



# **BUDGET BOOK**

**2017-2018**

**Mark Maidment CPFA**

**Director of Resources &  
Deputy Chief Executive**

# **Budget Book 2017/18**

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

Produced by Accountancy

Resources Directorate

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

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# **TABLE OF CONTENTS**

	<b>Section</b>
1. Detailed Estimates Index	A
2. Budget Pages	
• Summary	B
• Achieving for Children, Client Side & Residual Functions	C
• Environment & Community Services	D
• Adult Social Services	E
• Housing & Regeneration	F
• Chief Executive's Group	G
• Resources Directorate	H
3. Revenue Budget Strategy & Council Tax 2017/18	
• Revenue Budget Strategy & Council Tax Report	I
• Council Tax Bands 2017/18	
• Statutory Reserves	
• Medium & Long Term Financial Strategy	
• Equalities Implications	

- Budget Policies

4. Capital Programme 2016/17 to 2021/22 J
5. Definitions K

SECTION A  
Index to Detailed Estimates

	<b>Page</b>
<b>Section A Index to Detailed Estimates</b>	A1
<b>Section B London Borough of Richmond upon Thames</b>	
Subjective Summary & Analysis	B1
Analysis of 2017/18 Expenditure & Income	B2
<b>Section C Achieving for Children, Client Side &amp; Residual Functions</b>	C1
Subjective Summary	C2
<b>Section D Environment &amp; Community Services</b>	D1
Objective Summary	D2
Subjective Summary	D3
Culture	D4
Libraries	D5
Registrars and Cemeteries	D6
Waste & Street Cleansing	D7
Transport Services	D8
Emergency Planning	D9
Highways	D10
Network Management & Inspection	D11
Building Control	D12
Development Management	D13
Planning & Transport Strategy	D14
Engineering	D15
Parking & Enforcement	D16
Management & Support	D17
<b>Section E Adult Social Services</b>	E1
Objective Summary	E2
Subjective Summary	E3
Commissioning Division	E4
Commissioned Services - Prevention & Wellbeing	E5
Prevention, Early Intervention & Professional Standards	E6
Richmond Response & Rehabilitation Team (RRRT)	E7
Careline & CCTV	E8
Specialist Community Services	E9
Commissioned Services - Older People & Physical Disabilities	E10
Commissioned Services - Support with Memory & Cognition	E11
Commissioned Services - Sensory Support	E12
Commissioned Services - Learning Disabilities	E13
Commissioned Services - Mental Health	E14
Care Provision	E15
Director of Adult Social Services & Business Resources	E16

## SECTION A

<b>Section F Housing &amp; Regeneration</b>	F1
Objective Summary	F2
Subjective Summary	F3
Housing Management	F4
Housing Advice & Assessment	F5
Resettlement Service	F6
Temporary Accommodation	F7
Home Improvement Agency	F8
Housing Property Management	F9
Allocations & Nominations	F10
Housing Operations	F11
Housing Policy & Strategy	F12
Facilities & Management	F13
PMO (Property Management Office)	F14
Sustainability	F15
Halls/Community Centres	F16
Office Accommodation	F17
AfC Properties	F18
Sundry Properties	F19
Utilities	F20
<b>Section G Chief Executive's Group</b>	G1
Objective Summary	G2
Subjective Summary	G3
Customers & Partnerships	G4
Policy & Performance	G5
Public Health	G6
<b>Section H Resources &amp; Central Items</b>	H1
Objective Summary	H2
Subjective Summary	H3
Resources Management	H4
ICT	H5
HR / Payroll	H6
Electoral Services	H7
Financial Management	H8
Revenues, Benefits & Parking	H9
Internal Audit	H10
Pensions Administration	H11
Procurement	H12
Corporate Management	H13
Central Items	H14
<b>Section I Revenue Budget Strategy &amp; Council Tax 2017/18</b>	I1
<b>Council Tax Bands 2017/18</b>	I13
<b>Statutory Reserves</b>	I14
<b>Medium &amp; Long Term Financial Strategy</b>	I17
<b>Equalities Implications</b>	I36
<b>Section J Capital Programme 2016/17 to 2021/22</b>	J1
<b>Section K Definitions</b>	K1

## SECTION B

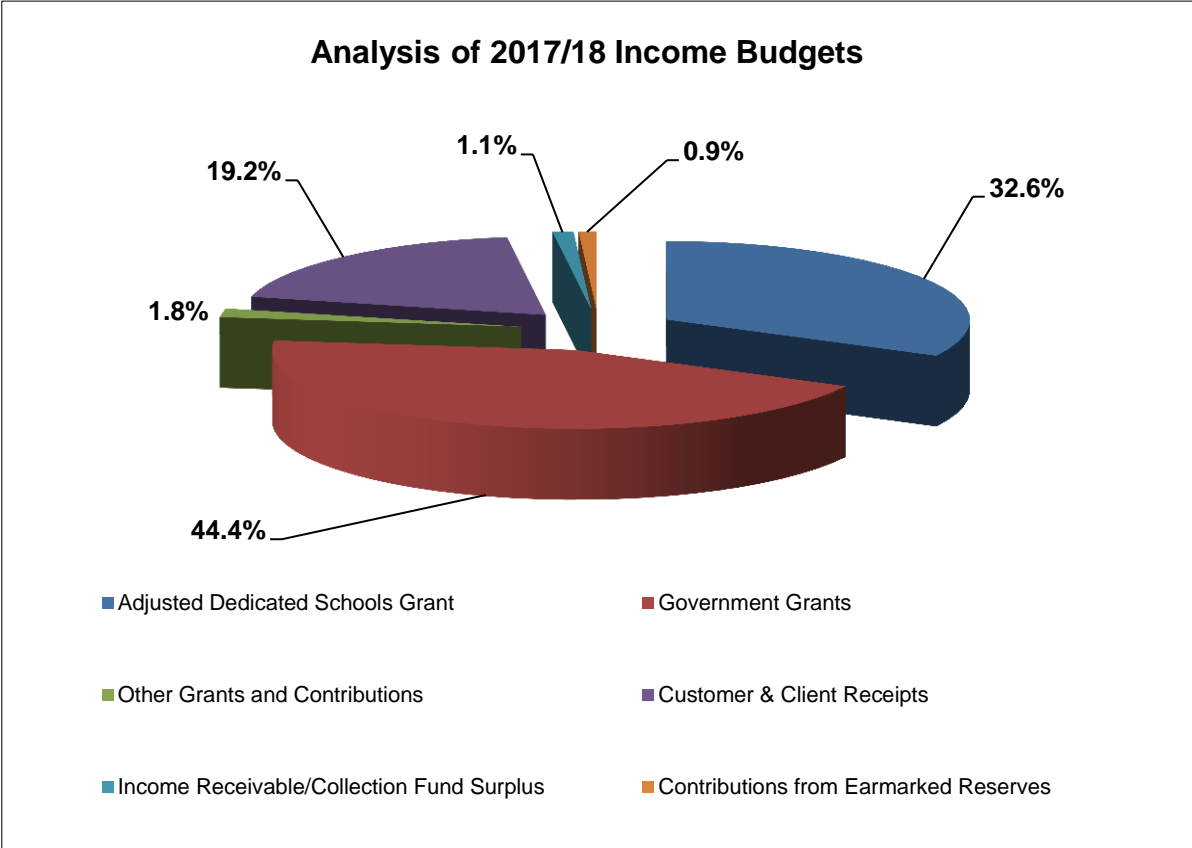
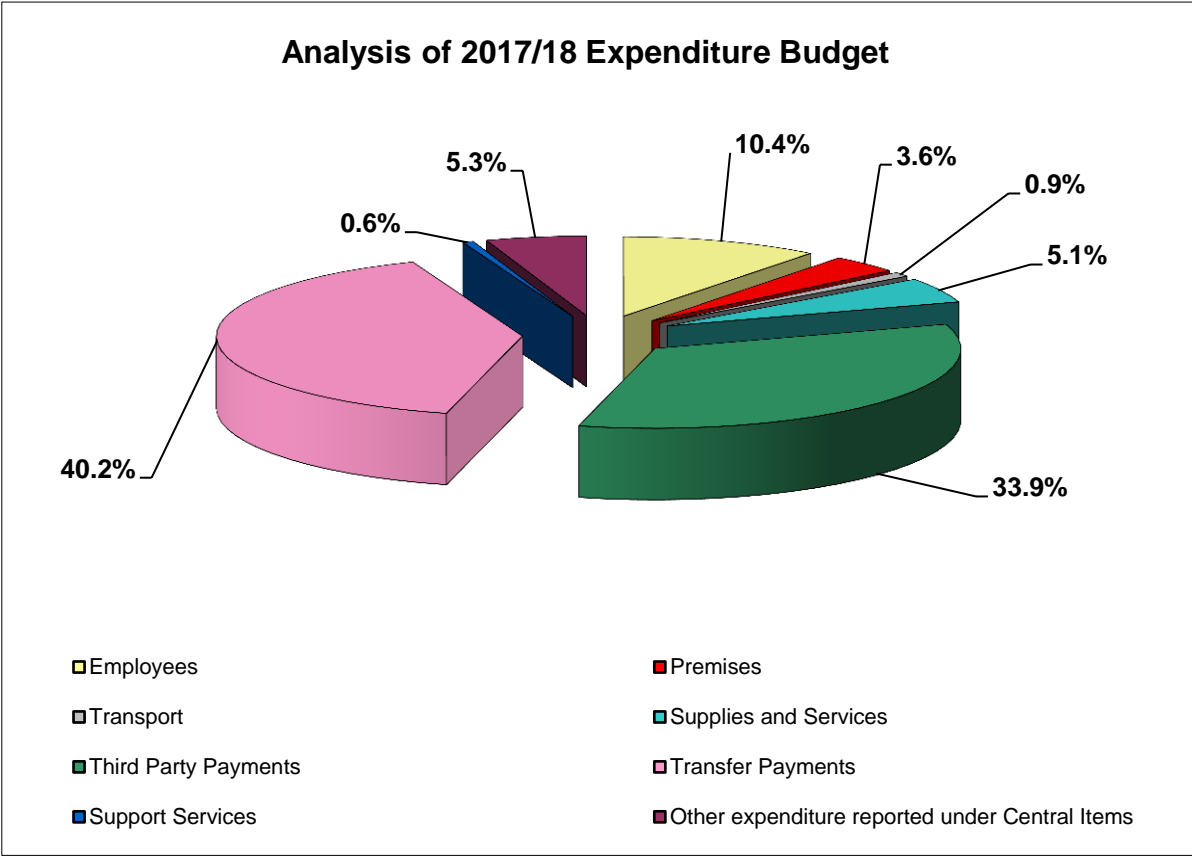
**COUNCIL'S REVENUE BUDGET 2017/18****SUBJECTIVE SUMMARY OF EXPENDITURE AND INCOME**

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<u>Expenditure</u>		
Employees	47,243,000	43,195,000
Premises	14,573,300	15,077,900
Transport	3,837,200	3,655,000
Supplies & Services	22,870,100	20,989,600
Third Party Payments	138,967,000	139,957,400
Transfer Payments	163,867,400	165,823,800
Support Services	2,409,200	2,309,200
<b>TOTAL EXPENDITURE</b>	<b>393,767,200</b>	<b>391,007,900</b>
<u>Income</u>		
Adjusted Dedicated Schools Grant	(95,527,800)	(95,487,200)
Government Grants	(96,988,000)	(95,167,500)
Other Grants & Contributions	(4,044,100)	(5,269,300)
Customer & Client Receipts	(51,720,700)	(56,322,500)
<b>TOTAL INCOME</b>	<b>(248,280,600)</b>	<b>(252,246,500)</b>
<b>NET EXPENDITURE (EXCL. CENTRAL ITEMS)</b>	<b>145,486,600</b>	<b>138,761,400</b>
Central Items	(32,153,600)	(18,991,400)
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>113,333,000</b>	<b>119,770,000</b>
<u>Financial Accounting Adjustments</u>		
Central Support Charges	21,211,100	18,367,100
Departmental Support Charges	13,611,200	10,818,900
Capital Charges	0	0
Central Support Income	(21,211,100)	(18,367,100)
Departmental Support Income	(13,611,200)	(10,818,900)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>113,333,000</b>	<b>119,770,000</b>

**Variation Analysis (Excluding Schools)**

<b>Original Budget 2016/17</b>	<b>113,333,000</b>
Inflation	1,761,000
Changes in Government Grants	11,527,000
Other Government or Outside Body Changes	1,618,400
Demand Led Growth	3,000,000
Budget Review Savings	(12,747,400)
Investment Priorities	1,320,000
Other Growth & Savings	(42,000)
Budget Transfers	0
<b>Original Budget 2017/18</b>	<b>119,770,000</b>

SECTION B



Original Budget 2016/17



# **ACHIEVING FOR CHILDREN CLIENT SIDE AND RESIDUAL FUNCTIONS**

Should you have any queries concerning the Achieving for Children (Client Side and residual Functions) pages please contact:

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## SECTION C

**ACHIEVING FOR CHILDREN (AFC) CLIENT SIDE AND RESIDUAL FUNCTIONS**

These budgets relate to children's social care and education services, commissioned from Achieving for Children (AFC), a community interest company. This company is jointly owned by the Richmond and Kingston councils. The commissioned services comprise; Social Care (including social work, looked after children and leaving care), Protection and Early Help Services (including youth support, special educational needs (SEN), SEN transport, early years and family support) and Education Services (including school place commissioning and school improvement). The Council retains budgets for most Government Grants, payment of fixed education grants to schools and nurseries, and employment of AFC's Chief Executive and Directors with statutory responsibilities.

	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>		
Employees	541,200	237,800
Premises	0	0
Transport	0	0
Supplies & Services	4,186,900	4,288,900
AFC Contract	49,270,600	48,615,200
Individual Schools Budgets (ISB)	84,249,700	85,110,300
Transfer Payments	0	0
Support Services	4,000	4,000
<b>TOTAL EXPENDITURE</b>	<b>138,252,400</b>	<b>138,256,200</b>
<u>Income</u>		
Central Education Services Grant	(1,795,000)	(494,000)
Dedicated Schools Grant	(95,527,800)	(95,487,200)
Government Grants	(7,984,300)	(7,746,500)
Other Grants & Contributions	(1,746,400)	(1,727,100)
Customer & Client Receipts	(270,600)	(118,900)
<b>TOTAL INCOME</b>	<b>(107,324,100)</b>	<b>(105,573,700)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>30,928,300</b>	<b>32,682,500</b>
<u>Financial Accounting Adjustments</u>		
Central Support Charges	2,810,700	2,125,400
Departmental Support Charges	26,000	20,400
Capital Charges	7,903,400	7,996,000
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>10,740,100</b>	<b>10,141,800</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>41,668,400</b>	<b>42,824,300</b>

<u>Variation Analysis</u>	
<b>Original Budget 2016/17</b>	<b>41,668,400</b>
Inflation	333,000
Changes in Government Grants	1,000,000
Other Government or Outside Body Changes	0
Demand Led Growth	2,500,000
Budget Review Savings	(2,116,000)
Investment Priorities	0
Other Growth & Savings	60,000
Budget Transfers	(621,100)
<b>Original Budget 2017/18</b>	<b>42,824,300</b>

# **ENVIRONMENT AND COMMUNITY SERVICES**

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

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SECTION D  
ENVIRONMENT AND COMMUNITY SERVICES

**SUMMARY BY SERVICE AREA**

<b><u>PURPOSE</u></b>	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
Culture	7,478,000	6,920,300
Libraries	4,915,700	4,524,900
Registrars and Cemeteries	(209,800)	(364,200)
Waste and Street Cleansing	16,345,800	15,382,100
Transport Services	0	0
Emergency Planning	36,400	33,600
Highways	43,300	1,300
Network Management and Inspection	816,400	621,300
Building Control	304,800	220,500
Development Management	1,631,500	663,400
Planning and Transport Strategy	606,100	921,500
Engineering	7,962,300	8,255,200
Parking and Enforcement	(7,486,200)	(8,468,300)
Management and Support	0	0
<b>Total Environment Directorate</b>	<b>32,444,300</b>	<b>28,711,600</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>32,444,300</b>
Inflation	127,300
Changes in Government Grants	0
Other Government or Outside Body Changes	116,700
Demand Led Growth	0
Efficiency Savings	(3,027,000)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(949,700)
<b>Original Budget 2017/18</b>	<b>28,711,600</b>

SECTION D  
ENVIRONMENT AND COMMUNITY SERVICES

**SUBJECTIVE ANALYSIS**

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	14,583,000	14,380,100
Premises	6,603,600	7,251,400
Transport	2,203,200	2,006,200
Supplies & Services	3,643,100	3,989,100
Third Party Payments	21,212,400	21,622,300
Transfer Payments	28,500	28,500
Support Services	236,500	236,500
<b>TOTAL EXPENDITURE</b>	<b>48,510,300</b>	<b>49,514,100</b>
<b><u>Income</u></b>		
Government Grants	(36,700)	(36,700)
Other Grants & Contributions	(197,700)	(109,100)
Customer & Client Receipts	(26,655,300)	(30,402,700)
<b>TOTAL INCOME</b>	<b>(26,889,700)</b>	<b>(30,548,500)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>21,620,600</b>	<b>18,965,600</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	7,003,700	6,194,900
Departmental Support Charges	5,160,000	3,912,900
Capital Charges	6,393,200	6,025,000
Central Support Income	(1,921,800)	(1,884,800)
Departmental Support Income	(5,811,400)	(4,502,000)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>10,823,700</b>	<b>9,746,000</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>32,444,300</b>	<b>28,711,600</b>

## SECTION D

## ENVIRONMENT AND COMMUNITY SERVICES

**CULTURE**

These budgets cover Sports, Sports development, Arts, and Parks. The sports team run 4 sports and fitness centres and 2 pools whilst the sports development team develop participation in sport, improve standards of performance and improve facilities in conjunction with a range of partners. The Arts service runs the Orleans House Gallery and works with a range of organisations to encourage all forms of creative development covering visual arts, dance, drama, music, film & literature. The Parks service are responsible for 163 parks & open spaces including children's playgrounds, the management & planting of trees and allotments.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	2,528,900	3,405,300
Premises	3,750,600	4,260,500
Transport	29,000	27,600
Supplies & Services	1,162,000	1,418,800
Third Party Payments	767,700	399,400
Transfer Payments	28,500	28,500
Support Services	13,700	13,700
<b>TOTAL EXPENDITURE</b>	<b>8,280,400</b>	<b>9,553,800</b>
<b><u>Income</u></b>		
Government Grants	(36,700)	(36,700)
Other Grants & Contributions	(93,600)	(5,000)
Customer & Client Receipts	(2,924,400)	(5,095,000)
<b>TOTAL INCOME</b>	<b>(3,054,700)</b>	<b>(5,136,700)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>5,225,700</b>	<b>4,417,100</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	1,058,200	748,300
Departmental Support Charges	449,000	281,900
Capital Charges	996,100	1,473,000
Central Support Income	0	0
Departmental Support Income	(251,000)	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>2,252,300</b>	<b>2,503,200</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>7,478,000</b>	<b>6,920,300</b>
<b><u>Variation Analysis</u></b>		
<b>Original Budget 2016/17</b>		<b>7,478,000</b>
Inflation		(51,200)
Changes in Government Grants		0
Other Government or Outside Body Changes		(7,600)
Demand Led Growth		0
Efficiency Savings		(613,400)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		114,500
<b>Original Budget 2017/18</b>		<b>6,920,300</b>

SECTION D  
ENVIRONMENT AND COMMUNITY SERVICES

**LIBRARIES**

The borough has 11 lending libraries & a central reference library & information service at the Old Town Hall. The central reference library comprises the reference library & local studies library.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	2,587,700	2,425,700
Premises	244,800	251,600
Transport	15,200	12,600
Supplies & Services	852,500	853,100
Third Party Payments	0	0
Transfer Payments	0	0
Support Services	4,000	4,000
<b>TOTAL EXPENDITURE</b>	<b>3,704,200</b>	<b>3,547,000</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(216,500)	(222,400)
<b>TOTAL INCOME</b>	<b>(216,500)</b>	<b>(222,400)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>3,487,700</b>	<b>3,324,600</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	993,500	818,000
Departmental Support Charges	30,000	23,300
Capital Charges	404,500	359,000
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,428,000</b>	<b>1,200,300</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>4,915,700</b>	<b>4,524,900</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>4,915,700</b>
Inflation	9,100
Changes in Government Grants	0
Other Government or Outside Body Changes	7,200
Demand Led Growth	0
Efficiency Savings	(176,800)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(230,300)
<b>Original Budget 2017/18</b>	<b>4,524,900</b>

SECTION D  
ENVIRONMENT AND COMMUNITY SERVICES

**REGISTRARS AND CEMETERIES**

The Registration Service conducts over 1,100 civil ceremonies at the Registry Office and other approved premises within the borough, in addition to registering life events & citizenship services, including the Nationality Checking Service. There are 6 cemeteries open for burial, which cover 36 hectares & over 350 funeral services a year are carried out.

	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>		
Employees	700,700	649,700
Premises	40,500	52,300
Transport	14,500	20,200
Supplies & Services	90,300	74,300
Third Party Payments	0	0
Transfer Payments	0	0
Support Services	1,600	1,600
<b>TOTAL EXPENDITURE</b>	<b>847,600</b>	<b>798,100</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(1,304,800)	(1,393,600)
<b>TOTAL INCOME</b>	<b>(1,304,800)</b>	<b>(1,393,600)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>(457,200)</b>	<b>(595,500)</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	192,400	167,300
Departmental Support Charges	39,000	34,000
Capital Charges	16,000	30,000
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>247,400</b>	<b>231,300</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>(209,800)</b>	<b>(364,200)</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>(209,800)</b>
Inflation	(64,200)
Changes in Government Grants	0
Other Government or Outside Body Changes	2,700
Demand Led Growth	0
Efficiency Savings	(82,500)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(10,400)
<b>Original Budget 2017/18</b>	<b>(364,200)</b>



SECTION D  
ENVIRONMENT AND COMMUNITY SERVICES

**WASTE AND STREET CLEANSING**

In 2015/16 the Council recycled over 40% of the borough's domestic waste. It provides a weekly refuse service to approximately 82,000 properties plus a trade collection service, for which a charge is made. Waste disposal is managed by the West London Waste Authority via a long term contract. Other services undertaken include street cleansing, graffiti removal & the management of the Community Toilet Scheme. It also retains cleansing responsibilities for the A316 & A205 which are part of the Transport for London road network.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	911,000	855,000
Premises	61,400	49,500
Transport	676,000	676,000
Supplies & Services	263,600	235,600
Third Party Payments	14,830,700	15,528,800
Transfer Payments	0	0
Support Services	4,300	4,300
<b>TOTAL EXPENDITURE</b>	<b>16,747,000</b>	<b>17,349,200</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(4,011,100)	(4,250,600)
<b>TOTAL INCOME</b>	<b>(4,011,100)</b>	<b>(4,250,600)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>12,735,900</b>	<b>13,098,600</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	1,639,200	1,607,900
Departmental Support Charges	689,700	597,400
Capital Charges	1,378,800	174,000
Central Support Income	0	0
Departmental Support Income	(97,800)	(95,800)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>3,609,900</b>	<b>2,283,500</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>16,345,800</b>	<b>15,382,100</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>16,345,800</b>
Inflation	267,700
Changes in Government Grants	0
Other Government or Outside Body Changes	(11,900)
Demand Led Growth	0
Efficiency Savings	(174,100)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(1,045,400)
<b>Original Budget 2017/18</b>	<b>15,382,100</b>

SECTION D  
ENVIRONMENT AND COMMUNITY SERVICES

**TRANSPORT SERVICES**

Transport Services provide a complete range of vehicle provision to all services within the Council including a workshop which carries out maintenance and repairs to the council fleet.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	338,600	338,600
Premises	0	0
Transport	1,337,200	1,132,300
Supplies & Services	(78,600)	52,800
Third Party Payments	700	700
Transfer Payments	0	0
Support Services	100	100
<b>TOTAL EXPENDITURE</b>	<b>1,598,000</b>	<b>1,524,500</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(32,200)	(172,200)
<b>TOTAL INCOME</b>	<b>(32,200)</b>	<b>(172,200)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,565,800</b>	<b>1,352,300</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	20,700	18,700
Departmental Support Charges	258,800	258,800
Capital Charges	76,500	255,000
Central Support Income	(1,921,800)	(1,884,800)
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(1,565,800)</b>	<b>(1,352,300)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>0</b>
Inflation	1,100
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Efficiency Savings	(141,100)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	140,000
<b>Original Budget 2017/18</b>	<b>0</b>

SECTION D  
ENVIRONMENT AND COMMUNITY SERVICES

**EMERGENCY PLANNING**

Emergency Planning develops and maintains the Councils' emergency planning and business continuity arrangement and ensures that they comply with the relevant legal requirements.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<u>Expenditure</u>		
Employees	0	0
Premises	12,800	12,800
Transport	0	0
Supplies & Services	7,500	7,500
Third Party Payments	0	0
Transfer Payments	0	0
Support Services	0	0
<b>TOTAL EXPENDITURE</b>	<b>20,300</b>	<b>20,300</b>
<u>Income</u>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(5,800)	(5,800)
<b>TOTAL INCOME</b>	<b>(5,800)</b>	<b>(5,800)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>14,500</b>	<b>14,500</b>
<u>Financial Accounting Adjustments</u>		
Central Support Charges	12,500	10,400
Departmental Support Charges	9,400	8,700
Capital Charges	0	0
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>21,900</b>	<b>19,100</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>36,400</b>	<b>33,600</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>36,400</b>
Inflation	100
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Efficiency Savings	(100)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(2,800)
<b>Original Budget 2017/18</b>	<b>33,600</b>

SECTION D  
ENVIRONMENT AND COMMUNITY SERVICES

**HIGHWAYS**

The Highways division is responsible for the routine and winter maintenance works to footways and carriageways throughout the borough road network and includes the design and manufacture of high quality signage.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<u>Expenditure</u>		
Employees	650,300	650,300
Premises	178,600	202,100
Transport	33,000	33,000
Supplies & Services	333,900	333,900
Third Party Payments	5,300	5,300
Transfer Payments	0	0
Support Services	6,700	6,700
<b>TOTAL EXPENDITURE</b>	<b>1,207,800</b>	<b>1,231,300</b>
<u>Income</u>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(1,609,000)	(1,679,000)
<b>TOTAL INCOME</b>	<b>(1,609,000)</b>	<b>(1,679,000)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>(401,200)</b>	<b>(447,700)</b>
<u>Financial Accounting Adjustments</u>		
Central Support Charges	401,100	371,500
Departmental Support Charges	364,700	318,600
Capital Charges	95,600	96,000
Central Support Income	0	0
Departmental Support Income	(416,900)	(337,100)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>444,500</b>	<b>449,000</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>43,300</b>	<b>1,300</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>43,300</b>
Inflation	6,400
Changes in Government Grants	0
Other Government or Outside Body Changes	23,500
Demand Led Growth	0
Efficiency Savings	(76,400)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	4,500
<b>Original Budget 2017/18</b>	<b>1,300</b>

SECTION D  
ENVIRONMENT AND COMMUNITY SERVICES

**NETWORK MANAGEMENT AND INSPECTION**

Network Management carries out the statutory co-ordination of street works by works promoters on the public highway and oversees all aspects of the events management. Enforcement coordinates all on-street inspections and enforcement of the highway and waste legislation.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	1,093,000	927,000
Premises	0	0
Transport	35,800	34,400
Supplies & Services	20,800	21,300
Third Party Payments	257,600	257,600
Transfer Payments	0	0
Support Services	6,400	6,400
<b>TOTAL EXPENDITURE</b>	<b>1,413,600</b>	<b>1,246,700</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(756,200)	(766,600)
<b>TOTAL INCOME</b>	<b>(756,200)</b>	<b>(766,600)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>657,400</b>	<b>480,100</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	58,200	48,200
Departmental Support Charges	100,800	93,000
Capital Charges	0	0
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>159,000</b>	<b>141,200</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>816,400</b>	<b>621,300</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>816,400</b>
Inflation	(9,900)
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Efficiency Savings	(166,000)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(19,200)
<b>Original Budget 2017/18</b>	<b>621,300</b>

SECTION D  
ENVIRONMENT AND COMMUNITY SERVICES

**BUILDING CONTROL**

Building Control is responsible for ensuring that notifiable building work carried out in the Borough complies with National Building Regulation standards.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	641,200	641,200
Premises	0	0
Transport	35,400	32,700
Supplies & Services	34,800	34,800
Third Party Payments	36,300	36,300
Transfer Payments	0	0
Support Services	1,900	1,900
<b>TOTAL EXPENDITURE</b>	<b>749,600</b>	<b>746,900</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(743,400)	(780,600)
<b>TOTAL INCOME</b>	<b>(743,400)</b>	<b>(780,600)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>6,200</b>	<b>(33,700)</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	116,000	85,700
Departmental Support Charges	182,600	168,500
Capital Charges	0	0
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>298,600</b>	<b>254,200</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>304,800</b>	<b>220,500</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>304,800</b>
Inflation	(36,500)
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Efficiency Savings	(700)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(47,100)
<b>Original Budget 2017/18</b>	<b>220,500</b>

SECTION D  
ENVIRONMENT AND COMMUNITY SERVICES

**DEVELOPMENT MANAGEMENT**

This service assesses planning applications and determines whether proposed local developments should be allowed to proceed.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	1,500,800	1,368,800
Premises	0	0
Transport	9,600	17,100
Supplies & Services	113,500	113,500
Third Party Payments	16,100	16,100
Transfer Payments	0	0
Support Services	147,700	147,700
<b>TOTAL EXPENDITURE</b>	<b>1,787,700</b>	<b>1,663,200</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(1,231,400)	(1,343,900)
<b>TOTAL INCOME</b>	<b>(1,231,400)</b>	<b>(1,343,900)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>556,300</b>	<b>319,300</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	332,000	272,300
Departmental Support Charges	743,200	71,800
Capital Charges	0	0
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,075,200</b>	<b>344,100</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>1,631,500</b>	<b>663,400</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>1,631,500</b>
Inflation	(5,300)
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Efficiency Savings	(239,200)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(723,600)
<b>Original Budget 2017/18</b>	<b>663,400</b>

SECTION D  
ENVIRONMENT AND COMMUNITY SERVICES

**PLANNING AND TRANSPORT STRATEGY**

This service incorporates Planning Policy and Design, Transport Policy and Land Charges.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	769,200	709,200
Premises	5,100	5,100
Transport	3,500	3,400
Supplies & Services	128,200	128,200
Third Party Payments	201,000	201,000
Transfer Payments	0	0
Support Services	11,100	11,100
<b>TOTAL EXPENDITURE</b>	<b>1,118,100</b>	<b>1,058,000</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	(104,100)	(104,100)
Customer & Client Receipts	(364,000)	(383,000)
<b>TOTAL INCOME</b>	<b>(468,100)</b>	<b>(487,100)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>650,000</b>	<b>570,900</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	359,200	304,000
Departmental Support Charges	53,500	46,600
Capital Charges	0	0
Central Support Income	0	0
Departmental Support Income	(456,600)	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(43,900)</b>	<b>350,600</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>606,100</b>	<b>921,500</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>606,100</b>
Inflation	2,300
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Efficiency Savings	(81,300)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	394,400
<b>Original Budget 2017/18</b>	<b>921,500</b>



SECTION D  
ENVIRONMENT AND COMMUNITY SERVICES

**ENGINEERING**

The engineering service is responsible for the planned and reactive maintenance of all roads in the borough including street lighting and highways structures.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	1,358,600	1,203,600
Premises	761,300	761,300
Transport	12,700	15,500
Supplies & Services	333,100	333,700
Third Party Payments	3,046,500	3,064,300
Transfer Payments	0	0
Support Services	20,200	20,200
<b>TOTAL EXPENDITURE</b>	<b>5,532,400</b>	<b>5,398,600</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(824,700)	(860,600)
<b>TOTAL INCOME</b>	<b>(824,700)</b>	<b>(860,600)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>4,707,700</b>	<b>4,538,000</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	433,200	390,800
Departmental Support Charges	1,282,500	1,162,500
Capital Charges	3,079,000	3,308,000
Central Support Income	0	0
Departmental Support Income	(1,540,100)	(1,144,100)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>3,254,600</b>	<b>3,717,200</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>7,962,300</b>	<b>8,255,200</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>7,962,300</b>
Inflation	18,500
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Efficiency Savings	(191,000)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	465,400
<b>Original Budget 2017/18</b>	<b>8,255,200</b>

SECTION D  
ENVIRONMENT AND COMMUNITY SERVICES

**PARKING AND ENFORCEMENT**

These budgets incorporate the expenditure for parking contracts and income from parking and enforcement of parking, bus lane and moving traffic contraventions.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<u>Expenditure</u>		
Employees	89,600	89,600
Premises	1,548,500	1,656,200
Transport	0	0
Supplies & Services	330,600	330,600
Third Party Payments	2,050,500	2,112,800
Transfer Payments	0	0
Support Services	4,100	4,100
<b>TOTAL EXPENDITURE</b>	<b>4,023,300</b>	<b>4,193,300</b>
<u>Income</u>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(12,631,800)	(13,449,400)
<b>TOTAL INCOME</b>	<b>(12,631,800)</b>	<b>(13,449,400)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>(8,608,500)</b>	<b>(9,256,100)</b>
<u>Financial Accounting Adjustments</u>		
Central Support Charges	577,700	479,900
Departmental Support Charges	956,800	847,800
Capital Charges	346,700	330,000
Central Support Income	0	0
Departmental Support Income	(758,900)	(869,900)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,122,300</b>	<b>787,800</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>(7,486,200)</b>	<b>(8,468,300)</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>(7,486,200)</b>
Inflation	(11,600)
Changes in Government Grants	0
Other Government or Outside Body Changes	102,800
Demand Led Growth	0
Efficiency Savings	(786,400)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(286,900)
<b>Original Budget 2017/18</b>	<b>(8,468,300)</b>

SECTION D  
ENVIRONMENT AND COMMUNITY SERVICES

**MANAGEMENT AND SUPPORT**

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

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<u>Expenditure</u>		
Employees	1,413,400	1,116,100
Premises	0	0
Transport	1,300	1,400
Supplies & Services	50,900	51,000
Third Party Payments	0	0
Transfer Payments	0	0
Support Services	14,700	14,700
<b>TOTAL EXPENDITURE</b>	<b>1,480,300</b>	<b>1,183,200</b>
<u>Income</u>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	0	0
<b>TOTAL INCOME</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,480,300</b>	<b>1,183,200</b>
<u>Financial Accounting Adjustments</u>		
Central Support Charges	809,800	871,900
Departmental Support Charges	0	0
Capital Charges	0	0
Central Support Income	0	0
Departmental Support Income	(2,290,100)	(2,055,100)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(1,480,300)</b>	<b>(1,183,200)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>0</b>
Inflation	800
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Efficiency Savings	(298,000)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	297,200
<b>Original Budget 2017/18</b>	<b>0</b>

# **ADULT SOCIAL SERVICES**

Should you have any queries concerning the Adult Social Services Directorate pages please contact:

**Brian Blenman**  
**Finance Manager**

**Tel: 020 8891 7205**

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

**SUMMARY BY SERVICE AREA**

<b><u>PURPOSE</u></b>	<u>2016/17</u>	<u>2017/18</u>
	<u>Estimate</u>	<u>Estimate</u>
	<u>£</u>	<u>£</u>
Commissioning Division	0	0
Commissioned Services - Prevention and Wellbeing	2,277,900	2,022,500
Prevention, Early Intervention and Professional Standards	1,731,500	1,283,200
Richmond Response and Rehabilitation Team (RRRT)	2,189,000	2,129,900
Careline and CCTV	792,800	685,200
Specialist Community Services	7,456,600	6,749,100
Careline and CCTV	12,486,000	12,724,600
Commissioned Services - Support with Memory and Cognition	4,236,300	4,382,900
Commissioned Services - Sensory Support	439,600	297,000
Commissioned Services - Learning Disabilities	20,953,800	20,163,800
Commissioned Services - Mental Health	2,386,900	2,327,800
Care Provision	2,555,400	2,178,200
Director of Adult Social Services & Business Resources	1,652,100	1,572,100
<b>Total Adult Social Services Directorate</b>	<b><u>59,157,900</u></b>	<b><u>56,516,300</u></b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>59,157,900</b>
Inflation	331,900
Changes in Government Grants	(500,000)
Other Government or Outside Body Changes	498,300
Demand Led Growth	500,000
Budget Review Savings	(2,877,600)
Investment Priorities	0
Other Growth & Savings	(100,000)
Budget Transfers	(494,200)
<b>Original Budget 2017/18</b>	<b><u>56,516,300</u></b>

## SECTION E

## ADULT SOCIAL SERVICES

**SUBJECTIVE ANALYSIS**

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	14,117,600	12,739,800
Premises	943,500	941,800
Transport	1,402,400	1,402,400
Supplies & Services	2,912,900	2,027,600
Third Party Payments	54,585,900	55,694,500
Transfer Payments	6,895,700	7,756,300
Third Party Payments	65,100	74,300
<b>TOTAL EXPENDITURE</b>	<b>80,923,100</b>	<b>80,636,700</b>
<b><u>Income</u></b>		
Government Grants	(10,951,300)	(10,971,000)
Other Grants & Contributions	(1,714,300)	(3,047,400)
Customer & Client Receipts	(12,723,600)	(13,238,800)
<b>TOTAL INCOME</b>	<b>(25,389,200)</b>	<b>(27,257,200)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b><u>55,533,900</u></b>	<b><u>53,379,500</u></b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	3,748,900	3,150,200
Departmental Support Charges	6,521,500	5,288,200
Capital Charges	563,500	596,000
Central Support Income	0	0
Departmental Support Income	(7,209,900)	(5,897,600)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>3,624,000</b>	<b>3,136,800</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b><u>59,157,900</u></b>	<b><u>56,516,300</u></b>

**COMMISSIONING DIVISION**

The Commissioning Division is responsible for commissioning and contract management for a broad range of services for vulnerable adults, developing a commissioning team working across both Richmond and Wandsworth and joint working with both borough's respective Clinical Commissioning Groups.

	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>		
Employees	502,400	254,400
Premises	0	0
Transport	0	0
Supplies & Services	6,400	6,400
Third Party Payments	52,800	52,800
Supplies & Services	0	0
Support Services	1,800	1,800
<b>TOTAL EXPENDITURE</b>	<b>563,400</b>	<b>315,400</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	0	0
<b>TOTAL INCOME</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>563,400</b>	<b>315,400</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	100,400	83,300
Departmental Support Charges	73,500	58,600
Capital Charges	0	0
Central Support Income	0	0
Departmental Support Income	(737,300)	(457,300)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(563,400)</b>	<b>(315,400)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>

**Variation Analysis**

<b>Original Budget 2016/17</b>	<b>0</b>
Inflation	100
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(248,100)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	248,000
<b>Original Budget 2017/18</b>	<b>0</b>

## SECTION E

## ADULT SOCIAL SERVICES

**COMMISSIONED SERVICES - PREVENTION AND WELLBEING**

Promoting prevention and well-being in all commissioning activity, working closely with public health services and externally with the voluntary and community sector. This includes co-ordinating adult public health sexual health and substance misuse services, commissioned supported housing services and a range of universal and preventative adult services commissioned in partnership with health partners.

	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>		
Employees	0	0
Premises	0	0
Transport	0	0
Supplies & Services	70,800	70,800
Third Party Payments	6,902,400	6,704,100
Supplies & Services	0	0
Support Services	0	0
<b>TOTAL EXPENDITURE</b>	<b>6,973,200</b>	<b>6,774,900</b>
<b><u>Income</u></b>		
Government Grants	(4,920,600)	(4,920,600)
Other Grants & Contributions	0	0
Customer & Client Receipts	(141,500)	(141,500)
<b>TOTAL INCOME</b>	<b>(5,062,100)</b>	<b>(5,062,100)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b><u>1,911,100</u></b>	<b><u>1,712,800</u></b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	198,500	169,700
Departmental Support Charges	155,700	127,000
Capital Charges	12,600	13,000
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>366,800</b>	<b>309,700</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b><u>2,277,900</u></b>	<b><u>2,022,500</u></b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>2,277,900</b>
Inflation	53,200
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(251,500)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(57,100)
<b>Original Budget 2017/18</b>	<b><u>2,022,500</u></b>



## SECTION E

## ADULT SOCIAL SERVICES

**PREVENTION, EARLY INTERVENTION AND PROFESSIONAL STANDARDS**

The Prevention and Early Intervention and Quality Standards Division is responsible for initial contact, prevention and early intervention including signposting and information, initial assessment, preventing hospital admissions and supporting discharge, reablement, reviews of care arrangements, safeguarding, deprivation of liberty safeguards and oversight of professional practice and audits.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	1,247,900	987,900
Premises	0	0
Transport	11,400	14,000
Supplies & Services	94,200	20,900
Third Party Payments	1,138,100	1,164,300
Transfer Payments	0	0
Third Party Payments	12,600	21,800
<b>TOTAL EXPENDITURE</b>	<b>2,504,200</b>	<b>2,208,900</b>
<b><u>Income</u></b>		
Government Grants	(115,500)	(45,000)
Other Grants & Contributions	(513,300)	(513,300)
Customer & Client Receipts	0	0
<b>TOTAL INCOME</b>	<b>(628,800)</b>	<b>(558,300)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,875,400</b>	<b>1,650,600</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	280,100	237,500
Departmental Support Charges	597,900	478,800
Capital Charges	300	0
Central Support Income	0	0
Departmental Support Income	(1,022,200)	(1,083,700)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(143,900)</b>	<b>(367,400)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>1,731,500</b>	<b>1,283,200</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>1,731,500</b>
Inflation	26,600
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(380,400)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(94,500)
<b>Original Budget 2017/18</b>	<b>1,283,200</b>

## SECTION E

## ADULT SOCIAL SERVICES

**RICHMOND RESPONSE AND REHABILITATION TEAM (RRRT)**

The Council entered into a S75 agreement in April 2015 to operate a joint integrated Rapid Response Service with Hounslow and Richmond Community Healthcare Trust. This service provides facilities for the prevention of illness and for people who are ill or recovering from illness.

	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>		
Employees	1,100,600	1,100,600
Premises	0	0
Transport	22,400	22,400
Supplies & Services	23,600	23,600
Third Party Payments	2,067,400	2,089,200
Transfer Payments	0	0
Support Services	0	0
<b>TOTAL EXPENDITURE</b>	<b>3,214,000</b>	<b>3,235,800</b>
<b><u>Income</u></b>		
Government Grants	(1,491,400)	(1,491,400)
Other Grants & Contributions	0	0
Customer & Client Receipts	(6,000)	(6,000)
<b>TOTAL INCOME</b>	<b>(1,497,400)</b>	<b>(1,497,400)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,716,600</b>	<b>1,738,400</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	84,800	78,100
Departmental Support Charges	387,600	313,400
Capital Charges	0	0
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>472,400</b>	<b>391,500</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>2,189,000</b>	<b>2,129,900</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>2,189,000</b>
Inflation	22,300
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(500)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(80,900)
<b>Original Budget 2017/18</b>	<b>2,129,900</b>

## SECTION E

## ADULT SOCIAL SERVICES

**CARELINE AND CCTV**

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

	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>		
Employees	664,800	664,800
Premises	28,700	28,700
Transport	17,200	18,600
Supplies & Services	280,200	280,200
Third Party Payments	0	0
Transfer Payments	0	0
Support Services	0	0
<b>TOTAL EXPENDITURE</b>	<b>990,900</b>	<b>992,300</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(558,800)	(613,800)
<b>TOTAL INCOME</b>	<b>(558,800)</b>	<b>(613,800)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>432,100</b>	<b>378,500</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	205,300	184,000
Departmental Support Charges	124,100	101,700
Capital Charges	31,300	21,000
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>360,700</b>	<b>306,700</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>792,800</b>	<b>685,200</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>792,800</b>
Inflation	(17,500)
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(30,500)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(59,600)
<b>Original Budget 2017/18</b>	<b>685,200</b>

## SECTION E

## ADULT SOCIAL SERVICES

**SPECIALIST COMMUNITY SERVICES**

This area is responsible for: on-going specialist social work and professional input to eligible adults over 18, through geographically based community teams or cross borough specialist services, leadership of mental health responsibilities, specialist support to people with a learning disability, transition links with Achieving for Children and management of Richmond's in-house care provision.

	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>		
Employees	4,690,200	4,380,200
Premises	287,200	288,900
Transport	51,500	45,300
Supplies & Services	805,600	579,600
Third Party Payments	235,400	254,200
Transfer Payments	159,800	159,800
Support Services	12,800	12,800
<b>TOTAL EXPENDITURE</b>	<b>6,242,500</b>	<b>5,720,800</b>
<b><u>Income</u></b>		
Government Grants	(623,000)	(470,500)
Other Grants & Contributions	(19,900)	(19,900)
Customer & Client Receipts	(35,800)	(35,800)
<b>TOTAL INCOME</b>	<b>(678,700)</b>	<b>(526,200)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>5,563,800</b>	<b>5,194,600</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	652,400	547,800
Departmental Support Charges	1,240,400	1,006,700
Capital Charges	0	0
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,892,800</b>	<b>1,554,500</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>7,456,600</b>	<b>6,749,100</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>7,456,600</b>
Inflation	14,100
Changes in Government Grants	0
Other Government or Outside Body Changes	1,700
Demand Led Growth	0
Budget Review Savings	(283,300)
Investment Priorities	0
Other Growth & Savings	(100,000)
Budget Transfers	(340,000)
<b>Original Budget 2017/18</b>	<b>6,749,100</b>

## SECTION E

## ADULT SOCIAL SERVICES

**COMMISSIONED SERVICES - OLDER PEOPLE AND PHYSICAL DISABILITIES**

This budget covers independent sector provision of care services for older people and physical disabilities including help to live at home services, residential and nursing care, direct payments, equipment/minor adaptations, meals and short breaks for carers.

	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>		
Employees	371,700	371,700
Premises	0	0
Transport	19,200	19,200
Supplies & Services	282,700	77,400
Third Party Payments	16,372,400	16,779,500
Transfer Payments	3,465,200	3,846,800
Support Services	1,300	1,300
<b>TOTAL EXPENDITURE</b>	<b>20,512,500</b>	<b>21,095,900</b>
<b><u>Income</u></b>		
Government Grants	(3,559,700)	(3,457,500)
Other Grants & Contributions	(51,700)	(371,700)
Customer & Client Receipts	(5,845,500)	(5,848,900)
<b>TOTAL INCOME</b>	<b>(9,456,900)</b>	<b>(9,678,100)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>11,055,600</b>	<b>11,417,800</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	99,700	84,200
Departmental Support Charges	1,063,700	847,600
Capital Charges	267,000	375,000
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,430,400</b>	<b>1,306,800</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>12,486,000</b>	<b>12,724,600</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>12,486,000</b>
Inflation	51,600
Changes in Government Grants	(104,500)
Other Government or Outside Body Changes	500,000
Demand Led Growth	500,000
Budget Review Savings	(685,600)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(22,900)
<b>Original Budget 2017/18</b>	<b>12,724,600</b>

## SECTION E

## ADULT SOCIAL SERVICES

**COMMISSIONED SERVICES - SUPPORT WITH MEMORY AND COGNITION**

Support with memory and cognition includes services for people with conditions affecting their thinking, knowing, awareness and remembering processes. Service areas include help to live at home services, residential and nursing care, supported accommodation and direct payments.

	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>		
Employees	0	0
Premises	0	0
Transport	0	0
Supplies & Services	0	0
Third Party Payments	6,207,500	6,541,300
Transfer Payments	413,200	486,800
Support Services	0	0
<b>TOTAL EXPENDITURE</b>	<b>6,620,700</b>	<b>7,028,100</b>
<u>Income</u>		
Government Grants	0	(48,300)
Other Grants & Contributions	(154,900)	(306,100)
Customer & Client Receipts	(2,482,300)	(2,491,400)
<b>TOTAL INCOME</b>	<b>(2,637,200)</b>	<b>(2,845,800)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>3,983,500</b>	<b>4,182,300</b>
<u>Financial Accounting Adjustments</u>		
Central Support Charges	0	0
Departmental Support Charges	252,800	200,600
Capital Charges	0	0
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>252,800</b>	<b>200,600</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>4,236,300</b>	<b>4,382,900</b>

**Variation Analysis**

<b>Original Budget 2016/17</b>	<b>4,236,300</b>
Inflation	36,700
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	0
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	109,900
<b>Original Budget 2017/18</b>	<b>4,382,900</b>

**COMMISSIONED SERVICES - SENSORY SUPPORT**

Sensory support includes visual impairment, hearing impairment or dual impairment. Service areas include help to live at home services, residential and nursing care, supported accommodation and direct payments.

	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>		
Employees	0	0
Premises	0	0
Transport	0	0
Supplies & Services	0	0
Third Party Payments	239,600	218,500
Transfer Payments	245,900	131,700
Support Services	0	0
<b>TOTAL EXPENDITURE</b>	<b>485,500</b>	<b>350,200</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(71,900)	(74,000)
<b>TOTAL INCOME</b>	<b>(71,900)</b>	<b>(74,000)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>413,600</b>	<b>276,200</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	0	0
Departmental Support Charges	26,000	20,800
Capital Charges	0	0
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>26,000</b>	<b>20,800</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>439,600</b>	<b>297,000</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>439,600</b>
Inflation	1,900
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	0
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(144,500)
<b>Original Budget 2017/18</b>	<b>297,000</b>

## SECTION E

## ADULT SOCIAL SERVICES

**COMMISSIONED SERVICES - LEARNING DISABILITIES**

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

	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>		
Employees	0	0
Premises	455,000	455,000
Transport	175,000	175,000
Supplies & Services	0	0
Third Party Payments	17,812,400	17,727,500
Transfer Payments	2,545,300	3,094,500
Support Services	0	0
<b>TOTAL EXPENDITURE</b>	<b>20,987,700</b>	<b>21,452,000</b>
<b><u>Income</u></b>		
Government Grants	(22,000)	(137,700)
Other Grants & Contributions	(86,000)	(479,500)
Customer & Client Receipts	(1,571,800)	(1,852,100)
<b>TOTAL INCOME</b>	<b>(1,679,800)</b>	<b>(2,469,300)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>19,307,900</b>	<b>18,982,700</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	236,200	54,200
Departmental Support Charges	1,364,700	1,089,900
Capital Charges	45,000	37,000
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,645,900</b>	<b>1,181,100</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>20,953,800</b>	<b>20,163,800</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>20,953,800</b>
Inflation	101,000
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(310,000)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(581,000)
<b>Original Budget 2017/18</b>	<b>20,163,800</b>



## SECTION E

## ADULT SOCIAL SERVICES

**COMMISSIONED SERVICES - MENTAL HEALTH**

This budget covers independent sector provision of care services for adults under 65 with mental health needs, as well as the Community Mental Health Team.

	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>		
Employees	0	0
Premises	0	0
Transport	0	0
Supplies & Services	0	0
Third Party Payments	3,096,400	3,440,700
Transfer Payments	66,100	36,500
Support Services	200	200
<b>TOTAL EXPENDITURE</b>	<b>3,162,700</b>	<b>3,477,400</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	(860,700)	(1,070,600)
Customer & Client Receipts	(109,800)	(236,100)
<b>TOTAL INCOME</b>	<b>(970,500)</b>	<b>(1,306,700)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>2,192,200</b>	<b>2,170,700</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	7,200	6,100
Departmental Support Charges	187,500	151,000
Capital Charges	0	0
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>194,700</b>	<b>157,100</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>2,386,900</b>	<b>2,327,800</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>2,386,900</b>
Inflation	28,000
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(50,000)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(37,100)
<b>Original Budget 2017/18</b>	<b>2,327,800</b>

## SECTION E

## ADULT SOCIAL SERVICES

**CARE PROVISION**

This section manages the 2 intensive day care centres for older people and the Access Project; a day centre for adults with physical disabilities. It also manages and co-ordinates passenger transport services for adult social care including day centre transport.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	1,698,200	1,698,200
Premises	56,800	56,800
Transport	1,069,900	1,069,900
Supplies & Services	70,300	70,300
Third Party Payments	189,200	190,200
Transfer Payments	0	0
Support Services	2,900	2,900
<b>TOTAL EXPENDITURE</b>	<b>3,087,300</b>	<b>3,088,300</b>
<b><u>Income</u></b>		
Government Grants	0	(180,000)
Other Grants & Contributions	0	0
Customer & Client Receipts	(1,622,400)	(1,651,100)
<b>TOTAL INCOME</b>	<b>(1,622,400)</b>	<b>(1,831,100)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,464,900</b>	<b>1,257,200</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	490,200	453,400
Departmental Support Charges	567,700	461,800
Capital Charges	179,300	134,000
Central Support Income	0	0
Departmental Support Income	(146,700)	(128,200)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,090,500</b>	<b>921,000</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>2,555,400</b>	<b>2,178,200</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>2,555,400</b>
Inflation	(1,600)
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(26,100)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(349,500)
<b>Original Budget 2017/18</b>	<b>2,178,200</b>

## SECTION E

## ADULT SOCIAL SERVICES

**DIRECTOR OF ADULT SOCIAL SERVICES AND BUSINESS RESOURCES**

This area is responsible for directorate finance, including commissioning finance support for the Council's arrangements with Achieving for Children, financial assessments/client financial affairs, performance monitoring, information systems, information governance, business support and training and development. This area also provides a range of support services to Wandsworth's Children's Services.

	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>		
Employees	3,841,800	3,282,000
Premises	115,800	112,400
Transport	35,800	38,000
Supplies & Services	1,279,100	898,400
Third Party Payments	272,300	532,200
Transfer Payments	200	200
Support Services	33,500	33,500
<b>TOTAL EXPENDITURE</b>	<b>5,578,500</b>	<b>4,896,700</b>
<b><u>Income</u></b>		
Government Grants	(219,100)	(220,000)
Other Grants & Contributions	(27,800)	(286,300)
Customer & Client Receipts	(277,800)	(288,100)
<b>TOTAL INCOME</b>	<b>(524,700)</b>	<b>(794,400)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>5,053,800</b>	<b>4,102,300</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	1,394,100	1,251,900
Departmental Support Charges	479,900	430,300
Capital Charges	28,000	16,000
Central Support Income	0	0
Departmental Support Income	(5,303,700)	(4,228,400)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(3,401,700)</b>	<b>(2,530,200)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>1,652,100</b>	<b>1,572,100</b>

**Variation Analysis**

<b>Original Budget 2016/17</b>	<b>1,652,100</b>
Inflation	15,500
Changes in Government Grants	(395,500)
Other Government or Outside Body Changes	(3,400)
Demand Led Growth	0
Budget Review Savings	(611,600)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	915,000
<b>Original Budget 2017/18</b>	<b>1,572,100</b>

# **HOUSING AND REGENERATION**

Should you have any queries concerning the Housing and Regeneration Directorate pages please contact:

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SECTION F  
HOUSING AND REGENERATION

**SUMMARY BY SERVICE AREA**

<b><u>PURPOSE</u></b>	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
Housing Management	31,100	31,100
Housing Advice and Assessment	747,400	701,200
Resettlement Service	583,700	545,700
Temporary Accommodation	49,500	49,200
Home Improvement Agency	388,500	306,500
Housing Property Management	509,800	370,700
Allocations and Nominations	346,900	312,900
Housing Operations	1,268,100	1,303,100
Housing Policy & Strategy	469,100	803,500
Facilities Management	2,787,500	2,735,700
PMO (Property Management Office)	1,900	1,900
Sustainability	41,400	37,900
Halls/Community Centres	76,600	28,400
Office Accommodation	0	0
AfC Properties	(1,164,100)	(1,117,600)
Sundry Properties	(542,000)	(492,300)
Utilities	1,229,200	1,229,200
<b>Total Housing and Regeneration Directorate</b>	<b><u>6,824,600</u></b>	<b><u>6,847,100</u></b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>6,824,600</b>
Inflation	138,400
Changes in Government Grants	0
Other Government or Outside Body Changes	7,900
Demand Led Growth	0
Efficiency Savings	(832,000)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	708,200
<b>Original Budget 2017/18</b>	<b><u>6,847,100</u></b>

## SECTION F

## HOUSING AND REGENERATION

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
Employees	3,301,500	2,644,600
Premises	6,494,200	6,451,200
Transport	140,000	135,300
Supplies & Services	989,300	989,900
Third Party Payments	42,800	42,800
Transfer Payments	3,455,800	3,556,200
Support Services	259,100	247,100
	<hr/> 14,682,700	<hr/> 14,067,100
Government Grants	(7,800)	(7,800)
Other Grants & Contributions	(10,300)	(10,300)
Customer & Client Receipts	(8,376,400)	(8,398,200)
	<hr/> (8,394,500)	<hr/> (8,416,300)
	<hr/> <b>6,288,200</b>	<hr/> <b>5,650,800</b>
Central Support Charges	1,854,600	1,565,000
Departmental Support Charges	816,000	717,400
Capital Charges	1,365,700	1,771,000
Central Support Income	(3,165,000)	(2,629,400)
Departmental Support Income	(334,900)	(227,700)
	<hr/> 536,400	<hr/> 1,196,300
	<hr/> <b>6,824,600</b>	<hr/> <b>6,847,100</b>

## SECTION F

## HOUSING AND REGENERATION

**Housing Management**

This includes costs relating to the strategic management of the Directorate.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	260,300	141,400
Premises	0	0
Transport	500	200
Supplies & Services	1,000	1,000
Third Party Payments	0	0
Transfer Payments	0	0
Support Services	1,900	1,900
<b>TOTAL EXPENDITURE</b>	<b>263,700</b>	<b>144,500</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	0	0
<b>TOTAL INCOME</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>263,700</b>	<b>144,500</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	37,700	62,800
Departmental Support Charges	64,600	51,500
Capital Charges	0	0
Central Support Income	0	0
Departmental Support Income	(334,900)	(227,700)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(232,600)</b>	<b>(113,400)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>31,100</b>	<b>31,100</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>31,100</b>
Inflation	0
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Efficiency Savings	(118,900)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	118,900
<b>Original Budget 2017/18</b>	<b>31,100</b>

## SECTION F

## HOUSING AND REGENERATION

**Housing Advice and Assessment**

This team provides advice to tenants, landlords, those who are threatened with eviction or unable to pay their rent/ mortgage, those who have problems with a member of their household, and to those fleeing domestic violence or suffering other problems. The team assess applications under parts V1 and V11 of the Housing Act 1996.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	434,100	424,100
Premises	8,800	8,800
Transport	10,800	11,600
Supplies & Services	49,600	49,600
Third Party Payments	0	0
Transfer Payments	0	0
Support Services	79,900	68,900
<b>TOTAL EXPENDITURE</b>	<b>583,200</b>	<b>563,000</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	0	0
<b>TOTAL INCOME</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>583,200</b>	<b>563,000</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	108,200	92,500
Departmental Support Charges	56,000	45,700
Capital Charges	0	0
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>164,200</b>	<b>138,200</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>747,400</b>	<b>701,200</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>747,400</b>
Inflation	900
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Efficiency Savings	(21,900)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(25,200)
<b>Original Budget 2017/18</b>	<b>701,200</b>



## SECTION F

## HOUSING AND REGENERATION

**Resettlement Service**

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

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	214,300	194,300
Premises	0	0
Transport	13,400	10,800
Supplies & Services	317,100	317,100
Third Party Payments	0	0
Transfer Payments	0	0
Support Services	2,000	2,000
<b>TOTAL EXPENDITURE</b>	<b>546,800</b>	<b>524,200</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(42,600)	(42,600)
<b>TOTAL INCOME</b>	<b>(42,600)</b>	<b>(42,600)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>504,200</b>	<b>481,600</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	44,900	36,100
Departmental Support Charges	34,600	28,000
Capital Charges	0	0
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>79,500</b>	<b>64,100</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>583,700</b>	<b>545,700</b>

**Variation Analysis**

<b>Original Budget 2016/17</b>	<b>583,700</b>
Inflation	6,300
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Efficiency Savings	(26,300)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(18,000)
<b>Original Budget 2017/18</b>	<b>545,700</b>

## SECTION F

## HOUSING AND REGENERATION

**Temporary Accommodation**

The Temporary Accommodation Service lease properties from private sector landlords and procure bedand breakfast accommodation for use as temporary accommodation for people who approach the Council as homeless, ensuring standards are satisfactory and value for money.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	0	0
Premises	0	0
Transport	0	0
Supplies & Services	37,400	37,400
Third Party Payments	0	0
Transfer Payments	141,200	141,200
Support Services	0	0
<b>TOTAL EXPENDITURE</b>	<b>178,600</b>	<b>178,600</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(130,600)	(130,600)
<b>TOTAL INCOME</b>	<b>(130,600)</b>	<b>(130,600)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>48,000</b>	<b>48,000</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	0	0
Departmental Support Charges	1,500	1,200
Capital Charges	0	0
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,500</b>	<b>1,200</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>49,500</b>	<b>49,200</b>

**Variation Analysis**

<b>Original Budget 2016/17</b>	<b>49,500</b>
Inflation	800
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Efficiency Savings	(800)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(300)
<b>Original Budget 2017/18</b>	<b>49,200</b>

SECTION F  
HOUSING AND REGENERATION

**Home Improvement Agency**

The team provides assistance to homeowners, tenants of private landlords and council tenants who need to repair, maintain, improve or adapt their home and to assist households with a disabled person so they can remain living independently at home.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	341,900	291,900
Premises	0	0
Transport	12,500	10,000
Supplies & Services	7,600	7,600
Third Party Payments	0	0
Transfer Payments	0	0
Support Services	0	0
<b>TOTAL EXPENDITURE</b>	<b>362,000</b>	<b>309,500</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(120,300)	(120,300)
<b>TOTAL INCOME</b>	<b>(120,300)</b>	<b>(120,300)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>241,700</b>	<b>189,200</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	76,100	60,500
Departmental Support Charges	70,700	56,800
Capital Charges	0	0
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>146,800</b>	<b>117,300</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>388,500</b>	<b>306,500</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>388,500</b>
Inflation	0
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Efficiency Savings	(50,000)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(32,000)
<b>Original Budget 2017/18</b>	<b>306,500</b>

## SECTION F

## HOUSING AND REGENERATION

**Housing Property Management**

This team are responsible for the housing management of hostel accommodation as well as the management of all other directly managed temporary accommodation.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	569,500	405,500
Premises	73,500	73,500
Transport	11,800	14,100
Supplies & Services	210,300	210,900
Third Party Payments	0	0
Transfer Payments	1,413,100	1,469,600
Support Services	8,400	8,400
<b>TOTAL EXPENDITURE</b>	<b>2,286,600</b>	<b>2,182,000</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(2,107,300)	(2,107,300)
<b>TOTAL INCOME</b>	<b>(2,107,300)</b>	<b>(2,107,300)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>179,300</b>	<b>74,700</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	182,400	140,300
Departmental Support Charges	64,600	52,700
Capital Charges	83,500	103,000
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>330,500</b>	<b>296,000</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>509,800</b>	<b>370,700</b>

**Variation Analysis**

<b>Original Budget 2016/17</b>	<b>509,800</b>
Inflation	60,300
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Efficiency Savings	(167,200)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(32,200)
<b>Original Budget 2017/18</b>	<b>370,700</b>

## SECTION F

## HOUSING AND REGENERATION

**Allocations and Nominations**

This team runs and maintains the Council's housing register, assessing all applications in line with the Housing Allocations Policy. The team also makes nominations to housing associations for offers of social housing; runs an under-occupation down-sizing scheme and deals with enquiries regarding home ownership schemes.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	259,400	239,400
Premises	0	0
Transport	3,700	4,900
Supplies & Services	33,700	33,700
Third Party Payments	8,400	8,400
Transfer Payments	0	0
Support Services	3,900	3,900
<b>TOTAL EXPENDITURE</b>	<b>309,100</b>	<b>290,300</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(53,300)	(53,300)
<b>TOTAL INCOME</b>	<b>(53,300)</b>	<b>(53,300)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>255,800</b>	<b>237,000</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	58,300	49,000
Departmental Support Charges	32,800	26,900
Capital Charges	0	0
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>91,100</b>	<b>75,900</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>346,900</b>	<b>312,900</b>

**Variation Analysis**

<b>Original Budget 2016/17</b>	<b>346,900</b>
Inflation	500
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Efficiency Savings	(20,500)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(14,000)
<b>Original Budget 2017/18</b>	<b>312,900</b>

## SECTION F

## HOUSING AND REGENERATION

**Housing Operations**

This team provides operational support to the division, managers, rent accounts and statistics and management information.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	0	0
Premises	0	0
Transport	0	0
Supplies & Services	43,300	43,300
Third Party Payments	0	0
Transfer Payments	1,901,500	1,945,400
Support Services	0	0
<b>TOTAL EXPENDITURE</b>	<b>1,944,800</b>	<b>1,988,700</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(720,000)	(720,000)
<b>TOTAL INCOME</b>	<b>(720,000)</b>	<b>(720,000)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,224,800</b>	<b>1,268,700</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	3,200	2,800
Departmental Support Charges	40,100	31,600
Capital Charges	0	0
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>43,300</b>	<b>34,400</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>1,268,100</b>	<b>1,303,100</b>

**Variation Analysis**

<b>Original Budget 2016/17</b>	<b>1,268,100</b>
Inflation	44,800
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Efficiency Savings	(900)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(8,900)
<b>Original Budget 2017/18</b>	<b>1,303,100</b>

## SECTION F

## HOUSING AND REGENERATION

**Housing Policy and Strategy**

This team is responsible for; enabling and providing expert advice on the delivery of affordable housing including supported housing and housing to meet local demands; Council led housing development; identifying new opportunities and also providing grants to support housing development; providing a lead role in liaison with Richmond Housing Partnership and in improving housing association management standards; developing housing strategies, plans and policies; and providing performance and business analysis services.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	225,100	195,100
Premises	400	400
Transport	2,500	2,500
Supplies & Services	35,000	35,000
Third Party Payments	0	0
Transfer Payments	0	0
Support Services	800	800
<b>TOTAL EXPENDITURE</b>	<b>263,800</b>	<b>233,800</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	(10,300)	(10,300)
Customer & Client Receipts	0	0
<b>TOTAL INCOME</b>	<b>(10,300)</b>	<b>(10,300)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>253,500</b>	<b>223,500</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	53,300	45,300
Departmental Support Charges	55,300	44,700
Capital Charges	107,000	490,000
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>215,600</b>	<b>580,000</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>469,100</b>	<b>803,500</b>

**Variation Analysis**

<b>Original Budget 2016/17</b>	<b>469,100</b>
Inflation	500
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Efficiency Savings	(30,500)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	364,400
<b>Original Budget 2017/18</b>	<b>803,500</b>

## SECTION F

## HOUSING AND REGENERATION

**Facilities Management**

Facilities Management covers all aspects of the Council's buildings and facilities services.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	450,000	350,000
Premises	2,839,400	2,788,200
Transport	2,200	800
Supplies & Services	94,400	94,400
Third Party Payments	0	0
Transfer Payments	0	0
Support Services	1,000	0
<b>TOTAL EXPENDITURE</b>	<b>3,387,000</b>	<b>3,233,400</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	0	0
<b>TOTAL INCOME</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>3,387,000</b>	<b>3,233,400</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	173,400	139,500
Departmental Support Charges	169,500	169,500
Capital Charges	0	0
Central Support Income	(942,400)	(806,700)
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(599,500)</b>	<b>(497,700)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>2,787,500</b>	<b>2,735,700</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>2,787,500</b>
Inflation	34,200
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Efficiency Savings	(247,900)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	161,900
<b>Original Budget 2017/18</b>	<b>2,735,700</b>



## SECTION F

## HOUSING AND REGENERATION

**PMO (Property Management Office)**

The Directorate's Property Management Office (PMO) implements the Council's construction project management. This area therefore includes Property Services (Client Group), Estate and Valuation, and the Economic Development Fund - Sustainability.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	546,900	402,900
Premises	1,000	1,000
Transport	5,100	9,100
Supplies & Services	19,700	19,700
Third Party Payments	10,700	10,700
Transfer Payments	0	0
Support Services	44,600	44,600
<b>TOTAL EXPENDITURE</b>	<b>628,000</b>	<b>488,000</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(455,900)	(455,900)
<b>TOTAL INCOME</b>	<b>(455,900)</b>	<b>(455,900)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>172,100</b>	<b>32,100</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	260,000	225,200
Departmental Support Charges	70,400	70,400
Capital Charges	23,500	9,000
Central Support Income	(524,100)	(334,800)
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(170,200)</b>	<b>(30,200)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>1,900</b>	<b>1,900</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>1,900</b>
Inflation	200
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Efficiency Savings	(144,200)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	144,000
<b>Original Budget 2017/18</b>	<b>1,900</b>

## SECTION F

## HOUSING AND REGENERATION

**Sustainability**

Sustainability broadly covers all the Council's climate change projects and energy efficiency programmes.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	0	0
Premises	0	0
Transport	0	0
Supplies & Services	3,400	3,400
Third Party Payments	23,700	23,700
Transfer Payments	0	0
Support Services	2,800	2,800
<b>TOTAL EXPENDITURE</b>	<b>29,900</b>	<b>29,900</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(16,400)	(16,400)
<b>TOTAL INCOME</b>	<b>(16,400)</b>	<b>(16,400)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>13,500</b>	<b>13,500</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	5,700	3,900
Departmental Support Charges	22,200	20,500
Capital Charges	0	0
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>27,900</b>	<b>24,400</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>41,400</b>	<b>37,900</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>41,400</b>
Inflation	100
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Efficiency Savings	(100)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(3,500)
<b>Original Budget 2017/18</b>	<b>37,900</b>

SECTION F  
HOUSING AND REGENERATION

**Halls/Community Centres**

This area include all Public Halls the Council lets to the Public. These are Ham Hall, Murray Park Hall, Bullen Hall, York House Hall and Sheen Lane Hall. This area also includes the supplies and services budget for community centres.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	0	0
Premises	4,600	0
Transport	0	0
Supplies & Services	6,200	6,200
Third Party Payments	0	0
Transfer Payments	0	0
Support Services	0	0
<b>TOTAL EXPENDITURE</b>	<b>10,800</b>	<b>6,200</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(249,200)	(261,700)
<b>TOTAL INCOME</b>	<b>(249,200)</b>	<b>(261,700)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>(238,400)</b>	<b>(255,500)</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	200,800	171,500
Departmental Support Charges	20,000	18,400
Capital Charges	94,200	94,000
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>315,000</b>	<b>283,900</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>76,600</b>	<b>28,400</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>76,600</b>
Inflation	(12,400)
Changes in Government Grants	0
Other Government or Outside Body Changes	(4,600)
Demand Led Growth	0
Efficiency Savings	(100)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(31,100)
<b>Original Budget 2017/18</b>	<b>28,400</b>

## SECTION F

## HOUSING AND REGENERATION

**Office Accommodation**

The Office Accommodation budget is the service budget for the Civic Centre, York House, 42 York Street, and other office buildings.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	0	0
Premises	1,482,500	1,487,700
Transport	4,000	900
Supplies & Services	122,200	122,200
Third Party Payments	0	0
Transfer Payments	0	0
Support Services	8,500	8,500
<b>TOTAL EXPENDITURE</b>	<b>1,617,200</b>	<b>1,619,300</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(1,185,300)	(1,193,800)
<b>TOTAL INCOME</b>	<b>(1,185,300)</b>	<b>(1,193,800)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>431,900</b>	<b>425,500</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	403,500	353,000
Departmental Support Charges	46,400	46,400
Capital Charges	816,700	663,000
Central Support Income	(1,698,500)	(1,487,900)
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(431,900)</b>	<b>(425,500)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>

**Variation Analysis**

<b>Original Budget 2016/17</b>	<b>0</b>
Inflation	2,600
Changes in Government Grants	0
Other Government or Outside Body Changes	5,100
Demand Led Growth	0
Efficiency Savings	(2,500)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(5,200)
<b>Original Budget 2017/18</b>	<b>0</b>

## SECTION F

## HOUSING AND REGENERATION

**AfC Properties**

This budget covers all properties that are currently being used by Achieving for Children (AfC). AfC is the community interest company created by Richmond and Kingston councils to provide their children's services from 1 April 2014.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	0	0
Premises	779,000	792,600
Transport	73,500	70,400
Supplies & Services	0	0
Third Party Payments	0	0
Transfer Payments	0	0
Support Services	0	0
<b>TOTAL EXPENDITURE</b>	<b>852,500</b>	<b>863,000</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(2,362,600)	(2,362,600)
<b>TOTAL INCOME</b>	<b>(2,362,600)</b>	<b>(2,362,600)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>(1,510,100)</b>	<b>(1,499,600)</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	151,000	116,400
Departmental Support Charges	12,800	4,600
Capital Charges	182,200	261,000
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>346,000</b>	<b>382,000</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>(1,164,100)</b>	<b>(1,117,600)</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>(1,164,100)</b>
Inflation	100
Changes in Government Grants	0
Other Government or Outside Body Changes	13,500
Demand Led Growth	0
Efficiency Savings	0
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	32,900
<b>Original Budget 2017/18</b>	<b>(1,117,600)</b>

## SECTION F

## HOUSING AND REGENERATION

**Sundry Properties**

This area hold the Council's sundry property portfolio.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	0	0
Premises	75,800	69,800
Transport	0	0
Supplies & Services	8,400	8,400
Third Party Payments	0	0
Transfer Payments	0	0
Support Services	105,300	105,300
<b>TOTAL EXPENDITURE</b>	<b>189,500</b>	<b>183,500</b>
<b><u>Income</u></b>		
Government Grants	(7,800)	(7,800)
Other Grants & Contributions	0	0
Customer & Client Receipts	(932,900)	(933,700)
<b>TOTAL INCOME</b>	<b>(940,700)</b>	<b>(941,500)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>(751,200)</b>	<b>(758,000)</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	96,100	66,200
Departmental Support Charges	54,500	48,500
Capital Charges	58,600	151,000
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>209,200</b>	<b>265,700</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>(542,000)</b>	<b>(492,300)</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>(542,000)</b>
Inflation	(500)
Changes in Government Grants	0
Other Government or Outside Body Changes	(6,100)
Demand Led Growth	0
Efficiency Savings	(200)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	56,500
<b>Original Budget 2017/18</b>	<b>(492,300)</b>

## SECTION F

## HOUSING AND REGENERATION

**Utilities**

The Council's Utilities budget was centralised in 2015/16. This includes Water, Electricity and Gas charges.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	0	0
Premises	1,229,200	1,229,200
Transport	0	0
Supplies & Services	0	0
Third Party Payments	0	0
Transfer Payments	0	0
Support Services	0	0
<b>TOTAL EXPENDITURE</b>	<b>1,229,200</b>	<b>1,229,200</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	0	0
<b>TOTAL INCOME</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,229,200</b>	<b>1,229,200</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	0	0
Departmental Support Charges	0	0
Capital Charges	0	0
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>1,229,200</b>	<b>1,229,200</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>1,229,200</b>
Inflation	0
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Efficiency Savings	0
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	0
<b>Original Budget 2017/18</b>	<b>1,229,200</b>

# **CHIEF EXECUTIVE'S GROUP**

Should you have any queries concerning the Chief Executive's Group pages please contact:

**Pauline McDermott**  
**Business Support Manager**

**Tel: 020 8871 6484**

**[pmcdermott@wandsworth.gov.uk](mailto:pmcdermott@wandsworth.gov.uk)**



**SUMMARY BY SERVICE AREA**

<b><u>PURPOSE</u></b>	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
Customers and Partnerships	2,958,600	2,850,600
Policy and Performance	2,870,800	2,451,600
Public Health	4,305,200	4,547,800
<b>Total Chief Executive Directorate</b>	<b><u>10,134,600</u></b>	<b><u>9,850,000</u></b>

**Variation Analysis**

<b>Original Budget 2016/17</b>	<b>10,134,600</b>
Inflation	65,900
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(1,570,800)
Investment Priorities	0
Other Growth & Savings	20,000
Budget Transfers	1,200,300
<b>Original Budget 2017/18</b>	<b><u>9,850,000</u></b>

## SECTION G

## CHIEF EXECUTIVE'S GROUP

**SUBJECTIVE ANALYSIS**

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	6,418,600	5,367,400
Premises	512,900	418,900
Transport	48,300	45,100
Supplies & Services	4,491,400	4,158,400
Third Party Payments	4,301,500	4,529,700
Transfer Payments	0	0
Support Services	105,400	105,400
<b>TOTAL EXPENDITURE</b>	<b>15,878,100</b>	<b>14,624,900</b>
<b><u>Income</u></b>		
Government Grants	(6,376,500)	(6,130,500)
Other Grants & Contributions	(41,600)	(41,600)
Customer & Client Receipts	(1,300,100)	(1,755,900)
<b>TOTAL INCOME</b>	<b>(7,718,200)</b>	<b>(7,928,000)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>8,159,900</b>	<b>6,696,900</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	1,832,700	1,662,600
Departmental Support Charges	1,058,200	855,900
Capital Charges	2,082,800	3,258,000
Central Support Income	(2,744,000)	(2,431,800)
Departmental Support Income	(255,000)	(191,600)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,974,700</b>	<b>3,153,100</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>10,134,600</b>	<b>9,850,000</b>

## SECTION G

## CHIEF EXECUTIVE'S GROUP

**CUSTOMERS AND PARTNERSHIPS**

The Customers and Partnership area covers a range of teams including; Tourism, Economic Development, Business Support and Planning, Corporate Complaints, the WW1 Commemoration Programme, Customer Services, the South London Partnership, Head of Accountability and Engagement, Community Engagement, Partnership and Policy, the Community Links Programme, Communications and Grants to Voluntary Organisations.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	2,848,700	2,534,400
Premises	481,600	387,600
Transport	3,400	5,300
Supplies & Services	996,900	1,059,900
Third Party Payments	1,090,200	1,159,600
Transfer Payments	0	0
Support Services	9,600	9,600
<b>TOTAL EXPENDITURE</b>	<b>5,430,400</b>	<b>5,156,400</b>
<b><u>Income</u></b>		
Government Grants	(156,000)	(156,000)
Other Grants & Contributions	(10,600)	(10,600)
Customer & Client Receipts	(967,400)	(996,700)
<b>TOTAL INCOME</b>	<b>(1,134,000)</b>	<b>(1,163,300)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>4,296,400</b>	<b>3,993,100</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	630,300	607,100
Departmental Support Charges	237,300	172,100
Capital Charges	15,400	18,000
Central Support Income	(2,220,800)	(1,939,700)
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(1,337,800)</b>	<b>(1,142,500)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>2,958,600</b>	<b>2,850,600</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>2,958,600</b>
Inflation	19,400
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(361,300)
Investment Priorities	0
Other Growth & Savings	20,000
Budget Transfers	213,900
<b>Original Budget 2017/18</b>	<b>2,850,600</b>

## SECTION G

## CHIEF EXECUTIVE'S GROUP

**POLICY AND PERFORMANCE**

The Policy and Performance area covers a range of teams including; Legal Management, Business Support and Planning, Commissioning, Corporate Policy and Strategy, the Graduate Trainee Scheme, Democratic Services and Representation, Corporate Programmes, the Equalities Team, and Business Information and Accountability.

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>		
Employees	1,823,200	1,428,400
Premises	0	0
Transport	23,500	25,100
Supplies & Services	1,020,200	1,020,200
Third Party Payments	44,100	25,000
Transfer Payments	0	0
Support Services	54,000	54,000
<b>TOTAL EXPENDITURE</b>	<b>2,965,000</b>	<b>2,552,700</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(107,800)	(107,800)
<b>TOTAL INCOME</b>	<b>(107,800)</b>	<b>(107,800)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>2,857,200</b>	<b>2,444,900</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	548,900	491,900
Departmental Support Charges	242,900	198,500
Capital Charges	0	0
Central Support Income	(523,200)	(492,100)
Departmental Support Income	(255,000)	(191,600)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>13,600</b>	<b>6,700</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>2,870,800</b>	<b>2,451,600</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>2,870,800</b>
Inflation	6,000
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(390,500)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(34,700)
<b>Original Budget 2017/18</b>	<b>2,451,600</b>

## SECTION G

## CHIEF EXECUTIVE'S GROUP

**PUBLIC HEALTH**

The Council is responsible for Public Health services under the Health and Social Care Act 2012. Public Health is responsible for commissioning services to improve health in the borough, co-ordinating local efforts to protect the public's health and wellbeing and ensuring health services effectively promote the population's health. The total Public Health provision is split between the Chief Executive's Group and the Adult Social Services Directorate.

	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>		
Employees	1,746,700	1,404,600
Premises	31,300	31,300
Transport	21,400	14,700
Supplies & Services	2,474,300	2,078,300
Third Party Payments	3,167,200	3,345,100
Transfer Payments	0	0
Support Services	41,800	41,800
<b>TOTAL EXPENDITURE</b>	<b>7,482,700</b>	<b>6,915,800</b>
<b><u>Income</u></b>		
Government Grants	(6,220,500)	(5,974,500)
Other Grants & Contributions	(31,000)	(31,000)
Customer & Client Receipts	(224,900)	(651,400)
<b>TOTAL INCOME</b>	<b>(6,476,400)</b>	<b>(6,656,900)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,006,300</b>	<b>258,900</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	653,500	563,600
Departmental Support Charges	578,000	485,300
Capital Charges	2,067,400	3,240,000
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>3,298,900</b>	<b>4,288,900</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>4,305,200</b>	<b>4,547,800</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>4,305,200</b>
Inflation	40,500
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(819,000)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	1,021,100
<b>Original Budget 2017/18</b>	<b>4,547,800</b>

# **RESOURCES AND CENTRAL ITEMS**

Should you have any queries concerning the Resources Directorate  
and Central Items pages please contact:

**Katherine Burston  
Financial Controller**

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**Email: [KBurston@wandsworth.gov.uk](mailto:KBurston@wandsworth.gov.uk)**

## SECTION H

## RESOURCES AND CENTRAL ITEMS

**REVENUE BUDGET - SUMMARY OF EXPENDITURE**

<b><u>PURPOSE</u></b>	<b><u>2016/17</u></b> <b><u>Estimate</u></b> <b><u>£</u></b>	<b><u>2017/18</u></b> <b><u>Estimate</u></b> <b><u>£</u></b>
Resources Management	0	0
ICT	0	0
HR / Payroll	0	0
Electoral Services	666,600	625,600
Financial Management	36,400	36,400
Revenues, Benefits and Parking	11,867,400	11,747,200
Internal Audit	(36,400)	(36,400)
Pensions Administration	0	0
Procurement	0	0
Corporate Management	1,506,300	1,645,300
<b>Total for Corporate Services</b>	<b>14,040,300</b>	<b>14,018,100</b>
Central Items	(50,937,100)	(38,997,400)
<b>Total for Corporate Services &amp; Central Items</b>	<b>(36,896,800)</b>	<b>(24,979,300)</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2016/17</b>	<b>(36,896,800)</b>
Inflation	764,500
Changes in Government Grants	11,027,000
Other Government or Outside Body Changes	995,500
Demand Led Growth	0
Budget Review Savings	(2,324,000)
Investment Priorities	1,320,000
Other Growth & Savings	(22,000)
Budget Transfers	156,500
<b>Original Budget 2017/18</b>	<b>(24,979,300)</b>

## SECTION H

## RESOURCES AND CENTRAL ITEMS

**SUBJECTIVE ANALYSIS**

	<u>2016/17</u>	<u>2017/18</u>
	<u>Estimate</u>	<u>Estimate</u>
	<u>£</u>	<u>£</u>
<b><u>Expenditure</u></b>		
Employees	8,281,100	7,825,300
Premises	19,100	14,600
Transport	43,300	66,000
Supplies & Services	6,646,500	5,535,700
Third Party Payments	9,553,800	9,452,900
Transfer Payments	69,237,700	69,372,500
Support Services	1,739,100	1,641,900
<b>TOTAL EXPENDITURE</b>	<b>95,520,600</b>	<b>93,908,900</b>
<b><u>Income</u></b>		
Government Grants	(69,836,400)	(69,781,000)
Other Grants & Contributions	(333,800)	(333,800)
Customer & Client Receipts	(2,394,700)	(2,408,000)
<b>TOTAL INCOME</b>	<b>(72,564,900)</b>	<b>(72,522,800)</b>
<b>NET EXPENDITURE (EXCL. CENTRAL ITEMS)</b>	<b>22,955,700</b>	<b>21,386,100</b>
Central Items (Excl. FA Adjustments)	(32,153,600)	(18,991,400)
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>(9,197,900)</b>	<b>2,394,700</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	3,960,500	3,669,000
Departmental Support Charges	29,500	24,100
Capital Charges	(18,308,600)	(19,646,000)
Central Support Income	(13,380,300)	(11,421,100)
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(27,698,900)</b>	<b>(27,374,000)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>(36,896,800)</b>	<b>(24,979,300)</b>



## SECTION H

## RESOURCES AND CENTRAL ITEMS

**RESOURCES MANAGEMENT**

This budget covers the costs of the Director of Resources along with the Assistant Directors of Resources and their shared executive support.

	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>		
Employees	454,200	323,100
Premises	0	0
Transport	9,600	9,100
Supplies & Services	51,000	51,000
Third Party Payments	0	0
Transfer Payments	0	0
Support Services	11,900	11,900
<b>TOTAL EXPENDITURE</b>	<b>526,700</b>	<b>395,100</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	0	0
<b>TOTAL INCOME</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>526,700</b>	<b>395,100</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	100,600	99,400
Departmental Support Charges	0	0
Capital Charges	0	0
Central Support Income	(627,300)	(494,500)
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(526,700)</b>	<b>(395,100)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>

**Variation Analysis**

<b>Original Budget 2016/17</b>	<b>0</b>
Inflation	900
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(142,300)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	141,400
<b>Original Budget 2017/18</b>	<b>0</b>

## SECTION H

## RESOURCES AND CENTRAL ITEMS

**ICT**

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

	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
<b>Expenditure</b>		
Employees	1,424,600	1,174,600
Premises	0	0
Transport	900	14,300
Supplies & Services	5,326,400	3,622,300
Third Party Payments	0	0
Transfer Payments	0	0
Support Services	1,700	1,700
<b>TOTAL EXPENDITURE</b>	<b>6,753,600</b>	<b>4,812,900</b>
<b>Income</b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(60,500)	(61,000)
<b>TOTAL INCOME</b>	<b>(60,500)</b>	<b>(61,000)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>6,693,100</b>	<b>4,751,900</b>
<b>Financial Accounting Adjustments</b>		
Central Support Charges	456,800	426,500
Departmental Support Charges	0	0
Capital Charges	421,400	308,000
Central Support Income	(7,571,300)	(5,486,400)
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(6,693,100)</b>	<b>(4,751,900)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>

**Variation Analysis****Original Budget 2016/17**

Inflation	16,700
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(1,297,200)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	1,280,500
<b>Original Budget 2017/18</b>	<b>0</b>

## SECTION H

## RESOURCES AND CENTRAL ITEMS

**HR / PAYROLL**

The Human Resources Team supports & enables the Council to recruit, develop, lead & manage its people effectively. The payroll service ensures staff are paid promptly and correctly, with the correct tax and pension deductions.

	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>		
Employees	241,900	466,900
Premises	0	0
Transport	0	0
Supplies & Services	13,200	13,200
Third Party Payments	0	0
Transfer Payments	0	0
Support Services	887,700	787,700
<b>TOTAL EXPENDITURE</b>	<b>1,142,800</b>	<b>1,267,800</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(91,800)	(91,800)
	0	0
<b>TOTAL INCOME</b>	<b>(91,800)</b>	<b>(91,800)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,051,000</b>	<b>1,176,000</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	144,200	125,900
Departmental Support Charges	0	0
Capital Charges	49,900	50,000
Central Support Income	(1,245,100)	(1,351,900)
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(1,051,000)</b>	<b>(1,176,000)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>

**Variation Analysis**

<b>Original Budget 2016/17</b>	<b>0</b>
Inflation	400
Changes in Government Grants	0
Other Government or Outside Body Changes	225,000
Demand Led Growth	0
Budget Review Savings	(100,400)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(125,000)
<b>Original Budget 2017/18</b>	<b>0</b>

## SECTION H

## RESOURCES AND CENTRAL ITEMS

**ELECTORAL SERVICES**

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

	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>		
Employees	250,700	250,700
Premises	2,300	2,300
Transport	500	3,900
Supplies & Services	174,500	174,500
Third Party Payments	0	0
Transfer Payments	0	0
Support Services	400	400
<b>TOTAL EXPENDITURE</b>	<b>428,400</b>	<b>431,800</b>
<u>Income</u>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(3,300)	(3,500)
<b>TOTAL INCOME</b>	<b>(3,300)</b>	<b>(3,500)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>425,100</b>	<b>428,300</b>
<u>Financial Accounting Adjustments</u>		
Central Support Charges	241,500	197,300
Departmental Support Charges	0	0
Capital Charges	0	0
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>241,500</b>	<b>197,300</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>666,600</b>	<b>625,600</b>

**Variation Analysis**

<b>Original Budget 2016/17</b>	<b>666,600</b>
Inflation	3,200
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(3,400)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(40,800)
<b>Original Budget 2017/18</b>	<b>625,600</b>

## SECTION H

## RESOURCES AND CENTRAL ITEMS

**FINANCIAL MANAGEMENT**

Financial Management includes Financial Control and Accountancy. The service controls budget setting and monitoring, production of the Statement of Accounts, the Medium Term Financial Strategy and provides financial advice to senior officers and Members to inform the Council's decision making process.

	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>		
Employees	1,671,400	1,571,400
Premises	0	0
Transport	3,700	9,400
Supplies & Services	90,000	693,300
Third Party Payments	0	0
Transfer Payments	0	0
Support Services	900	900
<b>TOTAL EXPENDITURE</b>	<b>1,766,000</b>	<b>2,275,000</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(268,200)	(280,800)
<b>TOTAL INCOME</b>	<b>(268,200)</b>	<b>(280,800)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,497,800</b>	<b>1,994,200</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	619,400	509,200
Departmental Support Charges	0	0
Capital Charges	1,700	2,000
Central Support Income	(2,082,500)	(2,469,000)
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(1,461,400)</b>	<b>(1,957,800)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>36,400</b>	<b>36,400</b>

**Variation Analysis**

<b>Original Budget 2016/17</b>	<b>36,400</b>
Inflation	1,500
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(101,500)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	100,000
<b>Original Budget 2017/18</b>	<b>36,400</b>

## SECTION H

## RESOURCES AND CENTRAL ITEMS

**REVENUES, BENEFITS AND PARKING**

This service includes the administration and collection of NNDR, Council Tax and Council Tax Reductions, Housing Benefit and Rent Allowances as well as the costs of these allowances, and the costs of collecting parking income from the issue of Penalty Charge Notices, the sale of parking permits as well as Blue Badge issuance Fees.

	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>		
Employees	2,354,600	2,354,900
Premises	16,800	12,300
Transport	21,800	22,800
Supplies & Services	614,100	604,100
Third Party Payments	8,602,500	8,397,500
Transfer Payments	69,237,700	69,372,500
Support Services	12,900	12,900
<b>TOTAL EXPENDITURE</b>	<b>80,860,400</b>	<b>80,777,000</b>
<u>Income</u>		
Government Grants	(69,836,400)	(69,781,000)
Other Grants & Contributions	(333,800)	(333,800)
Customer & Client Receipts	(527,400)	(527,400)
<b>TOTAL INCOME</b>	<b>(70,697,600)</b>	<b>(70,642,200)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>10,162,800</b>	<b>10,134,800</b>
<u>Financial Accounting Adjustments</u>		
Central Support Charges	1,673,200	1,588,300
Departmental Support Charges	29,500	24,100
Capital Charges	1,900	0
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,704,600</b>	<b>1,612,400</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>11,867,400</b>	<b>11,747,200</b>

**Variation Analysis**

<b>Original Budget 2016/17</b>	<b>11,867,400</b>
Inflation	77,400
Changes in Government Grants	125,000
Other Government or Outside Body Changes	(179,500)
Demand Led Growth	0
Budget Review Savings	(51,900)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(91,200)
<b>Original Budget 2017/18</b>	<b>11,747,200</b>

## SECTION H

## RESOURCES AND CENTRAL ITEMS

**INTERNAL AUDIT**

Internal Audit is a statutory function. All Local Authorities must comply with the Accounts & Audit Regulations (amended 2015) and are required to make provision for internal audit in accordance with the Public Sector Internal Audit Standards 2013. This is a Shared Internal Audit & Investigations Service between Richmond, Kingston, Merton, Sutton and Wandsworth Councils, with Richmond and Wandsworth as lead authorities. The shared service is monitored by a Shared Service Board & reports individually to each authorities' Audit Committee. Costs are shared on the basis of the agreed Annual Audit Plans.

	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
<b>Expenditure</b>		
Employees	822,300	772,300
Premises	0	0
Transport	5,900	5,500
Supplies & Services	44,900	44,900
Third Party Payments	172,400	176,500
Transfer Payments	0	0
Support Services	471,500	471,500
<b>TOTAL EXPENDITURE</b>	<b>1,517,000</b>	<b>1,470,700</b>
<b>Income</b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(1,036,000)	(1,036,000)
<b>TOTAL INCOME</b>	<b>(1,036,000)</b>	<b>(1,036,000)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>481,000</b>	<b>434,700</b>
<b>Financial Accounting Adjustments</b>		
Central Support Charges	120,600	105,400
Departmental Support Charges	0	0
Capital Charges	0	0
Central Support Income	(638,000)	(576,500)
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(517,400)</b>	<b>(471,100)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>(36,400)</b>	<b>(36,400)</b>
<b>Variation Analysis</b>		
<b>Original Budget 2016/17</b>		<b>(36,400)</b>
Inflation		4,900
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(50,800)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		45,900
<b>Original Budget 2017/18</b>		<b>(36,400)</b>

## SECTION H

## RESOURCES AND CENTRAL ITEMS

**PENSIONS ADMINISTRATION**

The Pensions Shared Service (led by Wandsworth and Richmond Councils) is responsible for the administration of Wandsworth, Richmond, Merton, Camden and Waltham Forrest Councils' Pension Funds. Richmond Council's Fund was merged with Wandsworth's Fund on 1st October 2016 to facilitate the joint employment of staff under SSA arrangements.

	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>		
Employees	0	0
Premises	0	0
Transport	0	0
Supplies & Services	24,200	24,200
Third Party Payments	0	0
Transfer Payments	0	0
Support Services	183,600	186,400
<b>TOTAL EXPENDITURE</b>	<b>207,800</b>	<b>210,600</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(156,900)	(156,900)
<b>TOTAL INCOME</b>	<b>(156,900)</b>	<b>(156,900)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>50,900</b>	<b>53,700</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	0	0
Departmental Support Charges	0	0
Capital Charges	0	0
Central Support Income	(50,900)	(53,700)
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(50,900)</b>	<b>(53,700)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>

**Variation Analysis**

<b>Original Budget 2016/17</b>	<b>0</b>
Inflation	3,300
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(500)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(2,800)
<b>Original Budget 2017/18</b>	<b>0</b>



## SECTION H

## RESOURCES AND CENTRAL ITEMS

**PROCUREMENT**

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

	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>		
Employees	1,061,400	911,400
Premises	0	0
Transport	900	1,000
Supplies & Services	15,500	15,500
Third Party Payments	33,400	33,400
Transfer Payments	0	0
Support Services	106,800	106,800
<b>TOTAL EXPENDITURE</b>	<b>1,218,000</b>	<b>1,068,100</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(201,000)	(201,000)
<b>TOTAL INCOME</b>	<b>(201,000)</b>	<b>(201,000)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,017,000</b>	<b>867,100</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	148,200	122,000
Departmental Support Charges	0	0
Capital Charges	0	0
Central Support Income	(1,165,200)	(989,100)
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(1,017,000)</b>	<b>(867,100)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>

**Variation Analysis**

<b>Original Budget 2016/17</b>	<b>0</b>
Inflation	200
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(150,200)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	150,000
<b>Original Budget 2017/18</b>	<b>0</b>

## SECTION H

## RESOURCES AND CENTRAL ITEMS

**CORPORATE MANAGEMENT**

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

	<u>2016/17</u> <u>Estimate</u> <u>£</u>	<u>2017/18</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>		
Employees	0	0
Premises	0	0
Transport	0	0
Supplies & Services	292,700	292,700
Third Party Payments	745,500	845,500
Transfer Payments	0	0
Support Services	61,700	61,700
<b>TOTAL EXPENDITURE</b>	<b>1,099,900</b>	<b>1,199,900</b>
<b><u>Income</u></b>		
Government Grants	0	0
Other Grants & Contributions	0	0
Customer & Client Receipts	(49,600)	(49,600)
<b>TOTAL INCOME</b>	<b>(49,600)</b>	<b>(49,600)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,050,300</b>	<b>1,150,300</b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	456,000	495,000
Departmental Support Charges	0	0
Capital Charges	0	0
Central Support Income	0	0
Departmental Support Income	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>456,000</b>	<b>495,000</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>1,506,300</b>	<b>1,645,300</b>

**Variation Analysis**

<b>Original Budget 2016/17</b>	<b>1,506,300</b>
Inflation	5,800
Changes in Government Grants	0
Other Government or Outside Body Changes	100,000
Demand Led Growth	0
Budget Review Savings	(5,800)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	39,000
<b>Original Budget 2017/18</b>	<b>1,645,300</b>

## SECTION H

## RESOURCES AND CENTRAL ITEMS

**CENTRAL ITEMS**

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

	<u>2016/17</u> <u>Estimate</u> £	<u>2017/18</u> <u>Estimate</u> £
<b><u>ASSET MANAGEMENT &amp; TREASURY</u></b>		
Interest Payable	4,389,000	4,236,000
Interest Receivable	(1,533,000)	(1,507,000)
MRP (Principal Loan Repay)	3,804,000	4,466,000
Revenue Funding of Capital Expenditure	1,894,700	917,000
<b><u>CONTINGENCY &amp; INVESTMENT ITEMS</u></b>		
General Contingency	500,000	500,000
Pay Contingency	1,239,900	1,874,900
Pavements & Highways	500,000	500,000
Procurement Contract Savings	(200,000)	0
<b><u>NON-RINGFENCED GOVERNMENT GRANTS</u></b>		
New Homes Bonus Grant	(3,878,900)	(3,284,900)
Council Tax Freeze Grant	0	0
Section 31 Grants	(741,000)	(1,038,000)
Transition Grant	(2,910,000)	(2,920,000)
Revenue Support Grant/Retained Business Rates	(36,731,000)	(27,566,000)
<b><u>OTHER</u></b>		
Centrally Funded Pensions	4,885,000	4,379,700
Distribution of surplus/deficit on Collection Fund	(2,750,000)	(1,750,000)
NNDR Levy & Tariff	3,847,000	4,964,000
Contributions to Earmarked Reserves	(1,476,100)	(963,100)
Transfers to/from Earmarked Reserves to reduce Council	(2,993,200)	(1,800,000)
<b>NET EXPENDITURE</b>	<b><u>(32,153,600)</u></b>	<b><u>(18,991,400)</u></b>
<b><u>Financial Accounting Adjustments</u></b>		
Central Support Charges	0	0
Departmental Support Charges	0	0
Capital Charges	0	0
Reversal of Depreciation	(14,754,500)	(15,904,000)
Reversal of Deferred Charges	(4,029,000)	(4,102,000)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b><u>(18,783,500)</u></b>	<b><u>(20,006,000)</u></b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b><u>(50,937,100)</u></b>	<b><u>(38,997,400)</u></b>
<b><u>Variation Analysis</u></b>		
<b>Original Budget 2016/17</b>		<b>(50,937,100)</b>
Inflation		650,200
Changes in Government Grants		10,902,000
Other Government or Outside Body Changes		850,000
Demand Led Growth		0
Budget Review Savings		(420,000)
Investment Priorities		1,320,000
Other Growth & Savings		(22,000)
Budget Transfers		(1,340,500)
<b>Original Budget 2017/18</b>		<b><u>(38,997,400)</u></b>

## SECTION I

### LONDON BOROUGH OF RICHMOND UPON THAMES

#### CABINET

DATE: 23<sup>rd</sup> FEBRUARY 2017

REPORT OF: DEPUTY LEADER AND CABINET MEMBER FOR FINANCE

TITLE OF DECISION: REVENUE BUDGET STRATEGY AND COUNCIL TAX 2017/18

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 overall Band D level of Council Tax, including the GLA element, be *PROVISIONALLY* set at £1,638.54 (an increase of 3.55%).

(The overall increase of 3.55% is made up of a 3.99% increase on the Richmond element of the Council Tax and a 1.46% increase on the GLA element. Taken together, these result in the overall 3.55% increase as shown in paragraph 3.33).

The report notes the representations that the Council has made to Government and that the figures are provisional whilst the final settlement is awaited.

#### 2. RECOMMENDATIONS

- |     |  |
|-----|--|
| 2.1 | That Members consider the advice of the Director of Resources and Deputy Chief Executive in respect of Section 25 of the Local Government Act 2003 in setting the budget (see paragraphs 3.33 to 3.44).  |
| 2.2 | That the Council be recommended to agree the Revenue Budget for 2017/18.   |
| 2.3 | That the Cabinet notes the intention to increase the Council Tax by 2.0% in relation to the Adult Social Care precept (see paragraph 3.29).  |
| 2.4 | <b>That the Council be RECOMMENDED to agree that the overall Band D level of Council Tax for 2017/18 including the GLA element be <i>PROVISIONALLY</i> set at £1,638.54, <u>an increase of 3.55% on 2016/17</u>. The levels of Council Tax for all property bands are shown at Appendix A.</b> |
| 2.5 | That the Cabinet approve the revised Medium Term Financial Strategy (Appendix  |

## SECTION I

C) including the efficiency/ savings strategy and the Capital Programme.

- 2.6 That Cabinet delegate any changes arising from the final Local Government Finance Settlement to the Deputy Leader and Cabinet Member for Resources.

### 3. DETAILS

#### Background

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

#### The Local Government Finance Settlement

- 3.3 In December 2015 the Government proposed a 4 year funding Settlement. In announcing the provisional Settlement, the Secretary of State set out a number of aims for the Settlement including:
- Help with Adult Social Care; and
  - The right for Councils to spend locally what they raise locally.
- 3.4 The key headlines for the borough arising from the 4 year settlement offer were:
- A 66% reduction in Government support to the borough by 2019/20 (the national average reduction was 33.4% and the London average was 32.2%).
  - An assumed increase in revenue from Council Tax over the same period of 22% (including a 2% p.a. increase in support of social care).
  - No additional funding to be available to the borough from the "Improved Better Care Fund".
  - An additional tariff on locally raised Business Rates of £7.5m by 2019/20.
  - A Transitional Grant for 2 years to those authorities which suffered the sharpest losses in 2016/17 and 2017/18. Richmond therefore receives £2.9m in 2016/17 and 2017/18 only.

This last element was only introduced at the end of the Settlement consultation following representations by a number of authorities who were worst hit by the unexpected changes in methodology introduced in this Settlement.

- 3.5 The December 2016 LGFS announcement built on the 4 year offer set out in 2015 but made the following changes:
- Allowing Council Tax increases to be "front loaded" in respect of a Social Care "precept" element. This could now be up to 3% in each of the next 2 years provided it did not exceed 6% across the 3 year period to 2019/20.

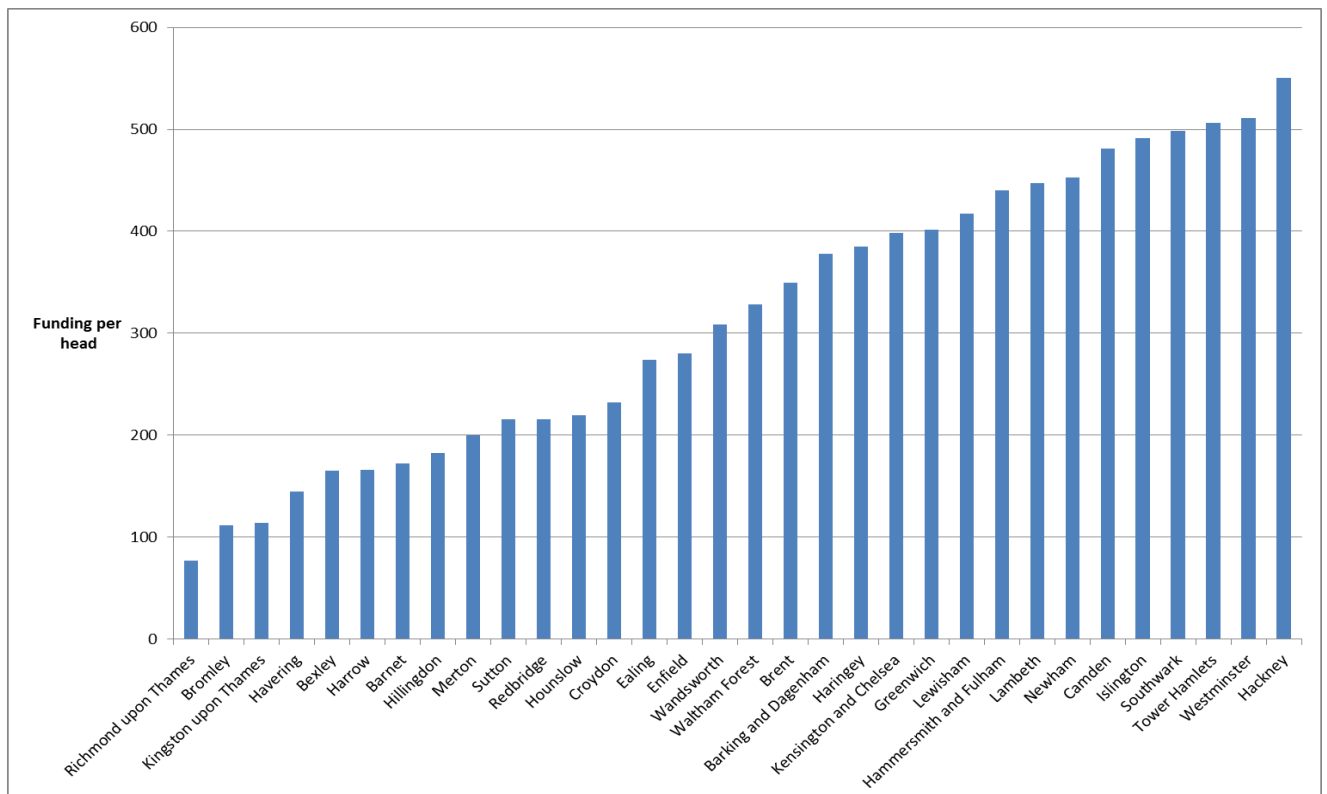
## SECTION I

- The time period over which New Homes Bonus (NHB) income was generated reduced from 6 years to 5 years in 2017/18 – effectively reducing funding to the Council by £600,000 per annum. This funding to be “returned” to the authority in a specific grant for Adult Social Care – but for 1 year only.
- From 2018/19 the time period over which NHB would be generated would be reduced to 4 years and a new minimum threshold growth (below which no NHB would be payable) of 0.4% of homes would be introduced. This is likely to see the Council lose a further £1.8m in the next 3 years.
- The Education Support Grant (ESG) will be cut by £1.3m at a time where support to schools and education is already under enormous strain.

Unfortunately this means that despite having signed up to the 4 year deal last year, the Council is likely to receive less funding in the latest Settlement *and* taxpayers could face higher bills in the next 2 years.

- 3.6 The principal reason behind this poor Settlement remains that authorities such as Richmond which are characterised by historic low levels of Government funding and the consequently higher than average Council Tax, are now deemed to be “capable” of raising more resources locally. The Settlement leaves Richmond, by some distance, as the lowest funded authority in London as shown in the Chart 1 below.

Chart 1: Funding per head in London

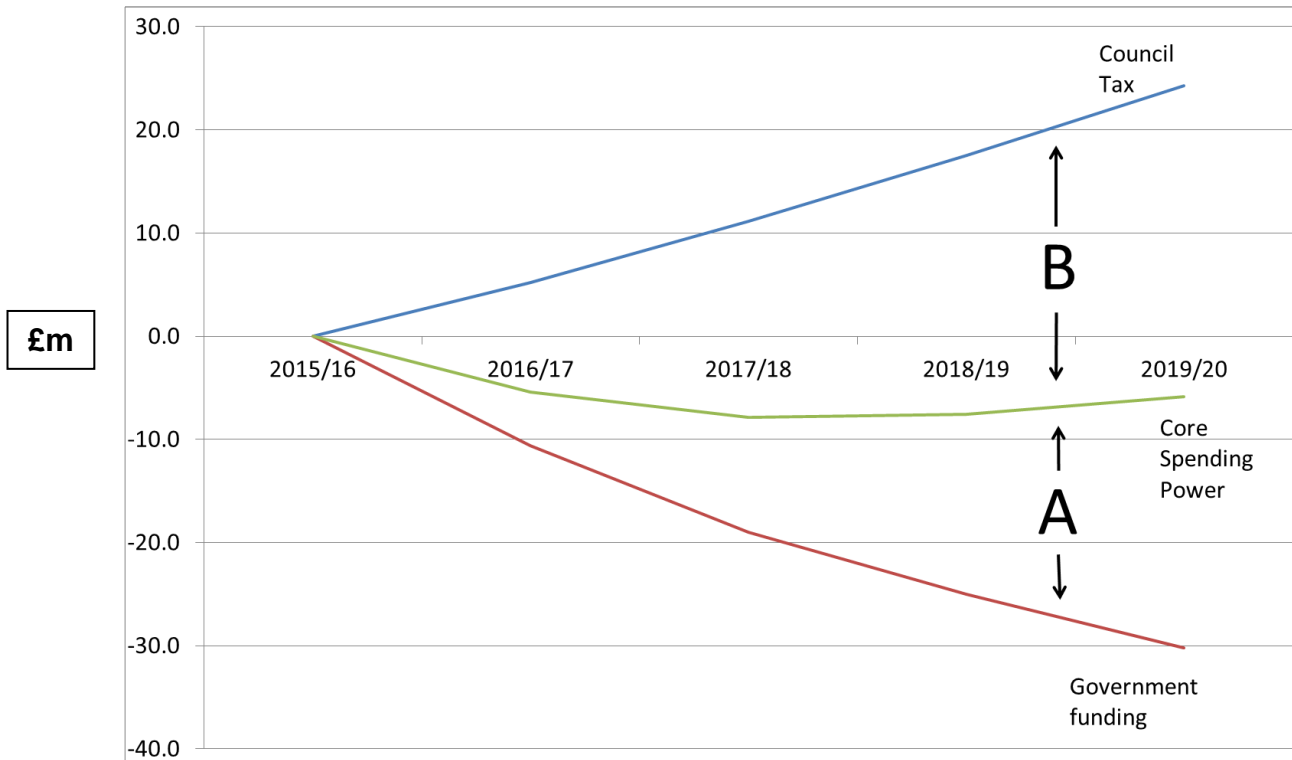


- 3.7 The Settlement was reported by Government in terms of a 3.7% reduction in Richmond’s Core Spending Power between 2016/17 and 2019/20. Core Spending Power is made up of Government funding for the Council plus locally raised Council Tax and Business Rates.

## SECTION I

- 3.8 Chart 2 below illustrates how a 66% reduction in funding from Government translates to a 3.7% reduction 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 2: Spending Power, Government Funding and Council Tax



- 3.9 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.
- 3.10 The Council has engaged with Government throughout this year on consultations on changes to the underlying formula and proposals for further retention of Business Rates. The Deputy Leader also met with Government officials and the Parliamentary Under Secretary for Local Government to make the Council's case in the run up to this year's Settlement. Unfortunately it would appear that none of the potential changes discussed have been implemented and the Council therefore continues to push Ministers for a fairer deal for the borough.

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

- 3.11 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 wider aims behind the strategy are set out in the attached MTFS (Appendix C) and Cabinet should note that this also forms the Efficiency Strategy for the Council.
- 3.12 In drawing together its budget proposals the Council will continue to follow the policies set out in this document last year together with the subsequent submissions to Government in relation to efficiency programme and the use of capital receipts to support the costs of such programmes. The MTFS and associated documents will continue to represent the core of the Council's efficiency plans that will be reported to Government.

## SECTION I

- 3.13 The latest budget monitoring data shows that the Council is forecasting a small net underspend in its revenue budget in 2016/17. This is made up of a number of over and underspends across the wide range of services provided by the Council but of particular note is the significant overspend on Children's Social Care. It is likely that this budget pressure will continue (despite some offsetting savings being agreed) and further growth has been built into the base budget. Individual monitoring reports have been agreed by Cabinet Members and made available for Scrutiny.

### **Partners and forward planning**

- 3.14 The Council and its local partners have a strong commitment and good track record of working in partnership. The Council, the local Clinical Commissioning Group and wider GP membership continue to work in partnership on joint commissioning across a number of services, including, importantly, the re-commissioning of community health services. Additionally, there is good engagement with the voluntary sector, a close relationship with the police and others via the Community Safety Partnership and joint action being taken to address the impact of the current economic situation. The Health and Wellbeing Board provides local accountability for the improved health and wellbeing of Richmond residents and has as its main objective the Council and CCG's joint work on the integration of health and social care for adults and children.
- 3.15 The Council places a strong priority on the provision of education in the borough and, as well as the continuing funding of expansion of primary places, it is working with the secondary sector and the Government on new school provision.
- 3.16 The Council also continues to expand its work with neighbouring local authorities. The most significant manifestation of this is the Shared Staffing Arrangement (SSA) with Wandsworth, which became fully operational on 1 October 2016. This element of partnership working also forms an important strand in our efficiency and savings plans.
- 3.17 Particularly important in financial terms is the relationship with local health services. NHS Richmond Clinical Commissioning Group (CCG) is in a financially challenged position due to pressures in local acute hospital services. It is currently forecasting a budget overspend of £11m, requiring the CCG to deliver savings of £11m in the current year and at least another £13m in 2017/18, as part of a Financial Recovery Plan overseen by NHS England. This sets out to achieve financial balance by the end of 2017/18 by reviewing all areas of spend and targeting any areas of waste. It will first seek to progress changes which do not impact on patients and then look to reduce spend in lowest clinical priority areas. Looking ahead, the CCG will have efficiency savings targets in order to meet continuing growth pressures and will target reductions in CCG running costs through joint work within South West London CCGs and through the South West London Sustainability and Transformation Plan (STP) which seeks to manage cost pressures beyond 2017/18. The CCG's financial challenges bring an associated risk to Council budgets from increased demand in adult social care services. These risks will be mitigated by close working with the CCG and local work to join up health and care services through Outcome Based Commissioning arrangements for Physical and Mental Health Services.

### **Balances and Reserves**

- 3.18 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 currently shows as remaining at £9.96m. This is within the range (5-10% of Budget Requirement) agreed by the Council and there is no use planned in 2017/18. Approximately 20% (£8.9m) of the quoted balances at 1.4.16 are funds that are outside of the Council's direct control e.g. school balances. In



## SECTION I

addition to this, approximately 20% (£8.8m) e.g. PFI Reserve and Insurance Funds, whilst being under Council control, are essentially not available for use for other purposes.

- Once any schools become academies, reserves associated with these schools will be transferred out of Council funds.
- The Council agreed to place the “one off” freeze grants from central government into a reserve to be used from 2014/15 to hold down any future Council Tax increases. The total use of freeze grants to support the Council Tax in 2017/18 is proposed to remain at £1.8m. This means that the full £6.2m currently showing in this reserve is already fully utilised in the Council’s MTFS.
- The Invest to Save Reserve is anticipated to fall in 2016/17 but will be subject to decisions taken at year end in respect of funding of redundancies and set up costs associated with transformation programmes. .
- 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. At present the DSG has a projected overspend of £3.9m meaning the existing “negative reserve” of £2.0m will increase to £5.9m. Ultimately if the DSG cannot be brought back into balance quickly and no other source of funding is identified this could result in a call on the Council’s general reserves. The Council has written to Government requesting both additional funding and additional flexibility in existing funding streams to seek to recover this position.
- It is anticipated that, overall, reserves will fall by around £7.1m to £37.4m (£33.2m excluding schools) by the end of 2016/17. Excluding schools, this would be the lowest level since 2003.
- 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**

- 3.19 In line with the Constitution and in accordance with proposals agreed by Leading Members, individual service budgets have been agreed by the relevant Cabinet Member and reports have been submitted for Scrutiny.
- 3.20 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 attempted to do this in a way that strives to maintain service standards whilst addressing the need for significant budget reductions.
- 3.21 To this end the Council’s savings programme will need to be increased from that in previous plans. Despite this, the Council always aims to provide for some limited investment in specific priorities.
- 3.22 In particular the 2017/18 budget has:
- Built in specific funds for new demands/ costs of statutory services:
    - £2.5m of growth to address the significant underlying demand led budget pressures within the AfC contract relating to children’s social care.

## SECTION I

- £1.0m for the loss of Education Support Grant that cannot be matched by expenditure reductions (gross grant loss £1.3m)
- £0.5m to reflect increased demand for care services for adults with learning disabilities.
- £0.5m additional costs relating to the social care provider market and the changes as a result of increases in the National Living Wage.
- £0.4m to meet the cost of Deprivation of Liberty Requirements in Social Care.
- Included efficiency/ savings/ income generation of £12.7m as follows:
  - Savings from reorganisations and shared services etc. £6.0m
  - Reductions generated from procurement and contracts savings £2.7m
  - Reductions from Achieving for Children £2.1m
  - Income generation and holding down inflation on supplies budgets £1.9m
- Included funding of £0.5m of investment in pavements and highways. This reflects the priority given to this area in the All-in-One consultation and recent resident's survey and the demand shown for the community pavement and highways scheme.
- Provided continuing support for capital investment, particularly in education.
- Provided for a 1.0% local government pay award effective from 1 April 2017 and zero on non-contracted services.

3.23 The final service totals are:

	<u>£m</u>
Education and Children's Services	32.7
Environment and Community Services	19.0
Chief Executive's Group	6.7
Housing and Regeneration	5.6
Adult Social Services	53.4
Resources	21.4
Total	138.8

\* includes £48.6m Achieving for Children Contract

3.24 Central Items and contingency

	<u>£m</u>
Capital Funding and Investment	8.1
Business Rates Tariff/ Levy*	4.9
Pensions deficit funding	4.4
General Contingency	0.5
Pay Award/ NI Contingency/ Other	1.9
Investment Priorities	0.5
Transfers to/from Reserves	-2.8
Transition Grant	-2.9
Non Ring Fenced Grants	-4.3
Total	10.3

\* When the Government implemented partial retention of Business Rates in 2013/14 it included a "tariff" mechanism by which those authorities which raised more in Business Rates than they needed, according to the Government's formula, paid a tariff to subsidise the authorities who were unable to raise sufficient funds through their local business rates.

## SECTION I

### 3.25 Summary of Borough Expenditure

Service Estimates	<u>£m</u> 138.8
Central Items and Contingency	10.3
Total	<u>149.1</u>

#### Levies

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

Levy	2016/17 £000	2017/18 £000	Variation %
West Waste	7,375	7,838	+6.3%
Lee Valley Park	267	267	0.0%
Flood Defence	196	196	0.0%
London Pension Fund Authority	325	325	0.0%
Coroner's Service	124	124	0.0%

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 Social Care "Precept"

- 3.27 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 2% (or more) for 2017/18.
- 3.28 The Spending Review 2015 also announced that for the rest of the current Parliament, local authorities responsible for adult social care "will be given an additional 2% flexibility on their current council tax referendum threshold to be used entirely for adult social care". This flexibility has been increased in the latest settlement to allow the maximum "additional flexibility" to increase to 3% in the next 2 years. 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.
- 3.29 Taken together this would raise the maximum Council Tax increase before a referendum is required to 4.99%. The proposals in this report currently assume the overall Council Tax increase is limited to 3.99% (including 2% Social Care Precept).

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

- 3.30 The Band D Council Tax in respect of the GLA Precept is expected to increase by £4.02 (1.46%) to £280.02.

## SECTION I

### 3.31 Summary of requirements and Council Tax

	<b>£m</b>
Total LBRuT Budget Requirement	149.086
School expenditure funded from DSG*	95.487
GLA Precept	24.687
	269.260
Less	
Revenue Support Grant/ NNDR retention	-27.566
DSG*	-95.487
Contribution from Collection Fund (CTAX)	-1.750
	144.457

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

The Council Tax Base for 2017/18 was set as 88,162.10 Band D equivalents in the delegated authority report published on 25 January 2017.

**Based on the above figures, the total tax at Band D including the GLA element would be increased to £1,638.54, an increase of 3.55%.**

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

	<b>2016/17</b>	<b>2017/18</b>	<b>%</b>
	<b>£</b>	<b>£</b>	<b>change</b>
LBRUT	1,306.39	1,358.52	+3.99
GLA	276.00	280.02	+1.46
TOTAL	1,582.39	1,638.54	+3.55

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

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

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

In doing so, the Director of Resources and Deputy Chief Executive 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.

3.34 The Council's stated aim is to achieve long term stability in its finances whilst restricting Council Tax increases. To achieve this, the Council must have regard to the major risks to its financial position and in particular:

- The current economic position and future outlook.
- Whether budget setting and monitoring processes are robust and effective.
- Demand pressures on the budget.
- Identifying and achieving cost and income improvements.

## SECTION I

- Changes to the system of funding for local government.
  - Risks to Government funding levels.
  - Risks to other income streams.
- 3.35 The Council has a good track record in financial management and in the delivery of Value for Money (VFM). The judgements by external inspectorates take into account both the service performance of the Council and the way we prepare and monitor our budgets as well as the wider use of resources including staffing and physical resources.
- 3.36 Local Government Finance issues have been dominated in recent times by cuts in government funding and pressure to keep Council Tax increases down set against growing demand for services. Alongside this the longer term position has also been made more uncertain by the changes in the way Government funding is calculated. The Council now has revised provisional funding figures to 2019/20 which continue to project very significant reductions in Government support. Although the MTFS (attached as Appendix C) shows that the action taken to date has been successful in maintaining a strong financial position, and providing some limited one off investment, the longer term position remains extremely challenging and uncertain.
- 3.37 In considering their longer term plans Members should note that the Government has begun consultation on a further change to the Local Government Finance system to enable the 100% retention of Business Rates within local government. Before this consultation is concluded the government has also committed to finalising its review of the underlying needs assessment which determines government resource distribution – something this Council has long argued for. These changes will be carried out in a “fiscally neutral” way, meaning local government will receive new responsibilities at least matching any additional funds it retains. This will inevitably impact on the balance of risk whereby the Council takes on the full “upside” and “downside” associated with local business rates to fund uncorrelated changes in service demand.
- 3.38 With a relatively low allowance for demand growth, uncertainty over the outcome of business rate consultations, resetting of the Government Grant formula and the need to achieve challenging savings targets, the risks inherent in the revenue budget remain significant. The Council has sufficient reserves to deal with such a position in the short term and continually reviews its savings and efficiency programme as part of medium and longer term planning. Whilst savings and efficiencies have been agreed for 2017/18 and significant progress made on the strategy to manage future years’ reductions, including the shared staffing and management arrangement with the London Borough of Wandsworth, there remains a need to continue to firm up details behind these proposals.
- 3.39 Given the resource constraints and uncertainty over demand pressures faced by the Council it is imperative that efficiency remains at the heart of all Council activities. This will contribute towards the achievement of the Council’s objectives.
- 3.40 Despite the constrained funding position, the Council remains committed to investing in the essential infrastructure, particularly in relation to school places, that underpins high quality services. The affordability of this programme has been helped by the identification of one-off capital and revenue resources but the programme still relies heavily on the Council being prepared to increase its borrowing in future years. The Council also believes that, faced with the level of growth projected, it is essential that the Government steps up its contribution to this essential infrastructure and will be making its case robustly to Government. The impact of 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.

## SECTION I

- 3.41 The Council's reserves and their usage 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 is reviewed in the attached MTFs. The overall level has reduced over recent years but remains adequate for the purposes identified.
- 3.42 The Financial Strategy does not rely on use of the General Fund Reserve at this stage but does assume that one off monies received from the Government for freezing Council Tax, potentially together with earmarked reserves freed up by the Government's new flexibility policy on the use of capital receipts (see MTFs Annexe 5), will be utilised to hold down increases in coming years. With levels of reserves standing well 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. However, there is a particular concern in relation to the deficit being built up on the Dedicated Schools Budget which, if not addressed quickly, could be a significant additional strain on the Council's reserves. Discussions are currently ongoing with both schools and Government on this issue.
- 3.43 It should be noted that the Pension Fund Reserve is, in common with many other Pension Funds, showing a large deficit. The Council has a long term recovery plan for the fund but this faces continual challenges from reducing numbers contributing to the fund, increasing longevity of members and volatile investment returns. The latest triennial fund valuation has just been completed and the Council's required contribution has been set within existing budgets by the new Joint Pension Committee (Wandsworth and Richmond Pension schemes merged with effect from October 2016).
- 3.44 In summary, the Chief Financial Officer (being the Director of Resources and Deputy Chief Executive) confirms that he is content that the estimates are robust for the purposes of the required budget/ Council Tax calculations and that the Council's reserves are adequate in the short to medium term, although this position is more challenging than in the past due to funding reductions and demand pressures (particularly in relation the schools and children's budgets).

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

- 4.1 These are set out in the body of the report and the attached Medium Term Financial Strategy.

### **5. PROCUREMENT IMPLICATIONS**

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

### **6. LEGAL IMPLICATIONS**

- 6.1 There are none arising directly from this report.

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

- 7.1 The Council undertook a Residents' Survey during 2013, 2014 and 2015 which included key questions on their priorities for spending and opinion of the Council's approach to financial management. The results have been used in formulating the budget strategy. A further consultation is expected to take place during 2017.

## SECTION I

7.2 The Council maintains contact with the local business community via the Chamber of Commerce. Officers attend a business breakfast meeting 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 rating system.

7.3 Scrutiny have also considered relevant detailed service budget reports and have the opportunity to comment before Cabinet recommends final decisions to Council.

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

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

### **9. RISK ASSESSMENT**

9.1 The risks faced by the Council in relation to financial planning and budget setting are set out in the MTFs (Appendix C) and in paragraphs 3.33-3.44 of this report as part of the Director of Resources and Deputy Chief Executives' 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 Government Funding, Schools and Children's/Adult social care.

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

10.1 Appendix D considers the equality impact of major changes to the 2017/18 budget.

### **11. APPENDICES**

Appendix A – Council Tax Bands 2017/18

Appendix B – Revenue Reserves

Appendix C – Medium Term Financial Strategy (February 2017 Update)

Appendix D – Equality Impact Assessment

### **12. BACKGROUND PAPERS**

None

### **13. CONTACTS**

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## SECTION I

## APPENDIX A

Council Tax Bands 2017/18

	<b>Richmond Council Tax</b>	<b>Greater London Authority</b>	<b>Total Council Tax</b>
<b>Band</b>	<b>(2017/18)</b>	<b>(2017/18)</b>	<b>(2017/18)</b>
	<b>£</b>	<b>£</b>	<b>£</b>
A	905.68	186.68	1,092.36
B	1,056.63	217.79	1,274.42
C	1,207.57	248.91	1,456.48
<b>D</b>	<b>1,358.52</b>	<b>280.02</b>	<b>1,638.54</b>
E	1,660.41	342.25	2,002.66
F	1,962.31	404.47	2,366.78
G	2,264.20	466.70	2,730.90
H	2,717.04	560.04	3,277.08



## SECTION I

DESCRIPTION	Actual Balance at 1.4.16 £000	Estimated Revenue Usage 16/17 £000	Estimated Capital Usage 16/17 £000	Estimated Additions 16/17 £000	Estimated Balance at 31.3.17 £000	PURPOSE OF RESERVE
<b>STATUTORY RESERVES OVER WHICH THE COUNCIL HAS LIMITED OR NO CONTROL</b>						
Schools	-9,730	*	*	*	-9,730	Ring fenced to schools.
Schools' Maternity & Supply Cover Scheme	-313	*	*	*	-313	Internal insurance arrangement for supply and maternity cover in schools.
Dedicated Schools Grant Reserve	1,954	3,900	*	*	5,854	Created from underspend of Dedicated Schools Grant. Earmarked for schools expenditure.
Orleans House	-403	35	0	0	-368	Balance of rent income received on trust assets managed by the Council. To be used in relation to the Orleans House site.
Home Loans Unit	-145	0	0	0	-145	Funds associated with former GLC mortgages (distributed across all London Boroughs).
Thames Landscape Strategy	-26	26	0	0	0	Ringfenced reserve managed on behalf of London Boroughs.
South London Partnership Reserve	-204				-204	5 borough collaboration to promote sustainable growth.
<b>Sub total</b>	<b>-8,867</b>	<b>3,961</b>	<b>0</b>	<b>0</b>	<b>-4,906</b>	
<b>NON STATUTORY BUT ESSENTIAL RESERVES</b>						
PFI Reserve (Future Liabilities)	-7,310	0	0	-638	-7,948	To allow for future smoothing of annual payments under PFI contracts.
General Insurance Reserve	-1,241	83	0	0	-1,158	Internal insurance fund (non vehicle). Revaluation is completed as part of the insurance tendering process.

SECTION I

Vehicles Insurance Reserve	-148	12	0	0	-136	Internal insurance for Council vehicles.
<b>Sub total</b>	<b>-8,699</b>	<b>95</b>	<b>0</b>	<b>-638</b>	<b>-9,242</b>	
<b>DISCRETIONARY RESERVES CURRENTLY EARMARKED</b>						
Council Tax Freeze Grant	-6,286	1,800	0	0	-4,486	To be used to contribute to minimising Council Tax in future years.
Repairs and Renewals Fund	-2,737	0	784	-407	-2,360	Purchase or creation of assets providing benefits of at least 3 years.
Waste & Recycling Reserve	-2,134	104	0	-120	-2,150	Used to fund Waste and Recycling Strategy.
Invest to Save Fund	-2,135	1,332	0	0	-803	Funding for efficiency work across the Council, including an allowance for redundancy costs.
All in One Uplift Projects	-1,160	0	0	0	-1,160	To support the development of Uplift projects and also projects resulting from the All in One Consultation/Twickenham Riverside.
Youth Development Fund	-249	0	0	0	-249	To fund capital schemes to improve youth facilities.
Commitments Reserve	-248	0	0	0	-248	Unspent revenue budgets carried forward for specific Cabinet approved projects (voluntary sector funding).
Climate Change Reserve	-505	22	0	-42	-525	To support the Council's Sustainability Team in reducing the threat of climate change, to cut carbon emissions and promote energy efficiency.
Youth Centres Reserve	-142	0	0	0	-142	Income generated by youth centres (e.g. lettings) which is earmarked for re-investment within youth services.
Lincoln Fields	-222	0	0	-40	-262	Net income for Lincoln Field site to be put towards pitch re-surface as per Football Foundation agreement.

SECTION I

Economic Support Fund	-257	37	0	0	-220	Support for economic development initiatives.
VAT Reserve	-105	0	0	0	-105	To cover potential tax liabilities.
Village Plans Reserve	-409	175	0	0	-234	Fund to support residents' community programs.
Other Reserves	-428	62	0	0	-366	Various small reserves (under £100k).
<b>Sub total</b>	<b>-17,017</b>	<b>3,532</b>	<b>784</b>	<b>-609</b>	<b>-13,310</b>	
<b>GENERAL FUND</b>						
General Reserve (available for any purpose)	-9,956	0	0	0	-9,956	To be used to contribute to minimising Council Tax in future years.
<b>TOTAL RESERVES</b>	<b>-44,539</b>	<b>7,588</b>	<b>784</b>	<b>-1,247</b>	<b>-37,414</b>	

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



**Medium Term Financial  
Strategy**

*February 2017 Update*

## SECTION I

### 1 **EXECUTIVE SUMMARY**

This document provides an update to the Council's Medium Term Financial Strategy (MTFS) in the context of the ongoing funding reductions which are being implemented by central Government as part of the deficit reduction policy.

The 2017 Local Government Finance Settlement (LGFS) has largely followed the overall proposals set out last year, although with two further negative adjustments for the Council. This therefore confirmed the need for additional savings and Council Tax increases as set out in the last update of the MTFS.

### 2 **Key Objective of the MTFS**

The key objective of the MTFS is to set the lowest possible Council Tax consistent with caring for the most vulnerable in our community.

In pursuing this aim, the Council will:

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

There are 4 key factors driving the review of the MTFS:

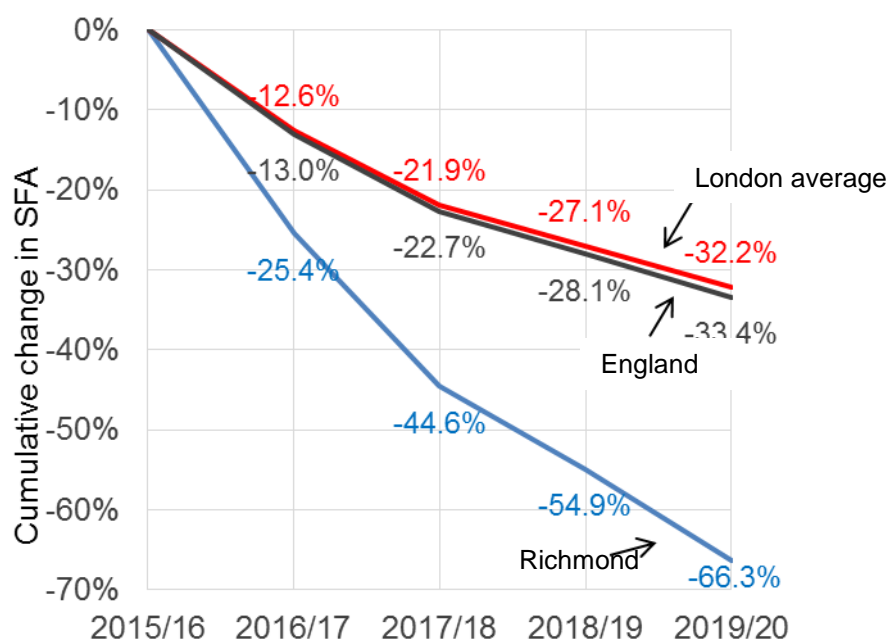
- Central Government policy in relation to local government funding as reflected in the LGFS,
- The requirement for the Council to achieve further expenditure reductions whilst maintaining the quality of services,
- The continuing need for capital and infrastructure investment,
- The desire to restrict increases in Council tax where possible.

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

- 2.1.1 The Provisional 2017/18 LGFS built on the 2016/17 Settlement with additional reductions for the Council in New Homes Bonus and Education Support Grants over and above the numbers agreed in the 4 year settlement. The overall 4 year general grant picture remains that in 2015/16, the borough received £44.3m in Revenue Support Grant and Retained Business Rates. By 2019/20, that amount will have reduced to £14.9m, a 66% reduction (as shown in the chart below). This level of reduction is twice the London and all England average and leaves Richmond as the worst funded London Borough. By 2019/20 Richmond is projected to receive £77 per head of population, £35 less per head than the next lowest, Bromley, and £239 lower than the London average.

## SECTION I

### Reductions in Government Support



2.1.2 The Government has begun a full review of the needs assessment formula, which Richmond believes has been unfair for many years, and a consultation on the full retention of Business Rates by local authorities. Whilst the Council would support the need for both reviews, the Government has also announced that these will be carried out in a way that ensures a cost neutral end position for local government as a whole i.e. this is unlikely to yield any significant financial benefit to the borough.

2.1.3 The Council has already begun engaging with Government to ensure that its views are heard and understood as part of consultation on each of these issues.

## 2.2 Progress of Efficiency Plans

Between 2011/12 and 2016/17, the Council achieved efficiencies of £44.1m. These savings can broadly be categorised as £19.3m from internal restructuring and the sharing of services with other organisations, £14.2m from procurement and contract savings and £10.6m from income generation, inflation restrictions and other savings.

The funding issues raised elsewhere in this report will require additional savings to be identified and implemented in order to achieve the lowest possible Council Tax increases in future years. The figures in this report identify £12.7m of savings for 2017/18 and further savings of £8.5m over the following 2 years. These figures include £10m of savings related to the Shared Staffing Arrangement (SSA) with Wandsworth Council. Further savings will be required beyond 2018/19. The exact level savings will depend on the Council Tax levels agreed and the outcome of the local government finance system review proposed by the Government but the Council will continue to update its efficiency/ savings plans included in Annex 1 of this report and detailed in other reports to Members.

## 2.3 Capital Programme

A review of the capital element of the MTFs and the Capital Programme for 2016/17 to 2021/22 is set out in a report to Cabinet on 23 February 2017. The Capital Programme totals around £169m over the 6 year period. Education projects (53% of the total programme over the next 5 years) continue to dominate the programme. This reflects the Council's investment plans for

## SECTION I

primary, secondary and special school places. It is expected that this programme will now bring the number of extra primary school places since 2010 up to 3,899 (28.8% increase) by 2020 and provide a minimum of 1,650 (17.1% increase) secondary school places by 2017. The programme includes new schemes totalling just over £9m. There are also new programmes for parks, highways and street lighting.

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. In the long term the potential increase in borrowing nevertheless remains significant. Given the overall revenue projections it is clear that the Council will need to review its commitments for the future carefully to ensure they are affordable.

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Total capital expenditure	43,681	22,245	22,542	12,192	7,866
Capital expenditure to be funded from revenue budgets, reserves and capital receipts	3,290	7,632	0	0	0
Capital expenditure to be funded from grants and contributions	14,549	12,670	11,231	6,651	2,825
Capital expenditure to be funded from borrowing (internal/ external)	25,842	1,943	11,311	5,541	5,041
Implied underlying need to borrow at 31 March	<b>197,267</b>	<b>193,008</b>	<b>197,891</b>	<b>196,631</b>	<b>194,591</b>

The underlying need to borrow at 1 April 2017 is estimated to be £177.1m, rising to £197.3m by year end. The current actual level of outstanding external borrowing is £109.6m. The MTFS allows for £22.5m in loan interest costs over the next 5 years. Of this amount, £11.9m relates to the Education Programme with the remaining £10.6m relating to all other aspects of the programme. The Council believes that it is essential that this impact is limited by Central Government providing more direct capital funding for schools and has included this in its case to Government.

The Council still has a significant Capital Programme and although some is funded through Government Grant, the current plans include assumed increased borrowing. This peaks at the end of 2017/18 followed by a reduction as the provision for debt repayment increases above the new borrowing requirement, giving a potential increase in the underlying need to borrow (either internal or external) of £17.5m over the next 5 years.

### **3 The Outlook for Council Tax**

- 3.1 This strategy models the position if the Council increases its Council Tax by 3.99% per annum for the next 3 years. The Council is allowed, under newly announced guidelines, to increase its Council Tax by up to 4.99% for the next 2 years provided at least the equivalent of 3% of this extra income is spent on protecting social care. It has always been the Council's aim to minimise the increase in Council Tax (which the majority of householders must pay) but to also balance this with the need to provide the level of universal services that residents expect, whilst focussing on the services to the most vulnerable residents.
- 3.2 The final decision on Council Tax each year will be dependent on a variety of factors including final Government funding decisions, achievement of savings and efficiencies, income from fees

## SECTION I

and charges, and inflationary pressures. Whilst this strategy provides a framework, it will therefore be kept regularly under review.

### 4 Key Risks/Opportunities

- 4.1 The Council faces a range of risks which can potentially have a serious impact on its financial position. Set against these are a number of opportunities which may benefit the Council. The major identified risks and opportunities are considered in more detail in Annex 3.
- 4.2 In overall terms, the Council's plans for efficiency, longer term commissioning programmes e.g. developing integrated care, Achieving for Children, cost control and governance frameworks, seek to ensure that the risks are mitigated and opportunities exploited where possible. The sensitivity analysis set out in section 6 below identifies how changes in different elements of income or expenditure can affect the Council's budget and Council Tax.
- 4.3 The Council maintains a number of reserves and balances aimed at both protecting against financial risks and providing opportunities for targeted investment. The overall position is reviewed in Annex 4 of this document.

### 5 Conclusion/ Forward Financial Strategy

- 5.1 The table below sets out our current estimates of expenditure (see detailed lists in Annex 1 and underlying assumptions in Annex 2), at this stage, for the next 3 years:

	2017/18	2018/19	2019/20
	£000	£000	£000
Base Budget	152,814	149,086	153,954
Inflation	1,760	3,522	4,427
Government led	1,362	4,444	385
Increases resulting from outside bodies	1,619	1,617	1,446
Demand led growth	3,000	540	1,040
Investment priorities	1,320	654	228
Efficiency proposals/ income generation	-12,747	-5,401	-3,064
Other growth and savings	-42	-508	-469
<b>LBRUT Service Expenditure</b>	<b>149,086</b>	<b>153,954</b>	<b>157,947</b>
Formula Grant	-3,453	0	0
Tariff Adjustment	0	0	7,470
NNDR Retention	-24,113	-25,119	-26,431
Collection Fund CTAX	-1,750	-1,500	-1,250
<b>LBRUT Council Tax Requirement</b>	<b>119,770</b>	<b>127,335</b>	<b>137,736</b>
CTAX Base	88,162.10	88,762.10	89,362.10
CTAX Richmond Element	<b>1,358.52</b>	<b>1,434.56</b>	<b>1,541.32</b>
Percentage Increase	<b>3.99%</b>	<b>5.60%</b>	<b>7.44%</b>



## SECTION I

Council Tax at 3.99% = Funding Gap of:

**1,938**

**4,516**

- 5.2 The figures in the model imply savings still to be identified of up to £6.5m in the medium term assuming Council Tax rises of 3.99%.
- 5.3 Despite the forward financial planning and action taken by the Council to date, the overall financial position has become significantly tighter over the last 2 years, leaving the Council with relatively little room to deal with unexpected demands i.e. any further growth in costs above those estimated above are likely to need to be matched £ for £ with further savings proposals.

### 6 Sensitivity analysis of projections

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

<u>Description</u>	<u>17/18</u> <u>£000</u>	<u>17/18</u> <u>%</u>
Employee Costs	43,197	10.6%
Premises Costs	15,628	3.8%
Transport Costs	3,655	0.9%
Supplies and Services Costs	14,148	3.5%
Third Party Payments	138,834	33.9%
DSG Expenditure	95,487	23.3%
Transfer Payments	80,714	19.7%
Treasury	8,112	2.0%
Central Items	9,447	2.3%
	409,222	100.0%
Funded by:		
Income from Fees and Charges etc.	-62,549	15.3%
Housing Benefit Subsidy	-68,928	16.8%
Government Grants:		
Revenue Support Grant/ NNDR	-27,566	6.7%
Specific Government Grants	-33,172	8.1%
DSG	-95,487	23.3%
Collection Fund Surplus	-1,750	0.4%
Council Tax	-119,770	29.4%
	-409,222	100.0%

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

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

- 6.2 The budgeted impact of inflation is similar to previous years' projections (see Annex 2). To put inflation in context, a 1% increase in staff costs equates to £0.4m and a 1% increase in other costs equates to £1.8m (excluding housing benefit payments and DSG). The model assumes that the budgetary effect of general inflation is restricted wherever possible and held low over the next 4 years.
- 6.3 There has been consistent pressure on "demand led" budgets over the years reflecting the impact of demographic changes including a growing population, increasing numbers of school children, increasing numbers of older people, adults with learning disabilities and children

## SECTION I

requiring care. The MTFS assumes that these pressures will continue into the future although they will be ameliorated to some extent by efficiency measures being undertaken. Although the exact impact of this cannot be known, there is a significant underlying risk related to the level of care that may be required as well as numbers of clients. The Council currently spends approximately £71m on the provision of children's and adult social care so a 1% increase in costs or client numbers would cost £0.7m. This expenditure is mostly included in the third party costs figure in the table.

- 6.4 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 in difficult economic times. These and other income streams support large expenditure budgets which do not reduce in the same way as the income budgets thus putting pressure on the overall budget. Although income might be expected to stabilize in the future, there will remain the underlying risk of shortfalls. The Council currently budgets to collect around £69m in fees, charges and non-government grants or contributions. If the Council underachieved these budgets by 1%, it would lose £0.7m in income.
- 6.5 A further key variable is the level of Government support for services. This comes to the Council in a variety of ways e.g. Settlement Funding Assessment (Revenue Support Grant and Retained Business Rates), specific grants and non-ring fenced grants. As discussed earlier, these will be under severe pressure for the foreseeable future as the Government takes steps to reduce the public sector deficit. The total funding received from Government (including Retained Business Rates) is currently £61m so each 1% reduction costs the Council £0.6m.
- 6.6 The overall impact of a 1% adverse change in these factors would be a cost to the Council of approximately £4.2m, which is equivalent to around £48 on a Band D Council Tax. This clearly illustrates the potential impact of the volatile risk factors underlying the budget.

## 7 Key actions and reports in the next 6 months

- 7.1 The following summarises the key actions and reports that will impact on the Council's budgetary position in the next 6 months:
- Revenue and Capital outturn reports (May/June),
  - Q1 monitoring report for 2017/18 (July),
  - Implementation of all savings programmes agreed for 2017/18,
  - Further progress on the Shared Staffing Arrangement with Wandsworth,
  - Continued implementation of procurement and commissioning opportunities,
  - Performance monitoring reports,
  - Final Accounts 2016/17 and reserves and balances review,
  - DCLG proposals on the future of Local Government Finance and 100% retention of Business Rates.

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

## SECTION I

ANNEX 1

Description	2017/18 £000	2018/19 £000	2019/20 £000
<b>Council Tax Requirement</b>	<b>113,333</b>	<b>119,770</b>	<b>127,335</b>
<u>Inflation</u>			
Employees (Pay Award, etc.)	635	807	1,032
Contract Inflation	1,144	2,042	2,608
Prices General	457	931	1,051
Fees and Charges	-476	-258	-264
	<b>1,760</b>	<b>3,522</b>	<b>4,427</b>
<u>Government Grant Changes</u>			
Loss of Revenue Support Grant	8,881	3,453	7,470
Retained NNDR, Levy, Tariff and S31 Grants	437	-906	-1,212
Transition Grant	-10	2,920	0
Changes in Specific and Other Grants	1,547	363	357
Matched by Changes in Expenditure Budgets	-547	-363	-357
Care Act Grant Expenditure Removed	-500	0	0
New Homes Bonus Grant	594	1,299	160
Housing Benefit Admin Grant	125	125	125
	<b>10,527</b>	<b>6,891</b>	<b>6,543</b>
<u>Impact of Outside Body/ Grant Changes</u>			
Concessionary Fares	-175	207	217
WLWA Loan Interest	-267	20	19
Change in NNDR Tariff and Levy	1,117	150	170
Change in Use of Freeze Grant Reserve	0	600	400
Apprenticeship Levy	225	0	0
National Living Wage	500	500	500
Other	219	140	140
	<b>1,619</b>	<b>1,617</b>	<b>1,446</b>
<u>Demand Led Growth</u>			
Care Services for Older People/ LD	500	500	500
Looked After Children	2,500	0	500
Rents	0	40	40
	<b>3,000</b>	<b>540</b>	<b>1,040</b>
<u>Investment Priorities</u>			
Treasury (Changes to the Capital Programme)	1,320	654	228
	<b>1,320</b>	<b>654</b>	<b>228</b>
<u>Efficiencies/ Income Generation</u>			
Restructures/ Shared Services	-675	-300	-200
Wandsworth Proposals	-5,350	-2,782	-1,868
Contracts/ Procurement	-2,706	-452	-82
AFC Contract Efficiencies	-2,116	-1,486	-50
Income Generation/ Inflation Reductions	-1,300	-361	-344
Other Efficiencies	-600	-20	-520
	<b>-12,747</b>	<b>-5,401</b>	<b>-3,064</b>

## SECTION I

### Other Growth and Savings

Local Election	0	300	-300
Treasury (Effect of Interest Rate Changes)	-118	-139	-169
Deprivation of Liberty Safeguards	-100	-100	0
Other	-1,017	-569	0
Council Tax Collection Fund Surplus	1,000	250	250
Reversal of 16/17 Use of Reserves	1,193	0	0
	<b>958</b>	<b>-258</b>	<b>-219</b>

### **Final Council Tax Requirement**

<b>119,770</b>	<b>127,335</b>	<b>137,736</b>
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### Acronyms used

WLWA	West London Waste Authority
NNDR	National Non Domestic Rates
HB	Housing Benefit
LD	Learning Difficulties
SEN	Special Educational Needs
BID	Business Improvement District
AFC	Achieving for Children
S31	Specific NNDR Grants

## **Significant Known/ Committed Cost Pressures**

### **Inflation**

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

#### **Inflation – Salaries and General Prices**

This needs to allow for the projected pay award for 2017/18 along with salary progression and general price inflation. Salaries were increased by 1.0% with effect from 1/4/2016 reflecting an award for the 2016/17 financial year. The MTFS then assumes 1.0% increase for 2017/18, a 1.5% increase for 2018/19 and a 2.0% increase for 2019/20, which is in line with OBR projections for inflation and Government statements on public sector pay restraint. No allowance has been made for inflation on other items except where stated below.

#### **Inflation – Energy**

Energy costs continue to be very difficult to predict with events overseas and currency values having an impact as well as changes in demand. For 2017/18 there has been no inflationary increase as there is sufficient budget available to cover any inflationary pressures. For 2018/19 and 2019/20 an increase of 5.0% per annum has been included.

#### **Inflation - Pensions**

The triennial valuation of the Council's pension fund was carried out in 2016/17. This was as proposals were being developed for the merger of the fund with London Borough of Wandsworth's pension fund. The outcome provides for a small increase in the assumed future service funding rate but a reduction in the past service deficit contributions. The next full review will be due in 2019/20.

#### **Inflation – Contracts**

The Council has a significant level of outsourced services run under contract with the private and voluntary sectors. Most of these contracts have either specific inflation indices built into them (often RPI linked or industry specific) or require renegotiation on an annual basis such as social care spot purchases. For 2017/18, an inflation allowance has been included on a contract by contract basis. For 2018/19 an allowance of 2.0% has been made and for 2019/20 an allowance of 2.5% has been included. The Council will, however, continue to seek to negotiate lower increases where possible.

Inflation and the economy also impact on the cost and value of capital contracts which is kept under regular review as contracts are let.

### **Capital Financing Costs/ Investment Income**

The Council still has a significant capital programme and, although some is funded through Government Grant, the current plans see a potential increase in the underlying need to borrow (either internal or external) of £17.5m over the next 5 years. This, combined with continuing low rates of interest from a declining level of investments, is built into the forward strategy but is subject to review for affordability on an annual basis.

### **Adult Social Services growth and efficiency measures**

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

## SECTION I

to raise a higher level of Council Tax to help support adult social care. Councils remain concerned that insufficient funding has been provided by Central Government for social care and that the Government expects councils to raise additional funds through Council Tax.

### **Schools Funding**

Although school funding is provided direct from Government via a specific grant which has been protected from the higher levels of grant cuts seen in other parts of the public sector, the Council holds the funding risk where Dedicated Schools Grant (DSG) proves insufficient to meet statutory requirements. DSG is currently projected to have an accumulated deficit of just under £6m by the end of 2016/17 and be growing by £2m p.a. The Council is engaging with the Government on this issue and considering what other action can be taken to recover this position but there is a risk that this funding shortfall will need to be met by the local taxpayer.

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

The Council has now built in over £4.5m growth into its base budget in the last 2 years. Plans to control the growth in expenditure have been agreed however, there remains a risk that growth in children looked after placements will outstrip these plans.

### **National Living Wage**

The Government has announced the introduction of a National Living Wage rising to £7.20 in 2016/17 and then to £9 per hour by 2020. The exact annual increase and the impact this will have on contract costs is difficult to predict with accuracy. An allowance has been made in the MTFs but this will be reviewed and adjusted in the light of experience.

## Risks and Opportunities

### The identification and Achievement of Savings Plans

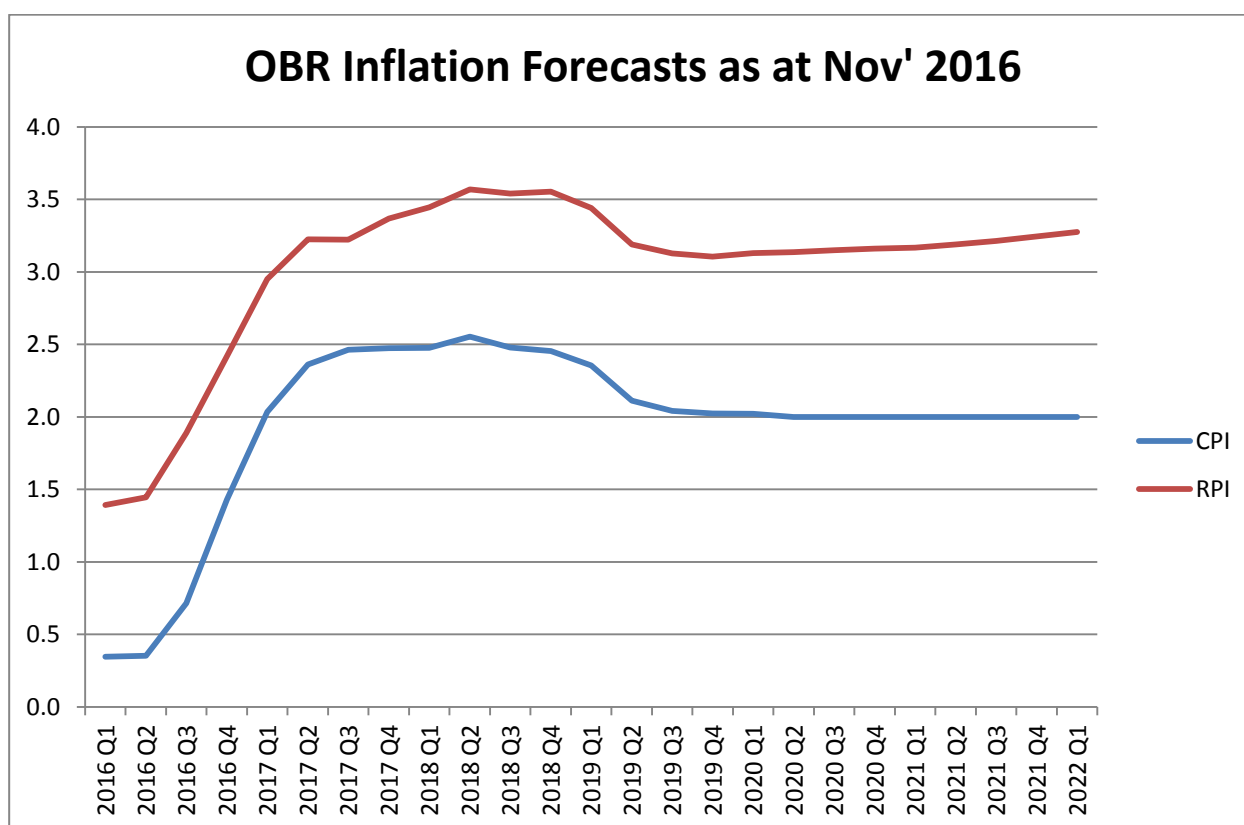
The MTF5 is modelled on the basis that the Council will achieve all the savings targets it sets within the agreed timescales. The focus of the plan is across all the next 4 years not just 2017/18. With a continuing savings programme and reducing staff numbers, the capacity to deliver such change represents a substantial challenge. This has been recognised in the risk work the Council has done and processes have been set up to ensure all the plans are closely monitored, that pump priming funding is available and that opportunities to work better/differently are fully explored.

### Current economic climate

The current economic climate remains challenging, leaving little scope for improvements in Government funding.

### Inflation

#### OBR Inflation Forecasts



The expected impact of changes in inflation is set out in Annex 2.

### Government Funding

The Government has set out figures for the 4 years to 2019/20 which show significant reductions in local government funding. The Government is also consulting on transferring further responsibilities to local government alongside the "localisation" of 100% of Business Rates income. This will include a review of the underlying needs formula.

## SECTION I

### **Business Rate collection**

The new system of Local Government Finance passes a significant financial risk to local authorities in that the failure to collect the target level of Business Rates will result in direct financial loss. The system also retains nationally set elements for reliefs and discounts over which councils have no control. Whilst Richmond has a good record of collection, economic pressures on businesses could put this at risk. Conversely, a proportion of any additional income generated by the Council can be retained in future years. The actual position continues to be very difficult to monitor and predict because of the high levels of appeals in the system (747 outstanding at 31/3/16) and the impact of the revaluation. .

### **Looked after Children Budgets**

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

### **Adult Social Care**

A combination of demand pressure, reducing local government funding and squeezed local health sector funding means that adult social care is likely to continue to provide one of the key pressures on the Council's budget in future years. The Council was one of very few to receive none of the "enhanced Better Care Fund" and the CCG is seeking to reduce the current Better Care Fund funding by £1.5m. The new precept (additional flexibility to increase Council Tax) will also increase market expectations in this area.

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

The Council has a significant investment portfolio and a growing demand for borrowing. Therefore the revenue budget is more vulnerable to interest rate movements. The Council has taken an explicit decision to reduce the level of its investments as part of managing this risk in the short to medium term. Current projections are for interest rates to remain low for some time; however, this is ultimately influenced by both national and international issues.

### **Homelessness**

Spend is demand led against statutory criteria and the Council's costs in this area have risen during 2016/17. It should be noted that Government are currently taking the Homelessness Reduction Bill through Parliament with Royal assent expected around spring with implementation between June and November 2017. The bill as drafted extends the range of duties under the legislation to more people than currently, and complying with its likely requirements will be labour intensive.

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

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



**Review of Revenue Reserves and Balances**

In summary, the Council's reserves position (excluding unspent specific grants and contributions) as at 1 April 2016 was as follows:

	<u>£m</u>
Statutory reserves over which the Council has limited or no control	8.8
Non statutory but essential reserves	8.7
Discretionary reserves currently earmarked	10.7
General Fund	10.0
Council Tax Freeze	6.3
<b>Total</b>	<b>44.5</b>

Excluding schools, reserves stood at £36.5m at 1/4/16 and are expected to reduce by around £3.2m by the end of the year. The minimum reserves policy was reviewed by Cabinet in July 2014. Cabinet agreed the addition of a minimum "trigger point" of £25m (excluding schools) below which any further drawing from reserve would require explicit individual agreement by full Cabinet. Cabinet considered the existing reserves to be adequate for the purposes which they have been set.

The budget report for 2017/18 contains a full list of revenue reserves and balances with an analysis of expected changes in the current year. This will be subject to further review alongside the final outturn figures.

To put the above into context it is worth noting that comparing Richmond with other London Boroughs (2015/16 figures) shows that the Council had well below average levels of General Fund reserves even when weighted for size of population. The Audit Commission report "Striking a balance", although now a few years old, gave some national context whilst accepting that there is "no set formula" for determining appropriate levels of reserves. The report suggested 11 questions Members should consider when reviewing reserves; these are set out in a table at the end of this Annex, together with responses from the Director of Resources and Deputy Chief Executive. The remainder of this Annex focuses on the detail of the Council's reserves and their expected movement.

It is extremely difficult to predict the future level of all reserves and some, such as insurance and pension reserves, involve year end calculations.

With the exception of the General Fund Reserve, the remainder of the funds are held for specific purposes and have specific Cabinet Members responsible for them. Over the previous 2 years gross expenditure from reserves has totalled around £6m-£8m and is expected to be in this range again in 2016/17.

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

The **General Fund Reserve** – by its nature, not earmarked for any specific purpose – is identified to protect the Council against unexpected fluctuations in its financial position/ budget and to provide short term Council Tax protection against the impact of major changes in funding (Government Grant/ policy changes). It remains at £9.96m. At just over 6% of the net budget (excluding schools), this is within the Council's agreed range. Using the current policy of maintaining general reserves at 5%-10% of Budget Requirement, this will only allow very limited

## SECTION I

use for longer term investment but provides sufficient resilience in order to meet shorter term issues. Such decisions will be taken alongside the detailed budget proposals and/ or closing the accounts for the Council each year.

The next largest discretionary fund that the Council has established is the **Council Tax Freeze Reserve** which is being accumulated from previous years freeze grant allocations and the MTFSS assumes this is used over the years 2014/15 – 2020/21 to hold down any potential Council Tax increases. Likewise **The Invest to Save Fund** is also targeted at a similar objective in that, as well as providing investment to pump prime efficiency initiatives, it will also provide funding against the expectation of significant redundancy costs as the Council continues to reduce its staffing and restructure its services. With the Government's recent decision to allow flexibility in the use of capital receipts to support invest to save projects which yield ongoing reductions in revenue budgets, it may be possible for part of this fund to be redirected to help offset short term Council Tax pressures if required.

The **Repairs and Renewals Fund** stands at just over £2.7m. This reserve will particularly be required for continued investment in ICT initiatives following the end of the Serco ICT contract. The overall level of this fund will be kept under review alongside the changing nature of the Council's service provision.

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

Only one other discretionary reserve exceeds £1m; the **Uplift Reserve**, which is scheduled for use to support the major uplift programmes already agreed by Members and expected to be fully exhausted by the end of 2016/17 is likely to be replaced by capital funding and consolidated into general Invest to Save reserves.

### Overall reserve position

Overall reserves and balances (excluding schools) are expected to be reduced at the end of 2016/17. This will provide adequate cover for 2017/18 but will come under further pressure during later years as reserves are used for their intended purposes and from the need for the Council to manage the impact of very significant funding reductions from Government. In the medium term it is therefore likely that the Council will need to continue to achieve in-year efficiencies (underspends) in order to maintain the adequacy of reserves.

## SECTION I

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

<b>How much is held in reserves?</b>	
<p><b>1</b> How much does the Council have in its reserves – in cash terms and relative to spending? How do total reserves compare with those held by councils facing similar circumstances?</p>	<p>The Council holds £36.5m in revenue reserves at the start of 2016/17 (excluding unspent grants and schools) which represents approximately £185 per head of population and 12% of gross expenditure. The equivalent average for London Boroughs is almost £400 per head (we do not have gross expenditure comparisons).</p>
<p><b>2</b> How have reserves changed in recent years – in cash terms and as a percentage of spending? How do changes compare with those made by councils facing similar circumstances?</p>	<p>Reserves have reduced steadily over recent years and are expected to continue to slowly reduce. Comparisons with others in similar circumstances is not straight forward – some have increased some have reduced reserves – but Richmond’s reduction is broadly in line with the London average.</p>
<b>What reserves are held for</b>	
<p><b>3</b> What are the risks or future spending plans for which the council is holding reserves?</p>	<p>See detailed reserves analysis attached to the budget report. Each reserve has a specified purpose and an allocated Cabinet Member.</p>
<p><b>4</b> What proportion of reserves is: &gt; held to cover short-term financial risk? &gt; held for medium- and long-term risks or spending plans? &gt; ring-fenced income that can only be used for specific purposes?</p>	<p>The Council does not analyse against these suggested headings but broadly the general reserve of just under £10m and the insurance reserves of just over £1m cover general risks and all other reserves are held to support spending plans. A full analysis is included in the budget report.</p>
<p><b>5</b> Are the levels of the Council’s different reserves appropriate to the risks it faces and the scale of its future spending plans?</p>	<p>For Member judgement - The Director of Resources and Deputy Chief Executive’s views are included in the budget report.</p>
<p><b>6</b> How is the need for reserves determined? At what point(s) in the financial year is the need for reserves assessed? When was the need for reserves last reassessed?</p>	<p>Reserves are reviewed at least twice per year – during budget and medium term financial plan revision and after closing of accounts.</p>
<b>Contingency funds</b>	
<p><b>7</b> Apart from reserves, what, if any, funds does the council hold, corporately or within service budgets, to provide protection against unplanned costs?</p>	<p>The Council holds a general contingency of £500k in its revenue budget.</p>
<b>The relationship between reserves and council tax</b>	
<p><b>8</b> Is the interaction between spending, income, movements on reserves and council tax clear to elected members and the public?</p>	<p>For Member judgement - This is explained in the budget report and the MTFs. Other documents are produced during the year but public and member understanding is not explicitly “tested”.</p>

## SECTION I

<b>Unplanned movements on reserves</b>	
<p><b>9</b> In each of the last 3 years, what difference has there been between the movements on reserves the council expected when setting its budget and the movements that occurred when closing the accounts (as a percentage of spending)?</p> <p>&gt; How much of the variation was the result of factors within the Council's control?</p> <p>&gt; What can the Council learn to improve the accuracy of future budget projections and financial management?</p> <p>&gt; Are any adjustments needed to correct unplanned movements on reserves?</p>	<p>2012/13 planned £4.5m decrease, actual £2.9m decrease – the main change being the addition of £1.1m of carry forward commitments agreed.</p> <p>2013/14 planned decrease of £1.9m, actual decrease £1.4m – the main change being a lower drawing on the PFI reserve than anticipated.</p> <p>2014/15 planned to be stable, actual increase of £0.4m – the main change being linked to the final level of underspend for the year.</p> <p>2015/16 planned to reduce by up to £2m, actual decrease of £0.9m – the main change being linked to lower drawdown of uplift reserve as capital funds were identified.</p>
<b>Information for decision making</b>	
<p><b>10</b> Does advice from the Chief Finance Officer on the adequacy of reserves make clear what reserves are needed and why?</p>	<p>For Member judgement - See comments in MTFS and budget report.</p>
<p><b>11</b> Do elected Members need any additional support to make informed decisions on the level of reserves?</p>	<p>For Member judgement/ consideration.</p>

**Flexible Use of Capital Receipts Strategy 2016/17-2018/19  
(as updated at 2017/18 Budget Setting)**

**Criteria to Assess Relevant Projects**

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 DCLG.

The guidance gives the following examples of projects which would be qualifying expenditure for this purpose. The list is not exhaustive, but to give a flavour of the type of projects that can be funded in this way:

- Sharing back-office and administrative services with one or more other council or public sector bodies,
- Investment in service reform feasibility work, e.g. setting up pilot schemes,
- Collaboration between local authorities and Central Government departments to free up land for economic use,
- Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation,
- Sharing Chief-Executives, management teams or staffing structures,
- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible,
- 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,
- 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,
- Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others), and
- 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.

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

The London Borough of Richmond intends to make use of this flexibility in relation to the Shared Staffing Arrangement (SSA) where Richmond and Wandsworth intend to move to a joint employed 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 is likely 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.

**SSA Costs and savings**

The SSA was formally established on 1 October 2016. The final spend on the SSA project is unknown at this point, as it will include items such as redundancy costs which are dependent on individual staffing decisions and systems costs which will be dependent on detailed reviews which have yet to be carried out.

The Council’s MTFS has identified £12.7m of savings for 2017/18 and further savings of £8.5m over the following 2 years (including £10m anticipated from the SSA with Wandsworth). Further savings will be required beyond 2018/19. The exact level savings will depend on the Council Tax levels agreed and the outcome of the Local Government Finance system review proposed by the Government.

## SECTION I

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.

It is unlikely that the Council will need to fully utilise this level of receipts but an initial profile has been assumed as follows:

	2016/17	2017/18	2018/19	Total
Use of Capital Receipts	£2.2m	£0.8m	£5.0m	£8.0m

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.

The SSA formally started on 1 October 2016, when staff moved to joint employment by both authorities, and the Richmond pension fund was formally closed. Therefore, start-up costs have been incurred during 2016/17, including:

- Legal and taxation advice on the vehicle to be used for the SSA,
- System implementation costs for the share payroll and other systems, and
- Redundancy costs incurred by moving to a shared structure across both councils.

These costs are anticipated to total around £3m for 2016/17, in line with the revised use of capital receipts.

### **Impact on Prudential Indicators**

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.

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.

**Introduction**

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

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

For 2017/18, the key features of the proposed budget are:

- a 3.99% increase in the Richmond element of the Council Tax which comprises:
- a 1.99% increase in the Richmond element of the Council Tax,
- a 2% precept (as allowed by Government) in support of Adult Social Care services,
- a 1.46% increase in the GLA element of the Council Tax,
- leading to an overall increase of 3.55%.
- The budget also includes a range of efficiency measures required to offset reductions in Government Support.

**Methodology**

The analysis is split into 2 parts:

- the impact of increasing the Council Tax,
- the impact of significant specific proposals which are included in the overall budget.

**Increasing the Council Tax**

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

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

A 3.55% increase in the Band D Council Tax would result in a cash increase of £56.15 per year (£1.08 per week) for those required to pay the full charge. Nearly half, (50p per week), of the increase in the Richmond element of the Council Tax stems from the Government's offer to allow Councils to increase Council Tax,

## SECTION I

provided that the additional amount is used in support of Adult Social Care i.e. some of its most vulnerable residents.

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

For the majority of Richmond residents, the Council believes that the proposed increase will not have a significant impact. Richmond is known as an affluent borough with high levels of employment (84.6% economically active households, 1,420 out of work benefit claimants)<sup>1</sup>. There will be an impact for those Council Tax payers whose income is just above the threshold for Council Tax Reduction who will suffer the full increase. The Council has no specific equalities monitoring data on this group of residents.

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

As per Group 1 but for those in receipt of a discount or exemption the effect of the increase would be proportionately less. For example, a Band D taxpayer who is eligible for a single person discount would be subject to an increase of £42.12 (£0.81 per week) rather than £56.15 (£1.08 per week).

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

A separate consultation process including an EINA was undertaken on the proposal to ask all working age, non-vulnerable (as defined by the Council Tax Reduction Scheme) residents to pay 15% of their Council Tax. This is available at: <https://cabnet.richmond.gov.uk/documents/s65680/3%20APP%20B%20CTR%20EINA%20Final.pdf>

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

The effect on this group is neutral.

### **Specific Service Budget Proposals**

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

<b>Service</b>	<b>£000</b>	<b>Comment</b>
<b>Adult Social Services</b>		
Sexual Health Services Re-commissioning	100	Sexual Health Commissioning Strategy – Joint strategy with NHS Richmond CCG to support improvements in services as they are re-commissioned. The strategy aims to increase emphasis on prevention, sexual health promotion, strengthen community-based services and commission high quality services.

<sup>1</sup> Source: NOMIS Official Labour Market Statistics  
<https://www.nomisweb.co.uk/reports/lmp/la/1946157276/report.aspx#tabrespop>



## SECTION I

Adult Social Care Commissioning Programmes	1,040	<ul style="list-style-type: none"> <li>- Learning Disability Commissioning Strategy Final Phase.</li> <li>- Egerton Road Respite Service.</li> <li>- Mental Health Accommodation Pathway.</li> <li>- Day Services Review (EINA being undertaken as part of the review).</li> </ul>
<b>Achieving for Children (AfC)</b>	-2,116	AfC is a social enterprise company created by Richmond and Kingston councils to provide their children's services since April 2014. AfC's Equality Assessments are published annually on their website at the following link: <a href="http://www.achievingforchildren.org.uk/equality-diversity-documents/">http://www.achievingforchildren.org.uk/equality-diversity-documents/</a> .
<b>Environment and Community Services</b>		
Total Facilities Management contract	-236	EINA published in July 2015.
On & off street parking (including parking permits admin fee)	-350 (parking) -50 (permits)	EINA published in August 2016 – increased charges applied to all service users so no negative impact identified for any protected group.
Pools on the Park	-250	EINA was scheduled to look at harmonisation of staff terms and conditions – however following initial analysis, no EINA was required.
<b>Chief Executive's Group</b>		
Regulatory Services	-200	As the lead authority for the Regulatory Services Partnership, Merton Council has full responsibility to complete EINAs, such as for staffing reviews.
<b>Resources</b>		
Serco IT Contract	-1,000	Serco staff TUPE to the SSA in November 2016 with full year contract savings from 2017/18 onwards. EINA was undertaken on proposed restructure.
<b>Corporate</b>		
SSA Efficiencies – shared staffing	-5,350	As part of the SSA implementation, a number of EINAs covering the impact on staff of the reorganisations have been undertaken.

### **Conclusion**

The increase in Council Tax will not have a significant impact on the majority of Council Tax payers in the borough. A detailed review of the impact of changes to the Council Tax Reduction Scheme was undertaken and presented to Council.

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

## SECTION J

### LONDON BOROUGH OF RICHMOND UPON THAMES

#### CABINET

**DATE:** 23<sup>rd</sup> FEBRUARY 2017

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

**TITLE OF DECISION** CAPITAL PROGRAMME 2016/17 - 2021/22

**WARDS:** (All Wards);

**KEY DECISION?:** YES

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

**For general release**

#### 1. MATTER FOR CONSIDERATION

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

#### 2. RECOMMENDATIONS

- That Cabinet approve the overall Capital Budget for 2017/18 in Appendix A be RECOMMENDED to Council for approval in February.
- That Cabinet note the proposals in Appendix A for financial year 2018/19 to 2021/22.
- That Cabinet approve the Prudential Indicators in Appendix B be RECOMMENDED to Council for approval in March.

#### 3. BACKGROUND

- 3.1 Since 2010 the Council has spent £332m on the Capital Programme. The key achievements in this time include:
- The creation of 3,479 primary school places, with the current programme funding a further 420 new places.
  - The creation of 900 secondary school places, with the current programme funding a further 750 new places.
  - The creation of 1480 6<sup>th</sup> form places in the Borough's secondary schools.
  - The Uplift Programme in Hampton North, Ham, Whitton, Barnes and Mortlake and the purchase of King Street/Water Lane site.
  - 39,599 sq metres of roads have been resurfaced in the last year.
  - The Housing Capital Programme has part funded 259 affordable units.

## SECTION J

- 3.2 The current 6 year Capital Programme was approved by Cabinet in February 2016. That programme included a potential need to borrow a further £94.5m, which brought the Council's total underlying need for borrowing by the end of the programme to around £191m.

### 4 OUTTURN 2015/16

- 4.1 Final outturn for 2015/16 was £38.0m, of this £15.6m was funded from increased underlying need to borrow. This £38.0m is net of £8.5m slippage.
- 4.2 Since the February 2016 report, the following new schemes totalling £1.6m and funded from specific resources were added to the programme:

<b>Scheme</b>	<b>£000</b>
Schools Schemes	1,114
ICT	261
Integrated Care Records	238
S106 & S278 Schemes	146
Care Act and Implementation	130
Budget reduced (grant funded): £202k Schools Devolved Formula Capital; £96k TfL	-298
<b>TOTAL</b>	<b>1,591</b>

- 4.3 The programme was refinanced to reduce borrowing by £3.2m at outturn, primarily through the use of £2m unrestricted S106 funding, financing £1.5m of Housing schemes and £0.5m of Education schemes. £1.1m of returned New Homes Bonus grant was used to finance uplift schemes.

### 5 THE CURRENT PROGRAMME

- 5.1 The overall 6 year capital budget as reported in February 2016 was £190.2m. The main schemes in the 6 year Capital Programme relate to schools expansion projects, the provision of affordable housing, uplift schemes, TfL and Highways & Pavements works.

- 5.2 During the course of the year various new schemes have been added to the programme which has been approved by Cabinet. A breakdown of these new schemes is given in paragraph 5.9 below.

#### 5.3 Schools Expansion

The current Capital Programme commits a further £83m towards schools expansion. The Council has received £3m in grant funding from the Department for Education and expects to receive a further £14.9m for the development of a new site including a new built-for purpose home for Clarendon School and a new secondary free school to open in 2017. The Council is in continuing discussions to identify further funding for this site.

Changes to project scope and other project underspends were identified within the existing schools expansion budget. In November 2016 Cabinet approved the reallocation of resources to SEN provision. There is an opportunity to reallocate the remaining underspend balance to support ongoing projects that are likely to experience continued financial pressures.

## SECTION J

### 5.4 Affordable Housing

It is forecast that 85 affordable homes will complete by March 2017 and a further 80 are currently scheduled for completion by March 2018. Housing Capital Programme funding is supporting the delivery of 14 of the homes due for completion in 2016/17 and potential funding has been agreed for a further 51 homes.

Additional funding of £14.5m was added to the capital programme in February 2016 which is anticipated to be financed through expected S106 Affordable Housing receipts, potentially totalling over £18m. This could support 330 additional new rented homes, including the provision of temporary accommodation to meet demand and maintain low use of Bed and Breakfast accommodation. The publication of the Mayor's Affordable Homes Programme 2016-21 in November 2016 is likely to positively impact on the funding available to partners to bring schemes forward, therefore further review of the Housing Capital Programme is expected.

There is a continuing need to support the development of affordable housing and initiatives that maximise the use of social housing stock to meet homelessness demand, but also wider housing initiatives to meet other housing need. Securing funding in the Council's capital programme will allow the Council to explore various initiatives that can maximise the use of existing stock and financially support the delivery of a variety of affordable housing options, including accommodation for social rent downsizers, temporary and permanent affordable rent options and housing options for local working households.

### 5.5 Uplift Schemes/ Twickenham Improvements

The Council committed £10m to area uplift schemes during the last administration and is committed to continuing these schemes. In addition £4.1m of Council funded expenditure was approved over the life of the phase 1 programme and included the purchase of King Street/Water Lane site. In March 2015 a further budget of £2m per annum was approved from 2015/16 for the next 5 years. Proposals will cover parks, highways, and general uplift schemes focusing on Hampton Hill (High Street) in the first instance. No allowance has been made yet for the new Town Square in Twickenham. The programme will be updated to reflect this scheme when final costs are known.

### 5.6 TfL and Highways & Pavements

These works are related to improvements to the Borough's roads and pavements and in line with the Council's priorities. A further £500k per year for 5 years from 2015/16 was added to fund the Community Pavement Repair Fund. Transport for London (TfL) have allocated £3m grant funding to the Council for 2016/17 and this has been added to the Programme.

### 5.7 Residential Children's Home

Local Authorities have a statutory duty to ensure there is sufficient accommodation to meet the needs of Looked after Children (LAC) within their local community. In November 2016 Cabinet approved a budget of £800k to build a five bedroom residential children's home on a Council owned site as part of the Looked After Children Placement Sufficiency Strategy.

## SECTION J

### 5.8 Bridge at Richmond Adult Community College

In collaboration with Richmond Adult Community College, a bid has been submitted to the GLA for LEP match-funding which would see the conversion of an underused building to provide space for small businesses and the voluntary sector. In November 2015 Cabinet committed £332k to match funds provided by the LEP and RACC to help sustain business growth in the borough through the provision of a co-working business space on the Richmond Adult Community College campus. The total budget of £665k has been added to the Programme.

- 5.9 The tables below summarise the revised programme and funding after allowing for the changes since the programme was first agreed in February 2016.

	£m	£m
<b>Budget as per February 2016 Report</b>		<b>190.2</b>
New Schemes (para 4.2)		1.6
Less Actual Spend 2015/16 (para 4.1)		-38.0
<b>Remaining Approved Budget</b>		<b>153.8</b>
<b><u>New Schemes added in 2016/17:</u></b>		
TfL Schemes (Grant Funded)	3.0	
Residential Children's Home	0.8	
Bridge at RACC	0.7	
Richmond upon Thames School (Right Hand Turn)	0.3	
Hampton Sport & Fitness Centre 3G/MUGA	0.3	
Other Minor New Schemes	0.2	
Total New Schemes		5.3
<b>Current Capital Budget 2016/17 – 2020/21</b> (before additional new schemes proposed in this report)		<b>159.1</b>

- 5.10 The consequent funding changes for this revised programme (2016/17 – 2020/21) are outlined below:

	£m	£m
<b>Funding Requirement as per Feb 16 Report</b>		<b>94.5</b>
Reduced Borrowing from Refinancing – Outturn 2015/16		-3.2
New Schemes (para 4.2) - Schools Schemes		0.3
Variance at Outturn 2016		-0.2
Less 2015/16 Borrowing (para 4.1)		-15.6
<b>Remaining Funding Requirement</b>		<b>75.8</b>
<b><u>New Schemes added in 2016/17 (requiring funding):</u></b>		
Residential Children's Home	0.8	
Richmond upon Thames School (Right Hand Turn)	0.3	
<b>Total New Schemes</b>		<b>1.1</b>
<b><u>Refinancing:</u></b>		
Future Capital Receipts (reduced to allow for uncertain receipts)	10.7	
Basic Need Allocation (2016/17 – 2018/19)	-5.7	
Other Refinancing	0.9	
<b>Total Refinancing</b>		<b>5.9</b>
<b>Current Funding Requirement 2016/17 – 2020/21</b> Prior to additional new schemes proposed in para 6.7		<b>82.8</b>

## SECTION J

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

### 6 NEW SCHEMES/ ADDITIONAL CAPITAL BUDGETS

#### 6.1 Basic Needs - Additional Grant

The Council expects to receive £13.5m in grant funding from the EFA between 2016/17 and 2018/19 which will finance the school expansion schemes, creating permanent primary school places. The previous programme included an estimated grant allocation of £2.5m in 2019/20, this has been reduced to £2m and a further estimated £2m has been added to the programme in 2020/21 and 2021/22. The Council will not allocate grant funding to specific projects until grant settlements are confirmed by the EFA for the years 2019/20 to 2021/22.

6.2 The following schemes were approved in the last programme and the budgets shown are the final year of funding, 2021/22.

#### 6.3 Highways and Pavements

The previous programme added £1.2m per year for a further 5 years from 2017/18 to 2021/22, to continue to address maintenance issues along with the priorities identified in pavement and highways planning processes.

#### 6.4 Street Lighting

The previous Capital Programme added a budget of £500k a year ending in 2021/22 to meet the continued need for concrete column replacement and to make a start on replacing the life expired mild steel street lighting columns.

#### 6.5 Parks Strategy

In January 2012 £3m was added to the Capital Programme, £600k per annum from 2012/13 to 2016/17 to improve facilities such as play and accessibility. It was also used to develop new facilities, such as pavilions and enhancing horticultural aspects of parks. The last programme added £300k per year to continue this work for a further 5 years, the last year of funding is 2021/22.

6.6 In addition to the above an additional year (2021/22) of "regular" programmes (planned maintenance, improvement grants etc.) has been added to maintain a 6 year cycle.

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

	£m	£m
<b>Current Capital Budget 2016/17 – 2020/21 (paragraph 5.10)</b>		<b>159.1</b>
Basic Needs - Additional Grant	3.5	
Highways and Pavements	1.2	
Street Lighting	0.5	
Parks Strategy	0.3	
2021/22 Indicative Figures	3.9	
<b>Total New Schemes Proposed in this report</b>		<b>9.4</b>
<b>Proposed Capital Programme Budget 2016/17 to 2021/22 - as per Appendix A</b>		<b>168.5</b>

## SECTION J

- 6.8 In overall terms this means the Council is proposing to add £9.4m, in addition to the £5.3m (noted in paragraph 5.9). Therefore £14.7m (of which £6.1m requires additional funding to be identified) has been added to the Capital Programme since the February 2016 report. The cumulative effect of these changes is a proposed Capital Programme (2016/17 to 2021/22) of £168.5m.

Cabinet should also note that we will be seeking to rigorously pursue all funding avenues, the Council has taken a prudent approach as part of its financing assumptions and will refine these as funding decisions are made.

### 7 FINANCING

- 7.1 The projected outstanding funding requirement in the programme is £87.8m. This means that 52% of the current 6 year programme could need to be funded by borrowing if other sources of funding cannot be identified. The Council's potential underlying need to borrow therefore increases to £195m (although the aim is to reduce this through additional Government funding, in year efficiencies, additional Community Infrastructure Levy/S106 etc.). Below is a reconciliation of the changes to the Councils funding requirement.

	£m	£m
<b>Current Funding Requirement 2016/17 – 2020/21 (paragraph 5.10)</b>		<b>82.8</b>
<u>New Schemes Identified in this report:</u>		
Highways and Pavements	1.2	
Street Lighting	0.5	
Parks Strategy	0.3	<b>2.0</b>
<b>Add – 2021/22 Indicative Figures</b>		
General Planned Maintenance	1.0	
Schools	0.9	
Housing grants	0.9	
Other	0.2	<b>3.0</b>
<b>Funding Gap (shown as underlying need to borrow) as per Appendix A</b>		<b>87.8</b>

- 7.2 Grants & Contributions  
The Council is forecasting to fund £50.4m of the programme via grants and contributions. This is approximately 30% of total funding and the majority of grants are used to fund Education schemes. The largest capital grants received by the Council are Basic Needs, School Condition Allocation, and TfL grant funding for infrastructure works. In addition the Council expects to receive a further one off grant of £14.9m for the construction of Richmond upon Thames Secondary School on the Egerton road site.
- 7.3 Capital Receipts  
Financing of the Capital Programme in prior years has reduced the opening level of unringfenced receipts held to under £0.8m. This has assisted in keeping the borrowing requirement to a minimum. The last programme originally assumed £3.4m funding from capital receipts in 2016/17 and a total of £22.0m across the 6 year programme. Overall, capital receipts have decreased by £12.3m following a review of the certainty of expected receipts as a new disposals programme is being agreed, and are now forecast to fund £9.7m of the programme – 6% of the current programme. The assumed

## SECTION J

available capital receipts has been reduced to allow the Council to make use of the proposed ability to fund any one off project generating ongoing savings or improvements from capital receipts in line with the “Draft Guidance on the Flexible Use of Capital Receipts” published by the DCLG in December.

### 7.4 Section 106 Receipts

The use of Section 106 receipts is agreed with the developer as part of the planning process and are used to finance the programme where schemes meet the agreed criteria for use. The Capital Programme will be financed by £15.8m in anticipated Section 106 receipts; the majority are expected Section 106 Affordable Housing receipts ring-fenced to fund the Housing Capital Programme.

### 7.5 Other Resources

The Capital Programme also includes financing of £4.7m from the Repairs and Renewals Fund, earmarked reserves, revenue grants and treasury management underspend. This figure also includes a small amount for budgeted Direct Revenue Financing but that will be funded from capital resources for 2017/18 onwards.

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

## **8 FINANCE AND EFFICIENCY IMPLICATIONS**

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

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

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

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

## **9. PROCUREMENT IMPLICATIONS**

9.1 None specifically in relation to this report.



## SECTION J

### 10. LEGAL IMPLICATIONS

10.1 None specifically in relation to this report.

### 11. CONSULTATION AND ENGAGEMENT

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

### 12. WIDER CORPORATE IMPLICATIONS

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

### 13. BACKGROUND INFORMATION:

Previous Capital Programme Report(s).

### 14. BACKGROUND PAPERS

NONE

### 15. APPENDICES

Appendix A – Capital Programme Report 2016/17-2021/22  
Appendix B – Prudential Indicators  
Appendix C - Risks

### 16. CONTACTS

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## SECTION J

**6 Year Capital Programme 2016/17 to 2021/22**

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total
<b>ECS</b>							
<b>Devolved Formula Capital</b>	225	225	225	225	225	225	1,350
<b>Primary Places Phase 1</b>							
St Mary's & St Peter's	103						103
Chase Bridge	30	11					41
Stanleys	478						478
<b>Primary Places Phase 2</b>							
St Mary's Magdalen's Single Form Entry	8						8
Buckingham Phase 2	10						10
St John's Site for St Mary's Expansion	572	10					582
Hampton Wick		5					5
The Vineyard Permanent Expansion	205	52					257
Clifden Primary Expansion		24					24
Heathfield	5						5
<b>Primary Places Phase 3</b>							
Hampton Wick Infant	107	16					124
Amyand House		5					5
Nelson Construction	94						94
Darell	89						89
Bulge East Sheen	11						11
Sheen Mount Expansion to 3 Form Entry	135	2					137
Barnes Junior Bulge	75	75					150
Contingency	7	107					114
<b>Primary Places Phase 4</b>							
Schools Expansion Projects		446	1,700	4,500			6,646
Hampton Infant 3 Form Entry	949	19					968
Hampton Junior 3 Form Entry	2,115	63					2,178
Collis 4 Form Entry	50	1,050	920	1,230			3,250
East Sheen 3 Form Entry	1,998	1,263					3,261
<b>Academies</b>							
Hampton	380						380
Twickenham	464						464
<b>Sixth Forms</b>							
Christ's	91						91

## SECTION J

**6 Year Capital Programme 2016/17 to 2021/22**

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Grey Court	162						162
Orleans Park	251						251
Teddington	108						108
Waldegrave	142						142
Twickenham Academy	300						300
Richmond Park Academy	300						300
Contingency	1,602						1,602
<b>SEN Provision</b>							
Strathmore at Grey Court SEN	464						464
Strathmore at the Russell	4,553						4,553
Strathmore at St Richard Reynolds	2,548	1,645					4,193
Clarendon at Buckingham	19	12					31
Clarendon at The Gateway	28						28
Clarendon at Newhouse	100	1,400	70				1,570
Hampton Form Entryderation		320					320
Heathfield SEN	55	220	10				285
Additional places		252					252
Darell		224					224
Richmond upon Thames School	15,147	11,757	5,954				32,858
Clarendon Secondary	3,000	3,500					6,500
Basic Needs - Additional Grant				2,000	2,000	2,000	6,000
Schools General Planned Maintenance	1,328	1,403	866	866	866	866	6,195
Universal Infant Free School Meals (UIFSM)	23						23
Residential Children's Home			400	400			800
Children's Centres	530	99					629
Youth Facilities	106	100					206
Short Break Care	25						25
<b>TOTAL ECS</b>	<b>38,994</b>	<b>24,306</b>	<b>10,145</b>	<b>9,221</b>	<b>3,091</b>	<b>3,091</b>	<b>88,848</b>

<b>ACS</b>							
Management Information System	28						28
Extra Care Housing - Feasibility defined as Capital in Grant Conditions		335					335
Adaptations and Equipment Assessment Centre	5						5
Kingston Lane Adaptations		164					164

## SECTION J

**6 Year Capital Programme 2016/17 to 2021/22**

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Langdon Park		12					12
Autism Grant		11					11
Queens Road Hostel		16					16
LD Care Home Reprovison		1,670					1,670
Integrated Care Records	216						216
Care Act and Implementation	130						130
<b>TOTAL ACS</b>	<b>378</b>	<b>2,208</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,586</b>

<b>HOUSING</b>							
Sponsored Moves	163	480	200	200	200	200	1,443
Affordable Housing	975	3,114	4,460	6,046	3,826	0	18,421
Improvement Grants	1,351	2,394	1,345	1,345	1,345	1,345	9,125
DDA Compliance	4						4
General Planned Maintenance	1,408	1,722	1,080	1,080	1,080	1,080	7,450
<b>TOTAL HOUSING</b>	<b>3,902</b>	<b>7,710</b>	<b>7,085</b>	<b>8,671</b>	<b>6,451</b>	<b>2,625</b>	<b>36,444</b>

<b>ECSD</b>							
Parks Strategy	609	300	300	300	300	300	2,109
Parks S106	166						166
Parks Cyclical Maintenance	283	150	150	150	150	150	1,033
Christs Cricket Facilities	48						48
Shene Fitness Centre	2						2
Hampton Sport & Fitness Centre 3G/MUGA	260						260
Area Uplift	1,619	4,815	2,000	2,000			10,434
Dukes River Project	300						300
Works at St Mary's (Busen)	1,004						1,004
Pools on the Park	474						474
Orleans House Gallery - Delivery phase	2,747	334	365				3,446
Library Toilets	80	40					120
Purchase of 111 Mortlake High Street	28						28
Purchase of 113 Mortlake High Street	28						28
Bridge at Richmond Adult Community College		663					663

## SECTION J

**6 Year Capital Programme 2016/17 to 2021/22**

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total
<b>Contracts &amp; Leisure</b>	<b>7,647</b>	<b>6,302</b>	<b>2,815</b>	<b>2,450</b>	<b>450</b>	<b>450</b>	<b>20,114</b>
Principal Road Restructure	578						578
Community Pavement Repair Fund	585	500	500	500	500		2,585
Highways and Pavements	685	1,200	1,200	1,200	1,200	1,200	6,685
Uplift Schemes/Twickenham Area Action Plan	47	538					585
Street Lighting	482	500	500	500	500	500	2,982
S106 Schemes	194	467					661
S278 Schemes	112						112
Transport for London funded road schemes	2,971						2,971
Vehicles (Highways)	334						334
<b>Traffic &amp; Engineering</b>	<b>5,989</b>	<b>3,205</b>	<b>2,200</b>	<b>2,200</b>	<b>2,200</b>	<b>1,700</b>	<b>17,494</b>
<b>TOTAL ECSD</b>	<b>13,636</b>	<b>9,507</b>	<b>5,015</b>	<b>4,650</b>	<b>2,650</b>	<b>2,150</b>	<b>37,608</b>

<b>FCS</b>							
WLWA	3,074						3,074
<b>TOTAL FCS</b>	<b>3,074</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,074</b>

<b>Total Capital Programme</b>	<b>59,984</b>	<b>43,731</b>	<b>22,245</b>	<b>22,542</b>	<b>12,192</b>	<b>7,866</b>	<b>168,560</b>
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<b>FINANCING</b>							
Grants	16,679	13,735	8,025	5,185	2,825	2,825	49,274
S106	868	645	4,460	6,046	3,826	0	15,845
Contributions	771	169	185	0	0	0	1,125
Revenue Grants Used as Direct Revenue Funding	917	917	0	0	0	0	1,834
Other Direct Revenue Funding	1,465	0	0	0	0	0	1,465
Earmarked Reserves	1,057	332	0	0	0	0	1,389
Application of Capital Receipts	56	2,042	7,632	0	0	0	9,730
Unfinanced Potential Borrowing Requirement	38,171	25,842	1,943	11,311	5,541	5,041	87,849
	<b>59,984</b>	<b>43,681</b>	<b>22,245</b>	<b>22,542</b>	<b>12,192</b>	<b>7,866</b>	<b>168,510</b>

## **Prudential Indicators**

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

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

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

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

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

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

The Council now takes new loans on an annuity basis. These are very similar to a mortgage, with set annual payments split between interest and principal repayment. This means that the element of principal repayment is being taken as making prudent provision for repayment, and included in MRP. This is described fully in the Treasury Strategy and Policy report elsewhere on this agenda.

### **A. Capital Expenditure**

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

Capital expenditure forms the basis of determining the need to borrow. The capital expenditure shown in this indicator reflects the proposed Capital Programme for 2016/17 to 2021/22.

	<u>Actual</u> <u>2015/16</u> <u>£000</u>	<u>Revised</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>	<u>Estimate</u> <u>2019/20</u> <u>£000</u>	<u>Estimate</u> <u>2020/21</u> <u>£000</u>	<u>Estimate</u> <u>2021/22</u> <u>£000</u>
Capital Expenditure	38,773	59,984	43,681	22,245	22,542	12,192	7,866
<i>Of Which:</i>							
Financed from Grants & Contributions	16,862	18,318	14,549	12,670	11,231	6,651	2,825
Financed by RuT	5,520	3,495	3,291	7,632	0	0	0
New Borrowing Required by Programme	16,391	38,171	25,842	1,943	11,311	5,541	5,041

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

The Programme is focused around schools works up to 2017/18, by which time the currently known projects should be complete. The remaining Programme then includes significant spend on Affordable Housing and Highways.

The proposed Capital Programme reduces after 2016/17. This is due to the currently planned schools expansion programme moving towards completion, and value of government grants being lower than in previous years along with the reduction in the level of reserves available to fund new schemes. The new Programme includes £9.4m of new schemes approved in this report. £4.4m will be fully funded, with the remaining £5m increasing the Council's need to borrow unless other funding sources can be identified.

The amount financed by RuT includes the use of capital receipts anticipated in the proposed disposal programme, running from 2016/17 to 2018/19.

**B. The Capital Financing Requirement**

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

	<u>Actual</u> <u>2015/16</u> <u>£000</u>	<u>Revised</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>	<u>Estimate</u> <u>2019/20</u> <u>£000</u>	<u>Estimate</u> <u>2020/21</u> <u>£000</u>	<u>Estimate</u> <u>2021/22</u> <u>£000</u>
<b>Capital Financing Requirement (CFR)</b>	<b>143,090</b>	<b>177,138</b>	<b>197,783</b>	<b>193,991</b>	<b>199,285</b>	<b>198,386</b>	<b>196,653</b>
Year on Year Increase in CFR	+12,586	+34,048	+20,646	-3,792	+5,294	-899	-1,733
<b>Change represented by:</b>							
Schemes financed by Borrowing (incl. leases)	16,391	38,171	25,842	1,943	11,311	5,541	5,041
MRP contributions to fund the Requirement							
- represented by MRP	-2,910	-3,164	-3,955	-4,402	-4,584	-4,899	-5,113
- Financing Leases and Similar (incl. PFI)	-895	-960	-1,028	-1,104	-1,186	-1,275	-1,374
	<b>12,586</b>	<b>34,047</b>	<b>20,859</b>	<b>-3,563</b>	<b>5,541</b>	<b>-633</b>	<b>-1,446</b>

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

The CFR decreases where there is either no new debt taken or contributions to repay debt are higher than the new debt. Repayments rise above new borrowing from 2018/19 as there is minimal new borrowing and high value of debt outstanding requiring contributions to be made. Borrowing increases again in 2019/20 but the trend after than is generally for CFR to decrease due to repayments being higher than new borrowing.

**Indicators of Affordability**

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

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

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

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

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

	<u>Actual</u> <u>2015/16</u> <u>£000</u>	<u>Revised</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>	<u>Estimate</u> <u>2019/20</u> <u>£000</u>	<u>Estimate</u> <u>2020/21</u> <u>£000</u>	<u>Estimate</u> <u>2021/22</u> <u>£000</u>
Net Financing Costs	6,986	8,319	9,965	10,675	10,745	11,086	11,121
Net Revenue Stream	156,098	152,814	149,086	153,175	159,919	169,797	176,798
As a Ratio	<b>4.48%</b>	<b>5.44%</b>	<b>6.68%</b>	<b>6.97%</b>	<b>6.72%</b>	<b>6.53%</b>	<b>6.29%</b>

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

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

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

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

The financing costs are linked to movements in interest rates, as well as principal borrowed. Most borrowing is at a fixed rate, meaning interest payments will not vary, whereas most investments are for under a year meaning there are often amounts maturing which can be reinvested during the year.

The interest payable costs are budgeted to increase every year as new borrowing is taken to fund the Capital Programme. Interest rates on borrowing are projected to increase slowly going forward. These costs are offset in later years by increases in interest receivable due to projected increases in these interest rates. The current market projections are for bank base rate to start to increase slowly from the current low point of 0.25% from June 2019, although the further into the future the projection goes, the less certain it is.

The loan to West London Waste Authority will be repayed from 2016/17 as the site became operational in December 2016. Annual interest receivable on this loan is over £1m, although the operational date was slightly delayed leading to a small reduction in anticipated payments.

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

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

<b><u>Impact of Change in Financing Costs</u></b>	<u>Actual</u> <u>2015/16</u> <u>£000</u>	<u>Revised</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>	<u>Estimate</u> <u>2019/20</u> <u>£000</u>	<u>Estimate</u> <u>2020/21</u> <u>£000</u>	<u>Estimate</u> <u>2021/22</u> <u>£000</u>
Interest Payable							
- Direct borrowing	3,227	4,453	4,306	4,577	4,596	4,687	4,641
- Leases and PFI	1,913	1,850	1,780	1,705	1,623	1,533	1,435
Interest Receivable	-1,959	-2,107	-2,013	-1,987	-2,082	-2,113	-2,215
Principal Repayment							
- Represented by MRP	2,910	3,164	4,864	5,276	5,422	5,704	5,886
- Financing Leases and Similar (incl. PFI)	895	959	1,028	1,104	1,186	1,275	1,374
Financing Costs	<u>6,986</u>	<u>8,319</u>	<u>9,965</u>	<u>10,675</u>	<u>10,745</u>	<u>11,086</u>	<u>11,121</u>
Year on Year Change	+1,567	+1,333	+1,646	+710	+70	+341	+35
Impact on the Council Tax Requirement (RuT element)	<b>1.42%</b>	<b>1.18%</b>	<b>1.37%</b>	<b>0.56%</b>	<b>0.05%</b>	<b>0.24%</b>	<b>0.02%</b>
Impact on a Band D Property	<b>£18.29</b>	<b>£15.36</b>	<b>£18.67</b>	<b>£8.00</b>	<b>£0.78</b>	<b>£3.79</b>	<b>£0.39</b>

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

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

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

The increase in Principal Repayments on Debt is due to the anticipated increased need to borrow which increases the provision for debt repayment (MRP). This consists of actual repayments for new annuity loans and set aside for repayment on maturity for historic debt.

Interest payable would be expected to increase over time as the anticipated level of debt increases. However, the move to the use of annuity repayment loans (similar to a mortgage) for new borrowing means that interest payments could reduce. This is because the total cash payment is the same every year, but in early years it is predominantly interest with low principal value, with the balance switching over the term of the loan as principal repayment leads to interest being charged on a lower balance.

Interest Receivable is fairly stable. This is due to minimal forecast interest rate changes and maintaining low balances. The main element of this income is the WLWA loan interest which is around £1m pa.



The year on year increase in Financing Costs up to 2019/20 is due to the financing of the capital programme, particularly the need to borrow to fund the provision of school places. This will change if further resources are identified to reduce the borrowing requirement. The reduction in the size of the Programme and therefore reduced need to increase borrowing means that principal repayments will remain higher than new borrowing, leading to a small reduction in net financing costs.

### **Indicators of Prudence**

Prudence indicators are designed to ensure authorities consider the impact of their spending decisions on borrowing. To do this, they compare Gross Borrowing (being loan debt and other financing lease arrangements) to the Capital Financing Requirement.

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

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

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

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

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

	<u>Actual</u> <u>2015/16</u> <u>£000</u>	<u>Revised</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>	<u>Estimate</u> <u>2019/20</u> <u>£000</u>	<u>Estimate</u> <u>2020/21</u> <u>£000</u>	<u>Estimate</u> <u>2021/22</u> <u>£000</u>
Gross External Debt Limit Set	194,100	194,000	199,300	198,400	196,700	n/a	n/a
Projected Gross External Debt	119,436	129,807	152,892	149,554	154,820	n/a	n/a
Amount above/(below) limit	-74,664	-64,193	-46,408	-48,846	-41,880	n/a	n/a

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

This indicator cannot be set for 2020/21 and 21/22 as this would require an additional 2 years to be added to the Capital Programme (2022/23 and 2023/24) to allow for the potential to borrow up to 2 years in advance of need to be calculated for inclusion in the 2020/21 limit.

### **Indicators for Treasury Management**

Treasury Management indicators use debt, being formal loan arrangements only, as opposed to the accounting definition of borrowing used for indicator E above, which includes finance leases.

### **F. Authorised Limit for External Debt**

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

	<u>Actual</u> <u>2015/16</u> <u>£000</u>	<u>Revised</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>	<u>Estimate</u> <u>2019/20</u> <u>£000</u>	<u>Estimate</u> <u>2020/21</u> <u>£000</u>	<u>Estimate</u> <u>2021/22</u> <u>£000</u>
Authorised Limit Set	139,000	150,000	173,000	173,000	175,000	175,000	175,000
Projected Gross External Debt	119,436	129,807	152,892	149,554	154,820	154,711	151,343
Amount above/(below) limit	-19,564	-20,193	-20,108	-23,446	-20,180	-20,289	-23,657

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

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

### **G. Operational Boundary**

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

	<u>Actual</u> <u>2015/16</u> <u>£000</u>	<u>Revised</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>	<u>Estimate</u> <u>2019/20</u> <u>£000</u>	<u>Estimate</u> <u>2020/21</u> <u>£000</u>	<u>Estimate</u> <u>2021/22</u> <u>£000</u>
Operational Boundary Set	134,000	145,000	168,000	168,000	170,000	170,000	170,000
Projected External Debt	119,436	129,807	152,892	149,554	154,820	154,711	151,343
Amount below Limit	-14,564	-15,193	-15,108	-18,446	-15,180	-15,289	-18,657

The Council is projected to stay well within this limit.

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

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

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

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

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

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

<b><u>Fixed Rate Exposure</u></b>	<u>Actual</u> <u>2015/16</u> <u>£000</u>	<u>Revised</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>	<u>Estimate</u> <u>2019/20</u> <u>£000</u>	<u>Estimate</u> <u>2020/21</u> <u>£000</u>	<u>Estimate</u> <u>2021/22</u> <u>£000</u>
Upper Limit	134,000	145,000	168,000	168,000	170,000	170,000	170,000
Lower Limit	88,000	101,000	124,000	121,000	126,000	126,000	123,000
Projected Exposure	115,478	125,849	148,934	145,596	150,862	150,753	148,135

Changes in the exposure limit are linked to the timing of projected borrowing in future years (which will be at a fixed rate) and repayment of existing loans.

<b><u>Variable Rate Exposure</u></b>	<u>Actual</u> <u>2015/16</u> <u>£000</u>	<u>Revised</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>	<u>Estimate</u> <u>2019/20</u> <u>£000</u>	<u>Estimate</u> <u>2020/21</u> <u>£000</u>	<u>Estimate</u> <u>2021/22</u> <u>£000</u>
Upper Limit	-53,000	-70,000	-70,000	-66,000	-62,000	-64,000	-66,000
Lower Limit	-3,000	5,000	5,000	9,000	13,000	11,000	9,000
Projected Exposure	-46,342	-19,842	-20,020	-15,699	-12,378	-14,457	-15,686

The movements in the exposure limit reflects the projected change balances. Borrowing is mainly taken at fixed rates for certainty, and the variable rate exposure is therefore closely linked to short term investment levels.

**J. Maturity Structure of Borrowing**

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

The Council has decided to take all new borrowing on an annuity basis, making annual repayments of principal. This indicator is therefore less relevant for Richmond going forward as the risk of large values becoming due in any one year is mitigated by the regular repayments. Loans which have annual repayments are therefore excluded from this PI on this basis.

	<u>Upper Limit</u> <u>2017/18</u>	<u>Estimate</u> <u>2017/18</u>
	<u>%</u>	<u>%</u>
Under 1 year	30%	6%
1 to 2 years	40%	7%
2 to 5 years	50%	10%
5 to 10 years	60%	9%
10 to 15 years	}	27%
15 to 25 years	} 85%	22%
over 25 years	}	18%

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

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

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

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

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

	<u>Actual</u> <u>2015/16</u> <u>£000</u>	<u>Revised</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>	<u>Estimate</u> <u>2019/20</u> <u>£000</u>	<u>Estimate</u> <u>2020/21</u> <u>£000</u>	<u>Estimate</u> <u>2021/22</u> <u>£000</u>
Limit	40.0%	10,000	10,000	10,000	10,000	10,000	10,000
Projected Investments at 31st March	1.5%	750	750	750	750	750	0

Interest rates are usually higher for longer term investments than short term. However, given the current levels of internal borrowing and relatively low cash balances, it is unlikely that there will be significant long term investments in the near future.

Officers are reviewing the levels of "core cash" which could be invested for the medium term with minimal risk to liquidity. These levels will be considered with any potential medium term investments and where the likely increased return outweighs the additional risk of these investments and is significant, longer term investments will be made.

**Local Indicators**

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

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

The Council has opted to set a further, local indicator to review the value of its external loans.

This looks at the ratio of anticipated external loans to anticipated value of fixed assets (land & buildings, furniture, equipment, long licences etc.).

	<u>Actual</u>	<u>Revised</u>	<u>Estimate</u>	<u>Estimate</u>
	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Value of Loans at 31st March	98,119	109,453	133,566	131,332
Estimated value of Fixed Assets at 31st March	864,396	904,858	933,065	940,710
Loans as % of Assets	11.4%	12.1%	14.3%	14.0%
Current Limit	15.0%	15.0%	15.0%	15.0%

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

With both the increase in the capital programme and changes in asset values, due in particular to academy schools moving off of our balance sheet, this discretionary limit requires a more fundamental review for the longer term.

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

The Council has opted to set a further, local indicator to review the affordability of its external loans.

This looks at the ratio of interest payable on anticipated external borrowing in the form of loans.

	<u>Actual</u>	<u>Revised</u>	<u>Estimate</u>	<u>Estimate</u>
	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Budgeted Loan Interest	3,227	4,453	4,306	4,577
RuT Gross Budget	415,037	409,146	409,222	409,222
Interest as % of Revenue	0.8%	1.1%	1.1%	1.1%
Current Limit	2.0%	2.0%	2.0%	2.0%

NB 2018/19 assumes no material change in gross budget.

## SECTION J

### **APPENDIX C**

#### **RISK ASSESSMENT**

Risks to the Capital Programme can arise from the following:

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

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

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

## **Definitions of Budget Headings**

### **SeRCOP**

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

## **EXPENDITURE**

### **Employees**

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

### **Premises**

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

### **Transport**

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

### **Supplies and Services**

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

### **Third Party Payments**

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

### **Transfer Payments**

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

## SECTION K

### **Support Services**

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

## **INCOME**

### **Government Grants**

This covers all specific and special government grants.

### **Other Grants & Contributions**

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

### **Customer & Client Receipts**

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

## **FINANCIAL ACCOUNTING ADJUSTMENTS**

### **Central Support Charges**

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

### **Central Support Income**

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

### **Capital Charges**

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

## **OTHER DEFINITIONS**

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

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

### **Collection Fund**

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

## SECTION K

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.