

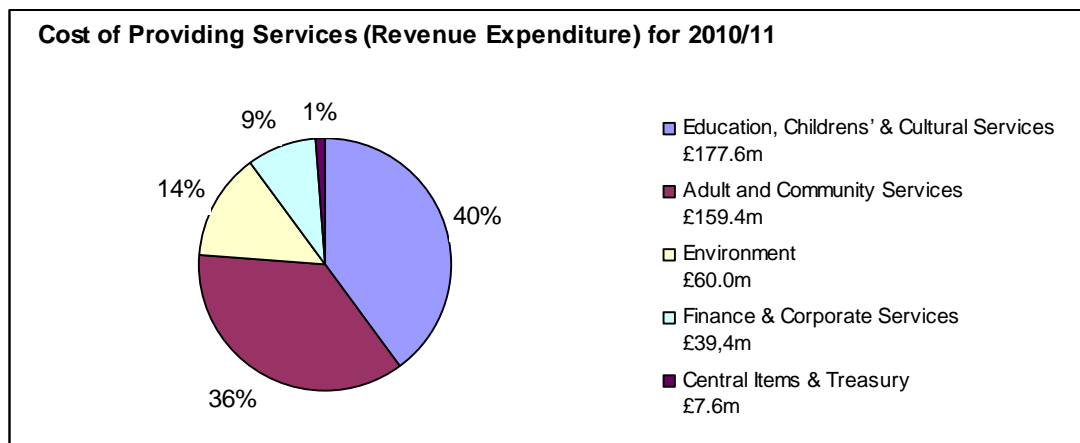
LONDON BOROUGH OF RICHMOND UPON THAMES Summary Accounts for the 2010-11 Financial Year

Introduction

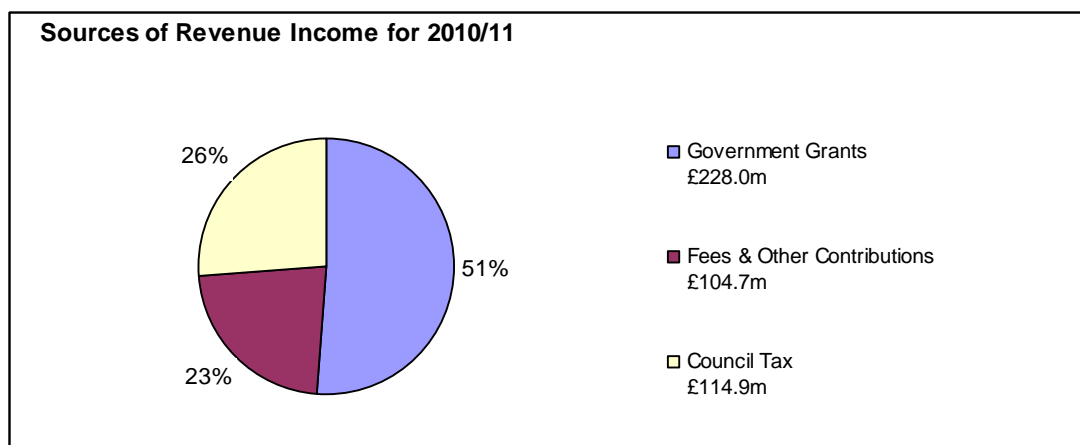
This document provides an overview of the Council's income and expenditure for financial year 2010/11 and its financial position as at 31 March 2011. The full statement of accounts can be viewed on line at [Link required](#)

The Cost of Running Local Services (Revenue Accounts)

In 2010/11 the Council spent £443.9 million providing services for residents. The chart below provides a breakdown of service costs:



These services are paid for by a combination of central government grants, other fees, charges and contributions and, council tax. The total revenue income for 2010/11 was £447.6m. The chart below provides analysis of the sources of revenue income.



The final revenue position can be summarised as follows:

	£m
Revenue expenditure	443.9
Revenue income	-447.6
Net revenue position before transfers to reserves	-3.7
Transfers to reserves	3.7
Net revenue position after transfers to reserves	0.0

The general formula grant makes up only 20% of the Council's net expenditure.

The Council's Usable Balances (Reserves)

The Council holds a number of usable reserves (money set aside to fund future revenue and capital projects). Some of these reserves are held for statutory purposes or for expenditure outside the Councils control. Some are held purely to fund capital projects. The table below provides details of the movements in the reserves for 2010/11:

	31 March 2010 £m	Movement £m	31 March 2011 £m
General Reserve	10.7	+0.0	10.7
Controllable Earmarked Revenue Reserves	31.1	+1.3	32.4
Capital Grants and Contributions	5.0	-1.0	4.0
Capital Receipts*	2.2	+1.5	3.7
Total Controllable Revenue & Capital Reserves	49.0	+1.8	50.8
Schools and Insurance Reserves	11.9	+2.5	14.4
Total Usable Reserves	60.9	+4.3	65.2

* Capital receipts are funds set aside from sales of assets (property, land etc.).

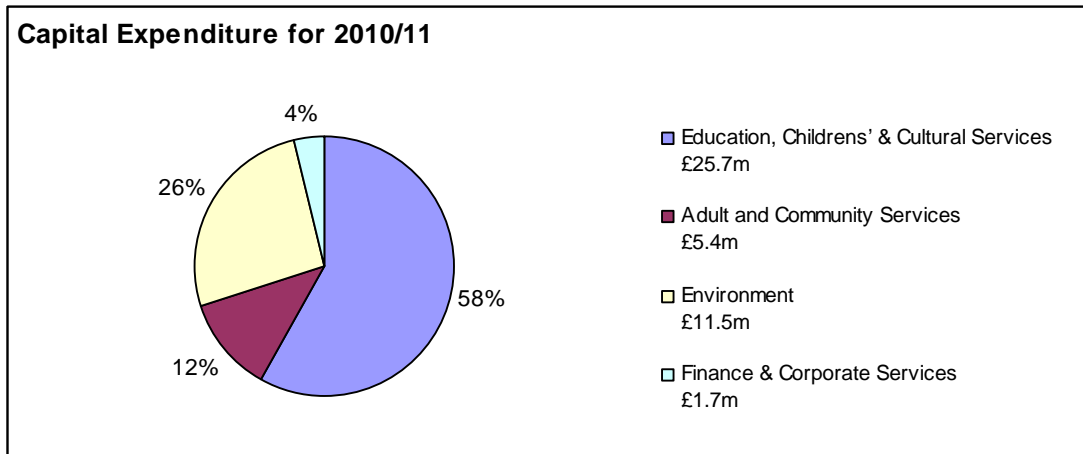
The following table provides details of the main controllable earmarked revenue reserves:

	31 March 2010 £m	Use £m	Additions £m	31 March 2011 £m
Invest to save reserve	6.8	-3.8	3.3	6.3
Private Finance Initiative (PFI) reserve	5.9	-0.1	0.0	5.8
Waste & recycling reserve	2.1	-0.0	1.1	3.2
Section 106 reserve	2.4	-0.3	0.9	3.0
Repair & renewals reserve	0.7	-0.2	1.2	1.7
Project development reserve	0.9	-0.2	0.7	1.4
Infrastructure reserve	3.3	-3.3	0.0	0.0
Other reserves	9.0	-4.6	6.6	11.0
Total Usable Reserves	31.1	-12.5	13.8	32.4

- Invest to save reserve - funding for efficiency work across the Council and to finance redundancy costs associated with savings.
- PFI reserves – the Council has entered into several agreements with the private sector to finance assets used in the delivery of public sector services (e.g. primary schools). This reserve represents grants set aside in early years of the contract to fund increasing expenditure as the contracts mature.
- Waste & recycling reserve - used to fund Waste and Recycling Strategy and to meet any future costs associated with reducing the use of landfill.
- Section 106 reserve - to fund the rise in cost of works between receipt and usage of developer contributions.
- Repair & renewals reserve – internal funding for the purchase or creation of assets providing benefits of at least 3 years.
- Project development reserve - to fund start up costs and development costs of ICT and other projects
- Infrastructure reserve - major works to improve Council infrastructure/deliver benefits to the community

Capital Expenditure & Funding

Capital expenditure is where money is spent on acquiring new assets or enhancing existing assets, such as roads and buildings, which provide benefit to the Council beyond the immediate financial year. In 2010/11 capital expenditure totalled £44.3m. The chart below provides a further analysis of this spend:



The main capital schemes are as follow:

Teddington School (part of Building Schools for the Future).

This project was to replace the old Teddington School with a new building meeting current standards. £7.9m was spent on the school during 2010/11 allowing it to open in September 2010 in the new building. The 2010/11 spend was funded from Council reserves and borrowing although government grant had been used in previous years.

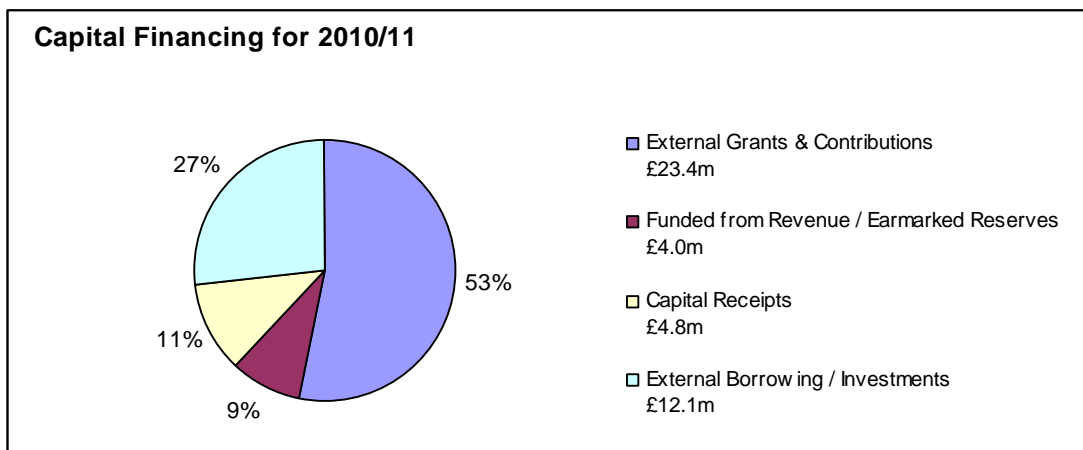
Transport for London (TfL) works.

This scheme represents works which the Council undertakes with TfL funding to improve the transport infrastructure in the borough. £5.4m was spent on such works during 2010/11 all of which was reimbursed by TfL.

Holy Trinity Primary Expansion.

This scheme is to enable the expansion of the existing Holy Trinity school to increase the number of primary school places in the borough to meet the need anticipate from birth rates. £5.0m was spent during 2010/11 which was fully financed from government grant.

The expenditure is financed from a number of sources as summarised in the table below:



Balance Sheet at 31 March 2011

The balance sheet shows the value of the assets and liabilities of the Council at a particular point in time. These net assets represent the net worth of the Council at that date (what the Council would be worth if it were to be bought or acquired at that date). As summary of the balance sheet at 31 March 2011 is provided below:

	31/03/2010	Change	31/03/2011
	£m	£m	£m
What we own and are owed (Assets)			
Property, plant and other long term assets	697.0	+4.3	701.3
Investments and Cash	64.7	+4.9	69.6
Money owed to the Council (debtors)	24.5	+1.3	25.8
Total Assets	786.2	+10.5	796.7
What we Owe (Liabilities)			
Borrowing	48.6	+4.4	53.0
Money owed by the Council (creditors)	40.0	-3.2	36.8
Capital Income received in advance	11.0	+12.4	23.4
Liability for meeting future pensions costs *	219.9	-109.3	110.6
Other liabilities	29.6	+0.1	29.7
Total Liabilities	349.1	-95.6	253.5
Net Worth	437.1	+106.1	543.2
Reserves			
Usable reserves	60.9	+4.3	65.2
Unusable reserves *	376.2	+101.8	478.0
Total Reserves	437.1	+106.1	543.2

* The liability for meeting future pension costs has reduced by £109m. this is due to a change in the way future pension payments are calculated (a change from RPI to CPI).

Feedback

We continuously try to improve our communications with the public and welcome any comments or suggestions on this publication. Please e-mail any comments to:

accountancy@richmond.gov.uk