



# **BUDGET BOOK**

**2013-2014**

**Mark Maidment CPFA**

**Director of Finance  
& Corporate Services**



# **Budget Book 2013/14**

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

Produced by the Accountancy Section

Finance and Corporate Services Directorate

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

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## SECTION B

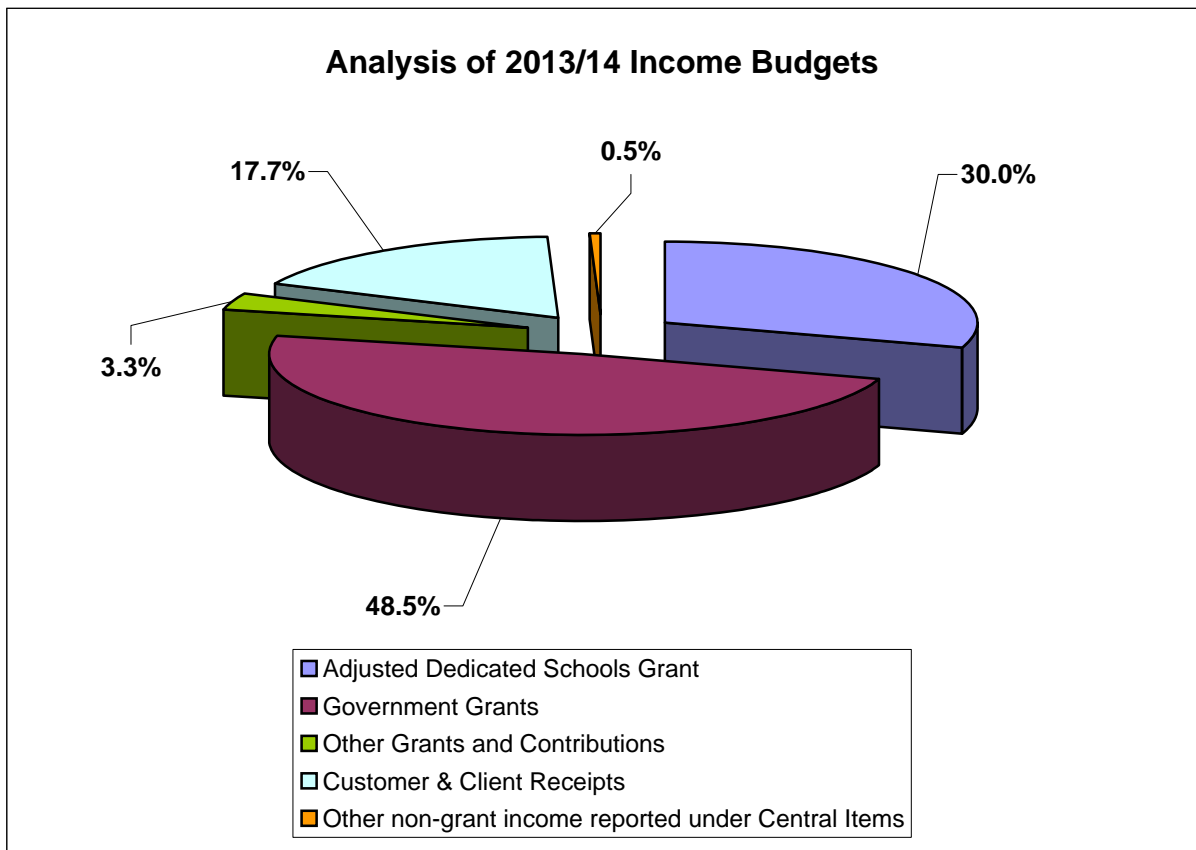
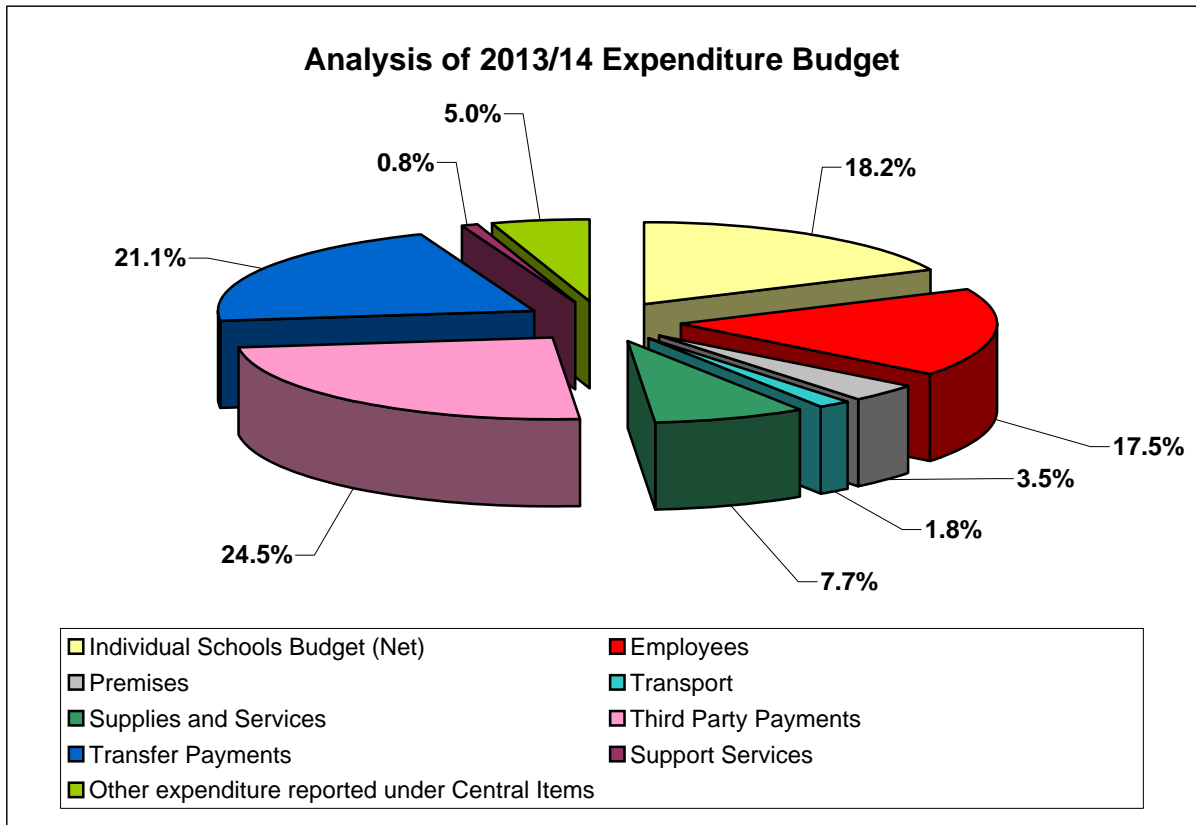
**COUNCIL'S REVENUE BUDGET 2013/14**  
**SUBJECTIVE SUMMARY OF EXPENDITURE AND INCOME**

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Individual Schools and Nursery Budget (Net)	87,549,341	94,057,000	71,125,300
<b><u>Expenditure</u></b>			
Employees	73,505,495	67,139,500	68,598,700
Premises	15,030,451	14,163,000	13,757,100
Transport	10,070,985	10,268,500	6,907,600
Supplies and Services	34,214,718	30,939,600	30,054,600
Third Party Payments	89,791,183	92,930,900	95,873,993
Transfer Payments	89,453,873	87,767,900	82,662,907
Support Services	0	0	3,310,900
<b>TOTAL EXPENDITURE</b>	<b>399,616,046</b>	<b>397,266,400</b>	<b>372,291,100</b>
<b><u>Income</u></b>			
Adjusted Dedicated Schools Grant	(104,018,000)	(106,104,200)	(85,243,000)
Government Grants	(90,737,917)	(88,653,300)	(81,364,900)
Other Grants and Contributions	(18,388,964)	(10,101,000)	(9,333,600)
Customer & Client Receipts	(58,735,535)	(52,835,600)	(50,364,900)
<b>TOTAL INCOME</b>	<b>(271,880,416)</b>	<b>(257,694,100)</b>	<b>(226,306,400)</b>
<b>NET EXPENDITURE (EXCL. CENTRAL ITEMS)</b>	<b>127,735,630</b>	<b>139,572,300</b>	<b>145,984,700</b>
Central Items	(12,282,730)	(23,717,400)	(38,481,700)
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>115,452,900</b>	<b>115,854,900</b>	<b>107,503,000</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	25,015,630	22,566,300	23,661,700
Departmental Support Charges	18,019,200	17,994,400	19,666,900
Capital Charges	0	0	0
Central Support Income	(25,015,630)	(22,566,300)	(23,661,700)
Departmental Support Income	(18,019,200)	(17,994,400)	(19,666,900)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>115,452,900</b>	<b>115,854,900</b>	<b>107,503,000</b>

**Variation Analysis (excluding schools)**

<b>Original Budget 2012/13</b>	<b>115,854,900</b>
Inflation	2,673,100
Changes in Government Grants	7,245,700
Other Government or Outside Body changes	(12,993,200)
Demand Led Growth	1,812,000
Efficiency Savings	(5,525,900)
Investment Priorities	(1,252,000)
Other Growth and Savings	(311,600)
Budget Transfer	0
<b>Original Budget 2013/14</b>	<b>107,503,000</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	3,313.0      3,032.5

SECTION B



# **FINANCE AND CORPORATE SERVICES**

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**REVENUE BUDGET - SUMMARY OF EXPENDITURE**

<b><u>PURPOSE</u></b>	<b><u>2011/12</u></b> <b><u>Actual</u></b> <b>£</b>	<b><u>2012/13</u></b> <b><u>Estimate</u></b> <b>£</b>	<b><u>2013/14</u></b> <b><u>Estimate</u></b> <b>£</b>
ICT & Web Team	0	0	0
Human Resources	0	0	0
Corporate Income	0	0	0
Legal Services	0	0	0
Democratic Services	926,432	880,100	872,200
Financial Services Management	0	0	0
Accountancy	0	0	0
Internal Audit	0	0	0
Chief Executive's Office	333,657	406,700	403,600
Electoral Services	504,258	532,000	571,200
Democratic Representation and Management	1,289,420	1,263,500	1,215,000
Cost of Local Tax Collection	2,995,699	3,287,000	2,117,200
Corporate Management	979,302	1,098,400	1,000,100
Precepts and Levies	642,898	728,000	657,400
Customer Services	0	0	0
Carbon Reduction Commitment	70,000	250,000	125,000
Efficiency & Transformation Team	0	0	0
Home Loans Unit	(23,186)	(10,100)	(21,900)
<b>Total for Corporate Services</b>	<b>7,718,480</b>	<b>8,435,600</b>	<b>6,939,800</b>
Central Items	(38,836,072)	(47,418,100)	(63,217,600)
<b>Total for Corporate Services and Central Items</b>	<b>(31,117,592)</b>	<b>(38,982,500)</b>	<b>(56,277,800)</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2012/13</b>	<b>(38,982,500)</b>
Inflation	880,700
Changes in Government Grants	33,000
Other Government or Outside Body changes	(13,382,100)
Demand Led Growth	0
Budget Review Savings	(725,800)
Investment Priorities	(1,702,000)
Other Growth and Savings	394,400
Budget Transfers	(2,793,500)
<b>Original Budget 2013/14</b>	<b>(56,277,800)</b>

**SUBJECTIVE ANALYSIS**

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
	<u>£</u>	<u>£</u>	<u>£</u>
<b><u>Expenditure</u></b>			
Employees	12,040,011	8,630,700	8,745,000
Premises	84,315	274,600	136,700
Transport	44,381	53,000	33,800
Supplies and Services	9,070,264	8,529,500	8,392,200
Third Party Payments	1,464,014	3,926,300	914,500
Transfer Payments	13,140,106	13,235,900	1,124,400
Support Services	0	0	1,834,300
<b>TOTAL EXPENDITURE</b>	<b>35,843,091</b>	<b>34,650,000</b>	<b>21,180,900</b>
<b><u>Income</u></b>			
Government Grants	(14,084,563)	(13,915,500)	(1,698,500)
Other Grants and Contributions	(365,779)	(333,800)	(333,800)
Customer & Client Receipts	(2,228,643)	(1,409,500)	(1,908,800)
<b>TOTAL INCOME</b>	<b>(16,678,985)</b>	<b>(15,658,800)</b>	<b>(3,941,100)</b>
<b>NET EXPENDITURE (EXCL. CENTRAL ITEMS)</b>	<b><u>19,164,106</u></b>	<b><u>18,991,200</u></b>	<b><u>17,239,800</u></b>
Central Items (excluding FA Adjustments)	(12,282,730)	(23,717,400)	(38,481,700)
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b><u>6,881,376</u></b>	<b><u>(4,726,200)</u></b>	<b><u>(21,241,900)</u></b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	5,986,961	4,911,800	4,457,700
Departmental Support Charges	0	0	0
Capital Charges	(25,611,647)	(22,971,100)	(24,500,300)
Central Support Income	(18,374,282)	(16,197,000)	(14,993,300)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(37,998,968)</b>	<b>(34,256,300)</b>	<b>(35,035,900)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b><u>(31,117,592)</u></b>	<b><u>(38,982,500)</u></b>	<b><u>(56,277,800)</u></b>

**Other Information**

Employee FTE's (Budgeted)	203.6	206.3
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**ICT & WEB TEAM**

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

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	1,628,944	1,295,200	1,312,400
Premises	0	0	0
Transport	502	2,400	500
Supplies and Services	5,549,096	5,574,200	5,529,500
Third Party Payments	0	0	0
Transfer Payments	0	0	279,100
Support Services	0	0	9,100
<b>TOTAL EXPENDITURE</b>	<b>7,178,542</b>	<b>6,871,800</b>	<b>7,130,600</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(248,930)	(25,000)	(25,000)
<b>TOTAL INCOME</b>	<b>(248,930)</b>	<b>(25,000)</b>	<b>(25,000)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>6,929,612</b>	<b>6,846,800</b>	<b>7,105,600</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	286,417	336,100	502,900
Departmental Support Charges	0	0	0
Capital Charges	883,315	686,200	207,500
Central Support Income	(8,099,344)	(7,869,100)	(7,816,000)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(6,929,612)</b>	<b>(6,846,800)</b>	<b>(7,105,600)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Variation Analysis****Original Budget 2012/13**

Inflation	126,000
Changes in Government Grants	98,300
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(4,700)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(219,600)
<b>Original Budget 2013/14</b>	<b>0</b>

**Other Information**

Employee FTE's (Budgeted)	29.6	29.6
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**HUMAN RESOURCES**

The Human Resources Team supports and enables the Council to recruit, develop, lead and manage its people effectively. The Council's payroll and pensions team is integrated into the Human Resources Team. The HR Service is delivered to Richmond Council by a Shared Service hosted by the Royal Borough of Kingston upon Thames. Employee expenditure showing below relates to the pension service only.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	2,370,462	367,100	372,600
Premises	817	0	0
Transport	1,447	100	100
Supplies and Services	327,232	201,500	222,800
Third Party Payments	0	1,678,800	0
Transfer Payments	0	0	127,700
Support Services	0	0	1,690,200
<b>TOTAL EXPENDITURE</b>	<b>2,699,958</b>	<b>2,247,500</b>	<b>2,413,400</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(913,211)	(644,200)	(640,500)
<b>TOTAL INCOME</b>	<b>(913,211)</b>	<b>(644,200)</b>	<b>(640,500)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,786,747</b>	<b>1,603,300</b>	<b>1,772,900</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	808,688	13,900	62,300
Departmental Support Charges	0	0	0
Capital Charges	13,126	0	13,100
Central Support Income	(2,608,561)	(1,617,200)	(1,848,300)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(1,786,747)</b>	<b>(1,603,300)</b>	<b>(1,772,900)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Variation Analysis</u></b>			
<b>Original Budget 2012/13</b>			<b>0</b>
Inflation			22,200
Changes in Government Grants			18,400
Other Government or Outside Body changes			0
Demand Led Growth			0
Budget Review Savings			(5,100)
Investment Priorities			0
Other Growth and Savings			0
Budget Transfers			(35,500)
<b>Original Budget 2013/14</b>			<b>0</b>
<b><u>Other Information</u></b>			
Employee FTE's (Budgeted)		2.7	2.7

**CORPORATE INCOME**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	217,458	219,600	222,100
Premises	0	0	0
Transport	10,087	10,400	1,600
Supplies and Services	42,235	45,500	42,500
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	0	0	1,500
<b>TOTAL EXPENDITURE</b>	<b>269,780</b>	<b>275,500</b>	<b>267,700</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(6,030)	(7,000)	(7,000)
<b>TOTAL INCOME</b>	<b>(6,030)</b>	<b>(7,000)</b>	<b>(7,000)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>263,750</b>	<b>268,500</b>	<b>260,700</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	157,528	81,700	78,100
Departmental Support Charges	0	0	0
Capital Charges	7,029	5,200	10,600
Central Support Income	(428,307)	(355,400)	(349,400)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(263,750)</b>	<b>(268,500)</b>	<b>(260,700)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Variation Analysis****Original Budget 2012/13**

Inflation	900
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(1,000)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	100
<b>Original Budget 2013/14</b>	<b>0</b>

**Other Information**

Employee FTE's (Budgeted)	6.5	6.6
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**LEGAL SERVICES**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	905,711	0	0
Premises	0	0	0
Transport	2,298	0	700
Supplies and Services	83,410	0	0
Third Party Payments	648,486	1,166,900	0
Transfer Payments	0	0	0
Support Services	0	0	33,700
<b>TOTAL EXPENDITURE</b>	<b>1,639,905</b>	<b>1,166,900</b>	<b>34,400</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(92,815)	0	0
<b>TOTAL INCOME</b>	<b>(92,815)</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,547,090</b>	<b>1,166,900</b>	<b>34,400</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	275,085	26,400	13,600
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(1,822,175)	(1,193,300)	(48,000)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(1,547,090)</b>	<b>(1,166,900)</b>	<b>(34,400)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Variation Analysis</u></b>			
<b>Original Budget 2012/13</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			(50,000)
Investment Priorities			0
Other Growth and Savings			0
Budget Transfers			49,900
<b>Original Budget 2013/14</b>			<b>0</b>
<b><u>Other Information</u></b>			
Employee FTE's (Budgeted)		0	0.0

**DEMOCRATIC SERVICES**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	577,470	579,900	582,900
Premises	200	0	0
Transport	1,255	900	900
Supplies and Services	138,347	94,400	97,800
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	0	0	4,700
<b>TOTAL EXPENDITURE</b>	<b>717,272</b>	<b>675,200</b>	<b>686,300</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(1,495)	0	0
<b>TOTAL INCOME</b>	<b>(1,495)</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>715,777</b>	<b>675,200</b>	<b>686,300</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	210,655	204,900	185,900
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>210,655</b>	<b>204,900</b>	<b>185,900</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>926,432</b>	<b>880,100</b>	<b>872,200</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2012/13</b>	<b>880,100</b>
Inflation	(1,100)
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(2,400)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(4,400)
<b>Original Budget 2013/14</b>	<b>872,200</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	14.6      15.0

**FINANCIAL SERVICES MANAGEMENT**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	389,697	439,200	439,500
Premises	201	0	0
Transport	637	900	900
Supplies and Services	17,979	9,700	9,700
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	0	0	6,700
<b>TOTAL EXPENDITURE</b>	<b>408,514</b>	<b>449,800</b>	<b>456,800</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	15	0	0
<b>TOTAL INCOME</b>	<b>15</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>408,529</b>	<b>449,800</b>	<b>456,800</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	62,085	73,500	42,000
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(470,614)	(523,300)	(498,800)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(408,529)</b>	<b>(449,800)</b>	<b>(456,800)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Variation Analysis**

<b>Original Budget 2012/13</b>	<b>0</b>
Inflation	1,300
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 and Savings	0
Budget Transfers	(1,300)
<b>Original Budget 2013/14</b>	<b>0</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	3.5
	3.5

**ACCOUNTANCY**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	1,289,198	1,423,000	1,422,900
Premises	0	0	0
Transport	721	4,100	4,100
Supplies and Services	104,163	50,600	50,500
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	0	0	800
<b>TOTAL EXPENDITURE</b>	<b>1,394,082</b>	<b>1,477,700</b>	<b>1,478,300</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(82,636)	(77,300)	(77,300)
<b>TOTAL INCOME</b>	<b>(82,636)</b>	<b>(77,300)</b>	<b>(77,300)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,311,446</b>	<b>1,400,400</b>	<b>1,401,000</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	467,227	481,100	496,200
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(1,778,673)	(1,881,500)	(1,897,200)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(1,311,446)</b>	<b>(1,400,400)</b>	<b>(1,401,000)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Variation Analysis</u></b>			
<b>Original Budget 2012/13</b>			<b>0</b>
Inflation			27,800
Changes in Government Grants			0
Other Government or Outside Body changes			0
Demand Led Growth			0
Budget Review Savings			(26,200)
Investment Priorities			0
Other Growth and Savings			0
Budget Transfers			(1,600)
<b>Original Budget 2013/14</b>			<b>0</b>
<b><u>Other Information</u></b>			
Employee FTE's (Budgeted)		36.5	36.5

**INTERNAL AUDIT**

Internal Audit is a statutory function. All local authorities must comply with the Accounts and Audit Regulations (amended 2011) and are required to make provision for internal audit in accordance with the CIPFA Code of Practice for Internal Audit in Local Government in the UK. From 1st June 2012, a Shared Internal Audit and Investigations Service was established between Richmond and Kingston Councils, with Richmond being the lead authority. The Shared Service is monitored by a Shared Service Board and reports individually to each authorities Audit Committee. Costs are shared on the basis of the agreed Annual Audit Plans, but the budget below now reflects the transfer of staff from Kingston.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	472,951	478,700	807,100
Premises	0	0	0
Transport	8,452	8,800	11,000
Supplies and Services	41,384	14,900	52,700
Third Party Payments	131,144	213,900	127,000
Transfer Payments	0	0	74,600
Support Services	0	0	6,300
<b>TOTAL EXPENDITURE</b>	<b>653,931</b>	<b>716,300</b>	<b>1,078,700</b>
<b><u>Income</u></b>			
Government Grants	(100,000)	(100,000)	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(19,403)	0	(481,400)
<b>TOTAL INCOME</b>	<b>(119,403)</b>	<b>(100,000)</b>	<b>(481,400)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>534,528</b>	<b>616,300</b>	<b>597,300</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	106,994	123,600	165,700
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(641,522)	(739,900)	(763,000)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(534,528)</b>	<b>(616,300)</b>	<b>(597,300)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Variation Analysis</u></b>			
<b>Original Budget 2012/13</b>			<b>0</b>
Inflation			5,800
Changes in Government Grants			11,900
Other Government or Outside Body changes			0
Demand Led Growth			0
Budget Review Savings			(38,400)
Investment Priorities			0
Other Growth and Savings			0
Budget Transfers			20,700
<b>Original Budget 2013/14</b>			<b>0</b>
<b><u>Other Information</u></b>			
Employee FTE's (Budgeted)		10.5	17.9

**CHIEF EXECUTIVE'S OFFICE**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	274,528	288,500	287,900
Premises	634	0	0
Transport	2,140	3,200	3,200
Supplies and Services	27,624	86,400	86,400
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>304,926</b>	<b>378,100</b>	<b>377,500</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	0	0	0
<b>TOTAL INCOME</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>304,926</b>	<b>378,100</b>	<b>377,500</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	28,731	28,600	26,100
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>28,731</b>	<b>28,600</b>	<b>26,100</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>333,657</b>	<b>406,700</b>	<b>403,600</b>

<b><u>Variation Analysis</u></b>		
<b>Original Budget 2012/13</b>		<b>406,700</b>
Inflation		2,100
Changes in Government Grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Budget Review Savings		(2,100)
Investment Priorities		0
Other Growth and Savings		0
Budget Transfers		(3,100)
<b>Original Budget 2013/14</b>		<b>403,600</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	2.0	2.0

**ELECTORAL SERVICES**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	256,887	226,300	233,500
Premises	11,821	22,600	9,700
Transport	186	0	500
Supplies and Services	125,507	174,100	166,300
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	0	0	1,100
<b>TOTAL EXPENDITURE</b>	<b>394,401</b>	<b>423,000</b>	<b>411,100</b>
<b><u>Income</u></b>			
Government Grants	(3,933)	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(21,691)	(4,600)	(2,800)
<b>TOTAL INCOME</b>	<b>(25,624)</b>	<b>(4,600)</b>	<b>(2,800)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>368,777</b>	<b>418,400</b>	<b>408,300</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	135,481	113,600	162,900
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>135,481</b>	<b>113,600</b>	<b>162,900</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>504,258</b>	<b>532,000</b>	<b>571,200</b>

<b><u>Variation Analysis</u></b>		
<b>Original Budget 2012/13</b>		<b>532,000</b>
Inflation		4,900
Changes in Government Grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Budget Review Savings		(4,400)
Investment Priorities		0
Other Growth and Savings		0
Budget Transfers		38,700
<b>Original Budget 2013/14</b>		<b>571,200</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	6.0	6.0

**DEMOCRATIC REPRESENTATION AND MANAGEMENT**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Mayor's Allowances & Support Services	12,744	29,800	29,800
Members' Allowances	690,989	686,800	686,800
Members' Expenses & Support Services	190,792	185,300	175,700
Committee Meeting Refreshments	19,172	11,600	8,500
Civic Functions and Regalia	16,438	14,800	14,800
Subscriptions	241,857	203,200	179,000
Civic Pride Fund	0	33,900	33,900
Support Services	0	0	24,400
<b>TOTAL EXPENDITURE</b>	<b>1,171,992</b>	<b>1,165,400</b>	<b>1,152,900</b>
<b><u>Income</u></b>			
Customer & Client Receipts	(1,170)	(1,300)	(1,300)
<b>TOTAL INCOME</b>	<b>(1,170)</b>	<b>(1,300)</b>	<b>(1,300)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,170,822</b>	<b>1,164,100</b>	<b>1,151,600</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	118,598	99,400	63,400
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>118,598</b>	<b>99,400</b>	<b>63,400</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>1,289,420</b>	<b>1,263,500</b>	<b>1,215,000</b>

<b><u>Variation Analysis</u></b>		
<b>Original Budget 2012/13</b>		<b>1,263,500</b>
Inflation		25,500
Changes in Government Grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Budget Review Savings		(25,100)
Investment Priorities		0
Other Growth and Savings		0
Budget Transfers		(48,900)
<b>Original Budget 2013/14</b>		<b>1,215,000</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	0	0.0



**COST OF LOCAL TAX COLLECTION**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	1,938,193	1,846,500	1,706,400
Premises	642	0	0
Transport	15,518	21,100	10,200
Supplies and Services	410,933	455,400	477,500
Third Party Payments	6,486	29,800	20,500
Transfer Payments	13,140,106	13,235,900	643,000
Support Services	0	0	7,800
<b>TOTAL EXPENDITURE</b>	<b>15,511,878</b>	<b>15,588,700</b>	<b>2,865,400</b>
<b><u>Income</u></b>			
Government Grants	(13,980,630)	(13,815,500)	(1,698,500)
Other Grants and Contributions	(365,779)	(333,800)	(333,800)
Customer & Client Receipts	(453,191)	(377,000)	(400,400)
<b>TOTAL INCOME</b>	<b>(14,799,600)</b>	<b>(14,526,300)</b>	<b>(2,432,700)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>712,278</b>	<b>1,062,400</b>	<b>432,700</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	2,281,518	2,222,700	1,682,600
Departmental Support Charges	0	0	0
Capital Charges	1,903	1,900	1,900
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>2,283,421</b>	<b>2,224,600</b>	<b>1,684,500</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>2,995,699</b>	<b>3,287,000</b>	<b>2,117,200</b>

**Variation Analysis**

<b>Original Budget 2012/13</b>	<b>3,287,000</b>
Inflation	(16,300)
Changes in Government Grants	12,591,300
Other Government or Outside Body changes	(12,993,700)
Demand Led Growth	0
Budget Review Savings	(211,300)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(539,800)
<b>Original Budget 2013/14</b>	<b>2,117,200</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	49.8      48.1

**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 and treasury management administration costs.

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	0	0	0
Premises	0	0	0
Transport	0	0	0
Supplies and Services	559,158	585,800	415,700
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	0	0	72,200
<b>TOTAL EXPENDITURE</b>	<b>559,158</b>	<b>585,800</b>	<b>487,900</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(60,762)	(39,600)	(39,600)
<b>TOTAL INCOME</b>	<b>(60,762)</b>	<b>(39,600)</b>	<b>(39,600)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>498,396</b>	<b>546,200</b>	<b>448,300</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	480,906	552,200	551,800
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>480,906</b>	<b>552,200</b>	<b>551,800</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>979,302</b>	<b>1,098,400</b>	<b>1,000,100</b>

<b><u>Variation Analysis</u></b>	
<b>Original Budget 2012/13</b>	<b>1,098,400</b>
Inflation	14,100
Changes in Government Grants	0
Other Government or Outside Body changes	(120,000)
Demand Led Growth	0
Budget Review Savings	(13,400)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	21,000
<b>Original Budget 2013/14</b>	<b>1,000,100</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	0      0.0

**PRECEPTS AND LEVIES**

This cost centre includes the cost of levies that the Council has to pay each year that are not shown within the departmental budgets e.g. London Pensions Fund Authority, Coroners Court and the local levy for Flood Defence.

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	0	0	0
Premises	0	0	0
Transport	0	0	0
Supplies and Services	0	0	0
Third Party Payments	642,898	728,000	657,400
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>642,898</b>	<b>728,000</b>	<b>657,400</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	0	0	0
<b>TOTAL INCOME</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>642,898</b>	<b>728,000</b>	<b>657,400</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	0	0	0
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>642,898</b>	<b>728,000</b>	<b>657,400</b>

<b><u>Variation Analysis</u></b>		
<b>Original Budget 2012/13</b>		<b>728,000</b>
Inflation		0
Changes in Government Grants		0
Other Government or Outside Body changes		(40,000)
Demand Led Growth		0
Budget Review Savings		0
Investment Priorities		0
Other Growth and Savings		0
Budget Transfers		(30,600)
<b>Original Budget 2013/14</b>		<b>657,400</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	0	0.0

**CUSTOMER SERVICES**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	1,174,392	1,281,000	1,227,300
Premises	0	0	0
Transport	1,122	1,100	100
Supplies and Services	210,839	48,600	64,000
Third Party Payments	0	26,700	27,400
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>1,386,353</b>	<b>1,357,400</b>	<b>1,318,800</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(125,747)	(37,700)	(37,700)
<b>TOTAL INCOME</b>	<b>(125,747)</b>	<b>(37,700)</b>	<b>(37,700)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,260,606</b>	<b>1,319,700</b>	<b>1,281,100</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	455,880	485,400	398,300
Departmental Support Charges	0	0	0
Capital Charges	36,322	36,300	2,500
Central Support Income	(1,752,808)	(1,841,400)	(1,681,900)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(1,260,606)</b>	<b>(1,319,700)</b>	<b>(1,281,100)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Variation Analysis**

<b>Original Budget 2012/13</b>	<b>0</b>
Inflation	4,400
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(41,100)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	36,700
<b>Original Budget 2013/14</b>	<b>0</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	39.3      37.9

**CARBON REDUCTION COMMITMENT**

Under the Government's Carbon Reduction Commitment Scheme the Council is required to buy carbon credits to cover its carbon usage each year. This budget is for the purchase of those credits. Practical work on reducing the Council's carbon footprint is undertaken within the Environment Directorate.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	0	0	0
Premises	70,000	250,000	125,000
Transport	0	0	0
Supplies and Services	0	0	0
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>70,000</b>	<b>250,000</b>	<b>125,000</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	0	0	0
<b>TOTAL INCOME</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>70,000</b>	<b>250,000</b>	<b>125,000</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	0	0	0
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>70,000</b>	<b>250,000</b>	<b>125,000</b>

<b><u>Variation Analysis</u></b>		
<b>Original Budget 2012/13</b>		<b>250,000</b>
Inflation		0
Changes in Government Grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Budget Review Savings		0
Investment Priorities		0
Other Growth and Savings		(125,000)
Budget Transfers		0
<b>Original Budget 2013/14</b>		<b>125,000</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	0	0.0

**EFFICIENCY & TRANSFORMATION TEAM**

This budget meets the salaries and associated costs of staff seconded to the efficiency and Transformation team and the cost of additional support as agreed.

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	477,351	117,600	63,900
Premises	0	0	0
Transport	16	0	0
Supplies and Services	245,293	0	900
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>722,660</b>	<b>117,600</b>	<b>64,800</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(53,918)	0	0
<b>TOTAL INCOME</b>	<b>(53,918)</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>668,742</b>	<b>117,600</b>	<b>64,800</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	103,536	58,300	25,900
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(772,278)	(175,900)	(90,700)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(668,742)</b>	<b>(117,600)</b>	<b>(64,800)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Variation Analysis****Original Budget 2012/13**

Inflation	1,500
Changes in Government Grants	900
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	0
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(2,400)
<b>Original Budget 2013/14</b>	<b>0</b>

**Other Information**

Employee FTE's (Budgeted)	1.5	0.5
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**HOME LOANS UNIT**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	66,769	68,100	66,500
Premises	0	2,000	2,000
Transport	0	0	0
Supplies and Services	15,072	23,000	23,000
Third Party Payments	35,000	82,200	82,200
Transfer Payments	0	0	0
Support Services	0	0	200
<b>TOTAL EXPENDITURE</b>	<b>116,841</b>	<b>175,300</b>	<b>173,900</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(147,659)	(195,800)	(195,800)
<b>TOTAL INCOME</b>	<b>(147,659)</b>	<b>(195,800)</b>	<b>(195,800)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>(30,818)</b>	<b>(20,500)</b>	<b>(21,900)</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	7,632	10,400	0
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>7,632</b>	<b>10,400</b>	<b>0</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>(23,186)</b>	<b>(10,100)</b>	<b>(21,900)</b>

**Variation Analysis**

<b>Original Budget 2012/13</b>	<b>(10,100)</b>
Inflation	(900)
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(600)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(10,300)
<b>Original Budget 2013/14</b>	<b>(21,900)</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	1.1      0.0

**CENTRAL ITEMS**

Central items includes income and 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 and the use of the Councils general and earmarked reserves.

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>ASSET MANAGEMENT &amp; TREASURY</u></b>			
Interest Payable	4,158,154	2,289,000	2,733,000
Interest Receivable	(1,836,592)	(834,000)	(540,000)
MRP (Principal Loan Repay)	4,155,791	1,934,000	1,474,000
Revenue Funding of Capital Expenditure	10,799,145	1,307,000	3,081,800
<b><u>CONTINGENCY AND INVESTMENT ITEMS</u></b>			
Pavements and Highways	0	1,000,000	1,000,000
Twickenham Riverside and Uplift Projects	0	500,000	0
General & Pay Award Contingency	0	580,000	1,158,000
Social Care Initiatives	0	500,000	0
Sixth Form Schools	0	1,000,000	0
Funding for Parks	0	564,000	0
Procurement Contract Savings	0	0	(300,000)
<b><u>NON RINGFENCED GOVERNMENT GRANTS</u></b>			
New Homes Bonus Grant	(733,074)	(1,117,000)	(2,041,900)
Early Intervention Grant	(6,011,645)	(6,564,100)	0
Council Tax Freeze Grant	(2,873,812)	(2,896,000)	(1,166,000)
Revenue Support Grant	(30,752,852)	(30,111,300)	(53,253,400)
<b><u>OTHER</u></b>			
Use of General Reserves	0	(250,000)	0
Transfers to / From Earmarked Reserves	6,190,550	3,893,500	1,023,600
Distribution of surplus / deficit on Collection Fund	(250,000)	(500,000)	(750,000)
Centrally Funded Pensions	4,871,605	4,987,500	5,027,900
Business Rates Levy and Tariff	0	0	3,661,900
Local Taxation Contingency	0	0	409,400
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b><u>(12,282,730)</u></b>	<b><u>(23,717,400)</u></b>	<b><u>(38,481,700)</u></b>
<b><u>Financial Accounting Adjustments</u></b>			
Reversal of Depreciation	(12,447,441)	(11,883,700)	(12,190,400)
Reversal of Deferred Charges	(14,105,901)	(11,817,000)	(12,545,500)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b><u>(26,553,342)</u></b>	<b><u>(23,700,700)</u></b>	<b><u>(24,735,900)</u></b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b><u>(38,836,072)</u></b>	<b><u>(47,418,100)</u></b>	<b><u>(63,217,600)</u></b>
<b><u>Variation Analysis</u></b>			
<b>Original Budget 2012/13</b>			<b>(47,418,100)</b>
Inflation			662,400
Changes in Government Grants			(12,687,800)
Other Government or Outside Body changes			(228,400)
Demand Led Growth			0
Budget Review Savings			(300,000)
Investment Priorities			(1,577,000)
Other Growth and Savings			394,400
Budget Transfers			(2,063,100)
<b>Original Budget 2013/14</b>			<b><u>(63,217,600)</u></b>



# **EDUCATION, CHILDREN'S & CULTURAL SERVICES**

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

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SECTION D  
EDUCATION, CHILDREN'S AND CULTURAL SERVICES

**REVENUE BUDGET - SUMMARY OF EXPENDITURE**

<b><u>PURPOSE</u></b>	<b><u>2011/12</u></b> <b><u>ACTUAL</u></b> £	<b><u>2012/13</u></b> <b><u>ESTIMATE</u></b> £	<b><u>2013/14</u></b> <b><u>ESTIMATE</u></b> £
<b>Specialist Services</b>			
Specialist Services Management	0	0	0
Social Work	4,795,108	4,800,100	4,729,500
Looked After Children	5,908,065	6,198,300	6,395,300
Family Support	2,547,019	2,649,900	2,702,000
Leaving Care	1,223,341	1,353,800	1,404,100
<b>Protective and Preventative Services</b>			
Integrated Youth Support	2,766,115	2,051,500	2,011,000
Special Educational Needs Services & Recoupment	11,901,865	12,212,800	14,922,400
Early Years	3,910,134	4,922,700	3,923,300
Educational and Family Support Services	4,319,813	4,532,300	5,183,900
School Support	1,717,373	1,460,800	923,200
<b>Culture, Quality &amp; Improvement</b>			
Cultural Commissioning	0	0	278,400
Library Services	5,154,513	4,457,600	4,355,800
Arts and Music	1,609,476	1,391,200	551,000
Sports	1,960,070	1,747,400	1,725,200
Service Improvement	2,115,813	2,047,400	766,600
Safeguarding & Quality Assurance	414,905	516,200	946,000
<b>Finance and Resources</b>			
Schools Non Delegated	14,224,421	13,264,500	17,324,700
Schools Commissioning	757,550	735,700	724,400
Individual School & Nursery Budgets	87,603,618	94,057,000	71,125,300
Directorate Administration	0	0	0
<b>Education Grants</b>	(104,018,000)	(106,104,200)	(87,296,000)
<b>Total Education, Children's and Cultural Services</b>	<b>48,911,199</b>	<b>52,295,000</b>	<b>52,696,100</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>52,295,000</b>
Inflation	388,900
Changes in Government Grants	(2,823,000)
Other Government or Outside Body changes	10,700
Demand Led Growth	737,000
Budget Review Savings	(828,600)
Investment Priorities	0
Other Growth and Savings	52,000
Budget Transfers	2,864,100
<b>Original Budget 2013/14</b>	<b>52,696,100</b>

SECTION D  
EDUCATION, CHILDREN'S AND CULTURAL SERVICES

**REVENUE BUDGET - SUBJECTIVE SUMMARY OF EXPENDITURE**

<u>Expenditure</u>	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
Individual Schools & Nursery Budget (Net)	87,549,341	94,057,000	71,125,300
Employees	22,831,082	21,346,700	22,057,600
Premises	3,216,271	1,827,800	1,683,900
Transport	3,671,857	3,235,800	3,318,000
Supplies and Services	13,834,019	12,334,600	10,219,200
Third Party Payments	15,329,381	15,498,000	14,578,093
Transfer Payments	5,926,172	3,427,800	6,656,907
Support Services	0	0	703,600
<b>TOTAL EXPENDITURE</b>	<b>152,358,123</b>	<b>151,727,700</b>	<b>130,342,600</b>
<u>Income</u>			
Dedicated Schools Grant	(104,018,000)	(106,104,200)	(85,243,000)
Government Grants	(2,958,691)	(1,922,000)	(5,895,100)
Other Grants and Contributions	(11,388,984)	(5,788,000)	(3,348,200)
Customer & Client Receipts	(6,579,832)	(3,444,100)	(3,589,500)
<b>TOTAL INCOME</b>	<b>(124,945,507)</b>	<b>(117,258,300)</b>	<b>(98,075,800)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>27,412,616</b>	<b>34,469,400</b>	<b>32,266,800</b>
<u>Financial Accounting Adjustments</u>			
Central Support Charges	6,146,050	5,672,200	5,479,900
Departmental Support Charges	3,873,034	3,792,100	5,225,400
Capital Charges	15,352,533	12,153,400	14,949,400
Central Support Income	0	0	0
Departmental Support Income	(3,873,034)	(3,792,100)	(5,225,400)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>21,498,583</b>	<b>17,825,600</b>	<b>20,429,300</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>48,911,199</b>	<b>52,295,000</b>	<b>52,696,100</b>

**BUDGETED STAFFING FTE'S**

	<b>2012/13</b>	<b>2013/14</b>
Number of full time equivalent employees	2,168.4	1,899.3

SECTION D  
EDUCATION, CHILDREN'S AND CULTURAL SERVICES

**SPECIALIST SERVICES MANAGEMENT**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	398,397	315,300	313,100
Premises	116	0	0
Transport	4,473	1,200	1,200
Supplies and Services	147,754	133,100	83,600
Third Party Payments	100	0	0
Transfer Payments	0	0	0
Support Services	0	0	71,000
<b>NET EXPENDITURE</b>	<b>550,840</b>	<b>449,600</b>	<b>468,900</b>
<b><u>Income</u></b>			
Government Grants	(104,542)	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(6,375)	0	0
<b>TOTAL INCOME</b>	<b>(110,917)</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>439,923</b>	<b>449,600</b>	<b>468,900</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	319,755	301,600	229,500
Departmental Support Charges	367,142	357,000	569,900
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	(1,126,820)	(1,108,200)	(1,268,300)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(439,923)</b>	<b>(449,600)</b>	<b>(468,900)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Funded from DSG			35,400

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2012/13</b>		<b>0</b>
Inflation		800
Changes in Government Grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Efficiency Savings		(2,100)
Investment Priorities		0
Other Growth and Savings		0
Budget Transfers		1,300
<b>Original Budget 2013/14</b>		<b>0</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	6.5	6.5

SECTION D  
EDUCATION, CHILDREN'S AND CULTURAL SERVICES

**SOCIAL WORK**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	2,739,130	2,676,500	2,706,600
Premises	1,977	0	0
Transport	25,855	54,700	53,000
Supplies and Services	374,984	377,600	92,000
Third Party Payments	246,386	317,500	101,100
Transfer Payments	148	0	0
Support Services	0	0	429,600
<b>TOTAL EXPENDITURE</b>	<b>3,388,480</b>	<b>3,426,300</b>	<b>3,382,300</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	(66,807)	(22,700)	(22,700)
Customer & Client Receipts	(31,220)	(30,800)	(30,800)
<b>TOTAL INCOME</b>	<b>(98,027)</b>	<b>(53,500)</b>	<b>(53,500)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b><u>3,290,453</u></b>	<b><u>3,372,800</u></b>	<b><u>3,328,800</u></b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	840,965	775,200	598,400
Departmental Support Charges	663,690	652,100	802,300
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,504,655</b>	<b>1,427,300</b>	<b>1,400,700</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b><u>4,795,108</u></b>	<b><u>4,800,100</u></b>	<b><u>4,729,500</u></b>
Funded from DSG			0

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>4,800,100</b>
Inflation	31,100
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Efficiency Savings	(2,100)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(99,600)
<b>Original Budget 2013/14</b>	<b><u>4,729,500</u></b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	65.6      65.6

SECTION D  
EDUCATION, CHILDREN'S AND CULTURAL SERVICES

**LOOKED AFTER CHILDREN**

This primarily includes the cost of purchasing independent sector residential and foster care placements, as well as the cost of providing and maintaining local authority foster care placements for children and young people who are looked after by the Local Authority. Also included are the costs of the adoption team of social workers who provide adoption support (pre and post placement), and support to adopted people who are seeking information about their past.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	1,209,599	1,180,000	1,167,000
Premises	12,987	600	600
Transport	63,928	97,500	97,500
Supplies and Services	270,252	197,000	142,500
Third Party Payments	3,793,623	4,199,600	4,424,900
Transfer Payments	243,093	75,900	35,700
Support Services	0	0	11,400
<b>TOTAL EXPENDITURE</b>	<b>5,593,482</b>	<b>5,750,600</b>	<b>5,879,600</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	(130,225)	(33,800)	(33,800)
Customer & Client Receipts	(102,519)	(65,300)	(65,300)
<b>TOTAL INCOME</b>	<b>(232,744)</b>	<b>(99,100)</b>	<b>(99,100)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>5,360,738</b>	<b>5,651,500</b>	<b>5,780,500</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	273,273	278,900	283,400
Departmental Support Charges	274,054	267,900	331,400
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>547,327</b>	<b>546,800</b>	<b>614,800</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>5,908,065</b>	<b>6,198,300</b>	<b>6,395,300</b>
Funded from DSG			50,000
<b><u>Variation Analysis</u></b>			
<b>Original Estimate 2012/13</b>			<b>6,198,300</b>
Inflation			3,600
Changes in Government Grants			0
Other Government or Outside Body changes			0
Demand Led Growth			400,000
Efficiency Savings			(254,900)
Investment Priorities			0
Other Growth and Savings			0
Budget Transfers			48,300
<b>Original Budget 2013/14</b>			<b>6,395,300</b>
<b><u>Other Information</u></b>			
Employee FTE's (Budgeted)		27.1	27.1

SECTION D  
EDUCATION, CHILDREN'S AND CULTURAL SERVICES

**FAMILY SUPPORT**

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

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	815,254	694,700	728,800
Premises	81,621	115,300	98,400
Transport	19,356	3,300	8,300
Supplies and Services	311,714	722,200	441,000
Third Party Payments	1,018,743	574,900	806,700
Transfer Payments	489,908	355,800	345,300
Support Services	0	0	100
<b>TOTAL EXPENDITURE</b>	<b>2,736,596</b>	<b>2,466,200</b>	<b>2,428,600</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	(423,105)	(56,400)	(56,400)
Customer & Client Receipts	(51,458)	0	0
<b>TOTAL INCOME</b>	<b>(474,563)</b>	<b>(56,400)</b>	<b>(56,400)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>2,262,033</b>	<b>2,409,800</b>	<b>2,372,200</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	136,602	94,400	118,800
Departmental Support Charges	112,862	110,700	136,900
Capital Charges	35,522	35,000	74,100
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>284,986</b>	<b>240,100</b>	<b>329,800</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>2,547,019</b>	<b>2,649,900</b>	<b>2,702,000</b>
Funded from DSG			292,200

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>2,649,900</b>
Inflation	21,500
Changes in Government Grants	0
Other Government or Outside Body changes	(18,400)
Demand Led Growth	0
Efficiency Savings	(15,500)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	64,500
<b>Original Budget 2013/14</b>	<b>2,702,000</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	12.8      12.9

SECTION D  
EDUCATION, CHILDREN'S AND CULTURAL SERVICES

**LEAVING CARE**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	126,348	1,300	1,300
Premises	38,459	38,000	29,300
Transport	31,033	1,900	1,900
Supplies and Services	17,968	30,500	21,800
Third Party Payments	372,693	516,700	481,193
Transfer Payments	1,183,345	1,280,100	1,315,607
Support Services	0	0	5,400
<b>TOTAL EXPENDITURE</b>	<b>1,769,846</b>	<b>1,868,500</b>	<b>1,856,500</b>
<b><u>Income</u></b>			
Government Grants	(397,773)	(361,700)	(361,700)
Other Grants and Contributions	(18,262)	(45,300)	(45,300)
Customer & Client Receipts	(123,188)	(70,700)	(38,700)
<b>TOTAL INCOME</b>	<b>(539,223)</b>	<b>(477,700)</b>	<b>(445,700)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,230,623</b>	<b>1,390,800</b>	<b>1,410,800</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	31,067	0	18,000
Departmental Support Charges	0	0	0
Capital Charges	7,541	5,700	8,400
Central Support Income	0	0	0
Departmental Support Income	(45,890)	(42,700)	(33,100)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(7,282)</b>	<b>(37,000)</b>	<b>(6,700)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>1,223,341</b>	<b>1,353,800</b>	<b>1,404,100</b>
Funded from DSG			0

**Variation Analysis**

<b>Original Estimate 2012/13</b>	<b>1,353,800</b>
Inflation	1,500
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Efficiency Savings	(600)
Investment Priorities	0
Other Growth and Savings	32,000
Budget Transfers	17,400
<b>Original Budget 2013/14</b>	<b>1,404,100</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	0.0      0.0



SECTION D  
EDUCATION, CHILDREN'S AND CULTURAL SERVICES

**INTEGRATED YOUTH SUPPORT**

This area includes the Youth Service, Targeted Youth Support Team, Sexual Health, Substance Misuse, and Way to Work. Combined, these services provide young people with access to information, positive activities and advice and guidance services.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	1,836,420	1,768,000	1,236,300
Premises	269,864	204,800	158,500
Transport	45,614	27,400	11,100
Supplies and Services	1,394,503	258,700	210,900
Third Party Payments	145,916	71,100	71,100
Transfer Payments	137,360	100	100
Support Services	0	0	4,800
<b>TOTAL EXPENDITURE</b>	<b>3,829,677</b>	<b>2,330,100</b>	<b>1,692,800</b>
<b><u>Income</u></b>			
Government Grants	(39,300)	0	(129,800)
Other Grants and Contributions	(1,268,384)	(731,600)	(253,800)
Customer & Client Receipts	(352,817)	(150,900)	(30,800)
<b>TOTAL INCOME</b>	<b>(1,660,501)</b>	<b>(882,500)</b>	<b>(414,400)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>2,169,176</b>	<b>1,447,600</b>	<b>1,278,400</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	341,399	357,700	354,400
Departmental Support Charges	155,050	143,500	277,400
Capital Charges	100,490	102,700	100,800
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>596,939</b>	<b>603,900</b>	<b>732,600</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>2,766,115</b>	<b>2,051,500</b>	<b>2,011,000</b>
Funded from DSG			0

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>2,051,500</b>
Inflation	5,900
Changes in Government Grants	0
Other Government or Outside Body changes	10,900
Demand Led Growth	0
Efficiency Savings	(54,900)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(2,400)
<b>Original Budget 2013/14</b>	<b>2,011,000</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	38.2      37.3

SECTION D  
EDUCATION, CHILDREN'S AND CULTURAL SERVICES

**SPECIAL EDUCATIONAL NEEDS SERVICES AND RECOUPMENT**

These centrally retained budgets mainly provide funding for young people with statements of special educational need who are either placed in independent special schools or attend schools in other authorities and their associated transport costs.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	837,000	851,700	1,001,000
Premises	3,890	0	0
Transport	3,246,326	2,855,300	2,958,000
Supplies and Services	114,163	106,700	80,200
Third Party Payments	9,286,424	9,399,200	8,037,400
Transfer Payments	946,082	759,200	2,548,600
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>14,433,885</b>	<b>13,972,100</b>	<b>14,625,200</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	(2,283,832)	(1,987,900)	(25,100)
Customer & Client Receipts	(570,467)	(68,400)	0
<b>TOTAL INCOME</b>	<b>(2,854,299)</b>	<b>(2,056,300)</b>	<b>(25,100)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>11,579,586</b>	<b>11,915,800</b>	<b>14,600,100</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	189,120	160,700	211,500
Departmental Support Charges	118,048	121,200	95,700
Capital Charges	15,111	15,100	15,100
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>322,279</b>	<b>297,000</b>	<b>322,300</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>11,901,865</b>	<b>12,212,800</b>	<b>14,922,400</b>
Funded from DSG			11,060,800

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>12,212,800</b>
Inflation	8,700
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	100,000
Efficiency Savings	(2,000)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	2,602,900
<b>Original Budget 2013/14</b>	<b>14,922,400</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	16.7      20.3

SECTION D  
EDUCATION, CHILDREN'S AND CULTURAL SERVICES

**EARLY YEARS**

The Government provides funding through the Early Intervention Grant (EIG) to develop and run Children's Centres, support access, quality and inclusion and to ensure that all children aged 0-8 years have the best possible early years education and care.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	1,239,020	1,485,400	1,546,200
Premises	123,333	68,500	79,900
Transport	19,662	9,800	8,900
Supplies and Services	1,870,540	2,448,900	1,166,800
Third Party Payments	72	0	211,100
Transfer Payments	510,617	450,000	359,000
Support Services	0	0	6,100
<b>TOTAL EXPENDITURE</b>	<b>3,763,244</b>	<b>4,462,600</b>	<b>3,378,000</b>
<b><u>Income</u></b>			
Government Grants	(46,382)	0	0
Other Grants and Contributions	(118,568)	0	0
Customer & Client Receipts	(202,410)	(8,000)	(8,000)
<b>TOTAL INCOME</b>	<b>(367,360)</b>	<b>(8,000)</b>	<b>(8,000)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>3,395,884</b>	<b>4,454,600</b>	<b>3,370,000</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	297,668	256,000	300,300
Departmental Support Charges	169,932	163,400	237,500
Capital Charges	46,650	48,700	15,500
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>514,250</b>	<b>468,100</b>	<b>553,300</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>3,910,134</b>	<b>4,922,700</b>	<b>3,923,300</b>
Funded from DSG			153,600

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>4,922,700</b>
Inflation	57,000
Changes in Government Grants	(695,000)
Other Government or Outside Body changes	12,200
Demand Led Growth	0
Efficiency Savings	(49,000)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(324,600)
<b>Original Budget 2013/14</b>	<b>3,923,300</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	36.0      40.3

SECTION D  
EDUCATION, CHILDREN'S AND CULTURAL SERVICES

**EDUCATIONAL AND FAMILY SUPPORT SERVICES**

This service is provided to support children, young people and families who are vulnerable, at risk or who have additional needs. The aim is to identify issues and problems early and offer parenting, family and individual support to prevent truancy, exclusions, crime and anti-social behaviour and family breakdown.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	3,862,745	3,493,400	4,241,000
Premises	70,644	81,400	79,700
Transport	79,385	53,200	52,200
Supplies and Services	611,671	336,700	325,200
Third Party Payments	35,090	27,600	39,200
Transfer Payments	226,654	157,400	157,400
Support Services	0	0	11,800
<b>TOTAL EXPENDITURE</b>	<b>4,886,189</b>	<b>4,149,700</b>	<b>4,906,500</b>
<b><u>Income</u></b>			
Government Grants	(18,027)	0	(218,000)
Other Grants and Contributions	(866,173)	(373,200)	(428,800)
Customer & Client Receipts	(685,965)	(251,900)	(320,600)
<b>TOTAL INCOME</b>	<b>(1,570,165)</b>	<b>(625,100)</b>	<b>(967,400)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>3,316,024</b>	<b>3,524,600</b>	<b>3,939,100</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	701,982	727,300	780,200
Departmental Support Charges	269,475	248,100	464,600
Capital Charges	32,332	32,300	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,003,789</b>	<b>1,007,700</b>	<b>1,244,800</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>4,319,813</b>	<b>4,532,300</b>	<b>5,183,900</b>
Funded from DSG			1,365,400

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>4,532,300</b>
Inflation	57,200
Changes in Government Grants	(50,000)
Other Government or Outside Body changes	(100)
Demand Led Growth	102,000
Efficiency Savings	(4,600)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	547,100
<b>Original Budget 2013/14</b>	<b>5,183,900</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	76.0      93.7

SECTION D  
EDUCATION, CHILDREN'S AND CULTURAL SERVICES

**SCHOOL SUPPORT**

The Inspection and Advisory services play a central role in the planning and the management of school improvement initiatives, education policy and planning. The service also includes Ethnic Minority and Traveller Achievement Service.

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	734,784	780,100	610,700
Premises	0	0	0
Transport	15,509	11,000	11,000
Supplies and Services	320,007	453,800	327,200
Third Party Payments	2,520	4,500	4,500
Transfer Payments	1,087,205	263,300	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>2,160,025</b>	<b>1,512,700</b>	<b>953,400</b>
<b><u>Income</u></b>			
Government Grants	(222,068)	0	0
Other Grants and Contributions	(530,294)	(404,300)	(254,000)
Customer & Client Receipts	(103,260)	(41,000)	(84,600)
<b>TOTAL INCOME</b>	<b>(855,622)</b>	<b>(445,300)</b>	<b>(338,600)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,304,403</b>	<b>1,067,400</b>	<b>614,800</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	161,695	159,800	134,300
Departmental Support Charges	251,275	233,600	174,100
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>412,970</b>	<b>393,400</b>	<b>308,400</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>1,717,373</b>	<b>1,460,800</b>	<b>923,200</b>
Funded from DSG			239,300

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>1,460,800</b>
Inflation	17,700
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Efficiency Savings	(75,700)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(479,600)
<b>Original Budget 2013/14</b>	<b>923,200</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	14.7      11.9

SECTION D  
EDUCATION, CHILDREN'S AND CULTURAL SERVICES

**CULTURAL COMMISSIONING**

The Council commissions a range of cultural services from the voluntary and community sector to ensure that local residents have access to a wide range of cultural experiences and opportunities. The funding for such arrangements was previously part of Adult and Community Services, but this has now transferred to the relevant service departments.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	0	0	0
Premises	0	0	0
Transport	0	0	0
Supplies and Services	0	0	278,400
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>0</b>	<b>0</b>	<b>278,400</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	0	0	0
<b>TOTAL INCOME</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>0</b>	<b>0</b>	<b>278,400</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	0	0	0
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>278,400</b>

Funded from DSG 0

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2012/13</b>		<b>0</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 and Savings		0
Budget Transfers		278,400
<b>Original Budget 2013/14</b>		<b>278,400</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	0.0	0.0

SECTION D  
EDUCATION, CHILDREN'S AND CULTURAL SERVICES

**LIBRARY SERVICE**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	3,090,033	2,522,600	2,533,000
Premises	469,179	547,400	420,700
Transport	60,017	49,000	43,500
Supplies and Services	1,070,890	863,200	852,600
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	0	0	4,600
<b>TOTAL EXPENDITURE</b>	<b>4,690,119</b>	<b>3,982,200</b>	<b>3,854,400</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	12,220	0	0
Customer & Client Receipts	(566,863)	(375,600)	(376,600)
<b>TOTAL INCOME</b>	<b>(554,643)</b>	<b>(375,600)</b>	<b>(376,600)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>4,135,476</b>	<b>3,606,600</b>	<b>3,477,800</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	593,244	436,900	453,200
Departmental Support Charges	93,210	88,900	94,400
Capital Charges	332,583	325,200	330,400
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,019,037</b>	<b>851,000</b>	<b>878,000</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>5,154,513</b>	<b>4,457,600</b>	<b>4,355,800</b>
Funded from DSG			0

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>4,457,600</b>
Inflation	43,400
Changes in Government Grants	0
Other Government or Outside Body changes	(2,100)
Demand Led Growth	0
Efficiency Savings	(29,400)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(113,700)
<b>Original Budget 2013/14</b>	<b>4,355,800</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	73.0      80.7

SECTION D  
EDUCATION, CHILDREN'S AND CULTURAL SERVICES

**ARTS AND MUSIC**

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

The Authority's grant contribution to the Richmond Music Trust is also included in this heading.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	361,169	305,300	305,600
Premises	205,327	59,300	46,400
Transport	15,742	500	500
Supplies and Services	776,190	339,200	130,600
Third Party Payments	5,332	0	0
Transfer Payments	30,000	0	28,500
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>1,393,760</b>	<b>704,300</b>	<b>511,600</b>
<b><u>Income</u></b>			
Government Grants	(192,892)	(208,400)	0
Other Grants and Contributions	(298,461)	(13,500)	(13,500)
Customer & Client Receipts	(280,562)	(75,000)	(76,400)
<b>TOTAL INCOME</b>	<b>(771,915)</b>	<b>(296,900)</b>	<b>(89,900)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>621,845</b>	<b>407,400</b>	<b>421,700</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	44,054	30,800	48,600
Departmental Support Charges	49,002	51,000	76,500
Capital Charges	894,575	902,000	4,200
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>987,631</b>	<b>983,800</b>	<b>129,300</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>1,609,476</b>	<b>1,391,200</b>	<b>551,000</b>
Funded from DSG			0
<b><u>Variation Analysis</u></b>			
<b>Original Estimate 2012/13</b>			<b>1,391,200</b>
Inflation			5,500
Changes in Government Grants			0
Other Government or Outside Body changes			6,600
Demand Led Growth			0
Efficiency Savings			(4,700)
Investment Priorities			0
Other Growth and Savings			0
Budget Transfers			(847,600)
<b>Original Budget 2013/14</b>			<b>551,000</b>
<b><u>Other Information</u></b>			
Employee FTE's (Budgeted)		7.2	7.2



SECTION D  
EDUCATION, CHILDREN'S AND CULTURAL SERVICES

**SPORTS**

The Sports Team objectives are to develop participation in sport, improve standards of performance and improve facilities in conjunction with a range of partners. The team includes sports development, the five sports & fitness centres and the borough's two pools, one of which is run by Springhealth.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	1,602,129	1,554,900	1,606,200
Premises	778,451	595,900	551,700
Transport	14,675	10,000	10,000
Supplies and Services	692,353	481,100	478,800
Third Party Payments	422,553	386,900	400,900
Transfer Payments	100,000	0	0
Support Services	0	0	1,800
<b>TOTAL EXPENDITURE</b>	<b>3,610,161</b>	<b>3,028,800</b>	<b>3,049,400</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	(192,188)	(93,600)	(93,600)
Customer & Client Receipts	(2,187,904)	(1,841,900)	(1,917,900)
<b>TOTAL INCOME</b>	<b>(2,380,092)</b>	<b>(1,935,500)</b>	<b>(2,011,500)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,230,069</b>	<b>1,093,300</b>	<b>1,037,900</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	281,858	206,500	218,300
Departmental Support Charges	74,637	75,100	89,200
Capital Charges	373,506	372,500	379,800
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>730,001</b>	<b>654,100</b>	<b>687,300</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>1,960,070</b>	<b>1,747,400</b>	<b>1,725,200</b>
Funded from DSG			0

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>1,747,400</b>
Inflation	(9,000)
Changes in Government Grants	0
Other Government or Outside Body changes	(100)
Demand Led Growth	0
Efficiency Savings	(11,700)
Investment Priorities	0
Other Growth and Savings	20,000
Budget Transfers	(21,400)
<b>Original Budget 2013/14</b>	<b>1,725,200</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	49.7      50.7

SECTION D  
EDUCATION, CHILDREN'S AND CULTURAL SERVICES

**SERVICE IMPROVEMENT**

Service Improvement provides a range of support services to the Education, Children's and Cultural Services Directorate which ensure effective and efficient services and help deliver value for money. The service includes policy development, performance management, information systems and governance, marketing and communications and workforce development.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	1,297,444	1,187,300	1,298,200
Premises	54,506	52,500	52,500
Transport	1,297	200	200
Supplies and Services	1,361,821	968,000	943,000
Third Party Payments	0	0	0
Transfer Payments	198,600	0	0
Support Services	0	0	2,000
<b>TOTAL EXPENDITURE</b>	<b>2,913,668</b>	<b>2,208,000</b>	<b>2,295,900</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	(427,508)	(362,800)	(333,400)
Customer & Client Receipts	(746,300)	(193,200)	(270,500)
<b>TOTAL INCOME</b>	<b>(1,173,808)</b>	<b>(556,000)</b>	<b>(603,900)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,739,860</b>	<b>1,652,000</b>	<b>1,692,000</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	247,263	273,100	250,300
Departmental Support Charges	128,690	122,300	116,800
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	(1,292,500)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>375,953</b>	<b>395,400</b>	<b>(925,400)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>2,115,813</b>	<b>2,047,400</b>	<b>766,600</b>
Funded from DSG			63,700

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>2,047,400</b>
Inflation	22,900
Changes in Government Grants	(25,000)
Other Government or Outside Body changes	0
Demand Led Growth	0
Efficiency Savings	(59,200)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(1,219,500)
<b>Original Budget 2013/14</b>	<b>766,600</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	25.7      28.3

SECTION D  
EDUCATION, CHILDREN'S AND CULTURAL SERVICES

**SAFEGUARDING & QUALITY ASSURANCE**

Government and Council funds are targeted at quality assuring safeguarding and child protection practice and ensuring a high quality reviewing system for Children Looked After.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	446,783	420,400	638,800
Premises	116	500	500
Transport	5,332	5,900	4,100
Supplies and Services	22,176	27,800	27,800
Third Party Payments	(71)	0	0
Transfer Payments	26,900	0	0
Support Services	0	0	52,200
<b>TOTAL EXPENDITURE</b>	<b>501,236</b>	<b>454,600</b>	<b>723,400</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants & Contributions	(30,331)	(30,200)	(41,700)
Customer & Client Receipts	(298,502)	(79,800)	(73,300)
<b>TOTAL INCOME</b>	<b>(328,833)</b>	<b>(110,000)</b>	<b>(115,000)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>172,403</b>	<b>344,600</b>	<b>608,400</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	181,949	113,300	117,300
Departmental Support Charges	54,422	52,200	213,400
Capital Charges	6,131	6,100	6,900
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>242,502</b>	<b>171,600</b>	<b>337,600</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>414,905</b>	<b>516,200</b>	<b>946,000</b>
Funded from DSG			35,300

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>516,200</b>
Inflation	1,400
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	135,000
Efficiency Savings	(600)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	294,000
<b>Original Budget 2013/14</b>	<b>946,000</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	7.3      12.3

SECTION D  
EDUCATION, CHILDREN'S AND CULTURAL SERVICES

**SCHOOLS NON DELEGATED**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	79,657	1,200	1,200
Premises	1,102,157	63,600	165,700
Transport	(22,923)	0	0
Supplies and Services	4,041,808	4,142,900	4,178,700
Third Party Payments	0	0	0
Transfer Payments	695,891	86,000	1,864,800
Support Services	0	0	68,400
<b>TOTAL EXPENDITURE</b>	<b>5,896,590</b>	<b>4,293,700</b>	<b>6,278,800</b>
<b><u>Income</u></b>			
Government Grants	(1,937,707)	(1,351,900)	(3,130,700)
Other Grants and Contributions	(4,740,022)	(1,632,700)	(1,701,100)
Customer & Client Receipts	(77,245)	(18,600)	(18,600)
<b>TOTAL INCOME</b>	<b>(6,754,974)</b>	<b>(3,003,200)</b>	<b>(4,850,400)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>(858,384)</b>	<b>1,290,500</b>	<b>1,428,400</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	574,741	596,400	528,000
Departmental Support Charges	1,054,249	1,069,500	1,354,100
Capital Charges	13,453,815	10,308,100	14,014,200
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>15,082,805</b>	<b>11,974,000</b>	<b>15,896,300</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>14,224,421</b>	<b>13,264,500</b>	<b>17,324,700</b>
Funded from DSG			294,700

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>13,264,500</b>
Inflation	62,300
Changes in Government Grants	0
Other Government or Outside Body changes	1,700
Demand Led Growth	0
Efficiency Savings	(212,300)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	4,208,500
<b>Original Budget 2013/14</b>	<b>17,324,700</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	0.0      0.0

SECTION D  
EDUCATION, CHILDREN'S AND CULTURAL SERVICES

**SCHOOLS COMMISSIONING**

This includes the budgets for the School Admissions Team and Student Support.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	398,752	380,000	389,200
Premises	226	0	0
Transport	42,310	45,700	45,700
Supplies and Services	242,589	232,100	232,100
Third Party Payments	0	0	0
Transfer Payments	20,462	0	1,900
Support Services	0	0	100
<b>TOTAL EXPENDITURE</b>	<b>704,339</b>	<b>657,800</b>	<b>669,000</b>
<b><u>Income</u></b>			
Government Grants	0	0	(1,900)
Other Grants and Contributions	(2,931)	0	0
Customer & Client Receipts	(66,398)	(45,600)	(150,000)
<b>TOTAL INCOME</b>	<b>(69,329)</b>	<b>(45,600)</b>	<b>(151,900)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>635,010</b>	<b>612,200</b>	<b>517,100</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	85,244	87,900	78,600
Departmental Support Charges	37,296	35,600	128,700
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>122,540</b>	<b>123,500</b>	<b>207,300</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>757,550</b>	<b>735,700</b>	<b>724,400</b>
Funded from DSG			319,900

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>735,700</b>
Inflation	6,200
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Efficiency Savings	(5,800)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(11,700)
<b>Original Budget 2013/14</b>	<b>724,400</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	8.4      8.8

SECTION D  
EDUCATION, CHILDREN'S AND CULTURAL SERVICES

**INDIVIDUAL SCHOOLS & NURSERY BUDGETS (NET)**

Local Authorities must distribute amounts from their Individual Schools Budget amongst their maintained schools using a formula which accords with the Financing of Maintained Schools (England) Regulations, and enables the calculation of a budget share for each maintained school.

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Individual Schools Budget	80,088,991	84,114,500	62,426,100
Individual Nursery Budget	7,035,036	7,350,300	7,604,600
ISB in year Allowances	425,314	2,592,200	1,094,600
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b><u>87,549,341</u></b>	<b><u>94,057,000</u></b>	<b><u>71,125,300</u></b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	0	0	0
Departmental Support Charges	0	0	0
Capital Charges	54,277	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b><u>54,277</u></b>	<b><u>0</u></b>	<b><u>0</u></b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b><u>87,603,618</u></b>	<b><u>94,057,000</u></b>	<b><u>71,125,300</u></b>
Funded from DSG			71,125,300

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>94,057,000</b>
Inflation	38,500
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Efficiency Savings	(38,500)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(22,931,700)
<b>Original Budget 2013/14</b>	<b><u>71,125,300</u></b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	1,674.0      1,366.1

SECTION D  
EDUCATION, CHILDREN'S AND CULTURAL SERVICES

**DIRECTORATE ADMINISTRATION**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	858,318	875,800	877,100
Premises	3,418	0	0
Transport	2,456	7,500	9,200
Supplies and Services	192,636	215,100	206,000
Third Party Payments	0	0	0
Transfer Payments	29,907	0	0
Support Services	0	0	34,300
<b>TOTAL EXPENDITURE</b>	<b>1,086,735</b>	<b>1,098,400</b>	<b>1,126,600</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	(4,113)	0	(45,000)
Customer & Client Receipts	(125,376)	(127,400)	(127,400)
<b>TOTAL INCOME</b>	<b>(129,489)</b>	<b>(127,400)</b>	<b>(172,400)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>957,246</b>	<b>971,000</b>	<b>954,200</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	733,450	709,100	662,100
Departmental Support Charges	0	0	62,500
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	(1,690,696)	(1,680,100)	(1,678,800)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(957,246)</b>	<b>(971,000)</b>	<b>(954,200)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Funded from DSG			207,400

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2012/13</b>		<b>0</b>
Inflation		7,200
Changes in Government Grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Efficiency Savings		(5,000)
Investment Priorities		0
Other Growth and Savings		0
Budget Transfers		(2,200)
<b>Original Budget 2013/14</b>		<b>0</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	18.6	18.6

SECTION D  
EDUCATION, CHILDREN'S AND CULTURAL SERVICES

**STRATEGIC MANAGEMENT**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	898,100	852,800	856,300
Premises	0	0	0
Transport	1,810	1,700	1,700
Supplies and Services	0	0	0
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	0	0	0
<b>NET EXPENDITURE</b>	<b>899,910</b>	<b>854,500</b>	<b>858,000</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(1,003)	0	0
<b>TOTAL INCOME</b>	<b>(1,003)</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>898,907</b>	<b>854,500</b>	<b>858,000</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	110,721	106,600	94,700
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	(1,009,628)	(961,100)	(952,700)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(898,907)</b>	<b>(854,500)</b>	<b>(858,000)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Funded from DSG			0

**Variation Analysis**

**Original Estimate 2012/13**

Inflation	5,500
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Efficiency Savings	0
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(5,500)
<b>Original Budget 2013/14</b>	<b>0</b>

**Other Information**

Employee FTE's (Budgeted)	11.0	11.0
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SECTION D  
EDUCATION, CHILDREN'S AND CULTURAL SERVICES

**EDUCATION GRANTS**

The Dedicated Schools Grant (DSG) is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2008. This grant funds a range of services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

The Education Service Grant (ESG) is a new grant which replaces the LA Block element of the Local Authority Central Spend Equivalent Grant (LACSEG) for academies, and the corresponding element of local authority revenue funding. It covers Therapies and other Health related services, Pupil Support, School Improvement, Music Services and a percentage of the Education Welfare Service budget, Asset Management and Statutory and Regulatory duties.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<u>Income</u>			
Dedicated Schools Grant	(104,018,000)	(106,104,200)	(85,243,000)
Education Service Grant	0	0	(2,053,000)
 TOTAL INCOME	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	(104,018,000)	(106,104,200)	(87,296,000)
 <b>NET EXPENDITURE (ALL BUDGETS)</b>	 <hr/> <hr/>	 <hr/> <hr/>	 <hr/> <hr/>
	<b>(104,018,000)</b>	<b>(106,104,200)</b>	<b>(87,296,000)</b>

**Variation Analysis**

<b>Original Estimate 2012/13</b>	<b>(106,104,200)</b>
Inflation	0
Changes in Government Grants - Education Service Grant	(2,053,000)
Other Government or Outside Body changes	0
Demand Led Growth	0
Efficiency Savings	0
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers - Dedicated Schools Grant	20,861,200
<b>Original Budget 2013/14</b>	<hr/> <hr/> <b>(87,296,000)</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	0.0                      0.0



# **ENVIRONMENT DIRECTORATE**

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

**Nick Greenaway**  
Principal Finance Officer

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**REVENUE BUDGET - SUMMARY OF EXPENDITURE**

<b><u>Service</u></b>	<b><u>2011/12</u></b>	<b><u>2012/13</u></b>	<b><u>2013/14</u></b>
	<b><u>Actual</u></b>	<b><u>Estimate</u></b>	<b><u>Estimate</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>	<b><u>£</u></b>
Property Services	394,286	909,700	1,752,300
Facilities Management Services	(142,203)	172,100	325,900
Parks and Open Spaces (Inc Cemeteries)	4,157,127	4,283,400	3,934,500
Planning & Development Services	3,297,597	3,273,400	3,391,800
Regulatory Services	1,788,003	1,736,500	1,647,300
Waste Services	14,562,609	16,346,400	16,981,100
Highways Management	6,437,663	4,979,400	5,431,700
Transport Planning & Safety Education	2,523,571	2,644,800	2,506,700
Parking Services	(3,841,805)	(5,079,600)	(6,030,900)
Transport Fleet Management & Maintenance	0	(81,500)	29,000
Directorate Management & Support	0	0	0
<b>Total for Environment</b>	<b><u>29,176,848</u></b>	<b><u>29,184,600</u></b>	<b><u>29,969,400</u></b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>29,184,600</b>
Inflation	477,700
Changes in Government Grants	166,900
Other Government or Outside Body changes	182,400
Demand Led Growth	395,000
Budget Review Savings	(1,966,200)
Investment Priorities	450,000
Other Growth and Savings	(758,000)
Budget Transfers	1,837,000
<b>Original Budget 2013/14</b>	<b><u>29,969,400</u></b>

**SUBJECTIVE ANALYSIS**

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	15,407,180	14,164,100	13,897,300
Premises	9,602,505	10,132,900	9,986,400
Transport	4,305,500	5,003,800	2,139,800
Supplies & Services	4,031,879	2,913,900	3,101,700
Third Party Payments	20,580,901	20,274,400	21,604,700
Transfer Payments	0	0	0
Support Services	0	0	419,800
<b>TOTAL EXPENDITURE</b>	<b>53,927,965</b>	<b>52,489,100</b>	<b>51,149,700</b>
<b><u>Income</u></b>			
Government Grants	(463,129)	(201,000)	(78,800)
Other Grants and Contributions	(1,288,542)	(268,200)	(127,600)
Customer & Client Receipts	(30,066,935)	(28,696,900)	(26,024,500)
<b>TOTAL INCOME</b>	<b>(31,818,606)</b>	<b>(29,166,100)</b>	<b>(26,230,900)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>22,109,359</b>	<b>23,323,000</b>	<b>24,918,800</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	6,549,796	5,945,700	7,147,000
Departmental Support Charges	6,560,527	5,535,000	6,302,000
Capital Charges	5,056,478	4,180,600	4,339,600
Central Support Income	(4,538,784)	(4,264,700)	(6,436,000)
Departmental Support Income	(6,560,528)	(5,535,000)	(6,302,000)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>7,067,489</b>	<b>5,861,600</b>	<b>5,050,600</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>29,176,848</b>	<b>29,184,600</b>	<b>29,969,400</b>

**BUDGETED STAFFING FTE'S**

	<b>2012/13</b>	<b>2013/14</b>
Number of full time equivalent employees	346.3	317.3

**PROPERTY SERVICES**

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

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	1,221,863	898,700	887,000
Premises	255,006	1,059,500	1,728,900
Transport	5,674	7,600	7,600
Supplies & Services	162,112	60,000	61,500
Third Party Payments	26,286	52,200	53,500
Transfer Payments	0	0	0
Support Services	0	0	100,400
<b>TOTAL EXPENDITURE</b>	<b>1,670,941</b>	<b>2,078,000</b>	<b>2,838,900</b>
<b><u>Income</u></b>			
Government Grants	0	0	(7,800)
Other Grants and Contributions	(103,362)	(50,600)	0
Fees & Charges	(1,020,870)	(1,050,100)	(960,100)
<b>TOTAL INCOME</b>	<b>(1,124,232)</b>	<b>(1,100,700)</b>	<b>(967,900)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>546,709</b>	<b>977,300</b>	<b>1,871,000</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	440,068	316,600	220,600
Departmental Support Charges	178,984	197,300	227,700
Capital Charges	66,735	46,700	60,400
Central Support Income	(838,210)	(628,200)	(627,400)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(152,423)</b>	<b>(67,600)</b>	<b>(118,700)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>394,286</b>	<b>909,700</b>	<b>1,752,300</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>909,700</b>
Inflation	900
Changes in Government Grants	0
Other Government or Outside Body changes	7,400
Demand Led Growth	100,000
Budget Review Savings	(181,400)
Investment Priorities	0
Other Growth and Savings	66,000
Budget Transfers	849,700
<b>Original Budget 2013/14</b>	<b>1,752,300</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	16.5
	16.5

**FACILITIES MANAGEMENT SERVICES INC HEALTH, SAFETY AND RESILIENCE TEAM**

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

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
	<u>£</u>	<u>£</u>	<u>£</u>
<b>Expenditure</b>			
Employees	1,609,898	1,196,500	1,210,100
Premises	3,731,292	3,523,600	2,986,100
Transport	114,724	75,400	38,900
Supplies & Services	990,378	577,400	710,200
Third Party Payments	820,420	32,800	33,600
Transfer Payments	0	0	0
Support Services	0	0	1,200
<b>TOTAL EXPENDITURE</b>	<b>7,266,712</b>	<b>5,405,700</b>	<b>4,980,100</b>
<b>Income</b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Fees & Charges	(4,238,398)	(2,525,200)	(2,381,700)
<b>TOTAL INCOME</b>	<b>(4,238,398)</b>	<b>(2,525,200)</b>	<b>(2,381,700)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>3,028,314</b>	<b>2,880,500</b>	<b>2,598,400</b>
<b>Financial Accounting Adjustments</b>			
Central Support Charges	615,587	462,200	574,000
Departmental Support Charges	326,445	320,800	231,800
Capital Charges	783,757	780,700	788,600
Central Support Income	(3,700,574)	(3,636,500)	(3,271,200)
Departmental Support Income	(1,195,732)	(635,600)	(595,700)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(3,170,517)</b>	<b>(2,708,400)</b>	<b>(2,272,500)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>(142,203)</b>	<b>172,100</b>	<b>325,900</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>172,100</b>
Inflation	77,700
Changes in Government Grants	36,900
Other Government or Outside Body changes	(30,600)
Demand Led Growth	140,000
Budget Review Savings	(178,200)
Investment Priorities	0
Other Growth and Savings	19,800
Budget Transfers	88,200
<b>Original Budget 2013/14</b>	<b>325,900</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	40.5      35.6

**PARKS AND OPEN SPACES (INC CEMETERIES)**

These services are responsible for 146 parks and open spaces covering a total of 517 hectares. Included in this area are 43 equipped children's playgrounds, the management of over 17,000 street trees and the administration of Tree Preservation Orders. There are 24 allotment sites in the Borough divided into 1,886 individual plots. There are 6 cemeteries open for burial, which cover 36 hectares and over 350 funeral services a year are carried out.

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	964,471	1,016,300	934,700
Premises	3,574,799	3,555,900	3,255,100
Transport	42,664	79,900	30,000
Supplies & Services	171,745	201,400	219,600
Third Party Payments	396,474	381,500	392,100
Transfer Payments	0	0	0
Support Services	0	0	11,700
<b>TOTAL EXPENDITURE</b>	<b>5,150,153</b>	<b>5,235,000</b>	<b>4,843,200</b>
<b><u>Income</u></b>			
Government Grants	(4,728)	0	0
Other Grants and Contributions	(143,511)	0	0
Fees & Charges	(1,231,337)	(1,309,900)	(1,419,500)
<b>TOTAL INCOME</b>	<b>(1,379,576)</b>	<b>(1,309,900)</b>	<b>(1,419,500)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>3,770,577</b>	<b>3,925,100</b>	<b>3,423,700</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	348,956	242,100	325,400
Departmental Support Charges	403,613	486,500	467,100
Capital Charges	24,126	22,900	24,100
Central Support Income	0	0	0
Departmental Support Income	(390,145)	(393,200)	(305,800)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>386,550</b>	<b>358,300</b>	<b>510,800</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>4,157,127</b>	<b>4,283,400</b>	<b>3,934,500</b>
<b><u>Variation Analysis</u></b>			
<b>Original Estimate 2012/13</b>			<b>4,283,400</b>
Inflation			23,700
Changes in Government Grants			0
Other Government or Outside Body changes			1,700
Demand Led Growth			0
Budget Review Savings			(557,900)
Investment Priorities			0
Other Growth and Savings			24,700
Budget Transfers			158,900
<b>Original Budget 2013/14</b>			<b>3,934,500</b>
<b><u>Other Information</u></b>			
Employee FTE's (Budgeted)		24.0	21.8



**PLANNING & DEVELOPMENT SERVICES**

This group encompasses Building Control (including Land Charges and Land Contamination), Development Control, Land use Policy and Design reviewing planning and conservation policies

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	3,096,487	3,222,700	3,231,000
Premises	24,063	5,100	5,100
Transport	44,695	46,300	44,800
Supplies & Services	1,033,033	357,800	364,500
Third Party Payments	86,533	329,800	334,800
Transfer Payments	0	0	0
Support Services	0	0	179,800
<b>TOTAL EXPENDITURE</b>	<b>4,284,811</b>	<b>3,961,700</b>	<b>4,160,000</b>
<b><u>Income</u></b>			
Government Grants	(159,012)	(201,000)	(71,000)
Other Grants and Contributions	(542,351)	(214,900)	(124,900)
Fees & Charges	(2,196,026)	(2,123,000)	(2,063,400)
<b>TOTAL INCOME</b>	<b>(2,897,389)</b>	<b>(2,538,900)</b>	<b>(2,259,300)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,387,422</b>	<b>1,422,800</b>	<b>1,900,700</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	1,382,827	1,203,900	865,200
Departmental Support Charges	855,699	973,100	926,900
Capital Charges	540	0	400
Central Support Income	0	0	0
Departmental Support Income	(328,891)	(326,400)	(301,400)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,910,175</b>	<b>1,850,600</b>	<b>1,491,100</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>3,297,597</b>	<b>3,273,400</b>	<b>3,391,800</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>3,273,400</b>
Inflation	15,600
Changes in Government Grants	130,000
Other Government or Outside Body changes	90,000
Demand Led Growth	155,000
Budget Review Savings	(109,600)
Investment Priorities	0
Other Growth and Savings	75,100
Budget Transfers	(237,700)
<b>Original Budget 2013/14</b>	<b>3,391,800</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	69.0      68.0

**REGULATORY SERVICES**

Regulatory Services includes Commercial Environmental Health (food safety, workplace health and safety, commercial noise and pollution control and planning/licensing consultation), Trading Standards, Licensing and Special Projects (mainly air quality). The Registration Service conducts over 1,000 civil ceremonies at the Register Office and other approved premises within the borough, in addition to registering life events and Citizenship services, including the Nationality Checking Service.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	1,463,849	1,409,000	1,326,800
Premises	75,546	111,300	104,800
Transport	29,659	30,900	25,800
Supplies & Services	182,811	290,500	270,300
Third Party Payments	112,339	62,100	62,100
Transfer Payments	0	0	0
Support Services	0	0	40,400
<b>TOTAL EXPENDITURE</b>	<b>1,864,204</b>	<b>1,903,800</b>	<b>1,830,200</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	(9,739)	(2,700)	(2,700)
Fees & Charges	(892,102)	(921,300)	(954,800)
<b>TOTAL INCOME</b>	<b>(901,841)</b>	<b>(924,000)</b>	<b>(957,500)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>962,363</b>	<b>979,800</b>	<b>872,700</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	440,238	358,500	371,400
Departmental Support Charges	354,322	393,800	399,200
Capital Charges	31,080	4,400	4,000
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>825,640</b>	<b>756,700</b>	<b>774,600</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>1,788,003</b>	<b>1,736,500</b>	<b>1,647,300</b>
<b><u>Variation Analysis</u></b>			
<b>Original Estimate 2012/13</b>			<b>1,736,500</b>
Inflation			(20,400)
Changes in Government Grants			0
Other Government or Outside Body changes			(1,000)
Demand Led Growth			0
Budget Review Savings			(98,300)
Investment Priorities			0
Other Growth and Savings			7,400
Budget Transfers			23,100
<b>Original Budget 2013/14</b>			<b>1,647,300</b>
<b><u>Other Information</u></b>			
Employee FTE's (Budgeted)		31.5	29.5

**WASTE SERVICES**

The Council is currently recycling over 43% of the borough's domestic waste and also provides a weekly refuse service to approximately 80,000 properties plus a trade collection service, for which a charge is made. Waste Disposal is managed by the West London Waste Authority. Other services undertaken include street cleansing, graffiti removal and the management of the Community Toilet Scheme. It also retains cleansing responsibilities for the A316 and A205 which are part of the Transport for London Road Network.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	654,572	633,000	628,500
Premises	26,058	47,800	40,900
Transport	2,017,275	2,391,400	539,100
Supplies & Services	335,469	636,900	581,300
Third Party Payments	13,219,605	14,311,800	15,366,300
Transfer Payments	0	0	0
Support Services	0	0	5,800
<b>TOTAL EXPENDITURE</b>	<b>16,252,979</b>	<b>18,020,900</b>	<b>17,161,900</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	(45,507)	0	0
Fees & Charges	(4,006,360)	(3,686,900)	(3,624,100)
<b>TOTAL INCOME</b>	<b>(4,051,867)</b>	<b>(3,686,900)</b>	<b>(3,624,100)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>12,201,112</b>	<b>14,334,000</b>	<b>13,537,800</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	572,498	795,000	2,216,900
Departmental Support Charges	1,754,737	1,184,100	1,108,400
Capital Charges	103,313	85,300	118,000
Central Support Income	0	0	0
Departmental Support Income	(69,051)	(52,000)	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>2,361,497</b>	<b>2,012,400</b>	<b>3,443,300</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>14,562,609</b>	<b>16,346,400</b>	<b>16,981,100</b>
<b><u>Variation Analysis</u></b>			
<b>Original Estimate 2012/13</b>			<b>16,346,400</b>
Inflation			177,000
Changes in Government Grants			0
Other Government or Outside Body changes			116,000
Demand Led Growth			0
Budget Review Savings			(355,400)
Investment Priorities			0
Other Growth and Savings			34,500
Budget Transfers			662,600
<b>Original Budget 2013/14</b>			<b>16,981,100</b>
<b><u>Other Information</u></b>			
Employee FTE's (Budgeted)		18.0	18.0

**HIGHWAYS MANAGEMENT**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	811,380	787,600	801,100
Premises	711,454	687,100	735,100
Transport	226,233	216,100	28,100
Supplies & Services	404,943	178,200	315,800
Third Party Payments	3,509,956	2,673,400	2,740,200
Transfer Payments	0	0	0
Support Services	0	0	24,400
<b>TOTAL EXPENDITURE</b>	<b>5,663,966</b>	<b>4,542,400</b>	<b>4,644,700</b>
<b><u>Income</u></b>			
Government Grants	(274,389)	0	0
Other Grants and Contributions	0	0	0
Fees & Charges	(2,408,687)	(2,208,700)	(2,148,600)
<b>TOTAL INCOME</b>	<b>(2,683,076)</b>	<b>(2,208,700)</b>	<b>(2,148,600)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>2,980,890</b>	<b>2,333,700</b>	<b>2,496,100</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	190,077	232,700	334,200
Departmental Support Charges	1,791,309	1,318,500	1,564,500
Capital Charges	1,475,387	934,100	1,036,900
Central Support Income	0	0	0
Departmental Support Income	0	160,400	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>3,456,773</b>	<b>2,645,700</b>	<b>2,935,600</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>6,437,663</b>	<b>4,979,400</b>	<b>5,431,700</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>4,979,400</b>
Inflation	108,200
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	86,000
Investment Priorities	0
Other Growth and Savings	(2,200)
Budget Transfers	260,300
<b>Original Budget 2013/14</b>	<b>5,431,700</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	22.0      22.0

**TRANSPORT PLANNING & SAFETY EDUCATION**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	1,126,802	1,176,600	1,100,000
Premises	2,039	0	0
Transport	1,582	5,900	2,800
Supplies & Services	30,935	39,200	39,000
Third Party Payments	769,138	506,600	508,300
Transfer Payments	0	0	0
Support Services	0	0	9,600
<b>TOTAL EXPENDITURE</b>	<b>1,930,496</b>	<b>1,728,300</b>	<b>1,659,700</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	(444,072)	0	0
Fees & Charges	(915,777)	(720,200)	(680,900)
<b>TOTAL INCOME</b>	<b>(1,359,849)</b>	<b>(720,200)</b>	<b>(680,900)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>570,647</b>	<b>1,008,100</b>	<b>978,800</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	377,898	221,300	158,300
Departmental Support Charges	116,118	119,400	176,000
Capital Charges	1,521,653	1,361,000	1,375,100
Central Support Income	0	0	0
Departmental Support Income	(62,745)	(65,000)	(181,500)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,952,924</b>	<b>1,636,700</b>	<b>1,527,900</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>2,523,571</b>	<b>2,644,800</b>	<b>2,506,700</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2012/13</b>		<b>2,644,800</b>
Inflation		(3,700)
Changes in Government Grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Budget Review Savings		(800)
Investment Priorities		0
Other Growth and Savings		46,700
Budget Transfers		(180,300)
<b>Original Budget 2013/14</b>		<b>2,506,700</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	22.9	18.9

**PARKING SERVICES**

Parking Services administer 28 car parks containing 2,700 spaces and 37 Controlled Parking Zones. The Parking Enforcement section processes penalty charge notices issued under prevailing legislation, administers and issues parking permits and manages the parking enforcement contractor. The staffing budget and FTE's in this area have moved to the directorate management and support section to reflect the staff cost allocation we are required to provide for the Mayor of London parking account.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	984,059	564,200	0
Premises	1,169,190	1,138,600	1,126,400
Transport	1,376	0	0
Supplies & Services	492,816	378,300	339,300
Third Party Payments	1,609,936	1,923,500	2,113,100
Transfer Payments	0	0	0
Support Services	0	0	18,200
<b>TOTAL EXPENDITURE</b>	<b>4,257,377</b>	<b>4,004,600</b>	<b>3,597,000</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Fees & Charges	(9,672,190)	(10,421,800)	(11,448,800)
<b>TOTAL INCOME</b>	<b>(9,672,190)</b>	<b>(10,421,800)</b>	<b>(11,448,800)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>(5,414,813)</b>	<b>(6,417,200)</b>	<b>(7,851,800)</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	795,519	648,500	479,300
Departmental Support Charges	438,355	350,000	1,005,800
Capital Charges	339,134	339,100	335,800
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,573,008</b>	<b>1,337,600</b>	<b>1,820,900</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>(3,841,805)</b>	<b>(5,079,600)</b>	<b>(6,030,900)</b>
<b><u>Variation Analysis</u></b>			
<b>Original Estimate 2012/13</b>			<b>(5,079,600)</b>
Inflation			75,400
Changes in Government Grants			0
Other Government or Outside Body changes			(1,100)
Demand Led Growth			0
Budget Review Savings			(342,400)
Investment Priorities			450,000
Other Growth and Savings			(1,030,000)
Budget Transfers			(103,200)
<b>Original Budget 2013/14</b>			<b>(6,030,900)</b>
<b><u>Other Information</u></b>			
Employee FTE's (Budgeted)		27.0	0.0

**TRANSPORT FLEET MANAGEMENT & MAINTENANCE**

The Transport Services Section provides a complete range of vehicle provision to all services within the Council. The Transport Workshop carries out maintenance and repairs to the Council's fleet consisting of 100 vehicles and currently provides maintenance and servicing of contractor vehicles.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	343,126	378,400	333,900
Premises	27,465	4,000	4,000
Transport	1,741,820	2,119,700	1,389,000
Supplies & Services	38,004	72,800	72,800
Third Party Payments	340	700	700
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>2,150,755</b>	<b>2,575,600</b>	<b>1,800,400</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Fees & Charges	(3,279,514)	(3,478,500)	(97,700)
<b>TOTAL INCOME</b>	<b>(3,279,514)</b>	<b>(3,478,500)</b>	<b>(97,700)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>(1,128,759)</b>	<b>(902,900)</b>	<b>1,702,700</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	83,808	26,800	82,500
Departmental Support Charges	334,198	188,200	184,900
Capital Charges	710,753	606,400	596,300
Central Support Income	0	0	(2,537,400)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,128,759</b>	<b>821,400</b>	<b>(1,673,700)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>(81,500)</b>	<b>29,000</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>(81,500)</b>
Inflation	4,800
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(40,200)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	145,900
<b>Original Budget 2013/14</b>	<b>29,000</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	10.0      8.0

**DIRECTORATE MANAGEMENT & SUPPORT**

These budgets incorporate management, finance, general administrative support for the Environment Directorate via admin hubs and technical staff whose duties cover more than one service. The increase in staffing budget and FTE's in this area reflects the movement from parking services for the staff cost allocation we are required to provide for the Mayor of London parking account.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	3,130,673	2,881,100	3,444,200
Premises	5,593	0	0
Transport	79,798	30,600	33,700
Supplies & Services	189,633	121,400	127,400
Third Party Payments	29,874	0	0
Transfer Payments	0	0	0
Support Services	0	0	28,300
<b>TOTAL EXPENDITURE</b>	<b>3,435,571</b>	<b>3,033,100</b>	<b>3,633,600</b>
<b><u>Income</u></b>			
Government Grants	(25,000)	0	0
Other Grants and Contributions	0	0	0
Fees & Charges	(205,674)	(251,300)	(244,900)
<b>TOTAL INCOME</b>	<b>(230,674)</b>	<b>(251,300)</b>	<b>(244,900)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>3,204,897</b>	<b>2,781,800</b>	<b>3,388,700</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	1,302,320	1,438,100	1,519,200
Departmental Support Charges	6,747	3,300	9,700
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	(4,513,964)	(4,223,200)	(4,917,600)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(3,204,897)</b>	<b>(2,781,800)</b>	<b>(3,388,700)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2012/13</b>		<b>0</b>
Inflation		18,500
Changes in Government Grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Budget Review Savings		(188,000)
Investment Priorities		0
Other Growth and Savings		0
Budget Transfers		169,500
<b>Original Budget 2013/14</b>		<b>0</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	65.0	79.0



# **ADULT & COMMUNITY SERVICES**

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

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## ADULT AND COMMUNITY SERVICES

**SUMMARY BY SERVICE AREA**

<b><u>PURPOSE</u></b>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Commissioning Care Services Management	0	0	0
Care Management	8,814,680	8,685,900	8,636,500
Care Services - Older People and Physical Disabilities	20,070,953	22,557,800	20,964,800
Care Services - Adults with Learning Disabilities	6,531,864	6,405,200	15,988,800
Care Services - People with Mental Health Needs	3,429,905	3,158,500	2,969,600
Careline	802,293	828,800	789,500
Other Commissioned Services - Adult Social Care	405,376	383,400	1,551,200
Community Services Operations Management	204,397	196,000	190,100
Housing Advice & Assessment	1,176,613	1,119,800	1,323,600
Resettlement Service	246,605	226,100	212,600
Temporary Accommodation	3,754,571	4,487,600	4,270,000
Private Sector Housing Team	2,412,010	2,790,700	2,527,000
Care Provision - Learning Disabilities	5,132,338	4,941,100	4,716,100
Care Provision - Older People and Physical Disabilities	2,239,681	1,950,600	2,018,200
Transport Operations	0	432,900	353,100
Accessible Transport Unit	7,128,347	7,664,200	8,058,300
Commissioning Corp. Policy & Strategy Management	0	0	0
Accountability and Engagement	777,642	639,000	676,900
Partnerships and Planning	1,177,534	1,253,400	1,408,800
Grants to Voluntary Organisations	2,033,144	2,276,500	1,050,600
Corporate Procurement	0	0	0
Performance and Quality Assurance	0	0	0
Corporate Equality and Diversity Team	0	0	0
Corporate Communications	0	0	0
Rent Allowances	(470,774)	(37,900)	(38,000)
Supported Housing Services	2,788,429	2,821,300	2,612,400
Direct Management and Finance	348,573	576,900	835,200
Service Development	(521,736)	0	0
Public Health	0	0	0
<b>Total Adult &amp; Community Services Directorate</b>	<b>68,482,445</b>	<b>73,357,800</b>	<b>81,115,300</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>73,357,800</b>
Inflation	925,800
Changes in Government Grants	9,868,800
Other Government or Outside Body changes	195,800
Demand Led Growth	680,000
Budget Review Savings	(2,005,300)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(1,907,600)
<b>Original Budget 2013/14</b>	<b>81,115,300</b>

## ADULT AND COMMUNITY SERVICES

**SUBJECTIVE ANALYSIS**

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	23,227,222	22,998,000	23,898,800
Premises	2,127,360	1,927,700	1,950,100
Transport	2,049,247	1,975,900	1,416,000
Supplies and Services	7,278,556	7,161,600	8,341,500
Third Party Payments	52,416,887	53,232,200	58,776,700
Transfer Payments	70,387,595	71,104,200	74,881,600
Support Services	0	0	353,200
<b>TOTAL EXPENDITURE</b>	<b>157,486,867</b>	<b>158,399,600</b>	<b>169,617,900</b>
<b><u>Income</u></b>			
Government Grants	(73,231,534)	(72,614,800)	(73,692,500)
Other Grants and Contributions	(5,345,659)	(3,711,000)	(5,524,000)
Customer & Client Receipts	(19,860,125)	(19,285,100)	(18,842,100)
<b>TOTAL INCOME</b>	<b>(98,437,318)</b>	<b>(95,610,900)</b>	<b>(98,058,600)</b>
<b>NET EXPENDITURE FOR ACS DIRECTORATE</b>	<b>59,049,549</b>	<b>62,788,700</b>	<b>71,559,300</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	6,332,823	6,036,600	6,577,100
Departmental Support Charges	7,585,639	8,667,300	8,139,500
Capital Charges	5,202,636	6,637,100	5,211,300
Central Support Income	(2,102,564)	(2,104,600)	(2,232,400)
Departmental Support Income	(7,585,638)	(8,667,300)	(8,139,500)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>9,432,896</b>	<b>10,569,100</b>	<b>9,556,000</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>68,482,445</b>	<b>73,357,800</b>	<b>81,115,300</b>

**BUDGETED STAFFING FTE'S**

	<b>2012/13</b>	<b>2013/14</b>
Number of full time equivalent employees	594.6	609.6

**COMMISSIONING CARE SERVICES DIVISIONAL MANAGEMENT**

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

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	379,495	600,300	638,400
Premises	70,006	57,500	57,500
Transport	800	800	800
Supplies and Services	240,170	651,400	549,300
Third Party Payments	4,493	150,000	50,000
Transfer Payments	0	0	0
Support Services	0	0	29,900
<b>TOTAL EXPENDITURE</b>	<b>694,964</b>	<b>1,460,000</b>	<b>1,325,900</b>
<b><u>Income</u></b>			
Government Grants	0	(163,000)	0
Other Grants and Contributions	(10,051)	(513,200)	(513,200)
Customer & Client Receipts	(376)	0	0
<b>TOTAL INCOME</b>	<b>(10,427)</b>	<b>(676,200)</b>	<b>(513,200)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>684,537</b>	<b>783,800</b>	<b>812,700</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	194,335	115,400	93,600
Departmental Support Charges	171,243	276,800	223,500
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	(1,050,115)	(1,176,000)	(1,129,800)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(684,537)</b>	<b>(783,800)</b>	<b>(812,700)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>0</b>
Inflation	19,700
Changes in Government Grants	155,200
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(15,200)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(159,700)
<b>Original Budget 2013/14</b>	<b>0</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	6.0      7.0

## ADULT AND COMMUNITY SERVICES

**CARE MANAGEMENT**

This provides statutory assessment, care management, occupational therapy and safeguarding services for adults and older people, including the community Mental Health Teams, managed by SWL and St George's Mental Health Trust.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	5,355,140	5,015,100	4,994,700
Premises	116,206	106,400	166,400
Transport	64,864	60,000	57,600
Supplies and Services	214,090	135,800	171,200
Third Party Payments	215,919	360,600	160,600
Transfer Payments	2,688	6,900	6,900
Support Services	0	0	30,100
<b>TOTAL EXPENDITURE</b>	<b>5,968,907</b>	<b>5,684,800</b>	<b>5,587,500</b>
<b><u>Income</u></b>			
Government Grants	0	0	(25,600)
Other Grants and Contributions	(92,812)	(200,000)	0
Customer & Client Receipts	(3,260)	(13,000)	(13,000)
<b>TOTAL INCOME</b>	<b>(96,072)</b>	<b>(213,000)</b>	<b>(38,600)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>5,872,835</b>	<b>5,471,800</b>	<b>5,548,900</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	1,310,410	1,234,200	1,287,800
Departmental Support Charges	1,630,764	1,979,900	1,798,800
Capital Charges	671	0	1,000
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>2,941,845</b>	<b>3,214,100</b>	<b>3,087,600</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>8,814,680</b>	<b>8,685,900</b>	<b>8,636,500</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2012/13</b>		<b>8,685,900</b>
Inflation		13,200
Changes in Government Grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Budget Review Savings		(3,200)
Investment Priorities		0
Other Growth and Savings		0
Budget Transfers		(59,400)
<b>Original Budget 2013/14</b>		<b>8,636,500</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	126.7	126.7

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

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

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	721,038	787,700	792,300
Premises	43,403	11,700	1,000
Transport	159,756	141,000	90,400
Supplies and Services	661,740	769,000	2,631,100
Third Party Payments	22,017,549	23,991,700	22,523,300
Transfer Payments	4,674,480	4,818,900	4,965,900
Support Services	0	0	1,800
<b>TOTAL EXPENDITURE</b>	<b>28,277,966</b>	<b>30,520,000</b>	<b>31,005,800</b>
<b><u>Income</u></b>			
Government Grants	(852,225)	(852,200)	(855,500)
Other Grants and Contributions	(2,604,121)	(1,781,800)	(3,499,800)
Customer & Client Receipts	(7,008,954)	(7,822,400)	(7,859,400)
<b>TOTAL INCOME</b>	<b>(10,465,300)</b>	<b>(10,456,400)</b>	<b>(12,214,700)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>17,812,666</b>	<b>20,063,600</b>	<b>18,791,100</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	305,929	454,800	269,300
Departmental Support Charges	1,610,672	1,697,800	1,582,500
Capital Charges	341,686	341,600	321,900
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>2,258,287</b>	<b>2,494,200</b>	<b>2,173,700</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>20,070,953</b>	<b>22,557,800</b>	<b>20,964,800</b>

**Variation Analysis**

<b>Original Estimate 2012/13</b>	<b>22,557,800</b>
Inflation	186,200
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(1,075,200)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(704,000)
<b>Original Budget 2013/14</b>	<b>20,964,800</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	23.7
	23.7

**CARE SERVICES - ADULTS WITH LEARNING DISABILITIES**

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

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	5	45,000	0
Premises	173,753	196,800	196,800
Transport	218,337	175,000	175,000
Supplies and Services	63,035	54,400	23,800
Third Party Payments	14,073,407	13,110,700	13,742,600
Transfer Payments	1,094,244	2,155,900	2,208,900
Support Services	0	0	100
<b>TOTAL EXPENDITURE</b>	<b>15,622,781</b>	<b>15,737,800</b>	<b>16,347,200</b>
<b><u>Income</u></b>			
Government Grants	(8,977,800)	(8,977,800)	0
Other Grants and Contributions	(198,394)	0	(53,000)
Customer & Client Receipts	(933,828)	(1,343,500)	(1,358,500)
<b>TOTAL INCOME</b>	<b>(10,110,022)</b>	<b>(10,321,300)</b>	<b>(1,411,500)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>5,512,759</b>	<b>5,416,500</b>	<b>14,935,700</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	249,197	137,200	244,000
Departmental Support Charges	769,908	851,500	809,100
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,019,105</b>	<b>988,700</b>	<b>1,053,100</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>6,531,864</b>	<b>6,405,200</b>	<b>15,988,800</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>6,405,200</b>
Inflation	190,800
Changes in Government Grants	8,977,800
Other Government or Outside Body changes	0
Demand Led Growth	400,000
Budget Review Savings	(700)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	15,700
<b>Original Budget 2013/14</b>	<b>15,988,800</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	0.0      0.0

**CARE SERVICES - PEOPLE WITH MENTAL HEALTH NEEDS**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b>Expenditure</b>			
Employees	670,445	664,700	672,400
Premises	44,190	53,700	22,900
Transport	5,785	17,000	17,000
Supplies and Services	257,480	166,200	127,700
Third Party Payments	3,137,306	2,619,200	2,794,800
Transfer Payments	119,036	80,200	140,200
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>4,234,242</b>	<b>3,601,000</b>	<b>3,775,000</b>
<b>Income</b>			
Government Grants	0	0	0
Other Grants and Contributions	(949,832)	(568,700)	(828,700)
Customer & Client Receipts	(447,980)	(492,300)	(502,200)
<b>TOTAL INCOME</b>	<b>(1,397,812)</b>	<b>(1,061,000)</b>	<b>(1,330,900)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>2,836,430</b>	<b>2,540,000</b>	<b>2,444,100</b>
<b>Financial Accounting Adjustments</b>			
Central Support Charges	98,951	125,600	117,500
Departmental Support Charges	439,605	419,200	352,500
Capital Charges	54,919	73,700	55,500
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>593,475</b>	<b>618,500</b>	<b>525,500</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>3,429,905</b>	<b>3,158,500</b>	<b>2,969,600</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>3,158,500</b>
Inflation	39,000
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(3,000)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(224,900)
<b>Original Budget 2013/14</b>	<b>2,969,600</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	19.7      20.7



**CARELINE**

Careline provides monitoring of community alarms & telecare sensors for the elderly and vulnerable, and 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 across the borough.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	705,060	680,000	681,900
Premises	27,596	28,700	28,700
Transport	21,992	16,700	15,400
Supplies and Services	227,083	283,500	283,500
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>981,731</b>	<b>1,008,900</b>	<b>1,009,500</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(509,163)	(516,900)	(516,900)
<b>TOTAL INCOME</b>	<b>(509,163)</b>	<b>(516,900)</b>	<b>(516,900)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>472,568</b>	<b>492,000</b>	<b>492,600</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	157,669	154,300	152,000
Departmental Support Charges	172,056	182,500	144,900
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>329,725</b>	<b>336,800</b>	<b>296,900</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>802,293</b>	<b>828,800</b>	<b>789,500</b>
<b><u>Variation Analysis</u></b>			
<b>Original Estimate 2012/13</b>			<b>828,800</b>
Inflation			3,100
Changes in Government Grants			0
Other Government or Outside Body changes			0
Demand Led Growth			0
Budget Review Savings			(7,000)
Investment Priorities			0
Other Growth and Savings			0
Budget Transfers			(35,400)
<b>Original Budget 2013/14</b>			<b>789,500</b>
<b><u>Other Information</u></b>			
Employee FTE's (Budgeted)		15.0	15.0

**OTHER COMMISSIONED SERVICES - ADULT SOCIAL CARE**

A range of universal and preventative adult services commissioned in partnership with health partners. Services include a Carers Hub, Advocacy, Home Maintenance, Information and Advice, Community Capacity and Community Support and Outreach services including transport.

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	0	3,800	0
Premises	0	0	0
Transport	0	0	0
Supplies and Services	0	0	0
Third Party Payments	513,504	670,500	1,880,200
Transfer Payments	31,793	30,500	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>545,297</b>	<b>704,800</b>	<b>1,880,200</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	(277,100)
Customer & Client Receipts	(184,538)	(349,100)	(170,200)
<b>TOTAL INCOME</b>	<b>(184,538)</b>	<b>(349,100)</b>	<b>(447,300)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>360,759</b>	<b>355,700</b>	<b>1,432,900</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	20,399	6,000	38,700
Departmental Support Charges	24,218	21,700	79,600
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>44,617</b>	<b>27,700</b>	<b>118,300</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>405,376</b>	<b>383,400</b>	<b>1,551,200</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2012/13</b>		<b>383,400</b>
Inflation		24,500
Changes in Government Grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Budget Review Savings		(98,000)
Investment Priorities		0
Other Growth and Savings		0
Budget Transfers		1,241,300
<b>Original Budget 2013/14</b>		<b>1,551,200</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	0.0	0.0

**COMMUNITY SERVICES OPERATIONS MANAGEMENT**

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

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	237,046	243,300	245,000
Premises	10,993	5,200	2,500
Transport	10,155	10,600	10,200
Supplies and Services	40,776	76,900	54,700
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	0	0	5,800
<b>TOTAL EXPENDITURE</b>	<b>298,970</b>	<b>336,000</b>	<b>318,200</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(6,261)	(11,200)	(11,200)
<b>TOTAL INCOME</b>	<b>(6,261)</b>	<b>(11,200)</b>	<b>(11,200)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>292,709</b>	<b>324,800</b>	<b>307,000</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	217,593	192,000	163,600
Departmental Support Charges	65,447	82,100	75,200
Capital Charges	9,729	31,100	0
Central Support Income	0	0	0
Departmental Support Income	(381,081)	(434,000)	(355,700)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(88,312)</b>	<b>(128,800)</b>	<b>(116,900)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>204,397</b>	<b>196,000</b>	<b>190,100</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>196,000</b>
Inflation	7,600
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(1,400)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(12,100)
<b>Original Budget 2013/14</b>	<b>190,100</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	3.0                      3.0

**HOUSING ADVICE AND ASSESSMENT**

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

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	759,025	711,600	736,300
Premises	14,400	8,800	8,800
Transport	13,345	14,500	14,500
Supplies and Services	215,573	221,600	179,600
Third Party Payments	0	0	0
Transfer Payments	57,348	141,200	141,200
Support Services	0	0	82,500
<b>TOTAL EXPENDITURE</b>	<b>1,059,691</b>	<b>1,097,700</b>	<b>1,162,900</b>
<b><u>Income</u></b>			
Government Grants	(235,770)	(167,000)	0
Other Grants and Contributions	(619)	0	0
Customer & Client Receipts	(40,946)	(130,600)	(130,600)
<b>TOTAL INCOME</b>	<b>(277,335)</b>	<b>(297,600)</b>	<b>(130,600)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>782,356</b>	<b>800,100</b>	<b>1,032,300</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	282,695	231,700	186,000
Departmental Support Charges	111,562	88,000	105,300
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>394,257</b>	<b>319,700</b>	<b>291,300</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>1,176,613</b>	<b>1,119,800</b>	<b>1,323,600</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2012/13</b>		<b>1,119,800</b>
Inflation		15,500
Changes in Government Grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Budget Review Savings		(4,400)
Investment Priorities		0
Other Growth and Savings		0
Budget Transfers		192,700
<b>Original Budget 2013/14</b>		<b>1,323,600</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	19.0	19.3

**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>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	257,194	244,700	244,600
Premises	0	0	0
Transport	14,909	15,900	14,300
Supplies and Services	103,158	82,300	80,300
Third Party Payments	0	9,000	9,000
Transfer Payments	0	0	0
Support Services	0	0	5,800
<b>TOTAL EXPENDITURE</b>	<b>375,261</b>	<b>351,900</b>	<b>354,000</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(237,918)	(228,200)	(228,200)
<b>TOTAL INCOME</b>	<b>(237,918)</b>	<b>(228,200)</b>	<b>(228,200)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>137,343</b>	<b>123,700</b>	<b>125,800</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	85,407	77,800	62,700
Departmental Support Charges	23,855	24,600	24,100
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>109,262</b>	<b>102,400</b>	<b>86,800</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>246,605</b>	<b>226,100</b>	<b>212,600</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2012/13</b>		<b>226,100</b>
Inflation		2,200
Changes in Government Grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Budget Review Savings		(2,200)
Investment Priorities		0
Other Growth and Savings		0
Budget Transfers		(13,500)
<b>Original Budget 2013/14</b>		<b>212,600</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	6.5	6.5

**TEMPORARY ACCOMMODATION**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	418,954	531,300	501,200
Premises	352,642	451,100	224,000
Transport	7,951	13,200	10,000
Supplies and Services	463,552	838,800	511,900
Third Party Payments	0	16,000	0
Transfer Payments	2,531,636	2,185,100	2,290,400
Support Services	0	0	7,100
<b>TOTAL EXPENDITURE</b>	<b>3,774,735</b>	<b>4,035,500</b>	<b>3,544,600</b>
<b><u>Income</u></b>			
Government Grants	(397,000)	(433,000)	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(2,971,762)	(3,401,100)	(2,705,200)
<b>TOTAL INCOME</b>	<b>(3,368,762)</b>	<b>(3,834,100)</b>	<b>(2,705,200)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>405,973</b>	<b>201,400</b>	<b>839,400</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	121,868	133,500	159,200
Departmental Support Charges	146,294	93,100	184,600
Capital Charges	3,080,436	4,059,600	3,086,800
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>3,348,598</b>	<b>4,286,200</b>	<b>3,430,600</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>3,754,571</b>	<b>4,487,600</b>	<b>4,270,000</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>4,487,600</b>
Inflation	10,600
Changes in Government Grants	597,000
Other Government or Outside Body changes	0
Demand Led Growth	294,400
Budget Review Savings	(12,500)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(1,107,100)
<b>Original Budget 2013/14</b>	<b>4,270,000</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	11.8                      11.3

**PRIVATE SECTOR AND OTHER HOUSING**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	632,098	609,900	637,000
Premises	77,473	54,700	22,700
Transport	22,426	22,700	18,200
Supplies and Services	98,827	82,600	82,600
Third Party Payments	29,909	40,000	40,200
Transfer Payments	0	0	0
Support Services	0	0	500
<b>TOTAL EXPENDITURE</b>	<b>860,733</b>	<b>809,900</b>	<b>801,200</b>
<b><u>Income</u></b>			
Government Grants	(162,000)	0	0
Other Grants and Contributions	(24,846)	(31,000)	(31,000)
Customer & Client Receipts	(175,949)	(211,100)	(189,000)
<b>TOTAL INCOME</b>	<b>(362,795)</b>	<b>(242,100)</b>	<b>(220,000)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>497,938</b>	<b>567,800</b>	<b>581,200</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	193,591	146,800	162,400
Departmental Support Charges	166,263	174,100	229,200
Capital Charges	1,554,218	1,902,000	1,554,200
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,914,072</b>	<b>2,222,900</b>	<b>1,945,800</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>2,412,010</b>	<b>2,790,700</b>	<b>2,527,000</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>2,790,700</b>
Inflation	2,000
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(33,800)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(231,900)
<b>Original Budget 2013/14</b>	<b>2,527,000</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	15.1
	15.1

**CARE PROVISION - LEARNING DISABILITIES**

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

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	3,924,105	3,503,000	3,472,700
Premises	207,318	310,900	273,100
Transport	284,383	249,300	248,700
Supplies and Services	274,370	223,400	(7,000)
Third Party Payments	18,065	9,200	9,200
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>4,708,241</b>	<b>4,295,800</b>	<b>3,996,700</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	(127,239)	(121,100)	(128,600)
Customer & Client Receipts	(651,997)	(339,500)	(326,700)
<b>TOTAL INCOME</b>	<b>(779,236)</b>	<b>(460,600)</b>	<b>(455,300)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>3,929,005</b>	<b>3,835,200</b>	<b>3,541,400</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	643,997	370,200	466,700
Departmental Support Charges	940,570	1,021,600	881,300
Capital Charges	75,636	129,200	71,300
Central Support Income	0	0	0
Departmental Support Income	(456,870)	(415,100)	(244,600)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>1,203,333</b>	<b>1,105,900</b>	<b>1,174,700</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>5,132,338</b>	<b>4,941,100</b>	<b>4,716,100</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2012/13</b>		<b>4,941,100</b>
Inflation		27,700
Changes in Government Grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Budget Review Savings		(174,400)
Investment Priorities		0
Other Growth and Savings		0
Budget Transfers		(78,300)
<b>Original Budget 2013/14</b>		<b>4,716,100</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	99.6	99.6



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

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	919,673	826,800	868,900
Premises	84,220	89,000	51,300
Transport	608,050	549,000	600,400
Supplies and Services	103,175	50,800	50,400
Third Party Payments	167,331	149,700	150,300
Transfer Payments	0	0	0
Support Services	0	0	3,800
<b>TOTAL EXPENDITURE</b>	<b>1,882,449</b>	<b>1,665,300</b>	<b>1,725,100</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	(8,424)	0	0
Customer & Client Receipts	(49,746)	(80,800)	(84,100)
<b>TOTAL INCOME</b>	<b>(58,170)</b>	<b>(80,800)</b>	<b>(84,100)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b><u>1,824,279</u></b>	<b><u>1,584,500</u></b>	<b><u>1,641,000</u></b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	214,605	116,400	106,200
Departmental Support Charges	138,073	187,700	197,900
Capital Charges	62,724	62,000	73,100
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>415,402</b>	<b>366,100</b>	<b>377,200</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b><u>2,239,681</u></b>	<b><u>1,950,600</u></b>	<b><u>2,018,200</u></b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>1,950,600</b>
Inflation	10,800
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(1,200)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	58,000
<b>Original Budget 2013/14</b>	<b><u>2,018,200</u></b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	24.4      24.4

**TRANSPORT OPERATIONS**

Transport Operations manage and co-ordinate passenger transport services for Children with Special Educational Needs and Adult Social Care Services, including day centre transport.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	1,566,273	1,743,800	1,755,900
Premises	60,295	68,100	56,600
Transport	591,766	651,200	109,100
Supplies and Services	24,624	57,000	57,000
Third Party Payments	1,941,395	1,406,300	1,413,300
Transfer Payments	0	0	0
Support Services	0	0	400
<b>TOTAL EXPENDITURE</b>	<b>4,184,353</b>	<b>3,926,400</b>	<b>3,392,300</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(4,482,144)	(3,831,500)	(3,831,500)
<b>TOTAL INCOME</b>	<b>(4,482,144)</b>	<b>(3,831,500)</b>	<b>(3,831,500)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b><u>(297,791)</u></b>	<b><u>94,900</u></b>	<b><u>(439,200)</u></b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	181,527	138,400	670,900
Departmental Support Charges	116,264	199,600	121,400
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>297,791</b>	<b>338,000</b>	<b>792,300</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b><u>0</u></b>	<b><u>432,900</u></b>	<b><u>353,100</u></b>

**Variation Analysis**

<b>Original Estimate 2012/13</b>	<b>432,900</b>
Inflation	24,800
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(1,400)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(103,200)
<b>Original Budget 2013/14</b>	<b><u>353,100</u></b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	65.6      65.6

## ADULT AND COMMUNITY SERVICES

**ACCESSIBLE TRANSPORT**

The Accessible Transport Unit manages the Concessionary Fares, Disabled Person's Blue Badge, Taxi Card and the Super Shopper schemes.

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	189,531	207,000	206,700
Premises	19,641	16,500	16,600
Transport	7,436	21,300	21,300
Supplies and Services	22,971	59,500	59,500
Third Party Payments	6,641,457	7,109,800	7,635,600
Transfer Payments	0	0	0
Support Services	0	0	800
<b>TOTAL EXPENDITURE</b>	<b>6,881,036</b>	<b>7,414,100</b>	<b>7,940,500</b>
<b><u>Income</u></b>			
Government Grants	(3,433)	(53,200)	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(3,538)	(3,500)	(3,500)
<b>TOTAL INCOME</b>	<b>(6,971)</b>	<b>(56,700)</b>	<b>(3,500)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>6,874,065</b>	<b>7,357,400</b>	<b>7,937,000</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	76,618	73,200	80,700
Departmental Support Charges	177,664	233,600	30,900
Capital Charges	0	0	9,700
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>254,282</b>	<b>306,800</b>	<b>121,300</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>7,128,347</b>	<b>7,664,200</b>	<b>8,058,300</b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>7,664,200</b>
Inflation	176,300
Changes in Government Grants	53,200
Other Government or Outside Body changes	351,000
Demand Led Growth	0
Budget Review Savings	(1,500)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(184,900)
<b>Original Budget 2013/14</b>	<b>8,058,300</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	6.2

**COMMISSIONING CORPORATE POLICY & STRATEGY DIVISIONAL MANAGEMENT**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	164,314	201,100	172,300
Premises	207	0	0
Transport	300	400	400
Supplies and Services	2,661	2,200	2,200
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>167,482</b>	<b>203,700</b>	<b>174,900</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(48,982)	0	0
<b>TOTAL INCOME</b>	<b>(48,982)</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>118,500</b>	<b>203,700</b>	<b>174,900</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	50,755	33,000	19,200
Departmental Support Charges	30,879	48,300	45,200
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	(200,134)	(285,000)	(239,300)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(118,500)</b>	<b>(203,700)</b>	<b>(174,900)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2012/13</b>		<b>0</b>
Inflation		6,300
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 and Savings		0
Budget Transfers		(6,300)
<b>Original Budget 2013/14</b>		<b>0</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	3.0	2.0

**ACCOUNTABILITY & ENGAGEMENT**

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

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	702,919	687,600	694,100
Premises	398	0	0
Transport	423	1,100	1,100
Supplies and Services	157,932	49,900	43,000
Third Party Payments	0	0	48,100
Transfer Payments	0	0	0
Support Services	0	0	1,100
<b>TOTAL EXPENDITURE</b>	<b>861,672</b>	<b>738,600</b>	<b>787,400</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(735)	0	0
<b>TOTAL INCOME</b>	<b>(735)</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>860,937</b>	<b>738,600</b>	<b>787,400</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	166,629	142,000	127,000
Departmental Support Charges	102,668	123,200	123,300
Capital Charges	0	0	0
Central Support Income	(352,592)	(364,800)	(360,800)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(83,295)</b>	<b>(99,600)</b>	<b>(110,500)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>777,642</b>	<b>639,000</b>	<b>676,900</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2012/13</b>		<b>639,000</b>
Inflation		8,100
Changes in Government Grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Budget Review Savings		(900)
Investment Priorities		0
Other Growth and Savings		0
Budget Transfers		30,700
<b>Original Budget 2013/14</b>		<b>676,900</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	14.6	14.6

**PARTNERSHIPS & PLANNING**

The Partnerships & Planning section provide strategy & policy development in the areas of Housing and Adult Social Care, as well as support to the Community Safety Partnership.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	670,096	669,000	671,800
Premises	1,945	400	400
Transport	3,829	5,100	5,100
Supplies and Services	160,754	99,100	52,100
Third Party Payments	210,487	125,800	291,100
Transfer Payments	0	0	0
Support Services	0	0	18,700
<b>TOTAL EXPENDITURE</b>	<b>1,047,111</b>	<b>899,400</b>	<b>1,039,200</b>
<b><u>Income</u></b>			
Government Grants	(208,375)	(91,000)	(61,000)
Other Grants and Contributions	(45,000)	(10,300)	(10,300)
Customer & Client Receipts	(117,334)	(45,200)	(45,200)
<b>TOTAL INCOME</b>	<b>(370,709)</b>	<b>(146,500)</b>	<b>(116,500)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>676,402</b>	<b>752,900</b>	<b>922,700</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	280,117	208,200	189,800
Departmental Support Charges	221,015	292,300	296,300
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>501,132</b>	<b>500,500</b>	<b>486,100</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>1,177,534</b>	<b>1,253,400</b>	<b>1,408,800</b>

**Variation Analysis**

<b>Original Estimate 2012/13</b>	<b>1,253,400</b>
Inflation	8,000
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(1,700)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	149,100
<b>Original Budget 2013/14</b>	<b>1,408,800</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	15.0      15.0

**GRANTS TO VOLUNTARY ORGANISATIONS**

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

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	84,106	86,500	87,500
Premises	802,992	461,800	816,500
Transport	88	100	100
Supplies and Services	2,116,659	2,392,400	919,700
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>3,003,845</b>	<b>2,940,800</b>	<b>1,823,800</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	(366,148)	(436,700)	(159,600)
Customer & Client Receipts	(700,000)	(345,300)	(700,000)
<b>TOTAL INCOME</b>	<b>(1,066,148)</b>	<b>(782,000)</b>	<b>(859,600)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,937,697</b>	<b>2,158,800</b>	<b>964,200</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	17,871	23,000	22,900
Departmental Support Charges	65,372	82,500	51,300
Capital Charges	12,204	12,200	12,200
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>95,447</b>	<b>117,700</b>	<b>86,400</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>2,033,144</b>	<b>2,276,500</b>	<b>1,050,600</b>

**Variation Analysis**

<b>Original Estimate 2012/13</b>	<b>2,276,500</b>
Inflation	58,500
Changes in Government Grants	0
Other Government or Outside Body changes	(155,200)
Demand Led Growth	0
Budget Review Savings	(297,400)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(831,800)
<b>Original Budget 2013/14</b>	<b>1,050,600</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	2.0                      2.0

**CORPORATE PROCUREMENT**

The Procurement Team undertakes the contracting, tendering and evaluation of all Council contracts. In addition the Corporate Procurement Team leads on developing the Council's corporate procurement strategy as well as advising on procurement and contract management across the Council.

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	1,031,679	936,300	944,600
Premises	428	0	0
Transport	1,841	1,700	1,200
Supplies and Services	48,514	5,500	5,500
Third Party Payments	0	52,600	53,900
Transfer Payments	0	0	0
Support Services	0	0	149,300
<b>TOTAL EXPENDITURE</b>	<b>1,082,462</b>	<b>996,100</b>	<b>1,154,500</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	(38,903)	(29,200)	(56,000)
<b>TOTAL INCOME</b>	<b>(38,903)</b>	<b>(29,200)</b>	<b>(56,000)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>1,043,559</b>	<b>966,900</b>	<b>1,098,500</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	133,289	230,500	201,300
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(1,176,848)	(1,197,400)	(1,299,800)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(1,043,559)</b>	<b>(966,900)</b>	<b>(1,098,500)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Variation Analysis**

<b>Original Estimate 2012/13</b>	<b>0</b>
Inflation	10,800
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 and Savings	0
Budget Transfers	(10,800)
<b>Original Budget 2013/14</b>	<b>0</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	20.6
	20.6



**PERFORMANCE AND QUALITY ASSURANCE**

This team supports the IT systems used by the ACS Directorate and manages the collation of performance information for management and statutory purposes across the Directorate. It also undertakes contract monitoring and manages the corporate and Adult and Children's Services complaints handling.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	775,615	801,500	780,100
Premises	169	0	0
Transport	506	1,300	1,300
Supplies and Services	191,910	207,800	409,600
Third Party Payments	127,304	118,400	102,900
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>1,095,504</b>	<b>1,129,000</b>	<b>1,293,900</b>
<b><u>Income</u></b>			
Government Grants	(5,000)	0	(76,100)
Other Grants and Contributions	(30,000)	(25,500)	0
Customer & Client Receipts	0	0	0
<b>TOTAL INCOME</b>	<b>(35,000)</b>	<b>(25,500)</b>	<b>(76,100)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b><u>1,060,504</u></b>	<b><u>1,103,500</u></b>	<b><u>1,217,800</u></b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	282,761	194,300	212,400
Departmental Support Charges	73,702	99,000	93,600
Capital Charges	(15,290)	0	0
Central Support Income	0	0	0
Departmental Support Income	(1,401,677)	(1,396,800)	(1,523,800)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(1,060,504)</b>	<b>(1,103,500)</b>	<b>(1,217,800)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2012/13</b>		<b>0</b>
Inflation		9,400
Changes in Government Grants		123,000
Other Government or Outside Body changes		0
Demand Led Growth		0
Budget Review Savings		(2,200)
Investment Priorities		0
Other Growth and Savings		0
Budget Transfers		(130,200)
<b>Original Budget 2013/14</b>		<b>0</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	18.2	18.2

**CORPORATE EQUALITY & DIVERSITY TEAM**

The Corporate Equality & Diversity Team oversees the Council's policies and procedures around equality and diversity and organises training and development around these.

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	60,513	63,900	55,200
Premises	0	0	0
Transport	297	300	300
Supplies and Services	4,762	9,200	8,200
Third Party Payments	0	0	19,100
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>65,572</b>	<b>73,400</b>	<b>82,800</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	0	0	0
<b>TOTAL INCOME</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>65,572</b>	<b>73,400</b>	<b>82,800</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	18,079	9,200	14,300
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(83,651)	(82,600)	(97,100)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(65,572)</b>	<b>(73,400)</b>	<b>(82,800)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Variation Analysis**

<b>Original Estimate 2012/13</b>	<b>0</b>
Inflation	300
Changes in Government Grants	1,000
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(200)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(1,100)
<b>Original Budget 2013/14</b>	<b>0</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	1.0      1.0

**CORPORATE COMMUNICATIONS**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	0	0	0
Premises	155	0	0
Transport	0	800	800
Supplies and Services	57,079	54,300	54,100
Third Party Payments	400,360	429,500	438,000
Transfer Payments	0	0	0
Support Services	0	0	800
<b>TOTAL EXPENDITURE</b>	<b>457,594</b>	<b>484,600</b>	<b>493,700</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	0	(39,200)	(39,200)
<b>TOTAL INCOME</b>	<b>0</b>	<b>(39,200)</b>	<b>(39,200)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>457,594</b>	<b>445,400</b>	<b>454,500</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	31,879	14,400	20,200
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(489,473)	(459,800)	(474,700)
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(457,594)</b>	<b>(445,400)</b>	<b>(454,500)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Variation Analysis**

<b>Original Estimate 2012/13</b>	<b>0</b>
Inflation	9,900
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(1,400)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(8,500)
<b>Original Budget 2013/14</b>	<b>0</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	0.0      0.0

**RENT ALLOWANCES**

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

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	0	0	0
Premises	0	0	0
Transport	0	0	0
Supplies and Services	7,070	153,100	153,100
Third Party Payments	0	0	0
Transfer Payments	61,876,370	61,685,500	65,128,100
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>61,883,440</b>	<b>61,838,600</b>	<b>65,281,200</b>
<b><u>Income</u></b>			
Government Grants	(62,402,431)	(61,877,600)	(65,320,200)
Other Grants and Contributions	0	0	0
Customer & Client Receipts	36,894	0	0
<b>TOTAL INCOME</b>	<b>(62,365,537)</b>	<b>(61,877,600)</b>	<b>(65,320,200)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b><u>(482,097)</u></b>	<b><u>(39,000)</u></b>	<b><u>(39,000)</u></b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	0	0	0
Departmental Support Charges	11,323	1,100	1,000
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>11,323</b>	<b>1,100</b>	<b>1,000</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b><u>(470,774)</u></b>	<b><u>(37,900)</u></b>	<b><u>(38,000)</u></b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>(37,900)</b>
Inflation	3,800
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(3,800)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(100)
<b>Original Budget 2013/14</b>	<b><u>(38,000)</u></b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	0.0      0.0

**SUPPORTED HOUSING SERVICES**

This includes the commissioned supported housing services, funded through the Supporting People Programme.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	0	0	0
Premises	0	0	0
Transport	0	0	0
Supplies and Services	0	0	0
Third Party Payments	2,710,907	2,718,800	2,518,800
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>2,710,907</b>	<b>2,718,800</b>	<b>2,518,800</b>
<b><u>Income</u></b>			
Government Grants	12,500	0	0
Other Grants and Contributions	0	0	0
Customer & Client Receipts	0	0	0
<b>TOTAL INCOME</b>	<b>12,500</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b><u>2,723,407</u></b>	<b><u>2,718,800</u></b>	<b><u>2,518,800</u></b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	1,035	27,300	2,000
Departmental Support Charges	63,987	75,200	91,600
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>65,022</b>	<b>102,500</b>	<b>93,600</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b><u>2,788,429</u></b>	<b><u>2,821,300</u></b>	<b><u>2,612,400</u></b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2012/13</b>		<b>2,821,300</b>
Inflation		0
Changes in Government Grants		0
Other Government or Outside Body changes		0
Demand Led Growth		0
Budget Review Savings		(200,000)
Investment Priorities		0
Other Growth and Savings		0
Budget Transfers		(8,900)
<b>Original Budget 2013/14</b>		<b><u>2,612,400</u></b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	0.0	0.0

**DIRECTORATE MANAGEMENT AND FINANCE**

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

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	2,046,585	2,215,600	2,125,400
Premises	466	0	0
Transport	8,578	6,900	2,800
Supplies and Services	1,270,904	415,400	656,000
Third Party Payments	137,388	136,400	120,500
Transfer Payments	0	0	0
Support Services	0	0	13,800
<b>TOTAL EXPENDITURE</b>	<b>3,463,921</b>	<b>2,774,300</b>	<b>2,918,500</b>
<b><u>Income</u></b>			
Government Grants	0	0	(11,100)
Other Grants and Contributions	(98,728)	(6,200)	(6,200)
Customer & Client Receipts	(1,196,504)	(24,400)	(44,400)
<b>TOTAL INCOME</b>	<b>(1,295,232)</b>	<b>(30,600)</b>	<b>(61,700)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b><u>2,168,689</u></b>	<b><u>2,743,700</u></b>	<b><u>2,856,800</u></b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	760,016	1,251,000	1,169,000
Departmental Support Charges	169,564	227,300	397,000
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	(2,749,696)	(3,645,100)	(3,587,600)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(1,820,116)</b>	<b>(2,166,800)</b>	<b>(2,021,600)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b><u>348,573</u></b>	<b><u>576,900</u></b>	<b><u>835,200</u></b>

<b><u>Variation Analysis</u></b>	
<b>Original Estimate 2012/13</b>	<b>576,900</b>
Inflation	60,700
Changes in Government Grants	328,900
Other Government or Outside Body changes	0
Demand Led Growth	(14,400)
Budget Review Savings	(62,100)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(54,800)
<b>Original Budget 2013/14</b>	<b>835,200</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	62.9      62.9

**ADULT AND COMMUNITY SERVICES****SERVICE DEVELOPMENT**

Service Development is responsible for implementation of the strategic commissioning objectives for adult social care services, supporting people and adult learning, through market development, performance management and partnership working. This section also includes the Learning & Development team, responsible for developing the workforce within the local care sector.

	<u>2011/12</u> <u>Actual</u> £	<u>2012/13</u> <u>Estimate</u> £	<u>2013/14</u> <u>Estimate</u> £
<b><u>Expenditure</u></b>			
Employees	956,313	918,500	813,400
Premises	18,464	6,400	4,300
Transport	1,430	0	0
Supplies and Services	249,687	19,500	41,700
Third Party Payments	70,106	8,000	68,800
Transfer Payments	0	0	0
Support Services	0	0	900
<b>TOTAL EXPENDITURE</b>	<b>1,296,000</b>	<b>952,400</b>	<b>929,100</b>
<b><u>Income</u></b>			
Government Grants	0	0	0
Other Grants and Contributions	(789,445)	(16,500)	(16,500)
Customer & Client Receipts	(86,201)	(27,100)	(27,100)
<b>TOTAL INCOME</b>	<b>(875,646)</b>	<b>(43,600)</b>	<b>(43,600)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>420,354</b>	<b>908,800</b>	<b>885,500</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	235,601	196,200	170,300
Departmental Support Charges	142,671	184,600	153,600
Capital Charges	25,703	25,700	25,600
Central Support Income	0	0	0
Departmental Support Income	(1,346,065)	(1,315,300)	(1,235,000)
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>(942,090)</b>	<b>(908,800)</b>	<b>(885,500)</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>(521,736)</b>	<b>0</b>	<b>0</b>

**Variation Analysis**

<b>Original Estimate 2012/13</b>	<b>0</b>
Inflation	(4,000)
Changes in Government Grants	22,200
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	(500)
Investment Priorities	0
Other Growth and Savings	0
Budget Transfers	(17,700)
<b>Original Budget 2013/14</b>	<b>0</b>
<b><u>Other Information</u></b>	
Employee FTE's (Budgeted)	15.1      12.5

**PUBLIC HEALTH**

The Council has become responsible for Public Health Services under the Health and Social Care Act 2012. The Public Health Team is responsible for commissioning services to improve health in the borough and coordinating local efforts to protect the public's health and wellbeing, and ensuring health services effectively promote the population's health.

	<u>2011/12</u> <u>Actual</u> <u>£</u>	<u>2012/13</u> <u>Estimate</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>
<b><u>Expenditure</u></b>			
Employees	0	0	1,106,400
Premises	0	0	0
Transport	0	0	0
Supplies and Services	0	0	1,140,700
Third Party Payments	0	0	4,706,400
Transfer Payments	0	0	0
Support Services	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>0</b>	<b>0</b>	<b>6,953,500</b>
<b><u>Income</u></b>			
Government Grants	0	0	(7,343,000)
Other Grants and Contributions	0	0	0
Customer & Client Receipts	0	0	0
<b>TOTAL INCOME</b>	<b>0</b>	<b>0</b>	<b>(7,343,000)</b>
<b>NET EXPENDITURE (CONTROLLABLE)</b>	<b>0</b>	<b>0</b>	<b>(389,500)</b>
<b><u>Financial Accounting Adjustments</u></b>			
Central Support Charges	0	0	167,400
Departmental Support Charges	0	0	222,100
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
<b>NET ACCOUNTING ADJUSTMENTS</b>	<b>0</b>	<b>0</b>	<b>389,500</b>
<b>NET EXPENDITURE (ALL BUDGETS)</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b><u>Variation Analysis</u></b>		
<b>Original Estimate 2012/13</b>		<b>0</b>
Inflation		0
Changes in Government Grants		(389,500)
Other Government or Outside Body changes		0
Demand Led Growth		0
Budget Review Savings		0
Investment Priorities		0
Other Growth and Savings		0
Budget Transfers		389,500
<b>Original Budget 2013/14</b>		<b>0</b>
<b><u>Other Information</u></b>		
Employee FTE's (Budgeted)	0.0	16.7



## LONDON BOROUGH OF RICHMOND UPON THAMES

## CABINET

DATE: 14<sup>TH</sup> FEBRUARY 2013

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

TITLE OF DECISION: REVENUE BUDGET STRATEGY AND COUNCIL TAX 2013/14

WARDS: ALL

KEY DECISION?: YES

IF YES, IN FORWARD PLAN?: YES

For general release

**1. MATTER FOR CONSIDERATION**

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

**2. RECOMMENDATIONS**

- |     |   |
|-----|---|
| 2.1 | That Members consider the advice of the Director of Finance and Corporate Services in respect of Section 25 of the Local Government Act 2003 in setting the budget (see paragraphs 3.34 to 3.45)  |
| 2.2 | That the Council be recommended to agree the Revenue Budget for 2013/14.  |
| 2.3 | That the Council be recommended to agree that the Richmond upon Thames element of the Band D Council Tax be <b>unchanged at £1,287.39</b> ; thereby enabling the Council to accept a further £1.166m one off funding in Council Tax Freeze Grant from the Government.         |
| 2.4 | That the Cabinet note the expected Greater London Authority (GLA) precept of £303.00.   |
| 2.5 | <b>That the Council be RECOMMENDED to agree that the overall Band D level of Council Tax for 2013/14 including the GLA element be set at £1,590.39, a <u>reduction of 0.23% on 2012/13</u>. The levels of Council Tax for all property bands are shown at Appendix A; and</b> |
| 2.6 | That the Cabinet approve the revised Medium Term Financial Strategy (Appendix C) including the efficiencies/savings identified and the 5 year capital programme.  |

### 3. DETAILS

#### Background

- 3.1 The development of the Council's financial strategy continues to be set against a background of austerity measures designed to reduce the UK budget deficit and public borrowing alongside continuing increases in demand for public services. It has been further complicated this year by the implementation of a new system for local government finance which has transferred a degree of financial risk from central to local government in respect of the collection of business rates whilst failing to address the low level of funding provided to Richmond.
- 3.2 In developing its strategy the Council has already produced a number of reports and briefing notes reviewing the national budget, assessing the impact of the local government finance settlement, reviewing reserves and balances and setting out the Administration's key aims and priorities for capital investment.

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

- 3.3 The MTFS is intended to identify a financially sustainable way of achieving the Council's aims, recognising the need to balance service needs with available resources and the impact on Council Tax payers. The wider aims behind the strategy are set out in the attached MTFS but, in particular, the strategy aims to deliver the administration's key financial objective of:
- **A freeze in Council Tax for 2013/14 and to work towards zero or sustainable low increases in the years beyond.**
- 3.4 The latest budget monitoring data shows that the Council is projecting an underspend of £2.4m on its revenue budget for 2012/13. This is comprised of a number of over and underspends across the wide range of services provided by the Council. Individual reports have been presented to Overview and Scrutiny Committees. The Council continues to be subject to demand pressures, particularly in the areas of Children's Services, Learning Disabilities and Homelessness. The overall underspend is, to some extent, a result of the Council reining back expenditure as part of its strategy for making the longer term changes that are necessary to cope with reductions in funding. This combined with the timely achievement of savings again provides an opportunity for limited one off investments in the Council's and local people's priorities and these are identified in paragraph 3.25.
- 3.5 The latest update to the MTFS is attached as Appendix C. It identifies that the Council must continue to target savings/efficiencies in future years to achieve the lowest possible Council Tax increases.

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

- 3.6 This year's LGFS was the third of the current Spending Review Period (2011/12 – 2014/15). The 2011/12 announcement began the process of major reductions in the resources provided to Local Government as part of the Government's deficit reduction strategy. For Richmond, this meant a cumulative reduction of £8.6m (24%) in Formula Grant in 2011/12 and 2012/13 with the prospect of further major cuts in the future.
- 3.7 The 2013/14 settlement was slightly worse than had been anticipated in the MTFS. The impact, including detailed lists of grant changes, was covered in briefing notes to Members, reports and presentations to Overview and Scrutiny Committee and reports to

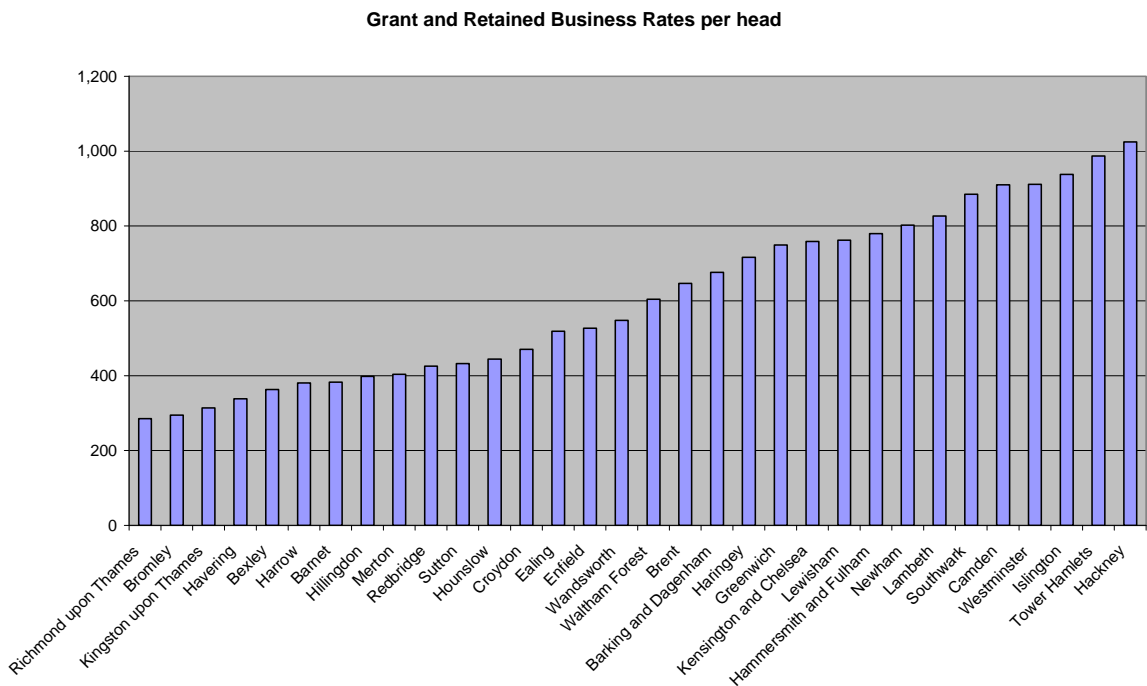
Cabinet. The 2013/14 settlement also included some information about the 2014/15 position.

3.8 At the national level, the Local Government Control Total for 2013/14 is reduced by 3.9%, with a further 8.4% reduction in 2014/15.

The main financial impact on the Council can be summarised as:

- Net loss of £4.6m (7%) on existing grants in 2013/14. Initial indications are that a further £4.2m (7%) will be lost in 2014/15, bringing the total loss since the start of the Spending Review period to 35%.
- Additional grants of £8.6m in 2013/14 but which require the Council to undertake additional duties. (£7.7m relates to Public Health function).
- Spending power reduced by 1.65% and 1.8% in the 2 years of the settlement. It should be noted that 68% of Spending Power is funded by Council Tax payers. The percentage loss in Government Support is actually 7% as stated above and a further analysis of spending power is included in paragraph 3.16 of this report.
- Business Rates target of £77.8m in order to achieve local retention of £19.7m

3.9 The chart below illustrates the relative position of Richmond in London in respect of grants and potentially retained business rates received under the new system of Local Government Finance. As can be seen, Richmond remains the worst funded London borough as it was under the previous system. Representations have been made to Government highlighting this fact as well as the limited opportunities for increasing the borough's resources offered by the new system.



3.10 The Government has indicated that, for the years 2015/16 and 2016/17, reductions of the same order of magnitude as have been applied under the 2010 Spending Review are likely. The outlook for Local Government Finance, therefore, remains very challenging.

This year also sees the introduction of a new system of Local Government Finance which incorporates an element of local retention of Business Rates. The added complexity of the switch to a new system contributed to a delay in the announcement of the settlement and has added an extra degree of complexity in its analysis.

- 3.11 There is considerable uncertainty over the new local government finance system and its impact on individual boroughs. In particular there is concern over collection rates, the impact of appeals and whether there is any real prospect of growth within the system which could contribute to an increase in Council resources. In order to retain the amount of Business Rates included in the chart above (£19.7m), the Council must collect a total of £77.8m. The government share, GLA share and tariff payment under the new system must be paid in full so any shortfall in collection is a direct cost to Richmond.
- 3.12 A further one-off Council Tax freeze grant has been made available to all local authorities who freeze the level of Council Tax in 2013/14. This will be worth the equivalent of 1% of Council Tax and is worth approximately £1.166m to the Council. Given the Council was already planning on freezing Council Tax in this year this is additional to our earlier plans but, as it is one-off, it is proposed that this is held and used to offset the other potential changes indicated above and to contribute towards the aim of minimising Council Tax increases in future years.
- 3.13 The Government has confirmed that the first tranche of Council Tax Freeze Grant, worth £2.874m p.a. has been rolled in to the base. This is beneficial to the Council in that it does not have to find money to replace the grant when it was originally scheduled to finish in 2015/16. The impact of Council Tax freezes in 2010/11 and subsequent years can be illustrated by the fact that, had the Council increased Council Tax at the maximum level allowed before capping or referendum, the Band D tax would now be £161 higher. Conversely, it could be viewed that for every one per cent increase that the Council has not implemented over the last 4 years, it has foregone income of approximately £1.1m for that and future years, which is only partly offset by Freeze Grant.
- 3.14 There are a number of significant risks to future funding covered in detail in the MTFS including the impact of welfare reforms, further reductions in respect of Council Tax support, inflation and future cuts in grant funding.
- 3.15 The Council's Medium Term Financial Strategy had anticipated funding losses over the Spending Review period. To some extent, plans were, therefore, already in place to allow the Council to restrict increases in Council Tax to zero or a low percentage and to maintain the quality of essential services to the public whilst meeting challenging expenditure reduction targets. The worsening position announced in the settlement will mean that the Council must continue to identify cost reductions and efficiencies.

### **Spending Power**

- 3.16 Spending Power has become the Government's preferred measure of the impact of the Local Government Finance Settlement. It is defined as the aggregate of Council Tax, start up funding, other specific grants and NHS funding to support social care and health.

## SECTION G

The figures for 2012/13 have been adjusted to reflect the changes in the local government finance system and are therefore different from the figures shown in last year's budget report. For 2013/14, the figure shows a reduction of 1.7%:

	<b>2012/13</b>	<b>2013/14</b>	<b>Change</b>	
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>
Council Tax Requirement	115.855	115.855	0.000	<b>0.0%</b>
Grants	58.081	55.209	-2.872	<b>-4.9%</b>
<b>Change</b>	<b>173.936</b>	<b>171.064</b>	<b>-2.872</b>	<b>-1.7%</b>

For 2014/15, the figures show a further decrease of 1.8%:

	<b>2013/14</b>	<b>2014/15</b>	<b>Change</b>	
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>
Council Tax Requirement	115.855	115.855	0.000	<b>0.0%</b>
Grants	55.209	52.083	-3.126	<b>-5.7%</b>
<b>Change</b>	<b>171.064</b>	<b>167.938</b>	<b>-3.126</b>	<b>-1.8%</b>

The major problem with the measure of Spending Power is that it includes locally raised Council Tax. In Richmond's case, Council Tax accounts for nearly 70% of Spending Power so the real impact of Government Grant changes is diluted. As can be seen from the tables above, Government Grant (within Spending Power) is actually being reduced by 4.9% and 5.7% in 2013/14 and 2014/15 respectively. When grants not included in the Spending Power calculation are added, the losses rise to 7.0% in each year

### **Partners and forward planning**

- 3.17 The Council and its local partners have a strong commitment and good track record of working in partnership. This is demonstrated through our joint commissioning work with NHS Richmond, engagement with the voluntary sector, close relationship with the police and others via the Community Safety Partnership and joint action taken to address the impact of the current economic situation. We are also forging closer links with GPs through the Health and Wellbeing Board which has as a key objective the integration of health and social care for adults and children.
- 3.18 Increasingly we are working with our neighbouring local authorities, including RB Kingston and LB Merton to share back office services where this makes operational sense and saves money. For the future, the work with RB Kingston to establish a shared service, Achieving for Children will impact significantly on financial forward planning, as will the feasibility work with LB Hounslow and our NHS partners on the establishment of an Integrated Care Organisation.
- 3.19 Particularly important in financial terms is the relationship with the local NHS. In 2012/13 NHS Richmond is on target to achieve its required efficiency targets and planned surplus of £6.2m. Richmond Clinical Commissioning Group has received its first year's funding allocation which includes an uplift of 2.3% on the previous year which takes into account its planned efficiency savings and funding for cost pressures. The CCG, however, will continue to face intense financial pressures due to particular budget pressures relating to acute hospital trusts. Joint commissioning work with the Council, including the

implementation of the Out of Hospital Care Strategy will remain a high priority for both organisations to ensure best use of resources across the health and social care system. In 2013/14, the Council is due to receive funding of £1.2m through a Section 256 Grant from Richmond CCG and £2.365m through a grant from the newly established NHS Commissioning Board. These funds will be used to support adult social care which also benefits the health service.

- 3.20 The Police are currently consulting on the Police and Crime Plan 2013-2017 which proposes cutting the costs of policing by 20% by 2016. This will have a substantial impact on the way in which the borough is policed and our joint work to reduce crime and disorder. The plan has yet to be implemented but will require continued close working with our local police partners to maintain the current levels of confidence about community safety and crime.

### **Balances and Reserves**

- 3.21 Appendix B to this report contains a full listing of the revenue balances and reserves held by the Council and gives details on their intended application. The key issues are:
- General Reserve planned to reduce to £9.96m by the end of 2012/13. There is no use planned beyond that.
  - Approximately 30% (£16.9m) of the quoted balances at 1.4.12 are funds that are outside of the Council's direct control e.g. school balances. In addition to this a further approximately 16% (£8.7m) e.g. PFI Reserve and Insurance Funds, whilst being nominally under Council control, are largely not available for use.
  - Once any schools become academies, reserves associated with these schools will be transferred out of Council funds.
  - Excluding the Academies transfer (£3.6m) it is anticipated that reserves will fall to around £51m (£35m excluding schools) by the end of 2012/13. Excluding schools, this would be their lowest level since 2003 and in line with the level identified in the Minimum Reserves Policy considered by Cabinet and Overview and Scrutiny Committee in June 2011.
  - The Council has proposed to place the "one off" freeze grants from 2012 (£2.9m) and 2013 £2.2m (over 2 years) into reserve and then use over the four years starting 2014/15 to hold down Council Tax increases.
  - Balances are available for use only once. Their use to reduce Council Tax in any given year will result in cuts being required in future years.

### **Overall Budget Proposals**

- 3.22 In line with the Constitution and in accordance with proposals agreed by Leading Members, individual service budgets have been agreed by the relevant Cabinet Member and reports have been submitted to Overview and Scrutiny Committees.
- 3.23 The Council has attempted to set a budget that achieves a balance between the Council Tax increase not adding a further financial burden on household budgets, maintaining service standards whilst addressing the serious, long term reductions in public finances that are expected.
- 3.24 This means that the budget proposals must also consider the longer term and to this end the Council's savings programme continues, to a limited extent, to achieve in advance of need to ensure difficult decisions are taken early in the budgetary cycle, provide for some

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investment in specific priorities and provide some flexibility should Council funding deteriorate further.

3.25 In particular the budget has:

- Built in specific funds for new demands / costs of statutory services:
  - £0.4m for further growth demands on social care services.
  - £0.5m on Children’s services.
  - £0.3m on Homelessness.
  - £0.9m as a result of changes in Early Intervention Grant and the increase in funding for education of 2 year olds required by the Government.
  
- Included efficiency/savings/income generation of £5.5m. This includes a number of schemes; in particular, £0.6m from continued work with RB Kingston on Children’s Services, a number of reductions generated from procurement / contract savings (£3.0m) and a number of savings from internal re-organisations and shared service proposals (£1.4m).
  
- Included the following specific one-off allowances:
  - Continued investment in pavements and highways of £1.0m reflecting priority given to this area in the All-in-One consultation.
  
  - £0.9m for additional revenue financing for the capital programme and £400k to be used as an in year provision for Local taxation. (This would help to mitigate any potential financial risk faced by the Council as a result of the transfer of Council Tax Support from Central Government and the collection risk associated with Business Rates retention).
  
- Provided continuing support for capital investment, particularly in education.
- Assumed that the impact of inflation will be held at close to 1% on salaries and zero on non-contracted services.
- Assumed the acceptance of the latest one-off freeze grant from the Government and its application to meet longer term aims of holding down / freezing Council Tax increases in future years.

3.26 The final service totals are:

	<u>£m</u>
Children’s Services & Culture	32.2
Environment	24.0
Adult and Community Services	71.6
Finance & Corporate Services	17.2
Total	<u>145.0</u>

3.27 Central Items and contingency

	<u>£m</u>
Borrowing and Investment	4.8
Business Rates Tariff	3.7

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Revenue funding of capital expenditure	2.0
Centrally funded past pensions	5.0
General Contingency	1.3
Investment Priorities	1.0
Transfers to Reserves (inc. CTax Freeze Grant)	1.9
Non Ring Fenced Grants	-3.2
Total	<u>16.5</u>

3.28 Summary of Borough Expenditure

	<u>£m</u>
Service Estimates	145.0
Central Items and Contingency	16.5
Total	<u>161.5</u>

**Levies**

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

Levy	Directorate	2012/13 £000	2013/14 £000	Variation %
West Waste	Environment	6,643	7,801	+17.4%
Lee Valley Park	Environment	258	253	-2.0%
Flood Defence	Corporate Services	176	*176	0.0%
London Pension Fund Authority	Corporate Services	305	*305	0.0%
Coroner's Service	Corporate Services	148	*148	0.0%

\* Latest estimate

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

**Capping/Council Tax Referendums**

3.30 The Localism Act abolished direct capping by the Government and replaced it with the ability of the Secretary of State to set a maximum level of council tax increase. Any Council wishing to set a higher level of increase will be required to hold a local referendum. The Secretary of State has announced his intention to set that level at 2.0% for 2012/13. The Secretary of State's calculation will be based on a comparison between the Council's Relevant Basic Amount of Council Tax for 2013/14, defined as Council Tax Requirement less levy payments, divided by the Council Tax Base, and the comparable figure for 2012/13 as provided by the Secretary of State, known as the Alternative Notional Amount (ANA). A Council would breach the referendum limit if its Relevant Basic Amount was greater than or equal to its ANA plus 2%.



The relevant figures are:

ANA 2012/13 +2%	1,226.04
Basic Relevant Amount 2013/14	1,183.42

As can be seen, Richmond's Basic Relevant Amount is £42.62 (3.48%) lower than its limit and no referendum is required.

### The Greater London Authority (GLA) Precept

3.31 The Band D Council Tax in respect of the GLA Precept is expected to reduce to £303.00.

### 3.32 Summary of requirements and Council Tax

	<b>£m</b>
Total LBRuT Budget Requirement	161.505
School expenditure funded from DSG	85.243
GLA Precept	25.302
	<hr/>
	272.050
Less	
Revenue Support Grant / NNDR retention	-53.252
DSG	-85.243
Contribution from Collection Fund	-0.750
	<hr/>
Total Requirement for Council Tax	132.805

At the Cabinet meeting of 17th January 2013, the Council Tax Base for 2013/14 was agreed as 83,504.41 Band D equivalents.

**Based on the above figures, the total tax at Band D including the GLA element is reduced to £1,590.39.**

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

	<b>2012/13</b>	<b>2013/14</b>	<b>%</b>
	<b>£</b>	<b>£</b>	<b>increase</b>
LBRUT	1,287.39	1,287.39	0.00
GLA	306.82	303.00	-1.25
TOTAL	<hr/>	<hr/>	<hr/>
	1,594.11	1,590.39	-0.23

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

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

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

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

- 3.35 The Council's stated aim is to achieve long term stability in its finances whilst restricting Council Tax increases. To achieve this, the Council must have regard to the major risks to its financial position and in particular:
- The current economic position and future outlook
  - Whether budget setting and monitoring processes are robust and effective
  - Demand pressures on the budget
  - Identifying and achieving cost and income improvements
  - Introduction of a new system of funding for Local Government
  - Risks to Government funding levels
  - Risks to other income streams
- 3.36 The Council has a good recent track record in financial management and in the delivery of Value For Money (VFM). The judgements by external inspectorates take into account both the service performance of the Council and the way we prepare and monitor our budgets as well as the wider use of resources including staffing and physical resources.
- 3.37 Local government finance issues have been dominated in recent times by cuts in government funding and pressure to keep council tax increases down. Alongside this the longer term position has also been made more uncertain by the changes in the way Government Funding will be calculated. The Council now knows the majority of the outcome of the new funding regime for 2013/14 and 2014/15. It also knows that the Government has stated that public sector finances are likely to continue to reduce through to 2017/18. Although the MTFS (attached as Appendix C) shows that the action taken to date has been successful in maintaining a strong financial position, and providing some limited one off investment, the longer term position remains extremely challenging if the Council is to achieve low or zero Council Tax increases in the longer term.
- 3.38 In considering their longer term plans Members should also note that freezing Council Tax levels produces a permanent real terms reduction in Council Tax yield. To illustrate this, the decisions to freeze Council Tax in 2010/11, 11/12, 12/13 and 13/14 means a permanent £12.7m (after Freeze Grant) reduction in the tax yield as compared with Council Tax rises in line with inflation (CPI). Clearly the positive aspect of this is that local tax payers are paying £188.36 (at Band D) less than they would have been, a real terms reduction of 12.8%.
- 3.39 With a relatively low allowance for demand growth, uncertainty over longer term Government funding and the need to achieve challenging savings targets, the risks inherent in the revenue budget remain significant. The Council has sufficient reserves to deal with such a position in the short term and in the medium term continues to refresh its savings and efficiency programme. Achievement of this programme will be closely monitored.
- 3.40 Given the resource constraints and 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.

- 3.41 Despite the constrained funding position, the Council remains committed to investing in the essential infrastructure that underpins high quality services. Hence the continued expansion of the capital programme. The affordability of this expansion has been helped by the identification of one-off capital and revenue resources but the programme still relies heavily on the Council increasing its borrowing in future years. The impact of this is built into the Medium term Financial Strategy and will be kept under regular review with the aim of reducing the borrowing need if possible.
- 3.42 The Council's reserves and their usage is linked to both the capital and revenue budget. A full list of the current reserves held by the Council is attached at Appendix B and is reviewed in the attached MTFs. Although reserves are likely to reduce overall, this is a result of their use for the purposes they were established. The overall level therefore remains adequate.
- 3.43 The financial strategy does not include any further use of the General Fund Reserve at this stage but does assume that one off monies received from the Government for freezing Council Tax in 2012/13 and 2013/14 will be utilised to hold down increases in coming years. With levels of reserves standing below the London average, and continuing to reduce, reserves will continue to be monitored and reviewed regularly. Both the current and projected levels of General Reserve are expected to remain within the Council's agreed range of 5-10% of the Budget Requirement.
- 3.44 It should be noted that the Pension Fund Reserve is, in common with many other Pension Funds, showing a large deficit. The Council has a long term recovery plan for the fund but this faces continual challenges from reducing numbers contributing to the fund, increasing longevity of Members and volatile investment returns. Although recent market returns have been positive, increasing longevity is by far the most important factor and the increase shows little sign of abating. The next triennial fund valuation is due in 2013/14 and officers will be continuing discussions with the fund's actuary and the Council's Pension Fund Committee on how best to address this position in the longer term.
- 3.45 In summary, the Chief Financial Officer (being the Director of Finance and Corporate Services) confirms that he is content that the estimates are robust for the purposes of the required budget/council tax calculations and that the Council's reserves are adequate.

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

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

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

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

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

- 6.1 There are none arising directly from this report.

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

- 7.1 The Council undertook a Residents' Survey in September 2012 which included key questions on their priorities for spending and opinion of the Council's approach to financial management. The results have been used in formulating the budget strategy.
- 7.2 The Council attended a business breakfast organised by the Richmond Chamber of Commerce and will also circulate copies of the budget report and MTFS papers to major local businesses and business associations. Officers will continue to maintain contact with the local business community via the Chamber of Commerce.
- 7.3 Overview and Scrutiny Committees have also considered relevant detailed service budget reports and have the opportunity to comment before Cabinet recommends final decisions to Council.

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

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

## **9. RISK ASSESSMENT**

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

Many of the risks are similar to previous years but it is particularly worth noting that risks in relation to both Government Funding and Treasury Management (investment and borrowing) are considered to have increased in relation to the current economic climate.

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

- 10.1 The current year's budget proposals contain a number of significant service changes which require Equality Impact Needs Assessments (EINAs). These have been carried out by the relevant services as they have developed the proposals with action taken as appropriate.

Members will be particularly aware of the potential impact on residents of the ongoing changes to the welfare system. Although individual EINAs have been carried out, the Council is concerned at the cumulative impact of the changes, which cannot be fully assessed at this stage.

It has established a Welfare Reform Board which will monitor the impact of the reforms and maintain ongoing dialogue with local partner organisations. In particular, the Board will seek to assess the cumulative impact of all Welfare Reforms rather than simply assessing each change individually. The Board is attempting to merge data from a variety of different sources to identify the numbers affected by multiple changes and where possible to identify other characteristics e.g. claimant is a client of Adult & Community Services which might help to understand the overall impact.

**11. ENVIRONMENTAL CONSIDERATIONS**

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

**12. APPENDICES**

Appendix A – Council Tax Bands 2012/13

Appendix B – Revenue Reserves

Appendix C – Medium Term Financial Strategy (February 2013 Update)

**13. BACKGROUND PAPERS**

None

**14. CONTACTS**

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**Council Tax Bands 2013/14**

<b>Band</b>	<b>Richmond Council Tax Requirement (2013/14) £</b>	<b>Greater London Authority (2013/14) £</b>	<b>Total Council Tax (2013/14) £</b>
A	858.26	202.00	1,060.26
B	1,001.30	235.67	1,236.97
C	1,144.35	269.33	1,413.68
<b>D</b>	<b>1,287.39</b>	<b>303.00</b>	<b>1,590.39</b>
E	1,573.48	370.33	1,943.81
F	1,859.56	437.67	2,297.23
G	2,145.65	505.00	2,650.65
H	2,574.78	606.00	3,180.78

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## APPENDIX B

DESCRIPTION		Actual Balance at 1.4.12 £000	Transfers between reserves £000	Estimated Revenue Usage 12/13 £000	Estimated Capital Usage 12/13 £000	Estimated Additions 12/13 £000	Estimated Balance at 31.3.13 £000	PURPOSE OF RESERVE
<b>STATUTORY RESERVES OVER WHICH THE COUNCIL HAS LIMITED OR NO CONTROL</b>								
	Schools	-14,738	*	*	*	*	-14,738	Ring fenced to schools
	Home Loans Unit	-45	0	0	0	0	-45	Funds associated with former GLC mortgages (distributed across all London Boroughs)
	Thames Landscape Strategy	-139	0	61	0	0	-78	Ringfenced reserve managed on behalf of London Authorities
	Schools' Maternity & Supply Cover Scheme	-568	*	*	*	*	-568	Internal insurance arrangement for supply and maternity cover in schools
	Dedicated Schools Grant Reserve	-901	*	*	*	*	-901	Created from underspend of Dedicated Schools Grant. Earmarked for schools expenditure.
	Orleans House	-508	0	10	0	-14	-512	Balance of rent income received on Trust assets managed by the Council. To be used in relation to the Orlean House site.
<b>Sub total</b>		<b>-16,899</b>	<b>0</b>	<b>71</b>	<b>0</b>	<b>-14</b>	<b>-16,842</b>	
<b>NON STATUTORY BUT ESSENTIAL RESERVES</b>								
	General Insurance Reserve	-2,974	*	*	*	*	-2,974	Internal Insurance Fund (non- vehicle)
	Vehicles Insurance Reserve	-265	*	*	*	*	-265	Internal insurance for Council vehicles
	PFI Reserve (Future Liabilities)	-5,434	0	0	0	-218	-5,652	To allow for future smoothing of annual payments under PFI contracts
<b>Sub total</b>		<b>-8,673</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-218</b>	<b>-8,891</b>	
<b>DISCRETIONARY RESERVES CURRENTLY EARMARKED</b>								
	VAT Reserve	-188	0	0	83	0	-105	To cover potential tax liabilities.
	Schools Infrastructure Reserve	-1,285	0	0	1,285	0	0	To support expansion and improvement works to schools.
	Twickenham Riverside/Uplift Projects	-1,258	0	0	529	0	-729	To support the development of Uplift projects and projects resulting from All in One Consultation/Twickenham Riverside
	Project Development Reserve	-1,260	0	138	40	0	-1,082	To fund start up costs and development costs of major projects
	Repairs and Renewals Fund	-2,738	0	0	1,070	-921	-2,589	Purchase or creation of assets providing benefits of at least 3 years.
	Social Services Special Equipment Reserve	-105	0	104	0	-100	-101	To fund purchase of small items of equipment for Social Services establishments
	Carry Forwards Reserve	-844	0	844	0	0	0	Unspent revenue budgets carried forward for specific Cabinet approved projects
	Waste & Recycling Reserve	-4,079	0	0	1,000	0	-3,079	Used to fund Waste and Recycling Strategy and to smooth West London Waste Authority levy increases.
	Youth Development Fund	-683	0	0	10	0	-673	To fund capital schemes to improve youth facilities

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## APPENDIX B

DESCRIPTION		Actual Balance at 1.4.12 £000	Transfers between reserves £000	Estimated Revenue Usage 12/13 £000	Estimated Capital Usage 12/13 £000	Estimated Additions 12/13 £000	Estimated Balance at 31.3.13 £000	PURPOSE OF RESERVE
	Community Development Fund	-107	-25	87	0	0	-45	For investment in Community Support Schemes
	Youth Centres Reserve	-321	0	60	0	0	-261	Income generated by youth centres (e.g. lettings) which is earmarked for re-investment within youth services.
	Libraries Trading Account	-42	0	0	0	0	-42	Earmarked for use in Library services
	Climate Change Reserve	-529	0	113	0	-59	-475	To support the Council's Sustainability Team in reducing the threat of climate change, cut carbon emissions and promote energy efficiency
	Invest to Save Fund	-3,948	0	1,612	0	0	-2,336	Funding for efficiency work across the Council and includes meeting associated redundancy costs.
	Section 106	-1,129	0	0	1,129	0	0	Notional interest on Section 106 receipts to support capital works
	All in One Reserve	-125	25	25	0	0	-75	Used to finance activities to progress community involvement (as per Cabinet 15/12/11)
	Economic Support Fund	-266	0	169	0	0	-97	Used to fund initiatives aimed at supporting the local economy.
	Connexions Legal Challenge	-325	0	0	0	0	-325	To provide for potential costs associated with ending the joint Connexions service
	Council Tax Freeze Grant	0	0	0	0	-2,896	-2,896	To be used to contribute to minimising Council Tax in future years.
	Other Reserves	-345	0	56	0	0	-289	Various small reserves
<b>Sub total</b>		<b>-19,577</b>	<b>0</b>	<b>3,208</b>	<b>5,146</b>	<b>-3,976</b>	<b>-15,199</b>	
<b>GENERAL FUND</b>								
	General Reserve (available for any purpose)	-10,206	0	250	2,791	-2,791	-9,956	
<b>TOTAL RESERVES</b>		<b>-55,355</b>	<b>0</b>	<b>3,529</b>	<b>7,937</b>	<b>-6,999</b>	<b>-50,888</b>	





**Medium Term Financial**  
**Strategy**

*February 2013 Update*

## 1. Introduction

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

## 2. Key Objective of the MTFS

The key objective of the MTFS is:

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

In pursuing this aim, the Council will:

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

## 3. Context of the review of the MTFS

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

- Central Government policy in relation to deficit reduction
- Technical changes to the Local Government Finance System
- Progress to date on actions taken by the Council

### 3.1 Deficit Reduction

The February 2012 update of the MTFS noted that the Government anticipated the need for further public spending reductions in 2015/16 and 2016/17, citing a worsening position in the Eurozone and reduced estimates of domestic economic growth.

The tables below from the Office for Budget Responsibility illustrate the position by comparing forecasts at the time of the Budget in 2012 (March 2012) with those made at the time of the Autumn Statement (Dec 2012):

#### Economic Growth

%	2012	2013	2014	2015	2016	2017
Budget 2012	0.8%	2.0%	2.7%	3.0%	3.0%	n/a
Autumn Statement 2012	-0.1%	1.2%	2.0%	2.3%	2.7%	2.8%

**Public Sector Current Expenditure** (in annually managed budget)

OBR predictions of expenditure have increased from Budget 2012 as set out below:

£bn	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Budget 2012	336.6	343.3	357.9	374.5	388.4	n/a
Autumn Statement 2012	338.3	350.8	363.9	378.6	393.2	409.5

**Government borrowing**

OBR predictions of borrowing have been revised from Budget 2012 as set out below:

£bn	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Budget 2012	92	98	75	52	21	n/a
Autumn Statement 2012	80	99	88	73	49	31

The Government's fiscal targets are not expected to be achieved until 2018. This means that there is a possibility of austerity measures and their consequent impact on Local Authority Funding continuing beyond 2016/17. The Government indicated in the 2012 Autumn Statement that it expected spending cuts in 2015/16 and 2016/17 of the same order of magnitude as the 2010 Spending Review, although where such cuts would fall across the public sector is not yet clear.

**3.2 Technical changes to the Local Government Finance System**

The Government has implemented a new system of local government finance based on the partial retention of Business Rates by local councils. The full impacts of this change are not yet known but there are a number of perceived advantages and risks to the new system:

## Advantages:

- Potential to increase Borough resources through growing the Business Rate Base
- Some additional control over funding sources

## Disadvantages

- More complex and less transparent system
- Large financial risk transferred from central to local government
- Tariff authorities are required to fund an annual increase in the tariff based on RPI from locally collected business rates
- Potential volatility in the system makes resource planning more difficult
- Residual Government control over key aspects of the new system e.g. setting the multiplier

The key to the success or otherwise of the new system will be the ability to attract new business to the area and increase the business rate base (difficult for authorities such as Richmond with limited potential for development) and the ability to maintain business rate collection rates in the current economic circumstances.

Analysis of the provisional Local Government Finance Settlement shows that Richmond remains at the bottom of the Government funding table, a position unchanged from the previous system.

### 3.3 Progress to date on actions taken by the Council

The budget review report to Council on 6th July 2010 established a need to generate saving in the range of £28m to £33m. To date, some £21m of savings have been implemented and reflected in the Council's budget. There are further plans for some £10m of additional savings in 2013/14 and 2014/15. In summary, the Council is on track to meet its original savings target although there remains the risk of non achievement of specific projects over the next two years.

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.

## 4 Provisional Local Government Finance Settlement

- 4.1 The Government announced the provisional settlement on 19<sup>th</sup> December. The previous MTFS assumed a reduction in Government Grant which would leave the Council facing a substantial funding gap of £2.2m in 2013/14 and £3.7m in 2014/15. This would have to be bridged for the Council to achieve its aims for Council Tax.
- 4.2 The settlement for 2013/14 was slightly worse than anticipated. However, the budget for 2013/14 still allows the Council to implement its zero increase strategy for 2013/14. This is as a result of an increase in the level of budgeted efficiencies, increased income from Council Tax base and the Collection Fund and a reduced impact from inflation.

The settlement also included figures for 2014/15 which indicate a further 7% reduction equivalent to over £4m.

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

## 5. Capital Programme

- 5.1 A review of the capital element of the MTFS and the Capital Programme for 2013/14 to 2017/18 was begun by Overview and Scrutiny Committee in December 2012 and the final programme was approved by Cabinet in January 2013. This Capital Programme totals around £130m during the 5 year period. Education projects (66% of the total programme over the next 5 years) continue to dominate the programme. This reflects Council's investment plans for primary, secondary and special school places and the development of sixth forms (£74m). It is expected that this programme will now bring the number of extra primary school places up to 4,050 (29.9% increase) by 2016 and provide a minimum of 1,800 (18.6% increase) secondary school places by 2017. It will also provide sixth form places rising over time towards 1,480 in total and 182 – 204 SEN places. The programme was expanded to specifically accommodate additional places at all levels, including the building of new schools at Egerton Road.
- 5.2 The table below shows some of the key capital financing expectations for forthcoming years. Internal financing through capital receipts or the use of revenue funding / reserves has been increased but forms a diminishing element of financing over the next three years. This is because new capital receipts are expected to be very difficult to achieve during the current economic downturn and other revenue sources will become more limited. The funding gap for the programme is increasingly taken up by borrowing as time goes on. The increase in borrowing costs will be spread over a number of years as the Council will run down its internal cash holdings in the short term (see commentary in capital programme reports) which will help to limit its impact on Council Tax. The long term expected 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.

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	2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s
Total Capital Expenditure	64,936	35,587	12,980	7,714	8,474
Capital expenditure to be funded from revenue budgets, reserves and capital receipts	17,065	7,553	2,392	1,264	1,552
Capital expenditure to be funded from grants and contributions	9,234	4,895	3,855	3,858	3,858
Capital expenditure to be funded from borrowing (internal / external)	38,637	23,139	6,730	2,592	3,064
Estimated Debt Outstanding (Internal / External) at 31 <sup>st</sup> March	87.596	110.735	117.465	120.057	123.121

- 5.3 The current level of outstanding long term borrowing is £48.959m. The MTFS allows for increases of £2.8 in debt servicing costs over the next 5 years. Of this amount, £2.2m relates to the Education Programme with the remaining £0.6m relating to all other aspects of the programme.

## 6. Key Risks/Opportunities

- 6.1 The Council faces a range of risks which can potentially have a serious impact on its financial position. Set against these are a number of opportunities which may benefit the Council. The major identified risks are considered in more detail in Annex 3 and some of the key risks and opportunities are set out below:

Key Risks	Key Opportunities
<ul style="list-style-type: none"> <li>• Failure to deliver extensive savings/efficiency programme</li> <li>• Long term economic recession</li> <li>• Long term reduction in Government funding for Council and partners</li> <li>• Failure to collect sufficient Business Rates income to support service expenditure</li> <li>• Increasing demand/cost of children's services</li> <li>• Increasing demand for adult social care</li> <li>• Long term high inflation against reduced funding</li> <li>• Interest rates / borrowing costs</li> <li>• Pension costs</li> <li>• Impact of Welfare Reforms including potential for homelessness / social care costs to increase</li> </ul>	<ul style="list-style-type: none"> <li>• Overall efficiency and transformation strategy</li> <li>• Strengthening procurement function</li> <li>• Savings from shared services partnership working including joint commissioning</li> <li>• Short term Government Funding opportunities (freeze grant etc)</li> <li>• Focussing services on those that are most important to the local public</li> <li>• Collecting more Business Rates than anticipated</li> </ul>

- 6.2 In overall terms, the Council's plans for efficiency, longer term commissioning programmes e.g. Integrated Care Organisation, Achieving for Children, cost control and governance frameworks seek to ensure that the risks are mitigated and opportunities exploited where possible.

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

- A 1% increase or decrease in the pay award equates to approximately £0.6m or 0.6% of Council Tax
- Each additional £1m of revenue expenditure equates to a rise in Council Tax of approximately 0.9%.
- To reduce Council tax by 1% requires savings of approximately £1.1m.
- Borrowing of £1m over a 25year period adds approximately £80k per annum to the Council's expenditure.

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

### 7. Conclusion/Forward financial strategy

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

	2013/14 £000	2014/15 £000	2015/16 £000
Council Tax Requirement	115,855	107,503	110,960
Inflation	2,673	3,476	3,634
Government led	7,018	3,298	1,125
Increases resulting from outside bodies / Govt Changes*	-12,765	-832	1,130
Demand led growth	1,812	690	1,040
Investment priorities	-1,127	606	422
Efficiency proposals / income generation	-5,526	-4,043	-1,750
Other growth and savings	-437	262	-526
Council Tax Requirement	107,503	110,960	116,035
CTAX Base	83,504.41	83,904.41	84,304.41
CTAX Richmond Element	1,287.39	1,322.46	1,376.38
%age Increase	0.00%	2.72%	4.08%
<b>Council Tax at 0.0% = Funding Gap of:</b>		<b>2,943</b>	<b>4,560</b>
<b>Council Tax at 2.0% = Funding Gap of:</b>		<b>782</b>	<b>2,336</b>

\* for 13/14 this mainly represents the removal of the Council Tax Benefit payments that have now been accounted for as part of the council tax base

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- 7.2 The figures in the model imply savings still to be identified of up to £7.5m over the next 3 years in order to deliver 0% Council Tax increases. There are particular uncertainties beyond 2014/15. As stated earlier, if government funding continues to fall, then additional savings will be required. It is possible that the savings requirement may be offset, to some extent, if additional Council Tax Freeze Grant is awarded, business rates targets are exceeded or the Council Tax base increases by more than currently anticipated.
- 7.3 By continuing to take early action in relation to efficiencies and budget reviews, the Council has positioned itself to achieve its savings targets and allow some leeway to both deal with unexpected demands and provide investment in priority areas. The plans for the current year therefore, once again, allow for support to investment in highways and pavement repairs, and direct revenue funding to support the capital programme

### 8. Sensitivity analysis of projections

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

Description	£000	%
Employee Costs	71,177	23.3%
Premises Costs	14,024	4.6%
Transport Costs	6,910	2.2%
Supplies and Services Costs	19,838	6.5%
Third Party Payments*	100,669	32.9%
Transfer Payments	81,864	26.8%
Treasury	6,637	2.2%
Central Items	4,554	1.5%
	305,673	100.0%
Funded by:		
Income from Fees & Charges etc**	-60,223	19.7%
Housing Benefit Subsidy	-65,118	21.3%
Government Grants:		
Revenue Support Grants / NNDR	-53,252	17.4%
Specific Government Grants	-19,577	6.4%
Council Tax	-107,503	35.2%
	-305,673	100.0%

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

\*\* The largest elements of income are £11m from all forms of parking charges and £19m from Adult Social Care fees

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

- 8.2 The budgeted impact of inflation is lower than in previous years' projections. This is primarily due to allowance of a pay award of only 1.0% and continued pressure on suppliers to keep costs low. To put inflation in context, a 1% increase in staff costs equates to £0.6m and a 1% increase in other costs equates to £1.7m (excluding housing benefit payments). The model assumes that the budgetary effect of general inflation is restricted wherever possible and held low over the next 3 years
- 8.3 There has been consistent pressure on "demand led" budgets over the years reflecting the impact of demographic changes including a growing population, increasing numbers of school children, increasing numbers of elderly and children requiring care. The MTFS assumes that these pressures will continue

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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 £50m on the provision of care for all client groups so a 1% increase in costs or client numbers would cost £0.5m. This expenditure is mostly included in the Third Party Costs figure in the table.

- 8.4 The Council generates income from a number of key sources (e.g. planning fees, building control fees, parking charges) which are subject to fluctuation in difficult economic times. These and other income streams support large expenditure budgets which do not reduce in the same way as the income budgets thus putting pressure on the overall budget. Although income might be expected to stabilize in the future, there will remain the underlying risk of shortfalls. The Council currently budgets to collect around £60m in fees and charges. If the Council underachieved these budgets by 1%, it would lose £0.6m in income.
- 8.5 A further key variable is the level of Government support for services. This comes to the Council in a variety of ways e.g. Formula Grant, retained business rates, specific grants and non ring fenced grants and, as discussed earlier, will be under severe pressure for the foreseeable future as the Government takes steps to reduce the public sector deficit. Government Grants of all sorts currently total £69m so each 1% fall costs the Council £0.690m.
- 8.6 The overall impact of a 1% adverse change in these factors would be a cost to the Council of approximately £4.1m equivalent to around £49 on a Band D Council Tax. This clearly illustrates the potential impact of the volatile risk factors underlying the budget.
- 8.7 The current strategy is intended to maintain financial stability into the medium term. On current assumptions, as shown above, achieving savings of around £19m in the next 3 years would enable the Council to achieve or come close to achieving a zero % Council Tax rise. Each additional 1% reduction in Council Tax requires additional budget reductions of around £1.1m.

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

- 9.1 The following summarises the key actions and reports that will impact on the Council's budgetary position in the next 6 months:
- Revenue and Capital outturn reports (May)
  - Q1 monitoring report for 2013/14 (July)
  - Implementation of all savings programmes agreed for 2013/14
  - Continued implementation of updated procurement processes and strategy
  - Update on key elements of Commissioning Strategy
  - Performance monitoring reports
  - Final outturn report 2012/13 and reserves and balances review
  - Monitoring of impact of Business Rates Retention
  - Monitoring of impact of Welfare Reforms

The above will all be monitored via reports Finance and Performance O&S Committee and the Cabinet.



## Analysis of Budget Changes

Description		2013/14 £000	2014/15 £000	2015/16 £000
<b>All</b>	<b>Council Tax Requirement</b>	<b>115,855</b>	<b>107,503</b>	<b>110,960</b>
	<u>Inflation</u>			
All	Employees (Pay award, Increments etc.)	1,063	1,084	1,110
All	Standard Inflation	1,610	2,392	2,524
		<b>2,673</b>	<b>3,476</b>	<b>3,634</b>
	<u>Government Grant Changes</u>			
All	Formula Grant Changes	4,612	4,158	1,000
All	Specific & Other Grant Increases	-2,159	247	0
All	Specific & Other Grant Reductions	2,292	125	125
ECCS	Grants that have transferred to DSG	1,265	0	0
All	Changes to other Budgets from Grant Changes	1,008	-1,232	0
All	New Grants for new responsibilities	-7,943	-10	0
All	Expenditure for new responsibilities	7,943	10	0
All	Council Tax Freeze Grant	1,730	0	1,166
ACS	Council Tax Freeze Grant - Reserves Transfer	-1,730	0	-1,166
		<b>7,018</b>	<b>3,298</b>	<b>1,125</b>
	<u>Impact of Outside Body / Grant Changes</u>			
ACS	Concessionary Fares	351	376	404
FCS	Council Tax Benefit Changes	-12,994	0	0
CI	WLWA	116	202	136
CI	Use of Freeze Grant	0	-1,800	200
All	Other	-238	390	390
		<b>-12,765</b>	<b>-832</b>	<b>1,130</b>
	<u>Demand Led Growth</u>			
ACS	Care Services for Older People / LD	400	150	500
ACS	Homelessness	280	0	0
ECCS	Looked After Children / SEN	500	500	500
All	Other	632	40	40
		<b>1,812</b>	<b>690</b>	<b>1,040</b>
	<u>Investment Priorities</u>			
CI	Treasury (Changes to the Capital Programme)	987	1,406	422
CI	Reversal of 2012/13 One Off Projects	-2,564	-1,000	0
ENV	Richmond Card	450	200	0
		<b>-1,127</b>	<b>606</b>	<b>422</b>
	<u>Efficiencies / Income Generation</u>			
ACS	Supporting People Review	-200	0	0
All	Efficiency Projects / Savings	-2,798	-2,694	-1,350
ECCS	Children's Services Review	-600	-600	0
All	Income Generation Schemes	-364	-59	0
ENV	Environment Staffing reviews	-200	0	0
All	Reduction in Supplies Budgets	-511	-440	-450
All	Other Efficiencies	-853	-250	50
		<b>-5,526</b>	<b>-4,043</b>	<b>-1,750</b>

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<u>Other Growth and Savings</u>				
FCS	Local Election	0	300	-300
CI	Treasury (Effect of Interest Rate Changes)	29	-38	-226
ENV	Parking Contract / Income	-800	0	0
All	Reduced Use of General Reserve	250	0	0
All	Other	334	0	0
	Collection Fund Surplus	-250	0	0
		<b>-437</b>	<b>262</b>	<b>-922</b>
<b>Final Council Tax Requirement</b>		<b>107,503</b>	<b>110,960</b>	<b>116,035</b>

\*\* Further details are being developed in these areas but it is likely that they will lead to the identification of additional budget reductions.

Acronyms used

ACS	Adult and Community Services
ENV	Environment
ECS	Education, Children's and Cultural Services
FCS	Finance and Corporate Services
CI	Central Items
HB	Housing Benefit
HR	Human Resources
LD	Learning Difficulties
SEN	Special Educational Needs

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

### **Inflation**

Details of items included in the inflation figure are set out below. Most commentators are predicting inflation to fall towards the Bank of England's target rate of 2% by 2014. However the real impact on Council budgets is expected to be managed by low pay awards and savings generated from the re-letting of contracts.

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

This needs to allow for the projected pay award in 2013/14, incremental progression on salaries and general price inflation. Salaries are assumed to increase by 1% in 2013/14, 2014/15 and 2015/16 in line with Government statements on public sector pay. 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. These estimates assume a 7% increase for electricity. Previous years assumptions in respect of gas prices were too high meaning that no further increase in budgets is required in 2013/14.

#### **Inflation - Pensions**

The next triennial valuation of the Council's fund is due in 2013 with any budgetary implications being felt from 2014 onwards. The overall position of the fund is expected to deteriorate as a result of increased longevity and falling bond yields. Set against this is the impact of the pension reforms which are currently being implemented.

#### **Inflation – Contracts**

The Council has a significant level of outsourced services run under contract with the private sector. Most of these contracts have either specific inflation indices built into them (often RPI linked or industry specific) or require renegotiation on an annual basis such as social care spot purchases. For 2013/14, an inflation allowance has been included on a contract by contract basis. Beyond 2013/14, an allowance of between 2% and 3% has been included.

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

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

The Council still has a significant capital programme and, although much is funded through Government Grant, the current plans would still see an increase in borrowing of £74m 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. The continued work on implementing Self Directed Support and the introduction of reablement services are aimed at continuing to make our services more efficient and effective. Reablement efficiencies are now being realised and this is recognised in lower projected growth beyond 2012/13. However demand pressures are forecast to remain for the foreseeable future and managing this area of spend is a key risk for the Council and its health partners. In particular the Council is working on developing an Integrated Care Organisation with its health partners.

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

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

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

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

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

### **Waste Disposal Costs**

The budgets in this area have had to be increased following the discovery of overspends in the West Waste budget. This position is now being addressed although further cost increases cannot, at this stage, be ruled out. It is possible that the procurement of new waste disposal options along with continuing efforts to minimise residual waste will reduce budget expectations in the future. Separate reports will be made to Members on this issue.

### **Concessionary Fares**

The plan currently allows for an increase of just over 7% in 2013/14 (a combination of fare and usage increases) and "real" increases of around 5% per annum thereafter.

## Risks and Opportunities

### Achievement of Savings Plans

The MTFS is modelled on the basis that the Council will achieve all the savings targets it sets within the agreed timescales. The focus of the plan is across all the next 3 years not just 2013/14. 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 continues to present one of the most significant challenges to the Council with its impact on government funding, income streams and the local economy. Austerity measures are now likely until at least 2016/17.

### Government Funding

The Government has set out a 7% reduction in resources for Local Government in 2014/15 with an expectation of further reductions for the following 2 years.

### Business Rate collection

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

### Looked after Children Budgets

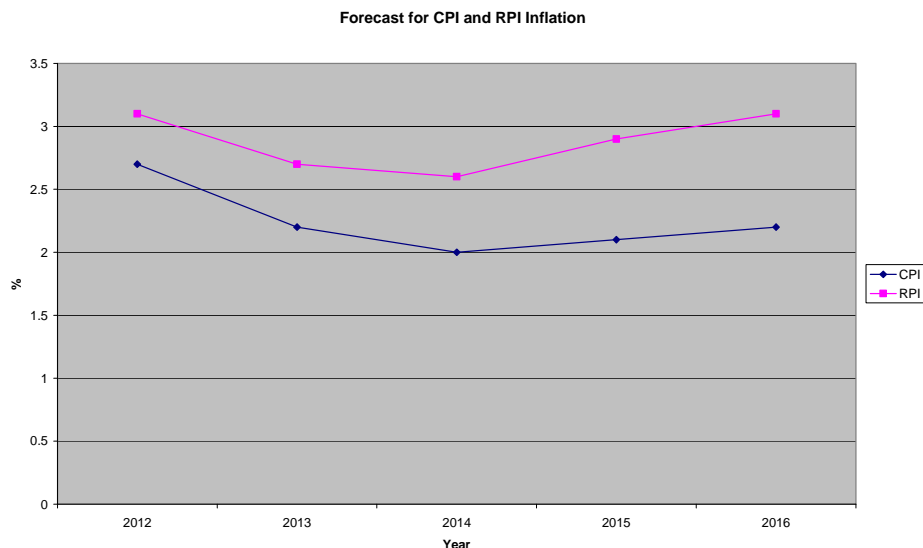
The numbers and costs of Looked After Children have continued to grow over the last few years. Although some allowance for this has been made in the MTFS, the risk remains that further resources will be required.

### Adult Social Care

There has been a consistent increase in the cost and demand for Adult Social Care services over the last decade. The underlying trend shows no sign of abating as people continue to enjoy increased life expectancy. The Council's reablement policy and use of preventative services have mitigated this pressure but there remains a risk of further increases in cost and client numbers.

### Inflation

The chart below shows the medium term inflation forecast taken from the Bank of England's "Forecasts for the UK Economy" November 2012. The forecast is the average of independent forecasts made by city institutions and other economic forecasters.



The consensus view is that CPI will fall towards the Government's target rate of 2% by 2014 with a small increase thereafter. The OBR expects "CPI to fall back to target, remaining close to 2% from 2015 onwards". RPI forecasts follow a similar pattern although at a higher rate. OBR expects RPI to be approximately 1.3% higher than CPI in the long run reflecting the different composition of the measures. This may be important for the Council as pay awards and some contracts tend to be pegged to the RPI whereas Government funding uses CPI. The impact of changes in inflation was set out in Annex 2.

### **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 but expects the gap between investment and borrowing rates to narrow in the medium term.

### **Pension Fund**

The relentless increase in longevity means that further pressure will fall on pension funds during the 2013/14 revaluation. Whilst the proposed pension reforms should mitigate this effect to some degree, there is an expectation of increased employer contributions to the fund.

### **Welfare Reforms**

A number of major reforms to the welfare system are being implemented in 2013/14 including localisation of Council Tax Benefit (with a 10% cut in government funding), localisation of the Social Fund, changes to Local Housing Allowances, under occupancy rules (Bedroom Tax) and, possibly, welfare caps. The Council is evaluating the potential cumulative impact of these changes which could result in additional expenditure for the Council on homelessness and adult social care.

### **Strengthening the Procurement Function**

Improvements in procurement offer a significant opportunity for the Council to reduce the cost of bought in services through changes in service specifications and improved pricing. The 2013/14 budget include £3.0m of savings resulting from improved procurement.

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

The Council has two major projects in this area, Achieving for Children and the Integrated Care Organisation. In principle, these offer significant opportunities to generate efficiencies and their successful implementation is key to the Council's budget strategy.

### **Short term Government Funding opportunities (freeze grant etc)**

The Government has announced that the first tranche of Council Tax Freeze Grant (2011/12) has been added to the base for grant purposes. Subsequent one off grants have been announced in both 2012/13 and 2013/14.

**Review of Revenue Reserves and Balances**

In summary, the Council's reserves position (excluding unspent specific grants and contributions) as at 1<sup>st</sup> April 2012 was as follows:

	<u>£m</u>
Statutory reserves over which the Council has limited or no control	16.9
Non statutory but essential reserves	8.7
Discretionary reserves currently earmarked	19.6
General Fund	10.2
<b>Total</b>	<b>55.4</b>

Excluding schools, reserves stood at £39.1m which was just above the minimum level discussed in the "Minimum Reserves Policy" report considered by Finance and Performance Overview and Scrutiny Committee in June 2011. The budget report for 2013/14 contains a full list of revenue reserves and balances with an analysis of expected changes in the current year which indicate that there is projected to be an overall reduction of around £4-5m by the end of 2012/13. Excluding schools this would mean that the projected balance at the end of 2012/13 would be around £35m and would have fallen for the 3<sup>rd</sup> successive year. This will be subject to further review alongside the final outturn figures, when projections for 2013/14 and 2014/15 will be considered.

To put the above into context it is worth noting that comparing LBRuT with other London Boroughs (2011/12 figures) shows that the Council had below average levels of general fund reserves even when weighted for size of population. The Audit Commission report "Striking a balance" also gives some national context showing reserve levels varying from 8% to 106% of single tier and county council net revenue budgets. The Commission report accepts that there is "no set formula" for determining appropriate levels of reserves and suggests 11 questions Members should consider when reviewing reserves; these are set out in a table at the end of this Annex, together with responses from the Director of Finance and Corporate Services. The remainder of this Annex focuses on the detail of the Council's reserves and their expected movement.

It is extremely difficult to predict the future level of all reserves and some, such as insurance and pension reserves, involve year end calculations. For school balances in particular, projections provided by schools have proved unreliable in the past (overall schools balances have risen by 148% or almost £9m over the past 4 years). The overall level of these funds will fall as schools move to academies and their reserves no longer sit in the Council's accounts.

With the exception of the General Fund Reserve, the remainder of the funds are held for specific purposes and have specific Cabinet Members responsible for them. In 2011/12 gross expenditure from reserves totalled over £12m and for the current year this is expected to be a similar amount.

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 now stands at £10.2m which is within the Council's agreed range and the plans continue to assume the use of some £0.25m to support Council Tax levels to 2012/13. Assuming no further contributions, this will reduce the reserve to £9.96m which will be around 6-7% of the net budget (excluding schools). Using the current policy of 5% being the minimum prudent level to hold general reserves, this will only allow very limited flexibility for further use in support of either one off initiatives or

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helping to manage future Council Tax increases. Such decisions will be taken alongside the detailed budget proposals for the Council each year.

The next largest discretionary fund that the Council has established is the **Waste and Recycling Reserve** which has been used (along with a significant element of the R&R Fund) to meet the costs associated with changes in waste collection and recycling. This was set up as very much an “invest to save” initiative aimed at avoiding the increasing costs associated with Landfill Tax. Last year, following changes to levy calculations and assumptions on Landfill Tax penalties the Council decided to reduce this reserve. Recent developments at West London Waste Authority have indicated that the budget for the Authority has not stayed within its targets and, despite remedial action, is likely to require a significant additional levy from constituent authorities. The remainder of this reserve will therefore be used to manage the impact of this increase on the Council’s budget over a number of years.

**The Invest to Save Fund** stands at £3.9m. As well as providing investment to pump prime efficiency initiatives, the remainder is held against the expectation of significant redundancy costs as the Council reduces its staffing and restructures its services.

The **School Infrastructure Fund** stood at £1.3m at the start of the year but is fully committed and expected to be largely exhausted by the end of the year.

The **Repairs and Renewals fund** stands at £2.7m and is expected to be held broadly steady this year as, although repayments to the fund will exceed the payments out, approximately £1m is being withdrawn to support the general capital programme. This reserve will continue to replenish in line with scheduled repayments in future years and the final targeted level needs to be reviewed alongside the changing nature of the Council’s service provision.

The **Project Development Reserve** is projected to continue reducing this year. The majority of this reserve provides funding for essential upgrades and investments for IT systems and infrastructure and it may be appropriate to merge this with Invest to Save fund in future years.

### Overall reserve position

Overall reserves and balances stood at £55.4 million at the end of the 2011/12 financial year and we currently project they will reduce to around £50m-£51m by the start of 2013/14.

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

<b>How much is held in reserves</b>	
<b>1</b> How much does the council have in its reserves – in cash terms and relative to spending? How do total reserves compare with those held by councils facing similar circumstances?	The Council holds £39m in revenue reserves (excluding unspent grants and schools) which represents approximately £205 per head of population and 13% of gross expenditure. The equivalent average for London Boroughs is over £300 per head.(we do not have gross expenditure comparisons)
<b>2</b> How have reserves changed in recent years – in cash terms and as a percentage of spending? How do changes compare with those made by councils facing similar circumstances?	Reserves have reduced over the last 2 years and are expected to continue to reduce in 2013/14 both as a percentage of net revenue budget and in cash terms.
<b>What reserves are held for</b>	
<b>3</b> What are the risks or future spending plans for which the council is holding reserves?	See detailed reserves analysis attached to the budget report. Each reserve has a specified purpose and an allocated Cabinet Member.
<b>4</b> What proportion of reserves is:	The Council does not analyse against these



## SECTION H

<ul style="list-style-type: none"> <li>&gt; held to cover short-term financial risk?</li> <li>&gt; held for medium- and long-term risks or spending plans?</li> <li>&gt; ring-fenced income that can only be used for specific purposes</li> </ul>	<p>suggested headings but broadly the general reserve of just under £10m and the insurance reserves of around £3m 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 Finance and Corporate Services 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 and a contingency of just over £600k to meet up to 1% pay award for 2013/14 plus just over £400k in-year provision against new CTSS and Business Rate risks.</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>
<b>Unplanned movements on reserves</b>	
<p><b>9</b> In each of the last three years, what difference has there been between the movements on reserves the council expected when setting its budget and the movements that occurred when closing the accounts (as a percentage of spending)?</p> <ul style="list-style-type: none"> <li>&gt; How much of the variation was the result of factors within the council's control?</li> <li>&gt; What can the council learn to improve the accuracy of future budget projections and financial management?</li> <li>&gt; Are any adjustments needed to correct unplanned movements on reserves?</li> </ul>	<p>2009/10 planned £1.8m decrease, actual £1.7m increase – creation of invest to save fund from additional underspend.</p> <p>2010/11 planned £5.8m decrease, actual £1.1m decrease – main reason for change was the reprofiling of use of schools infrastructure fund (to ensure Govt Grant maximised)</p> <p>2011/12 planned £4.0m decrease, actual £1.9m decrease – number of changes including higher S106 balance</p>
<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>



**LONDON BOROUGH OF RICHMOND UPON THAMES**

**CABINET CAPITAL PROGRAMME 2012/2013 TO 2017/2018**

**DATE: 17<sup>th</sup> January 2013**

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

**TITLE OF DECISION CAPITAL PROGRAMME 2012/13 – 2017/18**

**WARDS: ALL**

**KEY DECISION?: YES**

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

**For general release**

**1. MATTER FOR CONSIDERATION**

This report considers the 6 year Capital Programme (2012/13-2017/18), provides details of new capital schemes and looks at how the Capital Programme is funded.

**2. RECOMMENDATIONS**

- *That the schemes identified in Appendix A be approved for inclusion in the 2013/14 capital budget.*
- *That Cabinet note the proposals in Appendix A for financial years 2014/15 to 2017/18.*
- *That the overall capital budget for 2013/14 be RECOMMENDED to Council for approval in February as part of the Council's financial strategy.*
- *That the Prudential Indicators in Appendix B be RECOMMENDED to Council for approval in February.*

**3. DETAIL**

3.1 A review of the Capital Programme was reported to the Finance and Performance Overview and Scrutiny Committee in December 2012. This report builds upon and reflects the main changes since that report.

3.2 The Capital Programme (Appendix A) has been updated to reflect the Council's main priorities. The December report included extra provision for Primary, Secondary, SEN and 6<sup>th</sup> Form Places, funded from borrowing with the expectation that any capital receipts released from these developments would be used to increase the budget for these schemes.

- 3.3 Since the December report, a further £3.1m of new schemes have been added to the proposed Programme. The new schemes are in Education, Children's and Cultural Services and Environment and do not increase the borrowing requirement.
- 3.4 The Programme has also been updated to include the latest projections reported at Quarter 3 budget monitoring. This has not changed the total expenditure over the 6 years of the programme but does mean that some schemes are now anticipated to spend later in the programme.
- 3.5 **Programme Reported To December Finance And Performance Overview And Scrutiny Committee**
- 3.5.1 The majority of the current programme relates to Education schemes. Approximately £113.8m is allocated to the borough's schools and sixth forms, representing 56% of the total Capital Budget. A key priority within this budget is the expansion of primary places (£33.9m) and the creation of sixth forms (£27.8m). The remainder of the budget is made up of Academies (£24.1m), Clifden Site Purchase (£8.8m), Schools General Planned Maintenance (£6.5m), Special Education Needs (SEN) (£3.4m) and other schemes (£9.3m) which includes assumed Basic Needs funding and other future schemes.
- 3.5.2 The existing Primary Expansion Programme should deliver 2,670 new places by 2013/14. The Sixth Form Programme will deliver 1,180 new places by 2014/15. Christ's CE School will deliver an additional 150 secondary places by 2014/15. The borough's new Catholic School will provide 210 primary, 750 secondary and 300 6<sup>th</sup> form places.
- 3.5.3 In addition, the proposed net £11.3m additional schools expenditure will provide a further 1,170 primary places. Further expenditure on SEN is expected to lead to 76 primary and 106-128 secondary SEN places across the current and proposed programme. The proposed £10m net contribution to the new secondary school proposed to be built on the Egerton Road Site is expected to provide 900 new secondary places, as well as contributing to new SEN provision.
- 3.5.4 The other significant budget areas include Affordable Housing (£13.0m), Improvement Grants (£9.1m), Uplift Schemes (£10.6m) and General Planned Maintenance (£7.5m).
- 3.5.5 The Affordable Housing Programme is expected to provide a further 66 units from committed schemes and a further £7.1m is available to fund future schemes. In addition, Council funding is often used to supplement investment from registered providers and is used with grant from the Greater London Authority (GLA) to support affordable housing.
- 3.5.6 The January 2012 Cabinet report added £58.0m to the capital programme. The following table summaries the spend and progress to date against this additional budget. It should be noted that similar schemes added to the programme earlier are also ongoing, although not mentioned here :

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Scheme	5 Year Budget £m	Spend to Date (Q3) £m	Progress to Date
Secondary/SEN & 6 <sup>th</sup> Form Places	40.0	0.3	Wates Construction has been engaged as a government framework supplier to deliver the Sixth Form projects. The Waldegrave scheme is likely to submit a planning application in January 2013 with the remaining four schemes submissions between February and April 2013.
Uplift Schemes/Twickenham Area Action Plan	10.0	0.1	The programme has been revised since January to take into account a number of issues. An update of this scheme was reported to Cabinet in November 2012.
Highways & Pavements	5.0	1.0	The All In One Consultation identified this as a priority of local residents and business. This scheme was supplemented by a further £1.0m from revenue as identified in the February 2012 Council Tax report and £0.4m identified during Q2. Of this, £0.5m has been allocated towards pavement works as prioritised by local people. All works are on target and budgets are anticipated to be spent in full.
Parks Strategy	3.0	0.3	Schemes are being developed for potential new facilities, such as pavilions and enhancing horticultural aspects of parks. This work will be carried out by the Council in partnership with the borough's residents.

### **3.6 Proposed New Schemes**

- 3.6.1 The majority of the proposed new schemes to be added to the programme are in Education, with £11.3m allocated to additional school places (Primary & SEN) and £10m on the proposed new schools (Egerton Road site), which were detailed in the December Report.
- 3.6.2 The remaining £3.1m are smaller schemes in Education, Children's and Cultural Services and Environment which were identified after the December report. This includes £1m of Transport for London (TfL) schemes and £1m for Highways and Pavements.
- 3.6.3 The TfL schemes are all fully grant funded by TfL. They represent works which the Council has bid for. TfL funding varies during the year based on priorities for road works in the borough. No TfL budget is shown for future years, as it is dependant on scheme approval from TfL. Budget will be added as bids are approved.
- 3.6.4 The additional £1.0m for Highways and Pavements continues the additional revenue funding identified in the 2012/13 Council Tax setting report, which is

expected to be continued in 2013/14 and possibly beyond, depending on available resources.

3.6.5 Appendix D gives further details on the remaining £1.1m of schemes.

### **3.7 Financing**

3.7.1 The Capital Programme is financed via grants and contributions, capital receipts, revenue resources and borrowing. The proposed total capital expenditure budget over the next 6 years is £201.6m. The table below sets out a summary of the financing proposals:

	<b>£m</b>
Total Capital Budget 2012/13 to 2017/18	201.6
Funded From Grants & Contributions (Incl S106)	-78.6
Funded From Revenue Grant (Revenue Funding)	-5.2
Funded From Capital Receipts	-26.2
Funded From Earmarked Reserves & Revenue	-16.4
Balance to be Funded From Borrowing	-75.2

3.7.2 When the 6 Year Programme was reported to Cabinet in January last year, the anticipated level of new borrowing over the 6 years was £61.9m. This included £3.1m of borrowing for 2011/12 which was replaced by use of revenue resources at outturn. Borrowing has further reduced by £4.2m during this year, the majority of which relates to the additional education capital grant allocated to the Council early in the year. Adding a new 6<sup>th</sup> year to the programme has increased borrowing by £2.1m. The new schemes proposed in 3.6 above have added another £21.3m. This brings the borrowing to the total of £78.0m which was reported to the Overview & Scrutiny Committee in December.

3.7.3 The Quarter 3 budget monitoring reports have been used to update the programme further, changing the timing of some of the schemes. There have also been further new schemes requested, although these have not impacted on the borrowing requirement. Further revenue contributions have been identified as part of the overall budget setting process. This includes the savings from delaying borrowing identified in quarterly budget monitoring, which have also been used to reduce the need to borrow by £2.8m to £75.2m as shown in Appendix A.

## SECTION I

- 3.7.4 All of these changes lead to a net increase in borrowing of £13.3m and are summarised in the table below:

	<b>Borrowing £m</b>	<b>Revenue Impact £m</b>
Borrowing reported to Cabinet in January 2012	61.9	
Use of revenue to reduce borrowing at 31 <sup>st</sup> March 2012	-3.1	-0.2
Changes during 2012/13 where new grants or new schemes were added	-4.2	-0.3
Borrowing to fund the new 6 <sup>th</sup> year of the programme	2.1	+0.1
Proposed New Schemes (see para 3.6)	21.3	+1.5
<b>Total Borrowing in 6 Year Programme reported to O&amp;S Cttee</b>	<b>78.0</b>	<b>+1.1</b>
Impact of delays and further revenue funding in future years	-2.8	-0.2
<b>Total Borrowing Requirement in Proposed 6 Year Programme</b>	<b>75.2</b>	<b>+0.9</b>

- 3.7.5 The table also shows the approximate full year cost of all these changes, assuming that the interest on borrowing plus the amount set aside to repay borrowing at the end of the loan period add up to 7%. The impact on the Council's Treasury budgets will depend on timing of the borrowing, interest rates at the time, whether grant funding is received in arrears or advance and many other issues.

- 3.7.6 These figures are all based on the resources that have currently been identified to fund the Capital Programme. If more resources become available (new capital receipts or additional external funding) these will be used to reduce the need to borrow. The need to spend and the funding of that spend should be considered separately. New schemes should be added to the programme as new priorities are identified, not as a way to utilise additional grants, unless the grant funding is specifically for that scheme. Likewise, new funding resources will be assumed to replace a current need to borrow in the programme unless there is a link to specific outcomes to secure that funding.

- 3.7.7 The borrowing requirement in the Capital Programme shows the level of future expenditure not funded from any other resources. This therefore needs to be funded from formal borrowing (from banks or the government) or from short term cash flow borrowing (internal borrowing).

- 3.7.8 The Council currently has a good level of cash flow which gives the option of some cash flow borrowing. The economic environment is such that the Council would have to pay around 4% interest on external long term

borrowing, but can achieve less than 1% on investments. This makes internal borrowing appear a beneficial option in the short term.

- 3.7.9 There is a risk that this decision may be of short term benefit but have longer term implications. For example, short term savings can be offset over a 25 year loan if rates move adversely. Officers take regular advice on rate movements to inform borrowing decisions. Advisors are not currently anticipating rates to increase until mid 2013. Rates are then anticipated to increase slowly, giving officers time to act if an increase occurs.
- 3.7.10 There is also the risk that the need to borrow large amounts in any one future year may force the Council to borrow when rates are not advantageous. Internal borrowing can be used to “smooth” the need to borrow externally in such cases, thereby spreading the risk of borrowing when interest rates are higher.
- 3.7.11 When deciding to borrow internally or externally, officers use medium term cash flow projections and have set limits on minimum cash balances, the comparative proportions of internal and external borrowing and internal borrowing as a proportion of average cash limits. These limits are intended to ensure that internal borrowing risks are managed.
- 3.7.12 The Council had internal borrowing of £14.4m at the start of 2012/13. This reduces as money is set aside to repay debt (reducing the total external borrowing required) and so will decrease annually if no new internal borrowing is taken. It is currently planned to use internal borrowing for part of the borrowing requirement in 2013/14. If new funding is identified this internal borrowing may be reallocated to future years.

#### **4. FINANCE AND EFFICIENCY IMPLICATIONS**

- 4.1 The proposed new borrowing in the 6 year programme is anticipated to increase revenue financing costs by approximately £0.9m by the end of the 6 years if no further resources are identified to replace the need to borrow. These costs are factored into the Council's Treasury estimates, and the Medium Term Financial Strategy.
- 4.2 Treasury estimates also take account of :
- changes to assumed borrowing rates (the Council now benefits from the lower Certainty Rate from PWLB having completed the required return satisfactorily)
  - changes to investment rates and the level of balances
  - savings from delays in borrowing
  - savings from use of internal borrowing (loss of interest on balances expected to be lower than the cost of new debt for the next 5 years)
- 4.3 Changes to timing of spend and associated borrowing will not impact the revenue cost of the programme by the end of year 6. They will change the revenue costs in the earlier years of the programme. The figures in the table in 3.7.4 give the impact by year 6 and not the phasing of the changes. The estimated financing costs of the programme year by year are included in the Prudential Indicators.



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- 4.4 All local authorities are required to set their own limits on borrowing, under the Prudential Code. These limits must be set with a view to the affordability and sustainability of the anticipated costs, the impact on Council Tax and setting a level of borrowing that will not limit the Council's ability to respond to future service needs. These limits, the Council's Prudential Indicators, are included in Appendix B with further commentary.

### **5. PROCUREMENT IMPLICATIONS**

- 5.1 There are no procurement implications arising directly from this report. Works required for approved capital schemes will be procured in line with legislation and Council procedures.

### **6. LEGAL IMPLICATIONS**

- 6.1 The Prudential Indicators in Appendix B are required under statute, and produced in line with statutory guidance.

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

- 7.1 No consultation was undertaken specifically for this report. Consultations are undertaken as required on many capital schemes.

### **8. WIDER CORPORATE**

#### **8.1 POLICY IMPLICATIONS / CONSIDERATIONS**

The Capital Programme is set to address Council priorities.

#### **8.2 RISK CONSIDERATIONS**

Appendix C to this report gives the main risks associated to the Capital Programme.

#### **8.3 EQUALITY IMPACT CONSIDERATIONS**

There are no specific equalities implications arising from this report. Equalities issues are considered on individual projects prior to inclusion in the Programme.

#### **8.4 ENVIRONMENTAL CONSIDERATIONS**

There are no specific environmental implications arising from this report.

### **9. BACKGROUND INFORMATION:**

None

### **10. BACKGROUND PAPERS:**

None

**10. APPENDICES**

Appendix A – Capital Programme  
Appendix B – Prudential Indicators  
Appendix C – Risks  
Appendix D – New Schemes

**11. CONTACTS**

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**6 Year Capital Programme - 2012/13 to 2017/18****Appendix A**

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	Total
<b>ECCS</b>							
Devolved Formula Capital (DFC)	302	258	258	258	258	258	1,592
Teddington BSF	441	0	0	0	0	0	441
<b>Academies</b>							
Hampton	7,495	2,086	442	0	0	0	10,023
Twickenham	11,491	1,840	728	0	0	0	14,059
<b>Primary Places Phase 1&amp;2</b>							
Holy Trinity	25	261	0	0	0	0	286
St Mary's & St Peter's	1,135	264	0	0	0	0	1,399
Orleans Infant	143	0	0	0	0	0	143
Chase Bridge	1,575	537	0	0	0	0	2,112
Stanleys	4,087	1,183	190	0	0	0	5,460
St Stephen's	3	44	0	0	0	0	47
Collis	23	10	0	0	0	0	33
St Osmund's SFE	7	0	0	0	0	0	7
St Mary's Magdalen's SFE	25	0	0	0	0	0	25
Buckingham Phase 1	26	0	0	0	0	0	26
Buckingham Phase 2	1,410	1,210	0	0	0	0	2,620
Sheen Mount SFE	20	0	0	0	0	0	20
Lowther Permanent Expansion	1,976	40	25	20	0	0	2,061
St John's Site for St Mary's Expansion	1,743	195	0	0	0	0	1,938
Nelson	308	417	14	0	0	0	739
Hampton Wick	5	13	0	0	0	0	18
Heathfield	4	15	0	0	0	0	19
Marshgate SFE	265	18	0	0	0	0	283
The Vineyard	7	0	0	0	0	0	7
Archdeacon Cambridge	11	0	0	0	0	0	11
Orleans Infants	0	1	0	0	0	0	1
St Mary's Site Work	0	300	0	0	0	0	300
Amyand House	24	0	0	0	0	0	24
<b>Primary Places Phase 3</b>							
The Vineyard Permanent Expansion	20	0	0	0	0	0	20
Orleans Infant	1,009	1,336	42	0	0	0	2,387
St Stephen's Junior	989	1,142	0	0	0	0	2,131

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Hampton Wick Infant	418	2,103	143	0	0	0	2,664
St John the Baptist Junior	8	1,826	0	0	0	0	1,834
Heathfield Infant and Junior	1,041	2,768	1,047	0	0	0	4,856
Amyand House	175	4	5	0	0	0	184
St Elizabeths	438	340	0	0	0	0	778
Clifden Primary	84	1,386	0	0	0	0	1,470
Clifden Site Purchase (Incl. Acquisition Costs)	8,820	30	0	0	0	0	8,850
Schools General Planned Maintenance	2,072	984	866	866	866	866	6,520
<b><u>SEN 14-19</u></b>							
Darell	126	95	0	0	0	0	221
Christ's CE	55	0	0	0	0	0	55
Grey Court	74	0	0	0	0	0	74
Orleans Park	60	0	0	0	0	0	60
Waldegrave	9	0	0	0	0	0	9
Schools Access Initiative	0	183	0	0	0	0	183
Modernisation	4	240	0	0	0	0	244
Secondary/SEN School Places & 6th Forms	0	0	0	3,812	0	0	3,812
<b><u>Sixth Forms</u></b>							
Christ's	174	2,376	2,077	0	0	0	4,627
Grey Court	192	2,878	2,493	0	0	0	5,563
Orleans Park	178	2,862	2,486	0	0	0	5,526
Teddington	142	1,758	1,308	0	0	0	3,208
Waldegrave	314	3,650	3,409	0	0	0	7,373
Twickenham Academy	0	300	0	0	0	0	300
Hampton Academy	0	300	0	0	0	0	300
Richmond Park Academy	0	300	0	0	0	0	300
Pooled Development Provision	0	200	400	0	0	0	600
SEN (Strathmore)	90	1,600	1,310	0	0	0	3,000
New Basic Needs (assumed)	0	0	0	0	0	3,000	3,000
<b>Total Schools Budget</b>	<b>49,043</b>	<b>37,353</b>	<b>17,243</b>	<b>4,956</b>	<b>1,124</b>	<b>4,124</b>	<b>113,843</b>

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Youth Facilities	10	140	0	0	0	0	150
Libraries Buildings	184	763	0	0	0	0	947
Libraries IT Communications Infrastructre	0	0	0	0	0	0	0
Libraries Self Service - RFID	0	0	0	0	0	0	0
Arts	37	0	0	0	0	0	37
<b>Total Non Schools Budget</b>	<b>231</b>	<b>903</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,134</b>

<b>TOTAL ECCS</b>	<b>49,274</b>	<b>38,256</b>	<b>17,243</b>	<b>4,956</b>	<b>1,124</b>	<b>4,124</b>	<b>114,977</b>
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**ACS**

Affordable Housing Schemes	3,294	2,653	1,775	1,775	1,775	1,775	13,047
Improvement Grants	1,231	2,447	1,345	1,345	1,345	1,345	9,058
Management Information System	58	0	0	0	0	0	58
Extra Care Housing	0	335	0	0	0	0	335
Adaptations and Equipment Assessment Centre	5	0	0	0	0	0	5
Sheen Lane Adaptations	36	0	0	0	0	0	36
Kingston Lane Adaptations	45	0	0	0	0	0	45
Langdon Park	20	0	0	0	0	0	20
Queens Road Hostel - Kitchen Improvements	0	42	0	0	0	0	42
Queens Road Hostel - Bathroom Improvements	0	12	0	0	0	0	12
<b>TOTAL ACS</b>	<b>4,689</b>	<b>5,489</b>	<b>3,120</b>	<b>3,120</b>	<b>3,120</b>	<b>3,120</b>	<b>22,658</b>

**ENVIRONMENT**

Street Lighting	752	500	500	500	500	0	2,752
Parks Schemes	1,024	750	750	750	750	150	4,174
Principal Road Restructure	286	140	140	140	140	0	846
General Planned Maintenance	2,098	1,063	1,080	1,080	1,080	1,080	7,481
Uplift Schemes and Twickenham Riverside	2,467	6,144	2,000	0	0	0	10,611
Palewell Pavillion	88	0	0	0	0	0	88
Barn Elms	1,672	0	0	0	0	0	1,672
Richmond Bridge	36	0	0	0	0	0	36
S106 Schemes	252	0	0	0	0	0	252
Waste Facilities Depot Improvements	12	9	0	0	0	0	21
DDA Compliance	0	0	0	0	0	0	0
Crane Valley Park Project	30	0	0	0	0	0	30

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Air Quality Action Plan	20	0	0	0	0	0	20
Travel Awareness Innovation Fund	5	0	0	0	0	0	5
Twickenham Campus BMS	11	0	0	0	0	0	11
Transport for London (TfL)	3,977	0	0	0	0	0	3,977
Outer London Fund (OLF)	106	6	0	0	0	0	112

### **Pavements and Highways**

- Pavements and Highways	1,510	1,000	1,000	1,000	1,000	0	5,510
- Village Plans	890	0	0	0	0	0	890
Cemeteries	35	0	0	0	0	0	35
	<b>15,271</b>	<b>9,612</b>	<b>5,470</b>	<b>3,470</b>	<b>3,470</b>	<b>1,230</b>	<b>38,523</b>

### **FCS**

Richmond Theatre	902	859	0	0	0	0	1,761
PDQ Replacement Project	35	0	0	0	0	0	35
Upgrade to Exchange 2010	82	0	0	0	0	0	82
Active Directory 2008	16	0	0	0	0	0	16
Expansion of Citrix Infrastructure	52	0	0	0	0	0	52
SQL Database Upgrade and Expansion	17	0	0	0	0	0	17
Security Infrastructure Improvements	85	0	0	0	0	0	85
Disaster Recovery Infrastructure Improvements	35	0	0	0	0	0	35
<b>TOTAL FCS</b>	<b>1,224</b>	<b>859</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,083</b>

### **New Schemes**

Additional Schools Expenditure	1,006	8,095	745	1,434	0	0	11,280
New School - Egerton Road Development	0	1,000	9,000	0	0	0	10,000
Croft Centre	51	0	0	0	0	0	51
Brunswick Boxing Club	132	404	9	0	0	0	545
Artificial Turf at Teddington School	3	221	0	0	0	0	224
Gritters (Environment)	309	0	0	0	0	0	309
Pavements & Highways	0	1,000	0	0	0	0	1,000
	<b>1,501</b>	<b>10,720</b>	<b>9,754</b>	<b>1,434</b>	<b>0</b>	<b>0</b>	<b>23,409</b>

### **Total for Council**

	<b>71,959</b>	<b>64,936</b>	<b>35,587</b>	<b>12,980</b>	<b>7,714</b>	<b>8,474</b>	<b>201,650</b>
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## SECTION I

<b>Finance By :</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>Total</b>
Grants	47,133	8,907	4,895	3,858	3,858	3,858	72,509
S106	5,638	247	0	0	0	0	5,885
Contributions	105	80	0	0	0	0	185
Revenue Grants Used as DRF	917	917	917	659	917	917	5,244
Other DRF	7,122	2,110	463	0	347	635	10,677
Earmarked Reserves	5,360	373	0	0	0	0	5,733
Application of Cap Receipts	4,678	13,665	6,173	1,733	0	0	26,249
Borrowing Requirement	1,006	38,637	23,139	6,730	2,592	3,064	75,168
	<b>71,959</b>	<b>64,936</b>	<b>35,587</b>	<b>12,980</b>	<b>7,714</b>	<b>8,474</b>	<b>201,650</b>

### **Prudential Indicators**

The Council is required to set Prudential Indicators to demonstrate it is exercising its power to borrow in a sustainable, affordable and prudent manner.

The requirement is statutory and therefore requires the use of budgets and actuals which comply with proper accounting practice.

While the Council produces its Statement of Accounts on the basis of proper practice, budgets are set differently to facilitate proper financial controls and budget monitoring by non finance professionals during the year. This is general practice in local government, especially with the introduction of International Financial Reporting Standards (IFRS) from 2010/11 which have increased the amount of technical adjustments required for final accounts.

This means that although the Prudential Indicators are presented with the Capital Programme they are required to include the technical adjustments mentioned above and therefore will not be directly comparable with the Programme. For example, Prudential Indicators include financing leases, as they are effectively another method of taking out a loan to finance the purchase of a capital asset, with the loan taken via a financing company and not directly with the bank or government or other lender.

Therefore the costs of financing will include the cost of leases etc which for management purposes are included in the relevant manager's budget (e.g. computer leases would be budgeted for within ICT budgets).

The inclusion of leased assets will increase the Council's reported need to borrow.

For clarity, the amount of external debt is split between direct borrowing and lease borrowing whenever practicable.

### **A. Capital Expenditure**

Capital expenditure forms the basis of determining the need to borrow. The capital expenditure shown in this indicator reflects the proposed Capital Programme for 2012/13 to 2017/18.

	<u>Revised</u> <u>2012/13</u> <u>£000</u>	<u>Estimate</u> <u>2013/14</u> <u>£000</u>	<u>Estimate</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>
Capital Expenditure	71,959	64,936	35,587	12,980	7,714	8,474
<i>Of Which:</i>						
Financed from Grants & Contributions	52,876	9,234	4,895	3,858	3,858	3,858
Financed by RuT	18,077	17,065	7,553	2,392	1,264	1,552
New Borrowing Required by Programme	1,006	38,637	23,139	6,730	2,592	3,064

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

The proposed Capital Programme shows a significant reduction after 2013/14. This is due to the value of government grants being lower than in previous years and the reduction in the level of reserves available to fund the Programme.

### **B. Ratio of Financing Costs to Net Revenue Stream**

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

This indicator has changed this year due to the changes to government grants following on from the introduction of the Business Rates Retention scheme and Council Tax benefit changes implemented from 2013/14. This has led to changes to the Council Tax base calculation (set out by statute). The indicator for 2012/13 is on the previous basis and therefore not directly comparable.



The Revenue Budget Strategy and Council Tax Setting report to Cabinet in February will give further detail on these changes.

The benefit changes led to further clarification being required on the new calculation and future year estimates may need to be revised as this is worked through. Members should therefore be aware that this indicator may be revised before it is presented to Council for approval.

	<u>Revised</u> <u>2012/13</u> <u>£000</u>	<u>Estimate</u> <u>2013/14</u> <u>£000</u>	<u>Estimate</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>
Financing Costs	5,362	6,108	8,115	8,950	8,941	8,496
Net Revenue Stream	146,466	156,866	152,965	148,223	143,480	138,738
As a Ratio	<b>3.66%</b>	<b>3.89%</b>	<b>5.30%</b>	<b>6.04%</b>	<b>6.23%</b>	<b>6.12%</b>

Financing costs represent the net interest costs to the Council (interest payable on debt less interest due on balances) and a prudent provision for debt repayment (the Minimum Revenue Provision). These costs include those paid as part of a lease arrangement, such as the 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.

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

The financing costs are linked to movements in interest rates. Most borrowing is at a fixed rate, meaning interest payments will not vary, whereas most investments are for under a year meaning there are often amounts maturing which can be reinvested at (currently) lower rates. The current market projections are for bank base rate to increase from the low point of 0.50% in the second half of 2014/15, although the further into the future the projection, the less certain it is.

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

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

This indicator is designed to highlight whether the general fund can support future capital spend and illustrates the change in the level of Council Tax that will result from the authority's total capital plans. This can be viewed in 2 ways, both by the impact of the full effect of changes in financing costs as a percentage of Council Tax, or as the increase in a Band D Council Tax.

As with Indicator B above, this indicator has changed due to the changes to the Council Tax base calculation (set out by statute). The indicator for 2012/13 is on the previous basis and therefore not directly comparable.

<b><u>Impact of Change in</u></b> <b><u>Financing Costs</u></b>	<u>Revised</u> <u>2012/13</u> <u>£000</u>	<u>Estimate</u> <u>2013/14</u> <u>£000</u>	<u>Estimate</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>
Interest Payable						
- Direct borrowing	2,289	2,634	3,747	4,463	4,846	5,094
- Leases and PFI	2,023	1,989	1,955	1,922	1,890	1,858
Interest Receivable	-1,316	-910	-984	-1,442	-1,999	-2,757
Principal Repayment						
- represented by MRP	1,493	1,474	2,422	2,974	3,107	3,135
- Financing Leases and Similar (incl. PFI)	873	922	975	1,033	1,097	1,166
Financing Costs	5,362	6,108	8,115	8,950	8,941	8,496

Year on Year Increase	-1,426	747	2,006	835	-9	-445
Impact on the Council Tax Requirement (RuT element)	<b>-1.23%</b>	<b>0.69%</b>	<b>1.86%</b>	<b>0.77%</b>	<b>-0.01%</b>	<b>-0.41%</b>
Impact on a Band D Property	<b>-£15.85</b>	<b>£8.94</b>	<b>£23.97</b>	<b>£9.95</b>	<b>-£0.11</b>	<b>-£5.27</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 only in respect of the schemes which are funded by the Council. This is either a cost of borrowing to finance the scheme or an opportunity cost of lost income where balances (such as S106, Infrastructure Fund, Capital Receipts) are spent instead of being held as investments. Schemes such as Transport for London which are fully financed by grant have no impact on the Council Tax.

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

The increase in Principal Repayments on Debt is due to the anticipated increased need to borrow which impacts both the interest payments due on higher borrowing and the provision for debt repayment (MRP) increasing.

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

Interest Receivable also increases over time. This is due to forecast increased return on investments due to anticipated bank rate increases.

The year on year increase in Financing Costs in the next 3 years is due to the financing of the capital programme, particularly the need to borrow to provide school places. This will change if further resources are identified to reduce the borrowing requirement.

#### **D. The Capital Financing Requirement**

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

	<u>Revised</u> <u>2012/13</u> <u>£000</u>	<u>Estimate</u> <u>2013/14</u> <u>£000</u>	<u>Estimate</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>
<b>Capital Financing Requirement (CFR)</b>	<b>85,284</b>	<b>121,525</b>	<b>141,267</b>	<b>143,990</b>	<b>142,378</b>	<b>141,141</b>
Year on Year Increase in CFR	-1,360	+36,241	+19,742	+2,723	-1,612	-1,237
<b><i>Change represented by:</i></b>						
Schemes financed by Borrowing (incl. leases)	1,006	38,637	23,139	6,730	2,592	3,064
MRP contributions to fund the Requirement						
- represented by MRP	-1,493	-1,474	-2,422	-2,974	-3,107	-3,135
- Financing Leases and Similar (incl. PFI)	-873	-922	-975	-1,033	-1,097	-1,166
	<b>-1,360</b>	<b>36,241</b>	<b>19,742</b>	<b>2,723</b>	<b>-1,612</b>	<b>-1,237</b>

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

The CFR decreases where there is either no new debt taken, or contributions to repay debt are higher than the new debt. This is the case in later years of the programme due to the increased total amount of debt and the reduced programme anticipated in the medium term.

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

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

Gross borrowing is defined as the total borrowing of the authority, including loans and lease debt.

	<u>Revised</u> <u>2012/13</u> <u>£000</u>	<u>Estimate</u> <u>2013/14</u> <u>£000</u>	<u>Estimate</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>
Gross External Borrowing Limit Set	141,300	144,000	142,400	141,100	141,100	141,100
Gross External Borrowing	73,947	103,862	126,026	134,223	138,918	140,816
Amount above/(below) limit	-67,353	-40,138	-16,374	-6,877	-2,182	-284

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

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

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

	<u>Revised</u> <u>2012/13</u> <u>£000</u>	<u>Estimate</u> <u>2013/14</u> <u>£000</u>	<u>Estimate</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>
Authorised Limit Set	84,000	114,000	136,000	144,000	149,000	151,000
Projected External Debt	73,947	103,862	126,026	134,223	138,918	140,816
Amount above/(below) limit	-10,053	-10,138	-9,974	-9,777	-10,082	-10,184

The above indicator shows the maximum level of external borrowing including use of financing leases. An in principal 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 for 2012/13. This limit is at the Council's discretion and any change in the projected external debt should be reflected in this limit.

**G. Operational Boundary**

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

	<u>Revised</u> <u>2012/13</u> <u>£000</u>	<u>Estimate</u> <u>2013/14</u> <u>£000</u>	<u>Estimate</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>
Operational Boundary Set	79,000	109,000	131,000	139,000	144,000	146,000
Projected Total Debt	73,947	103,862	126,026	134,223	138,918	140,816
Amount below Limit	-5,053	-5,138	-4,974	-4,777	-5,082	-5,184

The Council is projected to stay well within the Authorised Limit set for 2012/13.

**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 less investments.

Short term investments or debt which last less than a year are included as variable rate investments.

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

<b><u>Fixed Rate Exposure</u></b>	<u>Revised</u> <u>2012/13</u> <u>£000</u>	<u>Estimate</u> <u>2013/14</u> <u>£000</u>	<u>Estimate</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>
Upper Limit	79,000	109,000	131,000	139,000	144,000	146,000
Lower Limit	38,000	73,000	95,000	103,000	108,000	110,000
Projected Exposure	62,718	97,633	119,797	127,994	132,689	134,587

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

<b><u>Variable Rate Exposure</u></b>	<u>Revised</u> <u>2012/13</u> <u>£000</u>	<u>Estimate</u> <u>2013/14</u> <u>£000</u>	<u>Estimate</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>
Upper Limit	-60,000	-64,000	-66,000	-70,000	-77,000	-77,000
Lower Limit	15,000	11,000	9,000	5,000	-2,000	-2,000
Projected Exposure	-9,672	-14,147	-16,001	-19,729	-26,751	-27,013

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

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

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

	<u>Lower Limit</u>	<u>Upper Limit</u>	<u>Estimate</u>
	<u>2013/14</u>	<u>2013/14</u>	<u>2013/14</u>
	<u>%</u>	<u>%</u>	<u>%</u>
Under 1 year	0%	30%	4%
1 to 2 years	0%	40%	0%
2 to 5 years	0%	50%	5%
5 to 10 years	0%	60%	9%
10 to 15 years	}	}	5%
15 to 25 years	} 20%	} 85%	11%
over 25 years	}	}	66%

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

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

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

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

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

	<u>Revised</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
Limit	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Actual / Estimate	34.7%	11.0%	10.1%	8.7%	6.8%	6.8%
Projected Investments at 31st March (£m)	7.3	2.3	2.3	2.3	2.3	2.3

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

Once the Council is satisfied that the risks of long term investments can be controlled, the Council could keep up to 40% of it's investments at fixed rates to benefit from the higher rates and certainty of income. Each investment would be considered individually with respect to the need for security and liquidity and any benefit from interest rates for different durations.

## **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 considerations have been made to try and minimise the risks.

- Receipts are only included in the programme when there is a definite disposal timetable for the relevant assets. The 5 year capital programme assumes that approximately 70%, 60% and 50% of disposal receipts anticipated in 2013/14, 2014/15 and 2015/16 respectively will actually be received, furthermore, extra prudence is given through an assessment for the likelihood of disposals as identified by Property Services.
- 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 have been increased to support capital projects.
- 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.

## SECTION I

## APPENDIX D – NEW SCHEMES

Scheme	Scheme Outline	Proposed Budget £000
Windam Croft Centre	<p>This scheme will improve the accessibility of the Windham Croft centre for disabled children through use of IT, accessible vehicle, and capital works to improve; child friendliness in the reception area, the street view (removing the spiked fence), replace unsafe windows (opening onto walkway at child height) and improve the deck area with the provision of a roof/ shade (to prevent bird droppings collecting in child space). Furniture for the short breaks flat at the Windham Croft centre will also be purchased.</p> <p>The proposed scheme would be fully grant funded.</p>	51
Brunswick Boxing Club	<p>Development of a new boxing club at Twickenham Brunswick Club for Young People. This will lead to the development of participation and improve standards of performance in boxing, with a focus on young people, particularly young girls and vulnerable people.</p> <p>The proposed scheme would be funded via external sources and agreed revenue resources.</p>	545
Artificial Turf at Teddington School	<p>This project involves the resurfacing of the artificial turf pitch at Teddington Academy / Teddington Sports Centre, including a new carpet, shock pads, repairs to the sub-base and various minor improvements to reduce noise impact of activities.</p> <p>The scheme would be funded via pre agreed external and revenue resources.</p>	224
Gritters (Environment)	<p>This scheme would replace the current gritting vehicles which are more than 10 years old and were originally purchased second hand. The maintenance costs are high due to their age and failure to be able to undertake our statutory duty to grit roads would be unacceptable to residents. The purchase of these vehicles would ensure that the borough's roads are clear in an efficient manner, using appropriate amounts of gritting material. Funding from the Repairs and Renewal fund is proposed for this scheme.</p>	309
<b>TOTAL</b>		<b>1,129</b>





## **Definitions of Budget Headings**

### **SeRCOP**

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

## **EXPENDITURE**

### **Employees**

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

### **Premises**

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

### **Transport**

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

### **Supplies and Services**

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

### **Third Party Payments**

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

### **Transfer Payments**

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

### **Support Services**

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

## **INCOME**

### **Government Grants**

This covers all specific and special government grants.

### **Other Grants & Contributions**

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

### **Customer & Client Receipts**

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

## **FINANCIAL ACCOUNTING ADJUSTMENTS**

### **Central Support Charges**

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

### **Central Support Income**

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

### **Capital Charges**

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

## **OTHER DEFINITIONS**

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

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

### **Collection Fund**

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

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

### **Corporate and Democratic Core**

This comprises corporate management and democratic representation and management costs.

### **Depreciation**

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

### **Earmarked Reserves**

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

### **FTE**

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

