Government, a contribution from reserves of £3.5m was still required to balance the budget.
13. The budget included increased investment in both adults and children's services and provisions for increased inflationary pressures whilst also recognising the continued loss of some Council income (in particular in parking and leisure services) as a result of behaviour change since the pandemic and increased pressures associated with looking after the homeless within the borough. However, as outlined above, current levels of demand even outstrip these budgetary additions and further pressures are being faced. The budget also recognised additional income earned on treasury investments to reflect the Bank of England base rate increases and the delivery of a new programme of £5m of efficiencies. It included continued funding for the Council's Climate Emergency Strategy and a review of the capital budget, with an additional £1m per year investment into the improvement of our roads and pavements and continuing capital investment through use of the Public Realm Improvement Fund.
14. In broad terms the Council managed to deliver £19.7m of efficiencies over 2020/21 – 2023/24 which exceeded original immediate targets. The Covid-19 pandemic did, in some areas, delay the implementation of efficiencies and has clearly placed further short and longer term pressures on the Council's budgets, now exacerbated by inflationary pressures and the cost of living crisis.
15. Combining these with the continued delivery of agreed efficiency programmes this means that, since 2010:
- General Government Grant has reduced by over £40m (70%)
  - The Council has achieved savings/efficiencies/income generation of £87m
  - Council Tax (excluding the adult social care precept) has risen by 13.5% compared with inflation increases over the same period of some 54%.
16. Despite this, this Administration has, since 2018, managed to introduce a number of measures including:
- removing minimum Council Tax contributions for the poorest families and individuals in receipt of Council Tax Reduction Scheme funding;
  - providing additional relief to those residents in receipt of support with their Council Tax bills by offering a further reduction of £150 in 2020/21 and 2021/22 and £100 in 2023/24;

- setting up a discretionary fund to work with Citizens Advice on extreme hardship cases;
- continued funding for extra mental health support in schools and funding of Council Tax for care leavers;
- introducing Real Living Wage requirements for all Council contractors;
- implementing a Climate Emergency Strategy, including measures to support active travel;
- delivering the highest ever level of road and pavement repair budgets;
- investing £4.8m in the borough's parks, roads and pavements via the Public Realm Improvement Fund (PRIF);
- increased SEND school places within the borough;
- supporting businesses and residents through the Covid-19 pandemic;
- launching the £3m Cost of Living fund to fund a package of support measures for financially vulnerable households;
- introducing a Voluntary Council Tax Contribution Scheme for those in the Borough who may be able to afford and be willing to contribute a further additional voluntary amount towards specific schemes (typically to directly help vulnerable residents);
- continuing significant investment in the community safety team to enable collaborative working with the police to tackle violent crime and anti-social behaviour; and
- delivering more affordable housing in the borough via Ham Close, the Elleray Hall site and our residential acquisition programme as well as securing planning and budget for Twickenham Riverside redevelopment.

## **Future forecasting**

17. The current and continuing inflationary pressures and increased levels of demand for Council services are having a significant impact on the Council's finances. The impact of high inflation on Council services cannot be funded in full by council tax increases and it is unlikely that Government funding will meet the gap – therefore the budget is facing a significant financial challenge. Inflation and the cost of living crisis means the future for local Government finance continues to remain very unclear.

### Government Funding

18. Since 2013/14, general Government funding has reduced significantly. Whilst there is some certainty around the 2024/25 levels of Government funding, it is unclear what further changes in Government funding will occur in the short to medium term with the uncertain national political outlook.
19. After successive years of cuts Richmond reached the point in 2018/19 where it received no general Government grant. Rather than stopping at that point the Government originally decided to continue applying cuts to Richmond meaning that (in effect) it would be paying an extra tax to the Government – this is what is generally now referred to as “negative RSG”. This was somewhat controversial and, following much lobbying and a short consultation, the Government removed negative RSG.
20. This meant Richmond has avoided the loss of £7.5m since 2019/20, with the value in 2023/24 now at £7.7m. However, no indication has yet been provided as to whether this position will be permanent. At this stage, the MTFs assumes that the £7.7m will continue to be avoided in 2024/25 and beyond. Richmond will also not be penalised as being liable for negative RSG in relation to the grants being ‘rolled into’ RSG and would receive those at the level previously identified as separate grants.
21. Proposed changes to business rates and the fair funding review (which will look at how funds are distributed to local authorities) have already been delayed. It has been confirmed that this has been delayed again until the next Parliament.



22. In November 2022, the Government announced that the implementation of the planned national adult social care reforms would be delayed by two years to October 2025, however the funding for these reforms would still be provided to local government, diverted instead to alleviate general pressures within social care. This comes as welcome news to the sector, however there remain serious concerns about the level of funding the Government had assumed to fund these reforms. The future costs are uncertain and it is unclear whether sufficient Government funding will be identified, which poses a further future risk to Council finances.

#### Dedicated Schools Grant (DSG)

23. Since the Children and Families Act 2014 - which changed the requirements associated with assessing pupils with special educational needs and disabilities, extended the age range covered by the legislation from 5-16 years to 0-25 years and replaced Statements of Special Educational Needs with the requirement to produce holistic Education Health and Care Plans (EHCPs) - councils across the country have experienced a significant 40%+ overall increase in the number of EHCPs. Richmond prior to any action plan had a High Needs funding deficit of around £3m annually and had a cumulative deficit of £14.8m on the ringfenced DSG fund at 31<sup>st</sup> March 2020.
24. After extensive lobbying of the Government, in March 2021 a 'Safety Valve' funding agreement was made with the Department for Education in which the Council will receive £20m over a five-year period to remove the cumulative DSG deficit. £17.8m of this has been received to date and as a result the cumulative deficit has reduced to £0.3m at 31<sup>st</sup> March 2023 and the current estimated pressure on the High Needs block is around £1m. The Council is expected to continue to contribute £1.2m each year to plug this gap until 2025/26 at the end of the plan as the deficit is eroded. The receipt of the additional funding is subject to successful delivery of the *SEND Futures Plan* in terms of financial sustainability and service improvement plans. However it relies on assumptions about both demand management and efficiencies in service delivery and there remains a risk that any funding shortfall will still need to be met by the local taxpayer. The Council has therefore substantially reduced the cumulative deficit to £0.3 million but careful monitoring and control is required to maintain this positive position.

#### Areas we can predict and other risks/opportunities

25. **Inflation** – prior to 2022/23, inflation is normally built into the MTFs at an average of 2-3% each year and varied where more specific information is available. However latest estimates for inflation in 2023/24 and future years range as follows:
- (i) **Salaries:** agreement has not yet been reached nationally regarding the 2023/24 pay award and an allowance up to 7% has been set aside in 2023/24 with a further 4% in 2024/25 dropping to 2.5% in 2025/26 thereafter.
  - (ii) **General prices:** no allowance has been made for inflation on other items except where stated below.
  - (iii) **Energy:** average annual energy bills fell by 17% at the beginning of July and it is expected that the Council will see a reflection of this wholesale reduction when annual prices change under the contract in October. The market suggests that the price may fall again in October before rising slightly in January. For the current model a reduction of 10% during 2023/24 increasing to an inflationary increase in 2024/25 onwards has been modelled. However, estimates are yet to be received from the Council's contract provider.
  - (iv) **Contracts:** the Council has a significant level of outsourced services which run under contract with the private and voluntary sectors. Most of these contracts have either

specific inflation indices built into them (often CPI linked or industry specific) or require renegotiation on an annual basis such as social care spot purchases. Latest estimates assume an average inflation allowance of 4.3% within the MTFS for 2024/25 to reflect the continuing impact of this year's high inflation levels on contract negotiations in the coming 12 months. Although CPI inflation has dropped to just under 7%, the Council is experiencing significantly higher than this rate in the current year. The Bank of England predicts inflation to drop to around 5% by the end of this calendar year on the trajectory to the 2.5% target one year later. The Council will continue to seek to negotiate lower increases where possible however this is proving to be difficult in the current climate. In addition, the Council has committed to paying the Real Living Wage across all of its contracts which is set by the Living Wage Foundation and so outside of the Council's influence.

26. As a result, overall the inflation contingency will add around £8.0m to 2024/25 budget pressures. Current estimates for the impact of 2023/24 inflationary levels are broadly in line with that estimated when setting the 2023/24 budget (£13m). Inflation overall is causing a significant financial challenge for budgets.
27. **Service pressures** – there are a number of service areas which are experiencing substantial pressures on demand as well as cost:
- (i) Adult social care – whilst there has been a greater national drive for integrating care and pooling resources with the NHS through the Better Care Fund, and the ability to raise a higher level of Council Tax to help support adult social care as well as higher social care grant awarded in 2023/24, the recent pandemic has brought additional risks in relation to the resilience of the care provider market. The Government has released additional short term funding in this regard, but councils remain concerned that this needs recognition in longer term funding settlements and a review of the expectations set for local Government and the costs borne by local tax payers.
  - (ii) Social care for children – sustained pressure on social care budgets continues, in particular in relation to providing Special Educational Needs transport as it continues to be difficult to provide the required service to meet the complex needs of cases. The service is having unprecedented challenges in recruiting permanent social care staff, exacerbated by the additional staff needed to support the high number of referrals. Of significant concern is the continuing rise in the cost of placements which reflects not just high inflation but also limited supply of available placements and an increasing complexity of need. Plans to control the growth in expenditure have been agreed with full reflection of the actions still to come to fruition. Whilst some amendment has been made to estimated costs there remains a real risk that growth in demand for children looked after placements will outstrip these plans. Detailed work is ongoing in this area.
  - (iii) Homelessness – generally high levels of homelessness admissions are currently being experienced as a result of the rising cost of living including across rental and mortgage costs as well as breakdowns via refugee schemes. In addition, significant inflationary pressures are being seen around the price of temporary accommodation as high levels of inflation and fuel costs hit temporary accommodation providers coupled with an overall shortage of supply in the market. Already additional budget provision of £2.2m has been approved in 2023/24 budgets (partly funded by £0.7m of additional homelessness government grant received for one year) which is not expected to abate immediately but it is hoped that levels of demand are starting to plateau.
28. **Demographic changes** – both nationally and locally councils face increasing demands from an ageing population and a young population with different support requirements. Based on the current year's position, the MTFS recognises the ongoing impact and estimates of future growth of £4m for children's social care and £1.5m for adult social care in year one with a further £500k per annum in both areas in future years which is reviewed each year as budgets are set. It is worth noting that children's social care services and also

mental health services and budgets continue to experience sustained pressure and are of particular risk to the Council. In addition, the 2021 census showed what is likely to be a pandemic driven (and therefore temporary) drop in the borough's population which may mean that future formulae based funding allocations are based on artificially low population figures.

29. **Council Tax base and the Collection Fund** – last year's MTFs assumed an increase in the Council Tax base of 200 for 2023/24 growing to 300 per year going forward, representing the increase in the number of residential properties in the borough. This year continues to expect an increase in the region of 300 per year.
30. **Capital programme** – funding of the existing agreed five year capital programme is built into the MTFs and this is subject to review both in relation to the delivery of the Council's priorities and the affordability of the ongoing programme. For 2023/24 the estimated annual revenue cost of borrowing to support capital spend is £10.8m
31. **Cost of living crisis** – Given the seriousness of the crisis facing households through last winter and the future it continues to be a Council priority to ensure a full range of policy responses are considered to support residents and businesses at this difficult time. A wide range of initiatives have been completed, in particular working cohesively across Council services and in partnership with voluntary sector organisations, with more underway. The Council allocated £3m from reserves to deliver a response to this crisis and £1.3m of this has already been allocated, with a further package of support of £2.7m through the use of the Household Support Fund and the UK Shared Prosperity Fund. The Council has a fiduciary duty to collect income in a timely manner in order to fund essential services but must be mindful not to make a situation worse for vulnerable households - the full impact on the Council's finances, in particular on debt recovery are unknown at this stage.

"Fairer Finances" and delivering Council priorities

32. The Council will focus on managing the impact of the cost of living crisis in the local area, supporting residents, schools and children, businesses and the voluntary sector and keeping the Council's finances on a secure footing.
33. The Council will not lose sight of its wider objectives to invest in good local services while protecting the most vulnerable in our community and investing for the future. The Council has set out in the Corporate Plan what it aims to do to promote a fairer deal for all those that live in the borough and how it will work with residents to ensure they have a fair say in decisions that affect them. A number of these have been outlined in paragraph 16 above already.
34. The Council is continuing other corporate plan priorities including:
  - (i) The Council wants to become a "**Greener Borough**" and be carbon neutral by 2030 and as such has published the Richmond Climate Emergency Strategy and supporting annual action plan which sets out how the Council's carbon footprint will be reduced and air quality improved. The majority of such investment is likely to require capital funding but the Council will also be considering how it uses existing Climate Change Reserves and has budgeted additional revenue funds to help manage the necessary changes.
  - (ii) The Council is working to deliver more **Affordable Housing** within the borough and the capital plan allows for significant contributions to enable this in partnership with housing associations and other developers. The Council is also looking to maximise the use of its own sites for affordable housing, has acquired 17 properties in 2022/23 which are now with Richmond Housing Partnership for use, with the purchase of a further 13 planned in 2023/24.

- (iii) **A Safer Borough** - Work continues with the police and community groups to help tackle crime including providing advice to local residents on crime prevention and enhancing the neighbourhood watch scheme by investing further in the community safety division including CCTV. Investment continues to deliver an enhanced response to Violence Against Women and Girls (VAWG) with a focus on the safety of women and girls in public spaces. Work is ongoing with TfL to improve safety on the Council's roads, to monitor the extension of 20mph speed limits and to review the measures introduced during the pandemic including additional cycling measures and safer school streets.

### Capital programme

35. As in previous years this MTFS focuses on the revenue budget. A review of the capital element of the MTFS and the capital programme for 2022/23 to 2027/28 is set out in a report to the Finance, Policy and Resources Committee on 28 February 2023 with cashflows updated in a subsequent report to the same Committee on 21 September 2023. The revised capital programme totals around £221m over the six year period. For the purposes of this MTFS update we have assumed that the broad underlying financial requirements are as set in these updates.
36. The table below shows some of the key capital financing expectations for forthcoming years. Importantly external debt is likely to rise unless new sources of alternative funding can be identified. The potential increase in borrowing costs will be spread over a number of years as the Council will run down its internal cash holdings in the short term (see commentary in capital programme and treasury reports) which will help to limit its impact on Council Tax. Given the overall revenue projections it is clear that the Council will need to continue to review its commitments for the future carefully to ensure they are affordable.

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/19
	£000s	£000s	£000s	£000s	£000s	£000s
Total Capital Expenditure	56,417	78,826	34,819	19,945	6,551	24,293
To be funded from revenue, reserves and capital receipts	3,074	14,633	19,153	0	0	0
To be funded from grants and contributions	25,196	34,271	8,509	9,489	3,201	24,293
To be funded from borrowing (internal and external)	28,147	29,922	7,157	10,456	3,350	0
<b>Implied underlying need to borrow (CFR) at end of year</b>	<b>186,739</b>	<b>209,342</b>	<b>208,656</b>	<b>212,835</b>	<b>208,254</b>	<b>199,761</b>

37. The underlying need to borrow at 1<sup>st</sup> April 2023 was £165.4m, which was reduced from £166.1m at 1<sup>st</sup> April 2022. Under the revised capital programme the estimated need to borrow at the end of 2023/24 is a maximum of £186.7m, although no new external borrowing has been taken at the mid point of the year. The actual level of outstanding external borrowing at 1<sup>st</sup> April 2023 was £120.3m.
38. The above table shows that the Council still has a significant capital programme. Looking at the current programme, although some is funded through Government grant, the plans continue to include assumed increases in borrowing. The Council believes that it is essential that central Government provide more direct capital funding (particularly for schools and major infrastructure). Of particular note is the continued uncertainty around future Transport for London funding and the impact this may have on the borough's infrastructure needs.

## Latest MTFS Position

39. The table below updates the current MTFS for the areas discussed above to provide an indicative potential budget that the Council will need to fund. It identifies how much of a gap there is between costs and current best estimates of funding. In particular:
- (i) It assumes that general Government funding (Revenue Support Grant and retained business rates) remains at 2023/24 levels except for a £350k estimated reduction to reflect the latest census results for 2024/25 onwards although recognising the gradual removal of any short term grants (such as Local Services Grant). However, as identified above, this Government funding beyond 2024/25 is uncertain.
  - (ii) The slow recovery of some services from the Covid pandemic continues to be reflected in future years' budgets, with the assumption that full recovery to pre-pandemic levels doesn't occur at all for some services such as leisure and parking.
  - (iii) Increased demand/complexity of need experienced within adults and children's social care do not continue at the same pace beyond the current year, with future growth limited to a further £500k per annum in both areas in future years. In addition the overall homelessness pressures gradually reduce in the future.
  - (iv) The concessionary fares levy, paid to Transport for London and based on passenger journeys on public transport from the prior 18 month period, returns to almost pre-pandemic levels based on TfL modelling.
  - (v) As detailed in the outturn report, the separate allocations set aside to tackle the cost of living crisis within the Emergency Funding Reserve and the remaining Government grant received within the Refugee and Homelessness Support Reserve of £9.4m will gradually be drawn down to fund targeted support in those areas and to assist with the wider homelessness pressures. The modelling assumes that some of the Financial Resilience Reserve balance of £29.7m at the end of 2022/23 will be required to help mitigate against pressures. This will reduce levels of reserves significantly unless corresponding savings are identified.
  - (vi) The delayed impact of the Environment Act 2021 is minimal as requirements around the standardisation of recycling and waste collection across the country are unclear and will be funded from balances held within the Waste and Recycling Reserve.

Year	2024/25 (£000)	2025/26 (£000)	2026/27 (£000)	2027/28 (£000)
<b>Current Council Tax Requirement 2023/24</b>	<b>£152,423</b>	<b>£152,423</b>	<b>£152,423</b>	<b>£152,423</b>
Inflationary pressures	£8,731	£14,690	£20,190	£25,690
Specific Government grant reductions	424	1,027	1,277	1,277
Demographic pressures	1,000	2,000	3,000	4,000
Children's social care pressures	3,548	3,548	3,548	3,548
Adult social care pressures	1,000	1,000	1,000	1,000
Homelessness pressures	2,200	1,900	1,600	1,300
Removal of general service pressures contingency	-1,000	-1,000	-1,000	-1,000
Previously agreed efficiency/ income plans	-535	0	0	0
New efficiencies	-250	-510	-780	-1,060
Levies/charges from other bodies including Concessionary Fares	1,901	3,402	4,849	5,199
Removal of temporary budgets/ addition of temporary budgets	-405	-305	-205	-405
Covid legacy (income recovery)	-340	-440	-490	-490
Treasury changes	-3,000	-1,400	-400	0
Pension actuarial cost changes	-1,300	-1,300	-1,300	-1,300
Removal of assumed use of reserve	3,500	3,500	3,500	3,500
Removal of contribution to fully recovered DSG deficit	0	-1,200	-1,200	-1,200
General Government grant funding reduction due to census results	350	350	350	350
Council tax base growth	-341	-854	-1,366	-1,878
Removal of Collection Fund surplus	290	290	290	290
<b>Final MTFS mid-case budget</b>	<b>£168,195</b>	<b>£177,121</b>	<b>£185,287</b>	<b>£191,245</b>
<b>Budget Gap</b> <i>increase to be covered by further use of reserves/Council Tax /additional savings</i>	<b>£15,772</b>	<b>£24,698</b>	<b>£32,864</b>	<b>£38,822</b>

Every 1% increase in Council Tax delivers approximately £1.5m additional income.

## Closing the budget gap

40. Unlike in previous years when the budget gap has been building up over the medium term, current assumptions predict a significant challenge from 2024/25 due to the ongoing impact of inflation and significant service pressures being experienced across homelessness, and adult and children's social care. This is despite the £7.8m investment added to the 2023/24 budget when council tax was set to reflect rising levels of need at that time which included £2.8m growth in children's social care and education services plus £1m for mental health support within adult social care and £1.3m homelessness pressures. To fund these pressures, a new efficiency plan has already been assumed within the 2023/24 budget including over £5m of new savings which, along with the existing planned savings, generated efficiencies of £7.7m.
41. The Government has confirmed that the cap on Council Tax increases will be 4.99% in 2024/25 but future years have not been announced, with an assumption that this will drop back to a 2.99% threshold. It is assumed that maximum Council Tax increases are applied in order to protect Council services. Even with these increases, the budget gap widens over the coming years. Around this mid-case there are a range of possibilities, with the range made even wider than in previous years due to the uncertainty of the impact of inflation and the Government's future approach to funding. The best estimate of this range at present for 2024/25 only is from around £10m better (due to lower inflation, the delivery of all expected savings and the increased pressures around homelessness, children's and adult social care falling back to 2022/23 levels) to around £16m worse (due to worse inflation and worsening general service pressures). Looking into future years, these ranges grow further.
42. Future years contain further uncertainties but the gap is expected to worsen by the impact of inflation over time. This gap must be closed by a combination of improved Government funding, increased income (including council tax), cost reductions or the use of reserves. The parameters for increasing council tax and Government funding levels beyond year one are currently unknown and it is not sustainable to draw from reserves indefinitely to meet the gap.
43. It is therefore necessary for a significant efficiency programme to be drawn up to deliver both in the short and longer term. Due to the successful previous delivery of efficiencies, it will be difficult to find any immediate short term 'quick wins' and instead strategic structural change will be needed. In the longer term, this can be addressed by the Change Programme now underway to enable the delivery of local priorities and secure ongoing financial sustainability. Use of the Invest to Save Reserve will establish a Change Programme Delivery Fund to underpin the programme and facilitate longer term change. The Change Programme has a particular focus on those areas which are cross-cutting enablers or building blocks of an effective organisation with nine workstreams. The programme is targeted to make efficiencies to assist with the closing of the predicted budget gap. In particular, the following workstreams are expected to deliver a net saving for the organisation:
- Assets – the investment in assets to ensure fit for current and future service delivery is expected to generate efficiencies through asset release or rental income and reduced maintenance costs.
  - Digital, Data and Customer Experience – leveraging data and technology to deliver excellent resident experience, better outcomes, and innovative, value for money services.

- Commissioning – using our commissioning and procurement activity to deliver value for money and improved outcomes for residents.
  - External Funding – maximising success in securing external funding, income and investment into the borough
  - Consolidation – aligning systems & processes for delivery within the organisation, or with Wandsworth Council, to release additional value from economies of scale and improved efficiency.
44. In the short term, some efficiencies will need to be found, with the remainder delivered by drawing from reserves. However, the overall funding position will continue to be closely monitored and as detailed proposals are developed they will be reported to Committee and the MTFS will be updated.

### **Key actions and reports in the next six months**

45. The following summarises the key actions and reports that will impact on the Council's budgetary position in the next six months:
- Continued monitoring of the impact and response to the cost of living crisis
  - Government Spending Review – expected in the Autumn
  - Consultation on 2024/25 Local Government Finance Settlement – October/November 2023
  - Q2 monitoring report – November 2023
  - Performance monitoring reports (quarterly)
  - Local Government Finance Settlement 2024/25 – December 2023
  - Committee budget proposals – January/February 2024
  - Q3 monitoring report – February 2024
  - Revenue and capital budget reports and Council Tax proposals – February/March 2024
46. The above will all be monitored via reports to the Committees as appropriate.

### **APPENDICES**

- Appendix 1 – Sensitivity analysis of projections  
Appendix 2 – Working with our key partners  
Appendix 3 – Flexible use of capital receipts strategy



### Sensitivity analysis of projections

1. In any assessment of the future position of the Council, it is important to understand the main financial drivers which influence overall expenditure and the risks associated with them. The table below shows a high level breakdown of Council expenditure and income.

Description	2023/24 £'000	%
Employee Costs	58,126	10.8%
Premises Costs	16,761	3.1%
Transport Costs	1,624	0.3%
Supplies and Services Costs	20,993	3.9%
Third Party Payments	179,652	33.3%
DSG Expenditure	195,688	36.3%
Transfer Payments	40,670	7.5%
Support Services	1,175	0.2%
Central Items	24,877	4.6%
	<hr/> 539,545	100.0%
Funded by:		
Income from Fees and Charges etc.	-69,962	13.0%
Housing Benefit Subsidy	-44,967	8.3%
Government Grants:		
Retained NNDR	-25,708	4.8%
Specific Government Grants	-46,282	8.6%
Non Ring Fenced Grants	-1,067	0.2%
DSG	-195,668	36.3%
Collection Fund Deficit	-290	0.1%
Transfers from Reserves	-3,179	0.6%
Council Tax	-152,423	28.3%
	<hr/> -539,545	100.0%

2. Third party payments are mainly contract based expenditure and include care budgets, waste collection and disposal, and ICT expenditure.
3. The largest variable elements of the budget are staffing costs, third party payments and income, predominantly from fees and charges for services. Relatively small changes in these have a significant impact on the overall financial position.
4. The anticipated impact of inflation continues to be much higher than in a usual year due to the ongoing inflationary pressures seen in recent years which whilst predicted to reduce, will still have some impact in the next few years. The model assumes that the budgetary effect of general inflation is restricted wherever possible but, to put inflation in context, a 1% increase equates to £0.6m in staff costs and £2m in other costs (excluding housing benefit payments and DSG).
5. There has been consistent pressure on “demand led” budgets over the years reflecting the impact of demographic changes including a growing population, increasing numbers of

school children, increasing numbers of older people, adults with learning disabilities and mental health needs and children requiring care. The MTFs assumes that these pressures will continue into the future although these pressures will be ameliorated to some extent by efficiency measures being undertaken.

6. Although the exact impact of this cannot be known, there is a significant underlying risk related to the level of social care that may be required and this is exacerbated by the current uncertainties surrounding the long term impact of the pandemic, both on these services but in particular mental health services. The Council currently spends approximately £93m on the provision of children's and adult social care so a 1% increase in costs or client numbers would cost £0.9m. This expenditure is mostly included in the third party costs figure in the table.
7. The Council generates income from a number of key sources (e.g. planning fees, building control fees and parking charges) which are subject to fluctuation over time across economic cycles. 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 stabilise in the future, there will remain the underlying risk of shortfalls. Again, these areas are subject to additional focus given the continued impact of behaviour change as a result of the pandemic, particularly around parking and leisure income. The current cost of living crisis is also causing income levels to reduce in these areas. The Council currently budgets to collect around £61m in fees, charges and non-Government grants or contributions. If the Council underachieved these budgets by 1%, it would lose £0.6m in income.
8. A further key variable is the level of Government support for services. This comes to the Council in a variety of ways e.g. Settlement Funding Assessment (Revenue Support Grant and Retained Business Rates), specific grants and non-ring fenced grants. As discussed earlier, these are expected to continue to be under severe pressure for the foreseeable future as the Government continues to take steps to manage the increase in the public sector deficit. It is not yet clear whether more funding will be made available to the sector to cover ongoing inflationary and demand-led pressures. The total funding received from Government (including retained Business Rates) is currently £73m so each 1% reduction would cost the Council £0.7m.
9. The overall impact of a 1% adverse change in all these factors would be a cost to the Council of approximately £4.8m, which is equivalent to around £54 per annum on a Band D Council Tax bill. This clearly illustrates the potential impact of the volatile risk factors underlying the budget.

## Working with our key partners

1. At the same time as local Government is facing very uncertain costs and levels of funding, in particular in the context of supporting residents through the cost of living crisis, continuing to feel the ongoing impacts from the Covid-19 pandemic and subsequent inflationary pressures, we must recognise that our other key partners also face significant pressure – the local NHS Clinical Commissioning Group (CCG), the voluntary sector who partly rely on public sector funding and support, and our local schools are particularly important for the quality of life in the borough.
2. The Council has a statutory role through the Health and Wellbeing Board to bring together strategic partners to plan how best to meet the health and care needs and improve the health and wellbeing of the local population, making most effective use of resources in the local health and care system. The enactment of the Health and Care Act 2022, enables greater integration between partners across the health and social care sector. This includes collaboration between partners who can address the wider determinants of health by removing barriers to data-sharing and enabling joint decision-making and greater collaboration within the NHS, between trusts, and between the NHS and other systems partners, including local authorities. The South West London Integrated Care Board has appointed Place leads and determined which aspects of service are to be managed at a local level and at a sub-regional level. The statutory place and SWL Integrated Care Board and partnership committees are key structures for the joint planning and management of integrated health and care services locally.
3. The Council continues to work closely with local health partners on implementing place-based arrangements to ensure joined up health and care services for residents. This includes the ambition for further pooling of health and care budgets with appropriate risk sharing as part of the ICS. There is a renewed focus on optimising impact of the Better Care Fund Grants which are focussed on integrated delivery of services and in managing pressure in health and care system. There are several structures and plans aimed at bringing system wide approaches to addressing the needs of local people making best use of local resources. The Council continues to work with the Local Government Association to press for adequate long-term funding for social care to provide stability and extra capacity in local care systems, which will also assist in supporting NHS partners to help relieve pressure on health services.
4. The CCG, Council and Police partnership is significant within safeguarding. The Richmond and Wandsworth Safeguarding Adults Board maximises joint working over a wider geography and brings in greater learning opportunities across both boroughs. It also aligns with the Police Command Unit. The Kingston and Richmond Safeguarding Children Partnership brings the Police and CCG into equal ownership with the Council through Achieving for Children (Children's Social Care). This tri-partite lead ensures that children's safety and wellbeing is at the heart of everything we do. Priorities include contextual safeguarding, mental health and early help and parental vulnerability.
5. The ICB (Integrated Care Board), Police and Council partner again within the Community Safety Partnership, alongside other statutory organisations such as the Probation Service, London Fire Brigade and voluntary and community led organisations. The focus is on identifying and best resourcing statutory and other services to tackle the root causes and reactionary responses to crime and safety.
6. The Council continues to support the borough's High Streets following recovery from the pandemic and through new headwinds caused by increased costs and recruitment challenges. In general, footfall and visits to town centres have returned to pre-pandemic levels. Transactions (measured by Mastercard data) have also returned to – or exceeded – 2019 levels but spend remains below 2019 levels in our major town centres. This suggests the impact of online shopping and, more recently, the cost of living crisis. A year long Shop

Local campaign supported by the Council is providing opportunities for businesses in individual town centres to promote their offer and engage with local residents. To date 9 centres have been featured on a number of social media channels. The Council has established a Public Realm Improvement Fund which has provided investment in town centres across the borough. Local business and community engagement in developing proposals is a key characteristic of the programme. A Night Time Strategy (NTS) for the borough is being developed to help understand how we can make the night time (everything between 6pm and 6am) a better experience for people living, working, and visiting the borough.

7. The Richmond upon Thames Partnership brings together the public sector leads to consider priority areas for the borough and agree how the partners can work together to meet local needs. The most recent event that brought partners together was focused on the Cost of Living crisis, which deepened the understanding amongst partners of each other's work, so they could best support their own clients and customers, and find areas of collaboration. This was followed up with a specific event for advice teams within voluntary sector organisations, so that they could share information about the types of client issues and the scope of their respective services.
8. The Council continues to also work closely with the local voluntary sector, in particular recognising and championing the efforts the sector plays in supporting the community in this time of hardship for many residents. It is vital that we work to make the best use of all the resources available in the local area. The Council has had regular meetings with voluntary sector leaders to ensure a partnership approach to supporting the community. The Council recognises the support provided to the local community from the many voluntary organisations including their volunteers, which help to ensure the local community maintains its strength and cohesiveness, this includes how the sector is at the forefront helping residents to mitigate the impact of the cost of living. The Richmond upon Thames Compact is a written understanding between the voluntary and statutory sector (London Borough of Richmond upon Thames and the Integrated Care System) as to how they should work together and ensure a mutually beneficial relationship exists. The Richmond upon Thames Compact aims to build upon our existing commitment to partnership working by setting out our shared principles and how we will consult, involve and manage our resources together. The Council works with Richmond Council for Voluntary Services (RCVS) on embedding the principles of the Compact in how both partners work together and with the voluntary and community sector. The Council also commissions RCVS to deliver capacity building services that help organisations become more resilient and sustainable, and able to respond to new financial challenges and changes in demand for their services. The Council works with many voluntary organisations and local people in a range of partnerships such as the Homelessness Forum, Citizens Advice Richmond Advice Forum and Learning Disability Partnership Board.
9. We are determined to maintain a strong relationship between children's services and our local schools who are so vital in providing the best start in life for our children and young people. We have strengthened our provision for mental health services within schools and, through the Richmond Upon Thames Voluntary Fund, we continue to support local charities to provide further support in this area. A particular concern in the longer term is the lack of adequate funding to meet the needs of the growing number of young people with Special Educational Needs and Disabilities (SEND), and associated transport costs, which is placing significant financial pressure on schools and the Council. These young people are amongst the most vulnerable in our community and as part of this strategy we will continue to lobby for adequate levels of funding to ensure they are all appropriately supported.
10. The Council supports small businesses and early stage entrepreneurs with advice through the Phoenix Enterprise programme and further support is available through the Richmond Business Hub. Both provide a focus on business resilience and the 'cost of doing business'. Resource efficiency advice is also available through CREW Energy. The Council will be enhancing its support to entrepreneurs and small businesses through

additional resources for the UK Shared Prosperity Fund through to March 2025. A new Council supported enterprise and innovation hub as opened in Twickenham at 42 York Street and will provide a physical hub for supporting new and early stage businesses.

## **Flexible Use of Capital Receipts Strategy (as updated)**

### **Extension of the Strategy**

1. The Secretary of State for Communities and Local Government's statement on the Provisional Local Government Finance Settlement announced that the flexible use of capital receipts would continue up to the end of 2024/25.

### **Criteria to Assess Relevant Projects**

2. Government Guidance on Flexible Use of Capital Receipts requires councils to prepare a Flexible use of Capital Receipts Strategy ("the Strategy"), to be approved by Full Council prior to the start of the year but to be updated during the year if required. Every approved Strategy must be reported to the Department for Levelling Up, Housing and Communities (DLUHC). The guidance gives the following examples of projects which would be qualifying expenditure for this purpose. The list is not exhaustive, but provides an idea of the type of projects that can be funded in this way:
  - (i) Sharing back-office and administrative services with one or more other council or public sector bodies,
  - (ii) Investment in service reform feasibility work, e.g. setting up pilot schemes,
  - (iii) Collaboration between local authorities and Central Government departments to free up land for economic use,
  - (iv) Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation,
  - (v) Sharing Chief-Executives, management teams or staffing structures,
  - (vi) Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible,
  - (vii) Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations,
  - (viii) Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training,
  - (ix) Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others), and
  - (x) Integrating public facing services across 2 or more public sector bodies (for example children's social care, trading standards) to generate savings or to transform service delivery.
3. Amended direction for the programme states that use of receipts to finance redundancy payments is no longer allowed, except where such redundancy costs are necessarily incurred and limited to the amounts available as statutory redundancy payments. Furthermore, capital receipts used must only be from disposals where the authority does not still retain some direct or indirect control of the assets

### **Proposed Projects to be funded from Capital Receipts**

4. The London Borough of Richmond has used this flexibility in relation to the Shared Staffing Arrangement (SSA) where Richmond and Wandsworth have moved to a joint employment model and fully share all council staff. The SSA encompasses several of these example projects and is therefore considered to meet the qualifying criteria. In addition, the borough intends to utilise this flexibility to fund costs associated with other invest to save projects as part of its Medium Term Financial Strategy (MTFS), these will be added to the programme as costs and savings are appropriately identified.

## Efficiency Programme and Savings

5. The MTFS identifies that further such efficiencies are required across these and future years. The exact level of savings will depend on the Council Tax levels agreed and the outcome of the Local Government Finance settlement each year. It is the Council's intention to make use of this flexibility to fund this spend where appropriate. This Strategy will be updated as relevant costs become known.
6. The Capital Programme assumptions exclude the use of receipts associated with this strategy. It was originally estimated that up to £10m may be available for use against this strategy but this has now been revised in line with lower spending and receipt expectations:

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19 – 2022/23</b>	<b>2023/24</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimate</b>
Use of Capital Receipts	£2.2m	£0.8m	£0m	£0.5m

7. Any unused element of the above anticipated capital receipts would be applied in the normal way to reduce the financing costs of the capital programme.
8. The SSA was formally established on 1 October 2016. Whilst a number of joint projects have completed, there continue to be areas to review across the partnership, reflected in elements of the Change Programme workstreams.
9. Costs to date regarding the establishment of the SSA included:
  - Legal and taxation advice on the vehicle to be used for the SSA,
  - System implementation costs for the shared payroll and other systems, and
  - Redundancy costs incurred by moving to a shared structure across both Councils.
10. These proposals have contributed over £10m to the Council's efficiency savings.
11. There remain a number of programmes associated with the ongoing development of the SSA and the overall Change Programme including changes to IT infrastructure and changes to shared office accommodation which will continue to form a call on this budget.

### Impact on Prudential Indicators

12. The Council is required to report the impact of this Strategy on its Prudential Indicators. The main purpose of the Prudential Indicators is to control planned borrowing. The "flexible" use of capital receipts has not been included in the main Capital Programme but will rather be accounted for separately and hence will have no impact on the Council's assumed borrowing reported elsewhere.
  13. Capitalising the qualifying expenditure and financing this expenditure from the anticipated new receipts held back from financing the Programme has net nil impact on the Council's borrowing. Therefore, the only Prudential Indicator which will change is the Capital Expenditure Indicator, as the expenditure and income is added per the table above.
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## **Definitions of Budget Headings**

### **SeRCOP**

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

## **EXPENDITURE**

### **Employees**

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

### **Premises**

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

### **Transport**

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

### **Supplies and Services**

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

### **Third Party Payments**

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

### **Transfer Payments**

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



### **Support Services**

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

## **INCOME**

### **Government Grants**

This covers all specific and special government grants.

### **Other Grants & Contributions**

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

### **Customer & Client Receipts**

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

## **FINANCIAL ACCOUNTING ADJUSTMENTS**

### **Central Support Charges**

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

### **Central Support Income**

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

### **Capital Charges**

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

## **OTHER DEFINITIONS**

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

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

**Collection Fund**

Local authorities who are required by law to collect Council Tax and Business Rates must establish a 'Collection Fund' that records the amounts collected from Council Tax and Business Rates separately from the Council's own accounts. The Collection Fund also shows payments made to the government and precepting authorities, and transfers to the Council's General Fund.

**Corporate and Democratic Core**

This comprises corporate management and democratic representation and management costs.

**Depreciation**

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

**Earmarked Reserves**

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

