



BUDGET BOOK

2026/27

Budget Book 2026/27

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

Produced by Financial Control - Finance Directorate

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

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SECTION A

Revenue Budget Strategy and Council Tax 2026/27

LONDON BOROUGH OF RICHMOND UPON THAMES

REPORT TO: FINANCE, POLICY AND RESOURCES COMMITTEE

DATE: 12TH FEBRUARY 2026

REPORT OF: EXECUTIVE DIRECTOR OF FINANCE

TITLE OF DECISION: REVENUE BUDGET STRATEGY AND COUNCIL TAX 2026/27

WARDS: ALL

KEY DECISION?: YES

IF YES, IN FORWARD PLAN?: YES

For general release

1. MATTER FOR CONSIDERATION

- 1.1 This report gives details of the budget strategy and recommends to Council that the Band D level of Council Tax, excluding the GLA element, be set at £1,975.59 (an increase of 2.99% in Council Tax plus 2% for the Adult Social Care Precept). Including the GLA precept, which has increased by 4.10%, the Band D Council Tax will be £2,486.10.

2. RECOMMENDATIONS

- 2.1 That Members consider the advice of the Executive Director of Finance in respect of Section 25 of the Local Government Act 2003 in setting the budget (see paragraphs 3.38 to 3.47);
- 2.2 That the Council be recommended to agree the Revenue Budget for 2026/27;
- 2.3 **That the Council be recommended to agree that the Band D level of Council Tax for 2026/27, including the Council's increase in Council Tax of 2.99%, the Social Care Precept of 2% and the GLA increase of 4.1%, be set at £2,486.10, an overall increase of 4.81% on 2025/26. The levels of Council Tax for all property bands are shown at Appendix A;**
- 2.4 That the Service Committee notes the significant negative impact the Government's Fair Funding Review has had, cutting Richmond's grant funding by £29m a year by 2028/29 and the challenges this has created; and
- 2.5 That the Service Committee notes that the Medium Term Financial Strategy was approved by this Committee in September 2025 and a further update will be provided by September 2026.

3. DETAILS

Background

- 3.1 In developing its financial strategy the Council has reviewed the national budget and assessed the impact of the provisional local government finance settlement (which includes the Government's Fair Funding Review 2.0 outcomes) along with high inflation, the current economic climate and rising demand in some areas, particularly considering where the longer term impacts on the budget may be.
- 3.2 The Administration set out in its manifesto an overall objective to make Richmond Fairer which includes ensuring there is a fairer deal for all residents and support for the most vulnerable in our community. The Administration has also committed to responsible stewardship of Council finances and all areas of Council expenditure have been reviewed to seek further efficiencies and rebalance priorities. This approach will continue and will define the Council's response to the challenges presented by the Fair Funding Review.
- 3.3 The Council has been active in fighting for a fairer funding deal for Richmond residents over the last eight years. This Council has previously been successful in securing a five-year £20m funding agreement in order to help address the historic pressures faced in the shortfall in Special Educational Needs funding. In addition it has been active in coordinating the lobbying of Ministers in relation to support for residents during the pandemic, the provision of free school meals before that was funded centrally, calling for the Household Support Fund to be extended, campaigning for Local Housing Allowance (LHA) levels to be increased, calling for the uprating of the housing benefit subsidy cap for temporary accommodation placements (which is frozen at 90% of 2011 rates) and lobbying for support to the charitable sector in coping with the cost burden presented by the increase in national insurance contributions. And most recently, calling for Richmond's grant funding to be fair, in the face of the Government's review.
- 3.4 However, the funding cuts now being imposed on the Council have created a significant challenge that must urgently be addressed in order to remain financially sustainable.

The Local Government Finance Settlement (LGFS)

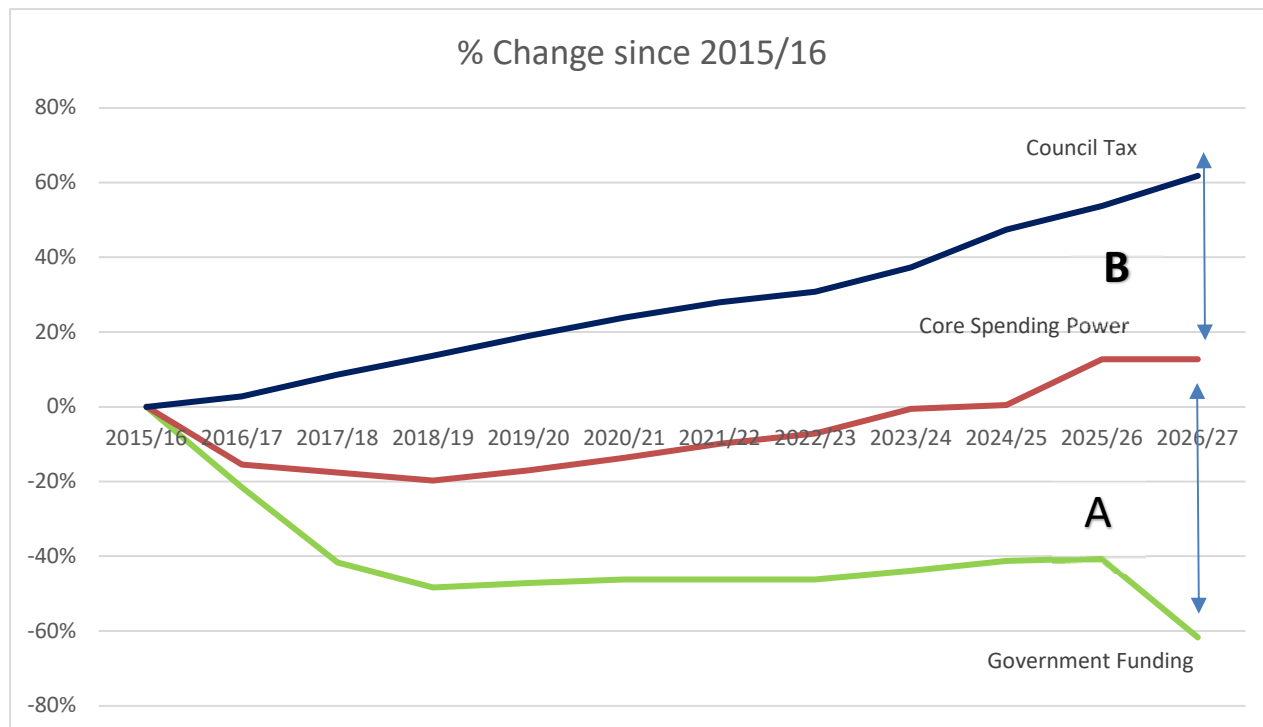
- 3.5 The Provisional Local Government Finance Settlement (PLGFS) was published by Government on 17th December and covers the core funding for local authorities for the next three years (2026/27 to 2028/29). This is the first multi-year settlement since 2020 and incorporates the impact of the Fair Funding Review 2.0 (FFR2.0), the Government's long awaited "once-in-a-generation reset" of local government finance. The aim of this reset is to redistribute resources towards areas with higher deprivation and weaker tax bases. While this Council supports the stated aim of addressing historic underfunding in poorer regions, it is important to underline that the way the proposed settlement has been calculated and the way transitional protections have been designed are resulting in a rapid, severe and disproportionate reduction in funding for Richmond upon Thames. With this provisional settlement, the borough faces a reduction in funding of around £29m by year three (2028/29) - equivalent to a loss of approximately 58% of its core funding allocation. This scale of reduction is not comparable to the national picture. While analysis from the Institute for Government suggests that, across the country, local authorities' Core Spending Power overall will be 9% lower in real terms in 2025/26 than in 2010, Richmond's position is markedly worse, reflecting the cumulative impact of successive national funding distribution changes and overall level of sector funding that does not adequately reflect growing service demand, cost pressures or the limits of council tax as a funding mechanism. The Council has strongly challenged the fairness

and sustainability of the funding approach which has resulted in a sharp reduction in funding. Richmond has already delivered substantial efficiencies and savings and this significant change risks undermining the Council's ability to maintain essential services for residents.

- 3.6 The Government released a consultation on FFR2.0 in August 2025. It proposed that Richmond would be one of the "largest losers" in the country which would see a 5% cash reduction in Core Spending Power during the transition period. This would have meant a £45m reduction in funding by year three – a 90% cut. Successful lobbying has led to Richmond moving out of that group and instead receiving protection at the 0% cash flat floor for the three years 2026/27- 2028/29. The protection assumes local authorities use their full council tax increase flexibility each year. After three years, the fall in funding in real terms and increase in income through Council Tax would balance with the funding due to be removed via FFR 2.0. Whilst this provides a degree of better-managed transitional support, an improved position that is a notable success for the Council in response to its lobbying, this still means that Richmond's funding will fall very significantly in real terms due to the impact of inflation. This creates huge financial pressures which this Council is committed to tackling through its agreed £30m Transformation Programme. It's also important to underline how this Government approach places growing reliance on council tax increases as a source of ongoing income to replace massive reductions in central grant funding.
- 3.7 In addition to core general grant (Revenue Support Grant), the Settlement also includes a simplification of the complex grants system. As a result, 33 individual funding streams have been consolidated either into RSG or into one of four consolidated grants:
- Homelessness, Rough Sleeping and Domestic Abuse Grant
 - Children, Families and Youth Grant
 - Public Health Grant
 - Crisis and Resilience Fund
- 3.8 This has been done with the aim of reducing fragmentation in councils' funding giving greater certainty, flexibility to deliver local priorities, ending competitive bidding and cutting burdensome reporting requirements. Whilst in theory simpler, there is still complexity in the system as some grants retain their own allocation formulae, some follow the FFR2.0 formulae, some sit within core spending power and some sit outside. Most grants (28 of them) will now effectively have only *notional* allocations as the grant cut being applied to the Council's overall funding overrides individual grant allocations.
- 3.9 Separately to the settlement, the Government has confirmed that the Extended Producer Responsibility Grant which began in 2025/26 will continue at similar levels and sit outside the Core Spending Power limit. This grant is intended to shift the cost of handling packaging waste from local authorities to the industry with the ultimate aim of increasing recycling and reducing waste. Richmond's allocation for 2026/27 is £2.3m, slightly higher than the budgeted allocation of £1.9m in 2025/26. Revenue from this programme is likely to diminish over time as producers change behaviour, and other planned reforms such as the Emissions Trading Scheme are likely to increase waste disposal costs. As the Council currently has a healthy balance within the Waste Reserve to help offset future waste costs, the EPR Grant has been recognised in the 2026/27 budget in full to help fund essential waste services (as it was in 2025/26) including activity aimed to reduce overall levels of waste.
- 3.10 The chart below illustrates how changes in funding from Government translates to changes in Core Spending Power. The loss in Government funding (area A on the chart),

is compensated for by the Government’s assumption of increased council tax from Richmond residents (area B on the chart).

Chart 1: Spending Power, Government Funding and Council Tax



3.11 The Council has, since the introduction of Core Spending Power as a measure of the impact of the LGFS, argued that this dilutes the true effect of reductions in central Government funding by using locally raised council tax to offset the reductions. Spending power calculations by central Government assume that council tax is raised by the maximum amount possible locally. As Core Spending Power remains cash flat in 2026/27 as a result of FFR2.0, the drop in Government funding for Richmond shown on this graph is stark.

The Medium Term Financial Strategy (MTFS)

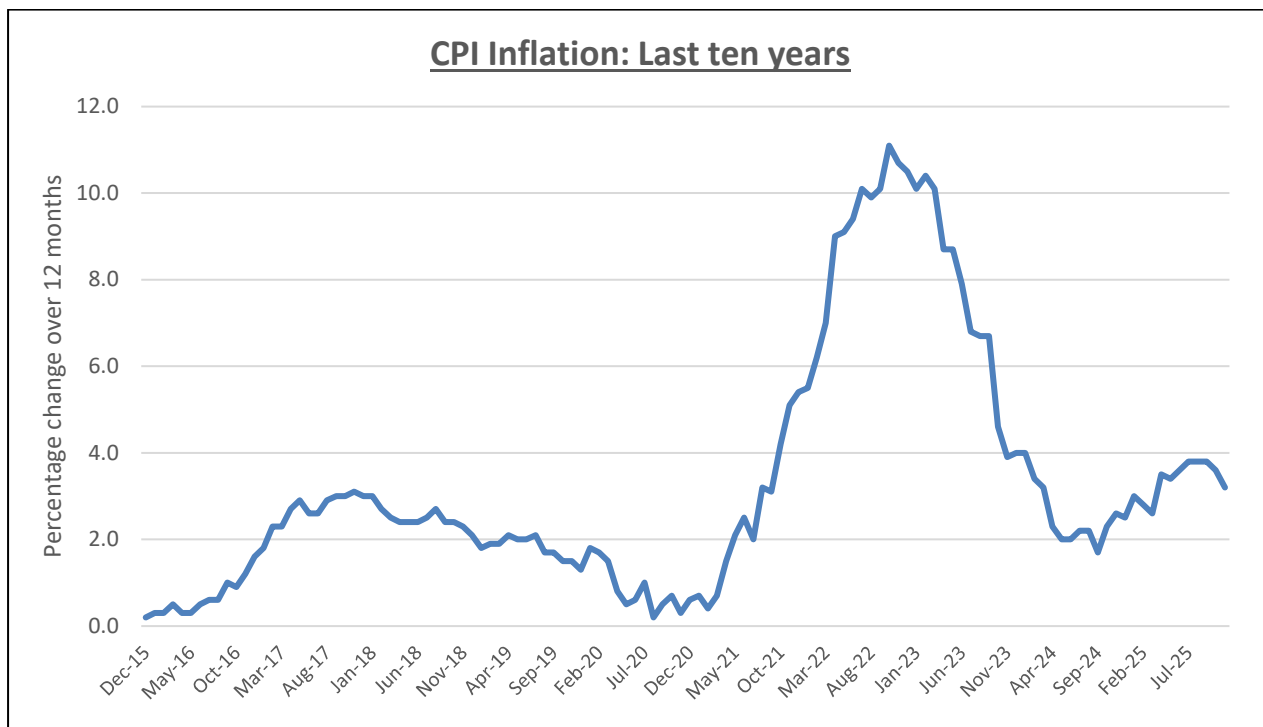
3.12 The MTFS is intended to identify a financially sustainable way of achieving the Council’s aims, recognising the need to balance service demands with available resources and the impact on council tax payers. The MTFS was updated in September 2025 to reflect the latest assumptions around inflation and the Administration’s plans.

3.13 The latest budget monitoring data shows that the Council is forecasting a £2.7m overspend on its revenue budget in 2025/26. This is made up of a number of over and underspends across the wide range of services provided by the Council. However, the most significant pressures are being experienced within housing services as the volume of clients in high cost temporary accommodation continues at a higher level than budgeted for (£2.4m). In addition to this there are continued pressures within children’s social care where higher needs are being experienced within residential placements, as well as increased prices, generating an overspend of £1.4m. A one-off VAT refund of -£1.3m from HMRC relating to historic sports and leisure VAT is helping to offset these pressures. The budgeted position already assumed the use of £4.9m reserves to balance

the budget which, as a result of the projected overspend, will be nearer £7.6m. The Q3 monitoring report is shown elsewhere on this agenda.

Impact of Inflation and the Cost of Living Crisis

3.14 The chart below shows how inflation has largely been between 0% and 3% except for the period of high inflation between late 2021 and 2023. During that time, the country has faced the highest levels of inflation for 40 years, with the Consumer Price Index (CPI) peaking at 11.1% in October 2022. These increases have had a significant impact on the Council’s budgetary outlook. Following a series of bank rate increases, the method by which the Bank of England aims to control inflation, the September 2024 announcement of annual inflation dropped to 1.7% but since then has risen as high as 3.8% (July – September 2025) with the most recent announcement showing annual inflation at 3.4% (December 2025 CPI), an increase from 3.2% in the previous month. The Council’s budget is sensitive to inflation figures, particularly when previous council tax increases were capped at a lower rate than those levels of inflation. Whilst the rate of price increases has stabilised, the increase remains in the base of Council costs forever.



3.15 There is a current broad estimate for inflation of £8.0m in 2026/27, which reflects forecast salary inflation, energy price increases, assumptions in changes for current levies and precepts, notifications of which are expected during February, plus estimates of contract inflation (linked to CPI). The continued delayed impact of the National Insurance increase on some contracts, alongside the increases in the National Minimum Wage and London Living Wage will also put above-inflation pressure on contractors’ costs and therefore have the potential to cause further pressure on Council budgets. This will need to be carefully contained in 2026/27 and future year budgets.

3.16 The Council originally set aside £3m in an Emergency Funding Reserve transferred from the Financial Resilience Reserve to assist residents during the cost of living crisis which was topped up by a further £1.5m bringing the total to £4.5m. The Household Support Fund, the Government grant to help financially vulnerable households established during the pandemic and continued as a result of the cost of living crisis, is one of the consolidated grants as part of the simplification of grant funding and now forms part of the

Crisis and Resilience Fund (CRF) grant. Richmond's notional allocation has been combined with the Discretionary Housing Payment grant into a sum of £1.4m in 2026/27 (compared to a combined total of £1.8m in 2025/26), representing an additional cash reduction in funding of £0.4m (with a further real-terms loss once inflation is taken into account). Prior year funding has already been fully committed in supporting financially vulnerable residents, leaving no carry-forward to absorb the reduction in grant. This presents a significant challenge which the Council will need to address carefully in order to continue providing targeted support within a much tighter funding envelope, and with increased restrictions from Government on how the CRF funding can be used. The Council's response continues to aim to move away from immediate crisis support and focus on longer-term interventions to ensure financial resilience and community capacity to support those who are struggling. The Council is proactively engaging with our frontline teams to ensure that every household claims all the benefits they are entitled to through the use of our Low Income Family Tracker. More detail on plans to use CRF to best effect will be brought to this Committee in June. To ensure no temporary drop off of key areas of support in the meantime, it is proposed to extend existing initiatives eligible under the CRF grant conditions until then, where appropriate.

- 3.17 The Council continues its strong commitment and good track record of working in partnership. Working with the voluntary sector and other parts of the public and private sector remains key to delivering effective support for residents. Over the past year, co-working arrangements have been further strengthened to ensure that activity across the borough's partners is well-informed, joined up, and targeted to those in greatest need. The Council has successful partnership arrangements with the NHS and works closely with local health and care organisations as part of the South West London Integrated Care System (ICS). Focus on optimising the impact of joint funding continues to support more integrated delivery of services, help manage pressure across the health and care system, and ensure that the health sector contributes sufficient funding in line with its responsibilities. As part of this, work on developing Integrated Neighbourhood Health and Care Services is further embedding collaborative work to improve access, experience and outcomes for residents. Together, these system-wide structures and plans are improving how partners collectively address the needs of local people.

Balances and Reserves

- 3.18 Appendix B to this report contains a full listing of the revenue balances and reserves held by the Council and gives details on their intended application. The key issues are:
1. The General Reserve held a balance of £11.07m at the beginning of 2025/26 with £0.30m committed, leaving an estimated balance of £10.76m. This is within the range (5-10% of Budget Requirement) agreed by the Council.
 2. Approximately 19% (£17.7m) e.g. PFI Reserve, Schools Balances and Insurance Funds, whilst being under Council control, are essentially not available for use for other purposes.
 3. The Invest to Save Reserve will be used to fund the future Transformation Programmes, with planned use of £0.5m in 2025/26 and £1.8m in 2026/27. A total of £1.5m was specifically set aside in the paper to the Finance, Policy and Resources Committee in September 2025 to add to the existing approvals to establish the 'Transformation Programme Delivery Fund' with the first phase of delivery now committed.
 4. The Financial Resilience Reserve, which was set up to provide flexibility in managing any short-term impact on services and investing in preventative measures to reduce

longer term costs, stands at £25.5m. The 2025/26 budget includes a planned use of £4.9m from this reserve and a further £2.7m is likely to be required to fund the current Q3 overspend. This reserve will be required in future years to enable services to continue to be provided at their current levels whilst the Transformation Programme delivers the efficiencies necessary to address the reduced Government funding..

5. Over recent years the Dedicated School Grant (DSG) has proved insufficient to meet the requirement to provide a “minimum funding guarantee” to schools and meet the rising costs of those with high needs. After extensive lobbying of the Government, a ‘Safety Valve’ funding agreement was made with the Department for Education in which the Council received £20m over a five-year period to remove the cumulative DSG deficit with a contribution from the Council of £1.2m in each of the five years to plug the remaining gap. The full safety valve funding has been received and as a result the cumulative deficit was turned into a surplus of £1.17m at 31st March 2024 but the continued increase in the number of EHCPs pushed the fund back into a deficit of £0.225m at 31st March 2025. Latest estimates at this stage predict an in-year overspend of £5.33m in 2025/26. The Government has committed to reforming the SEND system to address the unsustainable pressures on local authorities and confirmed that financial responsibility for SEND will pass to the Government from April 2028, once the current statutory override expires, but remain with local authorities until then. Whilst Government has recognised that local authorities will need support with deficits, no further detail has been given, and it isn’t clear if those already in receipt of Safety Valve Agreements will be supported further.
 6. Due to the increase in electricity prices, the Energy from Waste plant which incinerates the borough’s waste, run by the West London Waste Authority (WLWA), has achieved additional income in all years since 2022/23 but it is not clear that it is expected to do so again in 2026/27. The Council received a rebate of £2.4m in 2023/24, £2.1m in 2024/25 and £1.4m in 2025/26 from WLWA which has been transferred to the Waste Reserve. This money is being set aside to fund investment in the waste service as well as to provide for any future financial implications of the Environment Act 2021, the implementation of which could lead to the Council incurring significant additional costs, including Emissions Trading Scheme referenced above.
 7. In September 2022, the Finance, Policy and Resources Committee approved the creation of an Emergency Funding Reserve funded from the Financial Resilience Reserve, to underpin further work to support residents and businesses through the cost of living crisis. The remaining balance of this reserve at the beginning of 2025/26 was £1.8m with a further planned use of £1.1m in 2025/26. Regular updates are provided to this Committee around the use of this reserve, with the remaining balance having been allocated in full for use in 2026/27.
- 3.19 Balances are available for use only once. They are not a sustainable substitute for reduced government funding. While they can be used to help manage existing cost pressures, under the current Government funding settlement they will be depleted within the next three years. Their use must therefore be carefully controlled and aligned with the Council's Transformation Programme to deliver a sustainable financial future, rather than solely to meet annual budget shortfalls.
- 3.20 In addition, and as outlined above, in 2020 the Government introduced a statutory override which separates local authorities’ DSG deficits from their wider financial position. The statutory override has been extended until March 2028, and until then, means that local authorities’ DSG deficits could be separated from their wider accounts. When the override expires, any accumulated DSG deficit must fall onto the Council’s General Fund reserves. Given the Government’s statement that it will offer some support to local authorities to deal with historic and accruing deficits, it is not intended to

make any specific provision for the cost of addressing the increasing deficit forecast although the position will need to be kept under close review.

Overall Budget Proposals

- 3.21 In line with the Council's Constitution, individual service budgets have been submitted to the relevant Council Committees.
- 3.22 As a result of the significant loss of Government funding and the ongoing demand-led pressures within social care and homelessness, which make up over 70% of revenue funding each year, the Council has had to carefully consider future spending requirements and continues to base its planning for council tax in the light of the serious, long term reductions in local government funding.
- 3.23 The administration's priorities in setting the budget are to support residents through sustained cost-of-living pressures and economic instability, to continue delivering key priorities and vital services and to ensure the Council remains financially sustainable in the context of unprecedented cuts in Government funding. Central to this is delivery of the Council's Transformation Programme, which is critical to protecting services whilst improving outcomes and responding to a projected £29m reduction in funding by year three. Within this challenging financial context, the administration has remained focused on delivering its key priorities. These include fairer and more sustainable finances, delivering more genuinely affordable housing, implementing the Climate and Nature Strategy, investment in youth services and tackling violent crime and antisocial behaviour. Detailed budget proposals have been presented to each service committee and in particular have included the following:
1. £1.9m to reflect rising levels of need in children's social care and education services. The funding will support the increasing levels of need and cost of placements for children who are looked after by the Council, including respite facilities. Plus a further £1.3m allowed for contractual inflation within these services.
 2. An additional £1.4m has been added to fund demand pressures in adult social care, in particular the increased demand and greater intensity of care needs for home care and mental health service users, as well as increased supported living for people with a learning disability. The budget includes growth of £1.8m added to the £1.9m already added in 2025/26 to fund the impact of high inflation costs within the residential care home PFI contract.
 3. Included budget provision for the continuing increased pressures associated with looking after the homeless within the borough (£1.2m). A number of mitigating actions are being taken to prevent homelessness and reduce the cost and length of tenure in temporary accommodation where possible. However the factors driving growth in need across the national, London and local position remain challenging.
 4. Increasing the level of temporary accommodation the Council is able to offer within the borough through an extension of the ambitious residential property acquisitions programme. This capital investment delivers ongoing revenue savings.
 5. Continuing investment of £0.5m (plus an additional £1m per annum in the capital programme) to help deliver the Richmond Climate Emergency Strategy agreed by the Environment, Sustainability, Culture and Sports Committee in January 2020 (now the Climate and Nature Strategy). Specific allocation of these funds within year include air quality monitoring, a focussed energy and sustainability team, retrofit work and a pot for climate microgrants. In addition to this, £0.2m is being invested in supporting the creation of a community energy cooperative, enabling community investment in, and ownership of, renewables. This is in addition to establishing a revolving *Richmond Community Energy*

Accelerator Fund for feasibility studies to unlock community investment in solar on public buildings, schools, community centres and places of worship.

6. Investment in the Council's "growth and place" ambitions which aim to accelerate inclusive economic development, attract inward investment and jobs, enhance local infrastructure and town centres, and support the delivery of more affordable housing.
 7. Improvements to the borough's waste and street cleansing service by expanding food waste collection to all properties across the borough at a cost of £0.5m.
 8. The continuation of the highest ever investment in pavements and highways to enhance the condition of the road and pavement infrastructure across the borough, investing £15.6m over the period 2025/26-2027/28. This capital investment delivers revenue savings through improved road conditions.
 9. Continued support for cultural events across the borough, including Centre Stage and High Tide Festivals (£0.2m).
 10. Investment to increase the overall number of trees in the borough and strengthen the maintenance programme to help during the greater frequency of more extreme weather events (both capital (£1.0m) and revenue (£0.1m)).
 11. Investment of £4.7m in maintaining essential infrastructure such as leisure facilities, improvements to Council operational buildings and supporting community facilities, including new developments at Elleray Hall, Ham Community Centre, and Whitton Community Centre. Progressing the Twickenham Riverside redevelopment and, following the repair of the Thames towpath between Kew and Richmond Lock, further investment in towpath improvements.
 12. Following the use of £4.5m of Council reserves to support residents during the cost of living crisis, further work to embed longer-term interventions to support residents with ongoing financial resilience into a range of Council services. This in addition to a further £1.4m of support to residents funded by the Crisis and Resilience Fund.
 13. A continuation of efficiency plans which in 2025/26 delivered £7m with a further £11m in efficiencies as follows:
 - i. Reductions generated from procurement and contract savings £1m
 - ii. Income/efficiencies and holding down inflation on supplies budgets £6m
 - iii. Transformation and service remodel £4m.
 14. Provided for inflation.
- 3.24 Despite ongoing efficiencies, the level of grant funding cuts being imposed on Richmond means that reserves cannot sustain beyond the next two years. In response, the Council has launched an ambitious £30m Transformation Programme which covers the whole of the Council's business to protect services, improve outcomes and secure long-term financial resilience. The programme goes beyond traditional efficiency measures and focuses on reshaping how the Council works – redesigning services around residents' needs, embracing new technologies, streamlining processes, and fostering innovation across departments, supported by better use of data and analytics for decision-making and stronger partnerships with other councils and public bodies; strengthening early help and prevention to improve outcomes and reduce demand for more costly interventions, and making even better use of the Council's assets, buildings and technology to provide services more efficiently, closer to where residents need them and release value wherever possible. Programme activity will fall under one or more of the following categories:
- **Efficiencies, Productivity and Digital Enablement** – Initiatives aimed at improving how we deliver existing services by redesigning processes around residents' needs, improving customer experience, and reducing avoidable cost. This includes eliminating duplication, streamlining workflows, modernising and rationalising systems, and exploring the opportunities to automate activities through new digital technologies, including AI, freeing

up staff time for complex and value-added work, while maintaining strong personal support where it matters most.

- **Prevention Early Help & Demand Reduction** – Changing what we do and how we do it in order to intervene earlier, reduce escalation and improve long-term outcomes, for all our residents. This includes strengthening our focus on early help, promoting independence and working beyond traditional service boundaries, working in a different way with our communities and partners to ensure that the right support is available in the right place, and at the right time.
- **Assets, Growth & Income** – Making better strategic use of the Council’s land and buildings to support service delivery, community facilities and housing, driving inclusive and sustainable growth, supporting our local economy, building greater economic resilience, while developing and promoting our income-generating and revenue protection services, and unlocking value from our assets, to enable us to invest in the delivery of our priorities.
- **Service Redesign & Delivery Models** – Fundamentally changing how we deliver whole service areas to improve outcomes, resilience and deliver value for money. This includes reviewing alternative delivery models such as shared services with other local authorities, integrated arrangements with health and public sector partners, arms-length Local Authority Trading Companies, trusts, joint ventures with partners, and commercial partnerships – where these demonstrably improve quality, sustainability or efficiency.

3.25 The final service totals are:

	2026/27
	£m
Adult Social Services, Health and Housing	89.8
Education and Children’s Services	62.0
Environment, Sustainability, Culture and Sports	37.3
Finance, Policy and Resources	43.9
Transport and Air Quality	(9.7)
Total	223.2

3.26 Central Items and Contingency:

	£m
Capital Funding and Investment	7.5
Pensions Deficit Funding	1.2
Investment Items	0.2
General Contingency	0.5
Pay Award	2.4
Contract Contingency / Other	5.6
Planned Transfers from Reserves	(3.2)
Extended Producer Responsibility Grant	(2.3)
Revenue Support Grant	(33.2)
Fair Funding Review - Transitional Protection	(5.3)
Retained Business Rates	(1.5)
Contribution from Collection Fund (Council Tax)	(1.7)
Contribution from Reserves to Balance the Budget	(15.0)
Total Central Items	(44.7)

3.27 Summary of Borough Expenditure:

	<u>£m</u>
Service Estimates	223.2
Central Items and Contingency	<u>(44.7)</u>
Total	<u>178.5</u>

Levies

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

Levy	2025/26	2026/27	Variation
	£000	£000	%
West London Waste Authority	9,187	9,642	4.9%
Lee Valley Park	238	243	2.5%
Environment Agency	215	220	2.0%
London Pension Fund Authority	304	310	2.0%

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

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

Capping/Council Tax Referendums and the Adult Social Care Precept

- 3.30 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 the level that will trigger a referendum will be 3% (or higher) for 2026/27 (also 3% in 2025/26).
- 3.31 The LGFS for 2026/27 also announced that once again local authorities responsible for adult social care will be given an additional 2% flexibility to be used entirely for adult social care. This is being offered in recognition of demographic changes which are leading to growing demand for adult social care as well as increased complexity of need, and increased pressure on council budgets.
- 3.32 Taken together this would allow a maximum council tax increase without triggering a referendum of 4.99% for this Council.
- 3.33 As detailed above, the Council continues to experience increasing demand on social care services and therefore considers it appropriate to increase council tax by the 2% allowed for the Adult Social Care Precept. Taking into account that Government has assumed maximum council tax increases in all fair funding calculations and the need to protect services, the Council will need to increase the non-social care element of council tax by the maximum allowed of 2.99%. This increase is required to manage the Council's finances responsibly over the long term. Doing so will still require the use of £15m from the Financial Resilience Reserve to balance the budget in 2026/27.

The Greater London Authority (GLA) Precept

- 3.34 The Band D council tax in respect of the GLA precept is expected to increase by £20.13 (4.1%) to £510.51. Of this sum £15 is to fund police and £5.13 for the London Fire Brigade.

Summary of requirements and Council Tax

	2026/27
	£'m
Net Expenditure after use of balances and reserves	220.197
Collection Fund Deficit/ (Surplus)	-1.682
	<u>218.515</u>
Less:	
Retained Business Rates	-1.514
Revenue Support Grant	-38.499
Richmond Requirement for Council Tax	<u>178.502</u>
GLA Precept	46.127
Total Requirement including GLA Precept	<u>224.629</u>

3.35 The council tax base for 2025/26 was set as 90,354 Band D equivalents in the delegated authority report published on 19th December 2025.

3.36 **Based on the above figures, allowing for roundings, the total council tax at Band D including the GLA element would be increased to £2,486.10, an increase of 4.81%.**

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

	2025/26	2026/27	£	%
	£	£	change	change
Richmond	1,881.69	1,975.59	93.90	4.99
GLA	490.38	510.51	20.13	4.10
TOTAL	<u>2,372.07</u>	<u>2,486.10</u>	<u>114.03</u>	<u>4.81</u>

Section 25(2) of the Local Government Act 2003

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

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

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

3.39 The Council aims to achieve long term stability in its finances. To achieve this, the Council must have regard to the major risks to its financial position and in particular:

- The significant and ongoing cuts in Government funding levels resulting from the redistribution of national resources under the Fair Funding Review and subsequent finance settlement.
- The relatively low (compared to other London councils) level of reserves and projections of future balances.
- The current economic position and future outlook.

- Whether budget setting and monitoring processes are robust and effective.
 - Demand pressures on the budget, particularly in light of the high proportion of the budget spent on social care services and the continuing increased demand and complexity pressures as well as inflation both on social care in particular and wider council services.
 - The Government's plan to end the current statutory override relating to Dedicated Schools Grant deficits.
 - Identifying and achieving cost and income improvements.
 - Changes to the system of local government including Local Government Reform.
 - Risks to wider income streams.
- 3.40 The Council has a good track record in financial management and in the delivery of value for money. The judgements by external inspectorates take into account both the service performance of the Council and the way that budgets are prepared and monitored as well as the wider use of resources including staffing and physical resources.
- 3.41 The 2026/27 budget has been developed against a backdrop of sustained demand for statutory services, wider market pressures and the significant impact of the Fair Funding Review. The assumptions underpinning the 2026/27 estimates – including demand forecasts, inflation, treasury activity, savings and transformation delivery, and income expectations – are reasonable and robust, informed by the risks identified.
- 3.42 The Council has sufficient reserves to deal with the challenges it faces in the short term and continually reviews its savings and efficiency programme as part of medium- and longer-term planning. The building up of the Financial Resilience Reserve over recent years has improved the Council's position and allowed for in year budget gaps to be funded from reserves. However the scale of reserves available and the size of the projected budget gap and loss of grant funding means this is not a long term solution and the Council must look to deliver financial sustainability in other ways.
- 3.43 The ongoing financial sustainability of the Council depends on finding significant opportunities for efficiencies, cost-reduction or income, including council tax, to meet projected budget shortfalls. It is necessary to invest to save to unlock these opportunities at scale, and to protect critical services and resident experience from the impact of budget reductions where possible. The Transformation Programme is key to addressing the Government's funding reduction and budget pressures. The programme will also contribute towards the achievement of the Council's objectives.
- 3.44 Despite the constrained funding position, the Council remains committed to maintaining the services that residents both rely on and value, plus it continues to invest in the essential infrastructure which both underpins high quality services and will help to rebuild the economic vibrancy of the borough. The affordability of this programme has been helped by the identification of one-off capital and revenue resources but the programme still relies on the Council being prepared to prudently increase its borrowing in future years. The capital strategy around affordability of borrowing is outlined in the capital programme paper elsewhere on this agenda. The impact of the required increase in borrowing is built into the MTFS and will be kept under regular review with the aim of reducing the borrowing need if possible.
- 3.45 The Council's reserves and their use are linked to both the capital and revenue budget. A full list of the current reserves held by the Council is attached at Appendix B and will be reviewed again as part of the update of the MTFS later in 2026/27. The overall level of

useable reserves remains adequate for the purposes identified at this stage however, unless the projected structural budget gap is addressed in other ways, the continuing use of reserve balances for this purpose will become unsustainable.

3.46 With levels of reserves below the London average, reserves will continue to be monitored and reviewed regularly. Both the current and projected levels of General Reserve are expected to remain within the Council's agreed range of 5-10% of the Budget Requirement.

3.47 In summary, the Chief Financial Officer (being the Executive Director of Finance) confirms that she is content that the estimates are robust for the purposes of the required budget/ council tax calculations and that the Council's reserves are adequate in the short to medium term.

4. FINANCIAL AND EFFICIENCY IMPLICATIONS

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

5. PROCUREMENT IMPLICATIONS

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

6. LEGAL IMPLICATIONS

6.1 There are none arising directly from this report.

7. CONSULTATION AND ENGAGEMENT

7.1 The Council has undertaken a number of resident surveys in recent years which have included key questions on their priorities for spending and opinion of the Council's approach to financial management. The results have been used to inform the budget strategy.

7.2 The Council maintains contact with the local business community via the Chamber of Commerce and other business and community forums.

7.3 Service Committees have also considered relevant detailed service budget reports and have the opportunity to comment before this committee recommends final decisions to Council.

8. POLICY IMPLICATIONS/CONSIDERATIONS

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

9. RISK CONSIDERATIONS

9.1 The risks faced by the Council in relation to financial planning and budget setting are set out in paragraphs 3.38 to 3.47 of this report as part of the Executive Director of Finance's comments on Section 25 (2) of the Local Government Act 2003.

- 9.2 The risks have continued to increase in comparison to previous years as the reduced Government funding is now realised, alongside the continued pressures on our residents during the continuing cost of living crisis, and increased demand for council services within schools and children's/adult social care and homelessness.

10. EQUALITY IMPACT CONSIDERATIONS

- 10.1 Appendix C considers the equality impact of major changes to the 2026/27 budget.

11. ENVIRONMENTAL CONSIDERATIONS

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

12. APPENDICES

Appendix A – Council Tax Bands 2026/27
Appendix B – Revenue Reserves
Appendix C – Equality Impact Assessment
Appendix D – Council Tax Resolution

13. BACKGROUND PAPERS

None

14. CONTACTS

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Richmond Council Tax Bands 2026/27

Band	Richmond Council Tax (2026/27) £	Greater London Authority (2026/27) £	Total Council Tax (2026/27) £
A	1,317.06	340.34	1,657.40
B	1,536.57	397.06	1,933.63
C	1,756.08	453.79	2,209.87
D	1,975.59	510.51	2,486.10
E	2,414.61	623.96	3,038.57
F	2,853.63	737.40	3,591.03
G	3,292.64	850.85	4,143.49
H	3,951.17	1,021.02	4,972.19

ESTIMATED RESERVE BALANCES AT YEAR END

Description	Balance	Forecast 2025/26		Balance	Forecast 2026/27		Balance	PURPOSE OF RESERVE
	01/04/2025 £000	Use £000	Top up £000	31/03/2026 £000	Use £000	Top up £000	31/03/2027 £000	
General Reserves								
Financial Resilience Reserve	25,526	-9,111	0	16,415	-15,000	0	1,415	In recognition of the volatility of the arrangements of future local government funding
Emergency Funding Reserve	1,808	-1,078	0	730	-247	0	483	To support Cost of Living measures
Refugee and Homelessness Support	5,962	-1,164	450	5,248	-602	350	4,996	To support refugee and homelessness pressures
Pensions Resilience Reserve	3,000	0	0	3,000	0	0	3,000	Funding set aside to fund impacts of future actuarial reviews of pension fund
Public Realm Improvement Fund	3,211	-376	0	2,835	-9	0	2,826	Investment in public realm across the borough - revenue and capital
Invest to Save Reserve	4,429	-1,697	1,500	4,233	-2,349	0	1,884	Funding for efficiency work across the Council, including an allowance for
Repairs and Renewals Fund Reserve	3,265	-269	81	3,077	-776	81	2,382	Purchase or creation of assets providing benefits of at least 3 years and investment in Information Technology
Total Earmarked (excluding GF)	47,201	-13,694	2,031	35,538	-18,983	431	16,986	
Earmarked for Volatility Pressures								
Business Rates Volatility Reserve	6,197	-283	0	5,914	-1,000	0	4,914	Used to smooth the impact of NNDR year on year variations and S31 grants
Council Tax Volatility Reserve	957	-957	0	0	0	0	0	To smooth the impact of council tax collection year on year variations
Subtotal Earmarked for Volatility Pressures	7,154	-1,240	0	5,914	-1,000	0	4,914	
Other Earmarked Reserves								
Climate Change Reserves	1,967	-414	0	1,554	-213	0	1,340	To support the Council's Sustainability Team in reducing the threat of climate change, to cut carbon emissions and promote energy efficiency
Waste and Recycling Reserve	7,206	-342	1,270	8,134	-1,750	0	6,384	Used to fund Waste and Recycling Strategy
Youth Development Fund Reserve	248	0	0	248	0	0	248	To fund capital schemes to improve youth facilities
Richmond ICS Contributions Reserve	849	0	0	849	0	0	849	To fund health pressures in agreement with CCG
Other Minor Reserves under £100K	172	-69	146	249	0	0	249	Various small reserves
Subtotal Other Earmarked	10,442	-825	1,416	11,034	-1,963	0	9,070	
All Earmarked Reserves	64,797	-15,759	3,447	52,485	-21,946	431	30,970	
General Fund Working Balance	11,068	-308	0	10,760	0	0	10,760	General working balance to fund unforeseen pressures
Total General Reserves	75,865	-16,067	3,447	63,245	-21,946	431	41,730	

Description	Balance	Forecast 2025/26		Balance	Forecast 2026/27		Balance	PURPOSE OF RESERVE
	01/04/2025 £000	Use £000	Top up £000	31/03/2026 £000	Use £000	Top up £000	31/03/2027 £000	
Statutory Reserves over which the Council has Limited or No Control								
DSB Accumulated Deficit	-12,582	-5,332	0	-17,914	-5,000	0	-22,914	Created from overspend of Dedicated Schools Budget. In accounting terms the deficit balance must be kept separate. Net position overall is currently showing a deficit balance. Earmarked for schools expenditure.
DSB Reserve	12,357	0	0	12,357	0	0	12,357	
Schools' Reserves	7,075	*		7,075	*		7,075	Ring fenced to schools
Other	267	*		267	*		267	e.g. Homes Loan unit
Subtotal	7,599	-5,332	0	2,267	-5,000	0	-2,733	
Earmarked for certain or probably expenditure outside the Council's control								
Insurance Reserve	3,889	-124		3,765	-124		3,641	Internal insurance fund (non vehicle). Revaluation is completed as part of the insurance tendering process.
PFI Reserve (Education)	5,854	*		5,854	*		5,854	
PFI Reserve (Social Services)	165	-165		0			0	To allow for future smoothing of annual payments under PFI contracts
Direct Payment Reserve	170	*		170	*		170	Recouped funds for Direct Payment Service Users to support with costs of their care in future
Subtotal	10,078	-289	0	9,789	-124	0	9,665	
Other Reserves	17,677	-5,621	0	12,056	-5,124	0	6,932	
Total Reserves	93,542	-21,688	3,447	75,301	-27,070	431	48,662	

* Not known until year end

SECTION B

Budget Pages - Summary

SUMMARY BY COMMITTEE

<u>SERVICE</u>	<u>2025/26</u> <u>Revised</u> <u>£</u>	<u>2026/27</u> <u>Budget</u> <u>£</u>
Adult Social Services, Health and Housing	80,438,500	89,794,400
Education and Childrens Services	54,902,500	61,969,900
Environment, Sustainability, Culture and Sports	37,390,900	37,255,600
Finance, Policy and Resources	42,970,400	43,914,000
Transport and Air Quality	(7,646,500)	(9,695,900)
Central Items	(38,438,400)	(44,735,800)
Net Expenditure	<u>169,617,400</u>	<u>178,502,200</u>

SUBJECTIVE ANALYSIS

	<u>2025/26</u> <u>Original</u> £	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
<u>Expenditure</u>			
Employees	68,494,800	72,831,900	68,427,700
Premises	18,972,100	19,600,700	18,582,300
Transport	1,598,200	1,576,800	1,576,800
Supplies & Services	20,686,300	23,377,600	24,686,000
Third Party Payments	223,858,600	233,606,900	236,549,400
Transfer Payments	179,154,300	184,271,300	184,992,700
Support Service	1,774,200	2,224,000	2,389,000
TOTAL EXPENDITURE	514,538,500	537,489,200	537,203,900
<u>Income</u>			
Government Grants	(241,253,900)	(249,733,900)	(232,106,700)
Other Grants & Contributions	(5,843,900)	(5,405,100)	(5,090,600)
Customer & Client Receipts	(64,414,500)	(68,502,500)	(70,876,700)
Interest Received	(67,700)	(67,700)	(67,700)
Recharge Income	(1,246,000)	(1,274,400)	(1,374,400)
Internal Charges	(4,239,600)	(4,449,800)	(4,449,800)
TOTAL INCOME	(317,065,600)	(329,433,400)	(313,965,900)
NET EXPENDITURE (excluding Central Items)	197,472,900	208,055,800	223,238,000
Central Items	(27,855,500)	(38,438,400)	(44,735,800)
NET EXPENDITURE	169,617,400	169,617,400	178,502,200

SUBJECTIVE SUMMARY BY SERVICE - BUDGETS 2026/27

	<u>Education and Children's Services (Non DSG)</u>	<u>Adult Social Services, Health and Housing</u>	<u>Environment, Sustainability, Culture and Sports Services</u>	<u>Finance, Policy & Resources</u>	<u>Transport and Air Quality</u>	<u>TOTAL (EXCL. DSG)</u>	<u>Education and Children's Services (DSG)</u>	<u>TOTAL (INC. DSG)</u>
Expenditure								
Employees	411,800	22,303,800	17,751,800	23,736,500	4,223,800	68,427,700	-	68,427,700
Premises	-	743,300	4,474,700	8,195,300	2,898,800	16,312,100	2,270,200	18,582,300
Transport	-	692,300	71,800	196,700	616,000	1,576,800	-	1,576,800
Supplies & Services	4,189,800	3,863,700	3,973,100	10,808,600	1,640,800	24,476,000	210,000	24,686,000
Third Party Payments	65,793,600	103,168,400	25,474,900	3,310,400	7,961,700	205,709,000	33,222,000	238,931,000
Transfer Payments	9,180,500	7,963,000	-	54,013,500	-	71,157,000	113,288,000	184,445,000
Support Services	1,600	391,400	671,600	933,200	428,400	2,426,200	-	2,426,200
Total	79,577,300	139,125,900	52,417,900	101,194,200	17,769,500	390,084,800	148,990,200	539,075,000
Income								
Government Grants	(15,618,500)	(24,103,500)	-	(45,711,200)	-	(85,433,200)	(148,990,200)	(234,423,400)
Other Grants & Contributions	(1,798,600)	(2,577,000)	(104,100)	(610,900)	-	(5,090,600)	-	(5,090,600)
Customer & Client Receipts	(190,300)	(22,651,000)	(14,285,400)	(8,574,100)	(25,181,700)	(70,882,500)	-	(70,882,500)
Interest	-	-	-	(67,700)	-	(67,700)	-	(67,700)
Recharge of costs	-	-	(772,800)	(2,316,300)	(2,283,700)	(5,372,800)	-	(5,372,800)
Total	(17,607,400)	(49,331,500)	(15,162,300)	(57,280,200)	(27,465,400)	(166,846,800)	(148,990,200)	(315,837,000)
NET EXPENDITURE (EXCL. CENTRAL ITEMS)	61,969,900	89,794,400	37,255,600	43,914,000	(9,695,900)	223,238,000	-	223,238,000
Central Items	-	-	-	(44,735,800)	-	(44,735,800)	-	(44,735,800)
NET EXPENDITURE (INC. CENTRAL ITEMS)	61,969,900	89,794,400	37,255,600	(821,800)	(9,695,900)	178,502,200	-	178,502,200

Better Service Partnership with Wandsworth Council

A Better Service Partnership (BSP) between Wandsworth Council and the London Borough of Richmond upon Thames was established on 1st October 2016 (Previously known as Shared Staffing Arrangement, SSA).

Staff are jointly employed by the two boroughs and all costs relating to the BSP are shared appropriately. The cost of BSP employed staff working across both councils was initially split based upon historic budget proportions of both councils. In accordance with Operational Budget Protocol agreed by both Councils, these budget apportionments have and will continue to be reviewed at least annually and upon any specific event taking place that could have a significant impact on the apportionment, e.g. one Council changing provision in response to an incident or inspection report. This annual review takes place in the Autumn so that any changes can be accounted for in each Council's budget/Council Tax setting cycle for the following year. Minor changes have been implemented since the original proportions were set in order to reflect actual apportionment of time and value between the boroughs. Additional teams have also been added to those working across both boroughs.

The following table details the percentage split between the two boroughs for those service areas served by BSP staff working across both boroughs. The budgets for those BSP staff providing services for one borough only (for instance Wandsworth's Children's Services and Wandsworth's Housing Management) are 100% charged to that borough and therefore excluded from this list. In addition, some teams still work for a sovereign borough due to the complexities of working across both although management skills span both boroughs (e.g. Customer Services).

Better Service Partnership By Committee				
DIRECTORATE	SERVICE	RICHMOND %	WANDSWORTH %	RATIONALE FOR SPLIT OF SALARY COSTS
Adult Social Services, Health & Housing Committee				
Adult Social Care and Public Health	Adult Social Care Services Teams	40%	60%	Wandsworth picks up more of the cost due to borough size differential
Adult Social Care and Public Health	Assurance and Innovation	34%	66%	Wandsworth picks up more of the cost due to borough size differential
Adult Social Care and Public Health	Commissioning Teams	48%	52%	Based on historic salary budgets these management costs are split almost equally across the two councils
Adult Social Care and Public Health	Core Public Health	38%	62%	Wandsworth picks up more of the cost due to borough size differential
Adult Social Care and Public Health	Exec Director of ASCPH & Business Resources	37%	63%	Average Chief Officer apportionment across both councils based on historic salary costs
Adult Social Care and Public Health	Health and Care Integration	27%	73%	Wandsworth picks up more of the cost due to borough size differential
Adult Social Care and Public Health	Professional Standards & Safeguarding	40%	60%	Wandsworth picks up more of the cost due to borough size differential
Resident Services	Private Sector Housing	38%	62%	The split of these support services reflect the average split of historic salary costs from the two councils
Resident Services	Home Improvement Agency	34%	66%	Wandsworth picks up more of the costs due to borough size differential
Resident Services	Housing Services Teams	34%	66%	
Resident Services	Joint Control Centre	48%	52%	Split is based on call data provided by assistive technology service with a proportion also charged to the Wandsworth Housing Revenue Account
Resident Services	Finance and Business Support	4%	96%	Wandsworth has retained its housing stock whereas Richmond has not. The cost share therefore reflects the support provided to Wandsworth in its role as a housing landlord
Resident Services	Strategy, Compliance & Enabling	25%	75%	

DIRECTORATE	SERVICE	RICHMOND %	WANDSWORTH %	RATIONALE FOR SPLIT OF SALARY COSTS
Environment, Sustainability, Culture and Sport Committee				
Resident Services	Culture & Leisure Management	50%	50%	Wandsworth and Richmond have outsourced their leisure services separately and this team support and manage the individual contracts from April 2026
Resident Services	Libraries contract	71%	29%	Wandsworth has contracted out its Library Services therefore BSP staff do not provide direct operational and management to these services, leaving the overall staffing split weighted more heavily to Richmond
Resident Services	Inspection & Enforcement	35%	65%	Wandsworth picks up more of the cost due to borough size differential
Resident Services	Registrars	28%	72%	Average volumes within Richmond are much lower than in Wandsworth and the management time reflects this
Resident Services	Waste & Street Cleansing Contract Management	45%	55%	Wandsworth picks up slightly more of the cost due to borough size differential
Resident Services	Management Team	37%	63%	Average Chief officer apportionment across both councils based on historic salary costs
Resident Services	Environmental Services	52%	48%	Based on historic salary budgets these management costs are split almost equally across the two councils
Resident Services	Finance and Performance	73%	27%	The split of this team reflects the ratio of inhouse services supported
Chief Executive	Emergency Planning	50%	50%	Management time is split equally across the two councils
Chief Executive	Climate Change	50%	50%	
Growth and Place	Building Control	45%	55%	Wandsworth picks up more of the cost due to borough size and volume differential
Growth and Place	Development Management	45%	55%	
Growth and Place	Information & Business Support	42%	58%	Wandsworth picks up more of the costs due to borough size differential in relation to inner/outer London transport issues
Growth and Place	Land Charges	42%	58%	
Growth and Place	Policy & Design	42%	58%	
Growth and Place	Transport Strategy	42%	58%	
Finance Policy and Resources Committee				
Chief Executive Group	Chief Exec and Business Support	37%	63%	Average Chief Officer apportionment across both councils based on historic salary costs
Chief Executive Group	Community and Partnerships	46%	54%	The split of these support services reflect the average split of historic salary costs from the two councils
Chief Executive Group	Member Services	50%	50%	Management time is split equally across the two councils
Chief Executive Group	Policy, Performance and Analysis	50%	50%	
Chief Executive Group	Resident Engagement	50%	50%	The complaints and FOI team work equally across both councils
Chief Executive Group	Consultations	82%	18%	The weighting of the team reflects differing approaches to consultations in the two boroughs
Chief Executive Group	Partnership and Voluntary Sector	80%	20%	The majority of the Wandsworth activity is grant funded or locality specific and therefore not shared with Richmond and excluded from this calculation
Chief Executive Group	Stronger and Safer Community	61%	39%	The team's remit has a smaller scope in Wandsworth where work has a different focus
Resident Services	Corporate Project Office	55%	45%	The split of this service reflects the average project delivery across the two councils, with direct charging to capital projects where applicable

DIRECTORATE	SERVICE	RICHMOND %	WANDSWORTH %	RATIONALE FOR SPLIT OF SALARY COSTS
Change and Innovation	Directorate and Support	38%	62%	The split of these support services reflect the average split of historic salary costs from the two councils
Change and Innovation	Future Direction Programme	38%	62%	
Change and Innovation	HR and Organisational Devt	38%	62%	
Change and Innovation	ICT & Digitalisation	38%	62%	
Change and Innovation	Internal Communications	38%	62%	
Change and Innovation	Customer Experience	50%	50%	Management time is split equally across the two councils
Change and Innovation	Data and Insight	50%	50%	
Change and Innovation	Graduate Trainees	50%	50%	The graduate scheme runs and the capacity is split equally across both boroughs.
Finance	Corporate Management	38%	62%	The split of these support services reflect the average split of historic salary costs from the two councils
Finance	Cost of Living	50%	50%	Management time is split equally across the two councils
Finance	Directorate	37%	63%	Average Chief Officer apportionment across both councils based on historic salary costs
Finance	Financial Control & Accountancy	46%	54%	The team supports Wandsworth's Housing Revenue Account whereas Richmond does not have any housing stock
Finance	Insurance	33%	67%	The split of this support service reflects the split of historic salary costs from the two councils
Finance	Pension & Insurance Accounting	60%	40%	This reflects the current staffing workload of supporting the relevant services with a separate charge to the Wandsworth Pension Fund
Finance	Procurement	38%	62%	The split of these support services reflect the average split of historic salary costs from the two councils
Finance	Technical Support inc Social Fund	27%	73%	The historic budgets in each council are driven by volume caseload where Wandsworth is larger
Finance	Health and Safety Team	27%	73%	
Finance	Housing Benefits Team	27%	73%	
Finance	Council Tax & Business Rates	33%	67%	Based on volume of residents and businesses in the boroughs.
Finance	Accessible Transport Unit/Concessionary Fares	38%	62%	The historic budgets in each council are driven by volume caseload where Wandsworth is larger
Finance	Parking	38%	62%	
Growth and Place	Economic Development	40%	60%	This reflects the current staffing workload of supporting the relevant services
Resident Services	Facilities Management	50%	50%	Facilities management and School Capital split based upon a mixture of size of portfolio and service requirements
Resident Services	Schools Capital	50%	50%	
Transport and Air Quality Committee				
Resident Services	Management Team	37%	63%	Average Chief officer apportionment across both councils based on historic salary costs
Finance	Parking Management & Support	22%	78%	Based on historic salary budgets these management costs are split equally across the two councils
Resident Services	Inspection & Enforcement	40%	60%	Wandsworth picks up more of the cost due to borough size differential
Resident Services	Network Management	50%	50%	Based on historic salary budgets these costs are split equally across the two councils
Growth and Place	Engineering and Parking Policy	50%	50%	Based on historic salary budgets these management costs are split equally across the two councils

SECTION C

EDUCATION AND CHILDREN'S SERVICES

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

Andrew Reeve
Financial Controller

Andrew.reeve@richmondandwandsworth.gov.uk

EDUCATION AND CHILDREN'S SERVICES

SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
Education and Children's Services	54,902,500	61,969,900
Total Education and Childrens Services	<u>54,902,500</u>	<u>61,969,900</u>

<u>Variation Analysis</u>	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
2025/26 ORIGINAL BUDGET	53,636,500	53,636,500
Inflation to Current Prices	1,283,800	2,498,400
Changes in Government Grants	(435,400)	4,831,100
Other Government or Outside Body Changes	0	(1,240,500)
Demand Led Growth	0	1,853,000
Efficiency Savings	0	(897,000)
Investment Priorities	0	0
Income Generation	435,400	1,306,200
Other Growth & Savings	0	0
Budget Transfers	(17,800)	(17,800)
NET EXPENDITURE	<u>54,902,500</u>	<u>61,969,900</u>

EDUCATION AND CHILDREN'S SERVICES

SUBJECTIVE ANALYSIS

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
<u>Expenditure</u>		
Employees	423,300	411,800
Premises	2,270,200	2,270,200
Transport	0	0
Supplies & Services	4,399,800	4,399,800
Third Party Payments	95,848,500	96,634,000
Transfer Payments	122,497,300	122,527,600
TOTAL EXPENDITURE	225,440,700	226,245,000
<u>Income</u>		
Government Grants	(168,555,100)	(162,292,000)
Other Grants & Contributions	(1,798,600)	(1,798,600)
Customer & Client Receipts	(184,500)	(184,500)
TOTAL INCOME	(170,538,200)	(164,275,100)
NET EXPENDITURE	54,902,500	61,969,900

EDUCATION AND CHILDREN'S SERVICES

Education and Children's Services

	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
Achieving for Children Contract	92,272,000	95,568,380
Grant Funding	(42,312,800)	(38,465,280)
Children's Retained costs	(801,300)	387,200
General Fund Contribution to DSG	1,200,000	0
Schools PFI	1,107,400	1,107,400
Other School Costs	700	700
	51,466,000	58,598,400

	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
<u>Variation Analysis</u>		
2025/26 ORIGINAL BUDGET	50,523,500	50,523,500
Inflation to Current Prices	960,300	2,239,900
Changes in Government Grants		
- Holiday Activity & Food Grant	(396,700)	(427,000)
- Pupil Premium Plus Post 16	(38,700)	(38,700)
- Families First Partnership Funding	0	(1,453,100)
- Fair Funding Review - Removal of Social Care Grant	0	6,629,900
- Fair Funding Review - Removal of Virtual School Head Grant	0	120,000
Other Government or Outside Body Changes		
- Pensions Actuarial Adjustment	0	(1,240,500)
Demand Led Growth		
- Social Care Placement growth	0	1,974,000
- Home to School Transport - reduced demand	0	(418,000)
- Preventative Placements	0	297,000
Efficiency Savings		
- Preventative Care model review	0	(200,000)
- Review of social care staffing and delivery models	0	(214,000)
- Review local partner delivery models - emotional health services	0	(100,000)
- Home to School transport delivery model	0	(100,000)
- Remove contribution to Richmond Music Trust	0	(24,000)
- Focus social care training on Step Up programme only	0	(42,000)
- Digitisation of administrative functions	0	(59,000)
- Review grant funding / income generation for services	0	(158,000)
Investment Priorities		
- Social Care and Early Help Transformation		
- Digital Transformation Programme Manager		
Other Growth & Savings		
- Reduction in cost of placements through market innovations (invest to save)	0	(196,000)
- Cyber security resilience	0	20,000
- Invest to save growth - Childrens home business manager	0	45,000
- Removal of temporary budget for procurement advice	0	(25,000)
- Holiday Activity & Food Grant	396,700	396,700
- Pupil Premium Plus Post 16	38,700	38,700
- Additional HAF Allocation	0	30,300
- Additional Families First Partnership	0	996,500
Budget Transfers	(17,800)	(17,800)
NET EXPENDITURE	51,466,000	58,598,400

EDUCATION AND CHILDREN'S SERVICES

Education and Children's Services

	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
Public Health	3,436,500	3,371,500
	<hr/>	<hr/>
	3,436,500	3,371,500

<u>Variation Analysis</u>	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
2025/26 ORIGINAL BUDGET	3,113,000	3,113,000
Inflation to Current Prices	323,500	258,500
NET EXPENDITURE	<hr/> 3,436,500	<hr/> 3,371,500

SECTION D

ADULT SOCIAL SERVICES, HEALTH AND HOUSING

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

Adult Social Care & Public Health Services
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Head of Finance

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Resident Services
Sandra Burree
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and Regeneration)**

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Resident Services
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**Assistant Director of Finance & Performance (Environment &
Community Services)**

Alex.Moylan@richmondandwandsworth.gov.uk

ADULT SOCIAL SERVICES, HEALTH AND HOUSING

SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
Resident Services		
Housing Management & Operations	476,000	462,600
Housing Services & Strategy	7,723,700	9,970,500
Other Housing	371,000	268,200
Adult Social Care & Public Health		
Adult Social Care	65,593,700	73,793,300
Commissioning and Quality Standards	9,493,800	7,555,700
Public Health	(9,273,900)	(7,896,600)
Business Resources	2,046,700	2,047,200
Assurance and Innovation	1,697,400	1,309,400
Health and Care Integration	1,963,000	1,938,900
Regulatory Services Partnership		
Private Sector Housing	347,100	345,200
Total Adult Social Services, Health & Housing	<u>80,438,500</u>	<u>89,794,400</u>

<u>Variation Analysis</u>	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
2025/26 ORIGINAL BUDGET	75,933,100	75,933,100
Inflation to Current Prices	5,117,100	5,104,300
Changes in Government Grants	(584,700)	10,131,000
Demand Led Growth	0	2,550,000
Efficiency Savings	0	(4,528,000)
Investment Priorities	326,200	132,200
Income Generation	0	0
Other Growth & Savings	0	825,000
Budget Transfers	(353,200)	(353,200)
NET EXPENDITURE	<u>80,438,500</u>	<u>89,794,400</u>

ADULT SOCIAL SERVICES, HEALTH AND HOUSING

SUBJECTIVE ANALYSIS

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
<u>Expenditure</u>		
Employees	23,955,100	22,303,800
Premises	756,100	743,300
Transport	692,300	692,300
Supplies & Services	4,170,800	3,863,700
Third Party Payments	100,518,000	103,168,400
Transfer Payments	8,920,300	8,570,300
Support Services	391,400	391,400
TOTAL EXPENDITURE	<u>139,404,000</u>	<u>139,733,200</u>
<u>Income</u>		
Government Grants	(34,977,500)	(24,103,500)
Other Grants & Contributions	(2,564,200)	(2,662,100)
Customer & Client Receipts	(21,423,800)	(23,173,200)
TOTAL INCOME	<u>(58,965,500)</u>	<u>(49,938,800)</u>
NET EXPENDITURE	<u>80,438,500</u>	<u>89,794,400</u>

ADULT SOCIAL SERVICES, HEALTH AND HOUSING

Housing Management & Operations

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
Animal Welfare	13,200	13,200
Joint Control Room	462,800	449,400
	476,000	462,600

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
<u>Variation Analysis</u>		
2025/26 ORIGINAL BUDGET	569,800	569,800
Inflation to Current Prices	17,200	17,200
Other Growth & Savings		
- Pensions Actuarial Adjustment	0	(13,400)
Budget Transfers	(111,000)	(111,000)
NET EXPENDITURE	476,000	462,600

ADULT SOCIAL SERVICES, HEALTH AND HOUSING

Housing Services & Strategy

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
Housing Services Teams	2,730,000	2,660,900
Direct Homelessness Costs	6,487,300	7,637,300
Homelessness Prevention Schmes	569,900	569,900
Government Grant Support	(2,658,300)	(2,065,000)
Rough Sleepers	254,500	881,100
Refugees/Asylum Seekers	0	0
Ex HRA Properties	(4,900)	(4,900)
Discretionary Social Fund (Housing)	190,000	140,000
Housing Strategy & Delivery	155,000	151,000
	7,723,700	9,970,500

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
<u>Variation Analysis</u>		
2025/26 ORIGINAL BUDGET	7,176,800	7,176,800
Inflation to Current Prices	495,200	495,200
Changes in Government Grants		
- Fair Funding - Homelessness Grant Consolidation into RSG	0	1,219,900
Demand Led Growth		
- Homelessness Pressures	0	1,200,000
Efficiency Savings		
- Increase in Occupancy Checks for Temporary Accommodation	0	(50,000)
Investment Priorities		
- Cost of Living - Local Assistance Scheme Supplement	50,000	0
Other Growth & Savings		
- Pensions Actuarial Adjustment	0	(73,100)
Budget Transfers	1,700	1,700
NET EXPENDITURE	7,723,700	9,970,500

ADULT SOCIAL SERVICES, HEALTH AND HOUSING

Other Housing

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
Management and Support	371,000	268,200
	371,000	268,200

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
<u>Variation Analysis</u>		
2025/26 ORIGINAL BUDGET	353,600	353,600
Inflation to Current Prices	11,200	11,200
Efficiency Savings		
- Senior Management Reconfiguration in Resident Services	0	(93,000)
Other Growth & Savings		
- Pensions Actuarial Adjustment	0	(9,800)
Budget Transfers	6,200	6,200
NET EXPENDITURE	371,000	268,200

ADULT SOCIAL SERVICES, HEALTH AND HOUSING

Adult Social Care

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
Adult Service Operations Teams	9,965,600	9,180,400
Services for Older People, Sensory & Physical Disabilities	14,722,000	24,395,800
Services for Adults with Learning Disabilities	31,349,300	31,209,300
Services for Adults with Mental Health Needs	6,766,700	6,496,700
Care Provision	2,142,000	1,899,000
Borough of Sanctuary (Operational & Staffing budgets)	648,100	612,100
	65,593,700	73,793,300

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
<u>Variation Analysis</u>		
2025/26 ORIGINAL BUDGET	60,753,000	60,753,000
Inflation to Current Prices	4,361,900	4,349,100
Changes in Government Grants		
- Fairer Funding Reform Changes Social Care Grant	0	6,787,600
- Fairer Funding Reform Changes Market Sustainability and Improvement	0	2,891,200
- Community Discharge Grant Ending	41,100	41,100
Demand Led Growth		
- Demographic Pressures in all Client Groups Care Budget	0	1,350,000
Efficiency Savings		
- Empower, Reduce and Delay People's Needs	0	(1,025,000)
- Collaborative Working with Partners and Providers	0	(660,000)
- Reviewing Operating Arrangements	0	(500,000)
- Digitally Enabled Policies and Processes	0	(2,080,000)
Investment Priorities		
- Borough of Sanctuary Investment	168,200	132,200
Other Growth & Savings		
- Pensions Actuarial Adjustment	0	(315,400)
- PFI Contract	0	1,800,000
Budget Transfers	269,500	269,500
NET EXPENDITURE	65,593,700	73,793,300

ADULT SOCIAL SERVICES, HEALTH AND HOUSING

Commissioning and Quality Standards

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
Commissioning Teams	1,975,900	1,972,200
Advocacy, Supported Employment and Other minor services	531,600	531,600
Professional Standards and Safeguarding	1,225,300	1,199,100
Public Health & Specialist Commissioning	2,537,500	745,700
Public Health & Wellbeing	3,223,500	3,107,100
	9,493,800	7,555,700

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
<u>Variation Analysis</u>		
2025/26 ORIGINAL BUDGET	9,397,400	9,397,400
Inflation to Current Prices	93,300	93,300
Changes in Government Grants		
- Substance Misuse Grant	0	(1,645,100)
Efficiency Savings		
- Collaborative Working with Partners and Providers	0	(100,000)
Other Growth & Savings		
- Pensions Actuarial Adjustment	0	(76,600)
- Removal of Temporary Budgets	0	(116,400)
Budget Transfers	3,100	3,100
NET EXPENDITURE	9,493,800	7,555,700

ADULT SOCIAL SERVICES, HEALTH AND HOUSING

Public Health

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
Core Public Health (team and other)	1,398,700	2,776,000
Public Health Grant	(10,672,600)	(10,672,600)
	(9,273,900)	(7,896,600)

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
<u>Variation Analysis</u>		
2025/26 ORIGINAL BUDGET	(8,679,900)	(8,679,900)
Inflation to Current Prices	31,000	31,000
Changes in Government Grants		
- Public Health Grant Income	(626,000)	778,200
Other Growth & Savings		
- Pensions Actuarial Adjustment	0	(26,900)
Budget Transfers	1,000	1,000
NET EXPENDITURE	(9,273,900)	(7,896,600)

ADULT SOCIAL SERVICES, HEALTH AND HOUSING

Business Resources

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
Business Resources	2,046,700	2,047,200
	2,046,700	2,047,200

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
<u>Variation Analysis</u>		
2025/26 ORIGINAL BUDGET	1,994,500	1,994,500
Inflation to Current Prices	66,800	66,800
Changes in Government Grants		
- Better Care Fund	200	58,100
Other Growth & Savings		
- Pensions Actuarial Adjustment	0	(57,400)
Budget Transfers	(14,800)	(14,800)
NET EXPENDITURE	2,046,700	2,047,200

ADULT SOCIAL SERVICES, HEALTH AND HOUSING

Assurance and Innovation

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
Assurance and Innovation	1,697,400	1,309,400
	1,697,400	1,309,400

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
<u>Variation Analysis</u>		
2025/26 ORIGINAL BUDGET	1,812,600	1,812,600
Inflation to Current Prices	23,500	23,500
Investment Priorities		
- Digital Data	108,000	0
Other Growth & Savings		
- Pensions Actuarial Adjustment	0	(17,000)
- Removal of Temporary Budgets	0	(263,000)
Budget Transfers	(246,700)	(246,700)
NET EXPENDITURE	1,697,400	1,309,400

ADULT SOCIAL SERVICES, HEALTH AND HOUSING

Health and Care Integration

	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
Health and Care Integration	1,963,000	1,938,900
	1,963,000	1,938,900

	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
<u>Variation Analysis</u>		
2025/26 ORIGINAL BUDGET	2,220,700	2,220,700
Inflation to Current Prices	4,600	4,600
Efficiency Savings		
- Empower, Reduce and Delay People's Needs	0	(20,000)
Other Growth & Savings		
- Pensions Actuarial Adjustment	0	(4,100)
Budget Transfers	(262,300)	(262,300)
NET EXPENDITURE	1,963,000	1,938,900

ADULT SOCIAL SERVICES, HEALTH AND HOUSING

Regulatory Services Partnership

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
Private Sector Housing	347,100	345,200
	347,100	345,200

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
<u>Variation Analysis</u>		
2025/26 ORIGINAL BUDGET	334,600	334,600
Inflation to Current Prices	12,400	12,400
Other Growth & Savings		
- Pensions Actuarial Adjustment	0	(1,900)
Budget Transfers	100	100
NET EXPENDITURE	347,100	345,200

SECTION E

ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES

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

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ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES

SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
Resident Services		
ECS Management and Support	1,547,500	1,515,400
Leisure	12,714,400	11,710,100
Waste Services	19,026,900	20,424,600
Chief Executive		
Policy and Performance	1,548,800	1,326,200
Growth and Place		
Planning and Transport	2,393,300	2,119,300
Engineering	160,000	160,000
Total Environment, Sustainability, Culture & Sports Services	37,390,900	37,255,600

<u>Variation Analysis</u>	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
2025/26 ORIGINAL BUDGET	35,825,000	35,825,000
Inflation to Current Prices	1,493,300	1,567,300
Changes in Government Grants	0	0
Other Government or Outside Body Changes	(46,400)	456,200
Demand Led Growth	7,300	69,300
Efficiency Savings	0	(394,900)
Investment Priorities	593,900	727,600
Income Generation	0	(209,700)
Other Growth & Savings	200	(826,100)
Budget Transfers	(482,400)	40,900
NET EXPENDITURE	37,390,900	37,255,600

ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES

SUBJECTIVE ANALYSIS

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
<u>Expenditure</u>		
Employees	18,632,900	17,751,800
Premises	4,924,700	4,474,700
Transport	71,800	71,800
Supplies & Services	3,791,300	3,973,100
Third Party Payments	24,658,600	25,474,900
Support Services	671,600	671,600
TOTAL EXPENDITURE	52,750,900	52,417,900
<u>Income</u>		
Other Grants & Contributions	(104,100)	(104,100)
Customer & Client Receipts	(14,483,100)	(14,285,400)
Internal Charges	(772,800)	(772,800)
TOTAL INCOME	(15,360,000)	(15,162,300)
NET EXPENDITURE	37,390,900	37,255,600

ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES

ECS Management and Support

	<u>2025/26</u> <u>Revised</u> <u>£</u>	<u>2026/27</u> <u>Budget</u> <u>£</u>
Business Support	119,900	116,700
ECS Management Team	806,400	790,900
Finance and Performance	405,800	388,100
Precepts and Levies	215,400	219,700
	1,547,500	1,515,400

	<u>2025/26</u> <u>Revised</u> <u>£</u>	<u>2026/27</u> <u>Budget</u> <u>£</u>
<u>Variation Analysis</u>		
2025/26 ORIGINAL BUDGET	1,523,000	1,523,000
Inflation	27,800	27,800
Other Government or Outside Body Changes		
- Coroner's Court Levy	0	5,100
- Environment Agency Levy	(4,200)	100
Efficiency Savings		
- Transformation Programme Efficiencies	0	(17,100)
Other Growth & Savings		
- Pension Actuarial Adjustment	0	(24,400)
Budget Transfers	900	900
NET EXPENDITURE	1,547,500	1,515,400

ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES

Leisure

	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
Arts and Culture	1,184,900	1,082,800
Cultural & Leisure Management	244,200	251,700
Libraries	4,652,500	4,409,400
Parks	5,465,100	5,200,400
Registrars and Cemeteries	(826,700)	(873,000)
Sports	1,994,400	1,638,800
	12,714,400	11,710,100

	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
<u>Variation Analysis</u>		
2025/26 ORIGINAL BUDGET	11,622,600	11,622,600
Inflation	419,200	416,300
Other Government or Outside Body Changes		
- Lee Valley Regional Park Authority Levy	(3,000)	(3,000)
Demand Led Growth		
- Arboriculture Contract	0	62,000
Efficiency Savings		
- Leisure Services Contract	0	(99,300)
- Transformation Programme Efficiencies	0	(238,500)
Investment Priorities		
- Change Programme - Cultural Project Officer	75,800	0
- Investment in Parks Equipment	80,700	30,000
- Cost of Living - Libraries Community Spaces	11,500	0
Income Generation		
- Parks Concession and Events	0	(25,000)
- Fees & Charges	0	(72,800)
Other Growth & Savings		
- National Non Domestic Rate Payments	200	200
- Parks and Open Spaces Green Space Management	0	(26,000)
- RCNS - Completion of Climate Initiative	0	(58,800)
- Pension Actuarial Adjustment	0	(324,500)
Budget Transfers	507,400	426,900
NET EXPENDITURE	12,714,400	11,710,100

ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES

Waste Services

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
Public Conveniences	122,000	97,100
Street Cleansing	3,045,200	3,030,900
Waste and Street Cleansing Contract Management	449,500	438,100
Waste Collection and Recycling	6,499,900	6,829,200
Waste Disposal including WLWA Levy	8,910,300	10,029,300
	19,026,900	20,424,600

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
<u>Variation Analysis</u>		
2025/26 ORIGINAL BUDGET	19,318,500	19,318,500
Inflation	797,300	874,200
Other Government or Outside Body Changes		
- West London Waste Authority Levy (WLWA)	(39,200)	454,000
Demand Led Growth		
- Waste Contract Increase in Number of Properties	7,300	7,300
Efficiency Savings		
- Waste Minimisation/Diversion	0	(40,000)
Investment Priorities		
- Expansion of Food Waste Collection	0	540,000
Income Generation		
- Review of Fees & Charges	0	(108,000)
Other Growth & Savings		
- Completion of Initial Investment in Waste Diversion Initiative:	0	(250,000)
- Pension Actuarial Adjustment	0	(30,400)
Budget Transfers	(1,057,000)	(341,000)
NET EXPENDITURE	19,026,900	20,424,600

ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES

Policy and Performance

	<u>2025/26</u> <u>Revised</u> <u>£</u>	<u>2026/27</u> <u>Budget</u> <u>£</u>
Climate Change	551,900	335,700
Emergency Planning	100,300	97,800
Regulatory Services Partnership	896,600	892,700
	1,548,800	1,326,200

	<u>2025/26</u> <u>Revised</u> <u>£</u>	<u>2026/27</u> <u>Budget</u> <u>£</u>
<u>Variation Analysis</u>		
2025/26 ORIGINAL BUDGET	1,182,000	1,182,000
Inflation	51,400	51,400
Investment Priorities		
- RCNS - Climate Change Priority Initiatives	228,500	156,400
- Cost of Living - Warm Packs	69,400	0
Income Generation		
- Review of Fees & Charges	0	(3,900)
Other Growth & Savings		
- Pension Actuarial Adjustment	0	(10,000)
Budget Transfers	17,500	(49,700)
NET EXPENDITURE	1,548,800	1,326,200

ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES

Engineering

	<u>2025/26</u> <u>Revised</u> <u>£</u>	<u>2026/27</u> <u>Budget</u> <u>£</u>
Flood Defence	160,000	160,000
	<hr/>	<hr/>
	160,000	160,000

	<u>2025/26</u> <u>Revised</u> <u>£</u>	<u>2026/27</u> <u>Budget</u> <u>£</u>
<u>Variation Analysis</u>		
2025/26 ORIGINAL BUDGET	160,000	160,000
NET EXPENDITURE	<hr/>	<hr/>
	160,000	160,000

ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES

Planning and Transport

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
Building Control	234,400	209,300
Development Management	973,800	925,500
Information and Business Support	37,900	37,400
Land Charges	(176,800)	(180,500)
Policy and Design	1,074,400	884,700
Transport Strategy	249,600	242,900
	2,393,300	2,119,300

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
<u>Variation Analysis</u>		
2025/26 ORIGINAL BUDGET	2,018,900	2,018,900
Inflation	197,600	197,600
Investment Priorities		
- RCNS Climate Change Priority Initiatives	0	1,200
- RCNS Implementation of Retrofit	128,000	0
Other Growth & Savings		
- Pension Actuarial Adjustment	0	(102,200)
Budget Transfers	48,800	3,800
NET EXPENDITURE	2,393,300	2,119,300

SECTION F

FINANCE, POLICY AND RESOURCES

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

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FINANCE, POLICY AND RESOURCES

SUBJECTIVE ANALYSIS

	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
<u>Expenditure</u>		
Employees	25,306,900	23,736,500
Premises	8,377,200	8,195,300
Transport	196,700	196,700
Supplies & Services	9,294,900	10,808,600
Third Party Payments	4,103,200	3,310,400
Transfer Payments	52,940,900	53,979,900
Support Services	731,000	896,000
TOTAL EXPENDITURE	100,950,800	101,123,400
 <u>Income</u>		
Government Grants	(46,201,300)	(45,711,200)
Other Grants & Contributions	(954,600)	(540,100)
Customer & Client Receipts	(8,540,500)	(8,574,100)
Interest	(67,700)	(67,700)
Recharge Income	(1,274,400)	(1,374,400)
Internal charges	(941,900)	(941,900)
TOTAL INCOME	(57,980,400)	(57,209,400)
NET EXPENDITURE (excluding Central Items)	42,970,400	43,914,000
Central Items	(38,438,400)	(44,735,800)
NET EXPENDITURE (including Central Items)	4,532,000	(821,800)

FINANCE, POLICY AND RESOURCES

SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
Finance Directorate		
Directorate	348,100	326,800
Financial Management	3,531,600	4,208,000
Revenue Services	11,269,400	12,207,600
Financial Services	1,618,200	1,632,000
Chief Executives Directorate		
Chief Executive Group	8,976,200	9,334,500
Change and Innovation Directorate		
Change and Innovation	10,611,100	9,632,900
Growth and Place Directorate		
Economy Jobs and Skills	777,700	803,200
Council Assets	(621,800)	(629,200)
Placemaking and Regeneration	0	307,000
Resident Services Directorate		
Property Services	6,459,900	6,091,200
	<u>42,970,400</u>	<u>43,914,000</u>
Central Items	(38,438,400)	(44,735,800)
Total Finance, Policy and Resources	<u><u>4,532,000</u></u>	<u><u>(821,800)</u></u>

<u>Variation Analysis</u>	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
2025/26 ORIGINAL BUDGET	40,592,600	40,592,600
Inflation	1,473,355	1,490,855
Changes in Government Grants	0	(800)
Other Government or Outside Body Changes	(12,700)	1,026,300
Demand Led Growth	(100,000)	760,000
Efficiency Savings	0	(1,048,200)
Investment Priorities	1,785,900	2,936,300
Income Generation	0	(13,400)
Other Growth & Savings	59,600	(741,500)
Budget Transfers	(828,355)	(1,088,155)
Central Items	(38,438,400)	(44,735,800)
NET EXPENDITURE	<u><u>4,532,000</u></u>	<u><u>(821,800)</u></u>

Finance Directorate

	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
Directorate	348,100	326,800
	348,100	326,800

<u>Variation Analysis</u>	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
2025/26 ORIGINAL BUDGET	325,400	325,400
Inflation	9,800	9,800
Investment Priorities		
- Change Programme	12,700	0
Other Growth & Savings		
- Pension Actuarial Adjustment	0	(8,600)
Budget Transfers	200	200
NET EXPENDITURE	348,100	326,800

Financial Management

	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
Financial Control and Accountancy	2,379,100	2,263,600
Corporate Management	1,222,100	1,222,100
Non Distributed Costs	(403,100)	388,800
Levies	325,400	325,400
Home Loans	8,100	8,100
	3,531,600	4,208,000

	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
<u>Variation Analysis</u>		
2025/26 ORIGINAL BUDGET	3,363,700	3,363,700
Inflation	148,100	152,000
Efficiency Savings		
- Operating Model Review	0	(150,000)
Investment Priorities		
- Change Programme	18,000	0
- Transformation Programme	0	887,000
Other Growth & Savings		
- Pension Actuarial Adjustment	0	(46,500)
Budget Transfers	1,800	1,800
NET EXPENDITURE	3,531,600	4,208,000

Revenue Services

	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
Council Tax and Business Rates	377,000	288,000
Parking Administration	1,112,800	1,089,400
Accessible Transport and Concessionary Fares	8,401,200	9,435,100
Housing Benefit Administration	1,368,600	1,385,300
Housing Benefit Subsidy	9,800	9,800
	11,269,400	12,207,600

<u>Variation Analysis</u>	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
2025/26 ORIGINAL BUDGET	11,084,000	11,084,000
Inflation	148,900	144,500
Other Government or Outside Body Changes		
- Concessionary Fares	0	1,039,000
Efficiency Savings		
- Council Tax Administration	0	(65,000)
Investment Priorities		
- Cost of Living Crisis Support Measures	130,500	214,100
Other Growth & Savings		
- Pension Actuarial Adjustment	0	(80,000)
Budget Transfers	(94,000)	(129,000)
NET EXPENDITURE	11,269,400	12,207,600

Financial Services

	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
Internal Audit	42,900	42,900
Shared Audit and Fraud	555,700	516,200
Pensions Administration	51,500	51,500
Pension Fund Administration	34,900	30,900
Insurance	147,700	243,800
Health and Safety Team	120,900	117,900
Procurement	664,600	628,800
	1,618,200	1,632,000

	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
<u>Variation Analysis</u>		
2025/26 ORIGINAL BUDGET	1,882,900	1,882,900
Inflation	109,000	109,000
Other Growth & Savings		
- Pension Actuarial Adjustment	0	(66,200)
- Insurance Adjustments	(21,800)	58,200
Budget Transfers	(351,900)	(351,900)
NET EXPENDITURE	1,618,200	1,632,000

FINANCE, POLICY AND RESOURCES

Chief Executive Group

	<u>2025/26</u> <u>Revised</u> <u>£</u>	<u>2026/27</u> <u>Budget</u> <u>£</u>
Community and Partnerships	2,011,300	1,649,200
Resident Engagement	984,600	924,800
Communications	404,500	353,200
Community Safety	672,900	678,400
Corporate Initiatives	123,100	59,300
Legal Services	25,000	25,000
Member Services	2,181,500	2,134,500
Policy, Performance and Analysis	1,060,700	1,268,900
Chief Executive's support and trainees	713,500	695,900
Corporate Project Office	189,300	184,200
Electoral Services	609,800	1,361,100
	8,976,200	9,334,500

	<u>2025/26</u> <u>Revised</u> <u>£</u>	<u>2026/27</u> <u>Budget</u> <u>£</u>
<u>Variation Analysis</u>		
2025/26 ORIGINAL BUDGET	7,643,200	7,643,200
Inflation	243,555	219,155
Changes in Government Grants		
- Domestic Abuse Safe Accommodation Grant	0	(800)
Other Government or Outside Body Changes		
- National Non Domestic Rate Adjustments	(12,700)	(12,700)
Demand Led Growth		
- Local Election Costs	0	760,000
Efficiency Savings		
- Operating Model Review	0	(145,000)
Investment Priorities		
- Cost of Living Crisis Support Measures	130,800	29,200
- Change Programme	249,200	0
- Transformation Programme Phase 1	581,000	919,000
- VAWG Community Safety Officer	0	64,000
- Development of Performance Management System	40,000	0
Income Generation		
- Review of Fees and Charges	0	(1,400)
Other Growth & Savings		
- Pension Actuarial Adjustment	0	(126,500)
- Removal of Temporary Budgets	0	(40,000)
Budget Transfers	101,145	26,345
NET EXPENDITURE	8,976,200	9,334,500

Economy, Jobs and Skills

	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
Economic Development	777,700	803,200
	777,700	803,200

	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
<u>Variation Analysis</u>		
2025/26 ORIGINAL BUDGET	636,200	636,200
Inflation	8,100	8,100
Investment Priorities		
- Making Business Greener	7,500	0
- Centre Stage Festival	0	160,000
- High Tide Festival	0	30,000
Other Growth and Savings		
- Pension Actuarial Adjustment		(7,000)
Budget Transfers	125,900	(24,100)
NET EXPENDITURE	777,700	803,200

Placemaking and Regeneration

	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
Growth and Place Directorate	0	307,000
	0	307,000

	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
<u>Variation Analysis</u>	£	£
2025/26 ORIGINAL BUDGET	0	0
Inflation	0	0
Investment Priorities		
- Growth and Place Resource Investment	0	307,000
Budget Transfers	0	0
NET EXPENDITURE	0	307,000

Council Assets

	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
Commercial Property	(1,042,200)	(1,042,200)
Valuation and Asset Management	420,400	413,000
	<hr/> (621,800)	<hr/> (629,200)

	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
<u>Variation Analysis</u>		
2025/26 ORIGINAL BUDGET	(626,500)	(626,500)
Inflation	8,400	8,400
Other Growth and Savings		
- Pensions Actuarial Adjustment	0	(7,400)
Budget Transfers	(3,700)	(3,700)
NET EXPENDITURE	<hr/> (621,800)	<hr/> (629,200)

Property Services

	<u>2025/26</u> <u>Revised</u> <u>£</u>	<u>2026/27</u> <u>Budget</u> <u>£</u>
Facilities Management	4,539,400	4,145,100
Utilities	2,587,000	2,615,800
Sustainability	168,600	165,000
Public Halls and Community Centres	(283,400)	(303,300)
Office Accommodation	789,000	830,200
AFC Properties	(1,340,700)	(1,361,600)
	<hr/> 6,459,900	<hr/> 6,091,200

	<u>2025/26</u> <u>Revised</u> <u>£</u>	<u>2026/27</u> <u>Budget</u> <u>£</u>
<u>Variation Analysis</u>		
2025/26 ORIGINAL BUDGET	5,869,100	5,869,100
Inflation	527,700	571,100
Efficiency Savings		
- Cleaning Contract Retender and Review	0	(451,200)
Investment priorities		
- Investment in Sustainability Team	80,000	80,000
- Change Programme - Asset Workstream	11,300	0
- Voluntary Sector Strategy - Accommodation Support	0	100,000
Income Generation		
- Review of Fees and Charges	0	(12,000)
Other Growth & Savings		
- Pension Actuarial Adjustment	0	(63,500)
- National Non Domestic Rate Adjustments	11,600	2,600
- Food Waste Recycling	0	34,900
- Removal of sites from Cleaning Contract	(30,200)	(30,200)
Budget Transfers	(9,600)	(9,600)
NET EXPENDITURE	<hr/> 6,459,900	<hr/> 6,091,200

Change and Innovation

	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
Directorate and Support	184,300	179,300
Customer Experience	1,963,500	1,914,000
ICT and Digitalisation	5,473,900	5,115,900
HR and Organisational Development	2,185,400	1,893,000
Change Programme	215,200	1,600
Insight and Analytics	265,100	207,400
Apprenticeship Levy	249,500	249,500
Graduate Trainees	74,200	72,200
	<u>10,611,100</u>	<u>9,632,900</u>

	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
<u>Variation Analysis</u>		
2025/26 ORIGINAL BUDGET	10,414,600	10,414,600
Inflation	269,800	268,800
Efficiency Savings		
- Operating Model Review	0	(237,000)
Investment Priorities		
- Cost of Living Crisis Support	40,100	4,000
- Change Programme	484,800	0
- IT Cyber Security and Cloud Hosting	0	142,000
Other Growth & Savings		
- Pension Actuarial Adjustment	0	(210,300)
- Removal of Temporary Budgets	0	(151,000)
Budget Transfers	(598,200)	(598,200)
NET EXPENDITURE	<u>10,611,100</u>	<u>9,632,900</u>

FINANCE, POLICY AND RESOURCES

Central Items

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
<u>ASSET MANAGEMENT & TREASURY</u>		
Interest Payable	4,039,000	3,196,300
Interest Receivable	(8,066,000)	(2,634,800)
MRP (Principal Loan Repay)	6,323,000	6,944,800
Revenue Funding of Capital Expenditure	917,000	0
<u>CONTINGENCY & INVESTMENT ITEMS</u>		
General Contingency	372,000	500,000
Pay and Other Contingency	0	7,975,900
Service Pressures Contingency		0
Investment Initiatives	0	200,000
<u>NON-RINGFENCED GOVERNMENT GRANTS</u>		
Revenue Support Grant	(244,000)	(38,499,100)
Retained NNDR (and Section 31 Grants)	(30,528,000)	(1,513,500)
New Homes Bonus	(13,600)	0
Extended Producer Responsibility Grant	(1,865,000)	(2,269,000)
National Insurance Contributions Compensation Grant	(1,590,000)	0
<u>OTHER</u>		
Centrally Funded Pensions	1,553,800	1,201,400
Distribution of surplus on Collection Fund	(1,000,000)	(1,682,000)
Contributions from Earmarked Reserves	(3,158,300)	(3,155,800)
Transfers from Earmarked Reserves to Balance the Budget	(4,870,000)	(15,000,000)
Transfers from General Fund Reserve	(308,300)	0
 NET EXPENDITURE	(38,438,400)	(44,735,800)

	<u>2026/27</u>
	<u>Budget</u>
	£
<u>Variation Analysis</u>	
2025/26 ORIGINAL BUDGET	(27,855,500)
Inflation	
- Prior Year Inflation Distributed	(9,411,100)
- Inflation Provision	8,475,900
Changes in Government Grants	
	(38,255,100)
- Revenue Support Grant	30,618,100
- Fair Funding Review	(404,000)
- Extended Producer Responsibility Grant	
Investment Priorities	
- Community Energy Co-operative	200,000
- Revenue Cost of Capital	4,100,000
Change in Use of the Following Reserves:	
- Transformation Programme - Invest to Save Reserve	(906,800)
- Cost of Living Programme - Emergency Funding Reserve	(16,700)
- Insurance Reserve	(123,800)
- Climate Emergency Strategy (RCNS) Reserve Use	(111,600)
- Waste Reserve	28,000
Other Growth & Savings	
- Pension Actuarial Adjustment	(304,500)
- Treasury Management	193,300
- Collection Fund Surplus	(682,000)
- Change in Use of Reserves to Balance the Budget	(10,130,000)
 Budget Transfers	 (150,000)
 NET EXPENDITURE	(44,735,800)

SECTION G

TRANSPORT AND AIR QUALITY SERVICES

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

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TRANSPORT AND AIR QUALITY SERVICES

SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2025/26</u> <u>Revised</u> <u>£</u>	<u>2026/27</u> <u>Budget</u> <u>£</u>
Chief Executive		
Policy and Performance	404,900	404,900
Growth and Place		
Engineering	6,628,200	5,770,700
Resident Services Directorate		
Highways Operations	(14,909,600)	(16,095,500)
Housing Management and Operations	5,800	5,800
Finance Directorate		
Revenue Services	224,200	218,200
Total Transport and Air Quality	<u>(7,646,500)</u>	<u>(9,695,900)</u>

<u>Variation Analysis</u>	<u>2025/26</u> <u>Revised</u> <u>£</u>	<u>2026/27</u> <u>Budget</u> <u>£</u>
2025/26 ORIGINAL BUDGET	(8,144,400)	(8,144,400)
Inflation	357,600	473,600
Other Government or Outside Body Changes	0	73,400
Efficiency Savings	0	(474,400)
Income Generation	0	(1,598,900)
Other Growth & Savings	100	(165,400)
Budget Transfers	140,200	140,200
NET EXPENDITURE	<u>(7,646,500)</u>	<u>(9,695,900)</u>

TRANSPORT AND AIR QUALITY SERVICES

SUBJECTIVE ANALYSIS

	<u>2025/26</u>	<u>2026/27</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
<u>Expenditure</u>		
Employees	4,513,700	4,223,800
Premises	3,272,500	2,898,800
Transport	616,000	616,000
Supplies & Services	1,720,800	1,640,800
Third Party Payments	8,478,600	7,961,700
Support Services	428,400	428,400
TOTAL EXPENDITURE	<u>19,030,000</u>	<u>17,769,500</u>
<u>Income</u>		
Customer & Client Receipts	(24,392,800)	(25,181,700)
Internal charges	(2,283,700)	(2,283,700)
TOTAL INCOME	<u>(26,676,500)</u>	<u>(27,465,400)</u>
NET EXPENDITURE	<u>(7,646,500)</u>	<u>(9,695,900)</u>

TRANSPORT AND AIR QUALITY SERVICES

Highways Operations

	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
Depots	166,800	150,500
Highways	(187,900)	(225,900)
Inspection and Enforcement	1,030,600	932,500
Network Management	(623,300)	(723,200)
Transport and Workshops	786,600	703,500
Parking Policy	637,900	651,500
On & Off Street Parking	(16,720,300)	(17,584,400)
	(14,909,600)	(16,095,500)

	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
<u>Variation Analysis</u>		
2025/26 ORIGINAL BUDGET	(14,326,000)	(14,326,000)
Inflation	233,600	159,900
Efficiency Savings		
- Combination of Back Office Efficiencies	0	(80,000)
- Transformation Programme Efficiencies	0	(94,400)
Income Generation		
- Review of Fees & Charges and Other Income	0	(1,596,400)
Other Growth & Savings		
- Pension Actuarial Adjustment	0	(71,400)
- National Non Domestic Rate Payments	100	100
- Parking Income - Gradual Recovery from Covid-19	0	(50,000)
Budget Transfers	(817,300)	(37,300)
NET EXPENDITURE	(14,909,600)	(16,095,500)

TRANSPORT AND AIR QUALITY SERVICES

Housing Management and Operations

	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Revised</u> £
CCTV	5,800	5,800
	<hr/> 5,800	<hr/> 5,800

<u>Variation Analysis</u>	<u>2025/26</u> <u>Revised</u> £	<u>2026/27</u> <u>Budget</u> £
2025/26 ORIGINAL BUDGET	5,800	5,800
NET EXPENDITURE	<hr/> 5,800 <hr/>	<hr/> 5,800 <hr/>

SECTION H

Capital Programme 2024/25 to 2029/30

LONDON BOROUGH OF RICHMOND UPON THAMES

COMMITTEE Finance, Policy and Resources Committee
DATE: 12 February 2026
REPORT OF: Executive Director of Finance
TITLE OF DECISION: Capital Programme and Funding Review
WARDS: All
KEY DECISION?: YES
IF YES, IN FORWARD PLAN?: YES

1. MATTER FOR CONSIDERATION

- 1.1. The Committee is asked to consider and approve the review of the Council's six-year capital programme. The report looks at the programme last approved in September 2025, outlines changes to budgets since then, the latest spending plan and provides details of new schemes and looks at how the capital programme is funded.

2. RECOMMENDATIONS

- 1.1. The Committee are recommended to review the capital programme and the proposed changes.
- 1.2. That the updated Committed Capital Programme and its funding in Appendix A be recommended to Council for approval, including the new schemes (bids) shown in Appendix B.
- 1.3. That the 2026/27 Capital Strategy in Appendix C be recommended to Council for approval.

3. INTRODUCTION

- 3.1. Since 2018, the Council has spent £268m on the capital programme to support investment in the borough. The investment to date reflects the administration's priorities to invest in our schools including expanding Special Educational Needs (SEN) places, to support affordable housing projects and enable independent living, to invest in our public realm, to promote active travel and to reduce our carbon footprint. The current six-year programme was approved by Committee in September 2025. That programme included a total underlying need for borrowing by the end of the programme of around £140.24m. The total Committed Capital Programme (CCP) for the six years approved by the September report was £240.93m. With the inclusion of the Development Pool, the total capital project budgets across all years were approved at £279.31m.
- 3.2. In light of the current financial pressures the Council is facing, in particular as a result of service demands, inflation and the impact of Fair Funding Review 2.0, there is a

need to consider future capital investment commitments funded by borrowing carefully to ensure the cost of servicing debt remains affordable. However it is essential that operational properties and key infrastructure are maintained to appropriate standards, and important that the Council's priorities can continue be supported.

- 3.3. In addition, the GLA led proposal to reduce borough Community Infrastructure Levy (CIL) for a period of time to support property developers will reduce borough CIL receipts that fund local infrastructure and limit the Council's ability to deliver further capital investment in public spaces, community facilities and transport related improvements.
- 3.4. Consequently, this paper reflects a disciplined and sensible strategy for new commitments, ensuring that the current programme continues to be delivered and only new schemes which directly support the administration's main priorities and demonstrate robust value for money are progressed at this time. By carefully managing the introduction of new schemes and rigorously assessing their funding sources, the Council aims to safeguard long-term financial sustainability while continuing to deliver vital services and strategic projects for the community.

BACKGROUND

- 3.5. The overall programme has been separated into the Committed Capital Programme (CCP) and the Development Pool (DP)¹. The CCP contains the schemes which have passed "Gateway 2" which means they have entered their planning and delivery phase and have started to incur expenditure. Detailed capital monitoring, expenditure forecasting and income monitoring is undertaken on schemes within the CCP.
- 3.6. Schemes which have not progressed through Gateway 2 but have been prioritised by the Council and received indicative budgets remain in the Development Pool until they are ready to progress to the delivery phase. Whilst schemes are within the Development Pool no detailed financial monitoring is undertaken as schemes have not progressed to delivery. However, key milestones and regular project governance enables checks and balances to occur to ensure schemes are progressing toward Gateway 2 and promotion to commence.
- 3.7. Since September 2025 the programme has been adjusted for:
 - budget slippage and rephasing
 - the addition of new schemes and increases to budget
 - removal of non-committed schemes
 - changes to financing

4. THE REVISED PROGRAMME

- 4.1. The main schemes in the existing six-year capital programme invest in the Twickenham Riverside development, redevelopment at Ham Close, new school provision at Clarendon at Petersham, and Strathmore at Hampton High. There is also investment in residential property acquisitions, integrated community equipment and highways and pavement works. There is also provision for affordable housing schemes funded from Section 106 receipts from developers (assuming ongoing receipt

¹ These stages were outlined within the 'Capital Programme and Funding Review 2024/25' (Appendix C) report to FPR Committee on 19 September 2024 [[Agenda for Finance, Policy and Resources Committee on Thursday, 19 September 2024, 7.00 pm - London Borough of Richmond upon Thames](#)].

of Section 106 contributions), and expenditure on the Richmond Climate Emergency Strategy (RCES).

- 4.2. During the course of this year, various new approved schemes have been added to the programme under the appropriate approval processes. This includes Community Bluescapes (fully funded by DEFRA's Flood and Coastal Innovation programme), The White House Family Hub Multi Use Games Area (75% funded by external grants and 25% by revenue contributions), and the Health Bus (fully funded by Public Health Grant).
- 4.3. A breakdown of those schemes added and removed from the budgets since September 2025 is as follows:

		£000
September Published Capital Programme All Year Budgets (before in-year additions below)		279,311
New budgets added to programme:	Funded by :	
Community Bluescapes	DEFRA's Flood and Coastal Innovation programme	1,727
The White House Family Hub - Hampton - Multi Use Games Area (MUGA)	External grant funding and revenue contribution	260
Health Bus	Wandsworth Contribution (PHG)	50
Removal of budgets from programme:	Reason for budget Removal:	
Inflation	Unallocated funding to be released to support other capital priorities	(2,227)
Broad Street improvements (PRIF)	Scope of works reduced and remaining PRIF funding to be released to support other capital priorities	(617)
Heathfield Shop Front improvements (PRIF)	Public Realm Improvement Fund reprioritised to support other capital priorities	(333)
East sheen Library brighter spaces (PRIF)	-	(64)
Redevelopment of Milestone Green (PRIF)	-	(62)
Others (Various Budget reduction under 50k)	Projects have come to an end so removed from Capital Programme	(105)
Updated Capital Programme (before changes proposed in this report) All Year Budgets		277,940

- 4.4. In addition, there has been a review of the forecast expenditure profiles for schemes, and the budgets have been rephased accordingly. The table below shows the revised budget with changes made since September 2025 (before new bids proposed in this report):

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>CCP by Committee</u>							
Adult Social Services, Health & Housing	10,230	8,564	4,714	7,112	7,199	2,184	40,003
Education & Children's Services	17,822	12,987	180	0	0	0	30,989
Environment, Sustainability, Culture & Sport	5,567	6,185	475	375	369	375	13,346
Finance, Policy & Resources	28,431	74,892	10,992	3,049	2,777	0	120,141
Transport & Air Quality	13,866	11,059	7,650	2,700	2,700	550	38,525
<u>Development Pool</u>	3,175	22,835	4,318	3,243	1,065	300	34,936
Total Revised Capital Programme (before changes proposed in this report)	79,091	136,522	28,329	16,479	14,110	3,409	277,940
Financed By							
Grants	28,728	55,938	4,366	5,297	5,190	175	99,694
S106 & CIL	3,937	1,819	0	0	0	0	5,756
Affordable Housing S106	1,576	3,078	1,150	2,078	2,009	2,009	11,900
Revenue Funding	60	30	0	0	0	0	90
Earmarked Reserves	677	2,113	601	610	240	0	4,241
Application of Capital Receipts	4,062	22,639	4,389	0	0	0	31,090
Borrowing	40,051	50,905	17,823	8,494	6,671	1,225	125,169
Total Financing	79,091	136,522	28,329	16,479	14,110	3,409	277,940

5. REVIEW OF NEED TO SPEND AND BORROWING

- 5.1. Capital expenditure can be funded by capital receipts, Community Infrastructure Levy, Section 106 contributions, government grants, reserves and contributions and ultimately borrowing where none of those funding streams are available.
- 5.2. Borrowing to invest in the Council's capital programme costs money in revenue i.e. financing of debt is a charge to the Council Tax payer, as the Council must make an annual provision "minimum revenue provision" (MRP) budget to contribute to paying down this debt plus interest charges on the debt. This is similar in concept to paying off the capital on a mortgage.
- 5.3. In general every £1m of borrowing has an ongoing revenue cost in the region of £78,000 per annum which is a fixed cost over the long term (25 years+) chargeable to revenue. Actual borrowing rates incurred depend on the underlying market and economic conditions at the point in time the decision to borrow occurs. The Council is able to use its cash balances to "internally borrow" in the short term to potentially buy some time to avoid having to take out external loans at current rates but assessment of new bids should assume current rates for borrowing as there is no guarantee when or if rates will reduce in the short/medium term. Due to reduced cash balances into 2026/27 it is likely that any borrowing needed in future years will need to be from an external source as discussed further in paragraph 5.5.

- 5.4. The Council has a borrowing requirement within the existing approved programme (CCP+DP) of £125.17m. This represents 45% of the funding of the six-year capital programme and will likely increase revenue borrowing costs by an estimated £10m per year and this has been included in the revenue estimates included within the Medium Term Financial Strategy. The Council has reviewed the proposed additions to the capital programme to minimise the amount of borrowing incurred where possible. It is also proposed to target investment to “invest to save” schemes which will provide further investment in the borough but also provide an efficiency to the Council by generating income or avoided costs of more than the cost of financing the borrowing.
- 5.5. Where possible the Council will use internal borrowing, using its cash-backed earmarked reserves. The debt charge on internal borrowing is the loss of interest earned from reducing balances invested, which is (almost always) lower than external borrowing rates. Internal borrowing has been an attractive alternative to external borrowing in recent years as loss of investment income by internally borrowing has been lower than the cost of externally borrowing. Where internal borrowing is unavailable, or if external borrowing becomes financially advantageous or necessary, this will normally be advanced via the Public Works Loan Board (PWLb).

6. NEW SCHEMES AND INDICATIVE BUDGETS

- 6.1. Appendix B details the new schemes and increases to budgets to be added to the Council’s capital programme Development Pool of schemes which are considered a priority for investment in the Borough. This is summarised below:

Year	2026/27	2027/28	2028/29	2029/30	2030/31	Total
Committee	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Services, Health & Housing	8,700	0	0	0	3,578	12,278
Education & Children’s Services	0	0	0	0	0	0
Environment, Sustainability, Culture & Sport	1,000	2,628	0	0	250	3,878
Finance, Policy & Resources	1,735	75	0	0	2,930	4,740
Transport & Air Quality	3,220	100	50	0	956	4,326
Total new schemes and indicative budgets to Development Pool	14,655	2,803	50	0	7,714	25,222

- 6.2. The additions include continuing investment in maintaining key infrastructure in the borough. In particular, the Council is ensuring record levels of investment in highways and pavements with additions of £2.4m across the period to improve infrastructure and safety. The additions also include investments to our community facilities such as £2m in the new Leisure Infrastructure Plan which supports the delivery of high quality leisure services in the borough. In addition, a further £8.5m is being added to Residential Acquisitions to deliver more affordable housing across the period. Investment also includes maintaining and enhancing the operational estate to ensure they remain fit for purpose for community and resident use and priority investment of £1.3m in General planned maintenance plus further decarbonisation investment in Twickenham Civic Centre. The additions include an extra year of the schemes funded directly by grant such as Disabled Facilities Grant.
- 6.3. These schemes draw down £1.8m of existing earmarked reserves and a further £6.3m expected to be financed through the receipt of either grants and contributions, primarily from Government departments and developer contributions (either section 106

receipts or CIL). The balance of funding is from Council borrowing.

7. FINANCING

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

	£000
Committed Capital Programme (CCP) 2025/26 to 2030/31 Financing Requirement	107,409
Add Indicative borrowing requirement for existing Development Pool and new bids (Appendix B)	36,345
Total Indicative Borrowing Requirement 2024/25 to 2029/30	143,754

7.2. **Capital Receipts:** At the start of 2025/26, the Council held a total of £3m in capital receipts including £0.97m in relation to Garden Cottage which is held as ring-fenced to fund capital spend on Orleans House Gallery and York House. Beyond 2025/26 there are no available capital receipts to finance the programme.

7.3. **Community Infrastructure Levy:** As detailed in the table below, as at 30 September 2025, a balance of £6m of Strategic Borough CIL had been received and not spent. In agreeing the new capital programme (and/or in financing the final outturn for the current year) the Council may decide to either:

- i. Refinance existing schemes via the use of CIL and thereby reduce the cost of the existing capital programme to the taxpayer;
- ii. Introduce new schemes to be funded from CIL (including those linked to the environmental priorities of the Council);
- iii. Retain the unallocated CIL receipts for future years; or
- iv. A combination of the above.

7.4. With current SCIL received all fully committed, there is no current assumption for the use of SCIL to fund the capital additions. Whilst future SCIL receipts may increase when development sites progress, these schemes are dependent on market factors and cannot be relied upon at this stage. Crucially, the Government's recent proposal to allow 100% relief on borough CIL charges for schemes delivering at least 20% affordable housing will have a direct impact on the borough and will reduce future SCIL income available.

Richmond Strategic CIL Statement as at 31st December 2025

	£		
Total SCIL Cash Received as at 31 st Dec 2025	-21,740,548		
	SCIL Budget Committed	Expenditure Incurred to date	Net Remaining Budget
	£	£	£
Projects to be funded by SCIL			
20mph schemes - Phase 2	400,000	142,402	257,598
Completed SCIL projects as at 31/03/25	11,053,679	11,053,680	0
Elleray Hall redevelopment	3,120,000	2,422,154	697,846
Family Hubs - Heatham House	723,000	0	723,000
Ham Close	1,913,000	0	1,913,000
Hampton Court Road Cycle Scheme	450,000	464	449,536
Hospital Bridge Road - Walking & Cycling improvements	199,674	60,023	139,651
School Streets (part RCES)	483,699	93,698	390,001
Twickenham Riverside	1,000,000	0	1,000,000
Uplift Schemes Twickenham Area Action Plan	10,000	0	10,000
Previously Approved Projects Funded from SCIL	19,353,052	13,772,422	5,580,631
Total Approved Projects Funded from SCIL	19,353,052		
Value of SCIL Receipts Under Committed to date	-2,387,496		
Forecast of further CIL receipts by 31.3.2031	-4,645,199		
Forecast Value of SCIL Receipts Available by 31.3.2031	-7,032,695		
Balance SCIL Receipts remaining unspent as at 31/12/2025		-7,968,126	

- 7.5. **Affordable Housing Section 106 Receipts:** The affordable housing capital programme supports affordable housing delivery in the borough and is funded in the first instance from Section 106 affordable housing receipts. As shown in the table below a total of £20.346m is currently unallocated, however £14.302m of this is attributable to planning permission related income not yet received so the balance currently available and uncommitted is £6.044m.
- 7.6. Further work is continuing to estimate the timing and profile of these potential future Section 106 affordable housing receipts, particularly for larger sites, however the timing or receipt of future payments cannot be guaranteed as they are dependent on whether individual developments progress and whether they hit key trigger points and milestones. This is subject to regular monitoring from the Section 106 Team within the Planning Division and the Affordable Housing Team within the new Resident Services Directorate, in conjunction with the Executive Director of Finance.

As at Q2 2025	£000	£000
Affordable Housing S106 opening balance 2025/26		19,269
Received in the year to date	397	
Committed to existing capital schemes (inc new bids)	(11,900)	
Committed to revenue	(1,722)	
Affordable Housing S106 currently available		6,044
Secured in planning permissions (not yet received)	14,302	
Unallocated within the capital programme		20,346

7.7. There are some significant affordable housing schemes already in the pipeline that will require financial assistance to improve viability and so will draw down on these unallocated Section 106 affordable housing receipts in the future. The total value is provisionally estimated to be in the region of £7.2m to £8.1m. These schemes include Council led developments such as those at Twickenham Riverside, Whitton Community Centre and at Ellera Hall.

7.8. Further schemes are being worked up by officers and further funding will be committed as and when contributions are received, and proposals are approved by Members. However, Section 106 affordable housing receipts are only one source of funding for any such schemes, and the Council could utilise grants from other organisations such as the Greater London Authority (GLA) and the Ministry of Housing, Communities and Local Government (MHCLG). Additionally, Council borrowing can be used to top up available funding if necessary and where a business case is made and objectives align with the housing aims and objectives of the Council.

8. PROPOSED CAPITAL PROGRAMME

8.1. Despite its overall difficult financial position, the Council is able to commit to investment in the borough totalling £303.2m over the period 2025/26 to 2030/31.

8.2. The most significant sources of financing are borrowing (£144m), grants (£105m), capital receipts (£31m), CIL / Section 106 receipts (£6m) and Affordable Housing S106 receipts (£12m), however opportunities are taken to make use of ringfenced sources of funding to minimise borrowing, where possible.

8.3. A summary of the full capital programme is shown in the table below, along with how the programme is financed. Full details of the Committed Capital Programme and Development Pools are available in Appendix A and B.

Programme	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Committed Capital Programme (CCP) – Latest Spending Plan	75,916	113,687	24,011	13,236	13,045	3,109	243,004
Development Pool – existing	3,175	22,835	4,318	3,243	1,065	300	34,936
Development Pool – new bids	0	14,655	2,803	50	0	7,714	25,222
Total Proposed Investment in Richmond Upon Thames	79,091	151,177	31,132	16,529	14,110	11,123	303,162

Financed By	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Grants	28,728	57,197	4,366	5,297	5,190	3,753	104,531
S106 & CIL	3,937	1,819	0	0	0	0	5,756
Affordable Housing S106	1,576	3,078	1,150	2,078	2,009	2,009	11,900
Revenue Funding	60	30	0	0	0	0	90
Earmarked Reserves	677	3,838	676	610	240	0	6,041
Application of Capital Receipts	4,062	22,639	4,389	0	0	0	31,090
Borrowing	40,051	62,576	20,551	8,544	6,671	5,361	143,754
Total Financing	79,091	151,177	31,132	16,529	14,110	11,123	303,162

9. FINANCE AND EFFICIENCY IMPLICATIONS

- 9.1. The timing and funding of capital expenditure has a direct impact on the level of Council cash balances and the level of borrowing. Therefore, any changes to the Programme will have an impact on the Treasury Management position.
- 9.2. The updated capital programme (incorporating the new schemes in Appendix B) relies on an estimated £144m of borrowing which is broken down per year in paragraph 8.3. This level of borrowing is included within the current MTFS. The estimated borrowing cost of £62.6m in 2026/27 would be £4.1m in the first full year for a loan taken in 2026/27. For future years' additions, Members will need to be mindful of the Council's overall funding position following the Fair Funding Review, forecasts for interest rates, and ongoing demand pressures on revenue budgets, particularly as there are already some further large capital schemes that are under development.

10. CAPITAL STRATEGY

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

11. PROCUREMENT IMPLICATIONS

- 11.1. None in specific relation to this report

12. LEGAL IMPLICATIONS

- 12.1. None specifically in relation to this report

13. RISK ASSESSMENT

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

14. CONSULTATION AND ENGAGEMENT

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

15. BACKGROUND INFORMATION:

Previous capital programme report(s)

16. APPENDICES

Appendix A – Committed Capital Programme –2025/26 to 2030/31

Appendix B – Development Pool - 2025/26 to 2030/31

Appendix C – Capital Strategy 2026/27

17. CONTACTS

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RICHMOND UPON THAMES - GENERAL FUND CAPITAL PROGRAMME

APPENDIX A - Committed Capital Programme (CCP)

Committed Capital Programme	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Education & Childrens Services							
Basic Needs							
East Sheen double demountable classrooms	75	-	-	-	-	-	75
New Clarendon School at Petersham	10,000	7,073	-	-	-	-	17,073
SEN Provision							
Strathmore at Hampton High	3,284	3,106	-	-	-	-	6,390
Vineyard Primary Special Resource Provision	32	-	-	-	-	-	32
Nelson Primary School SEN High Needs Provision	250	-	-	-	-	-	250
Schools General Planned Maintenance							
Carlisle Infants - Emergency Lighting	40	5	-	-	-	-	45
Carlisle Infants School Fencing	24	3	-	-	-	-	27
Chase Bridge Primary School Boiler	177	10	-	-	-	-	187
Collis Primary - Harlequin Building roof	490	22	-	-	-	-	512
Darell Primary - Phase 2 Roof Repair	6	-	-	-	-	-	6
Darell Primary School - Roof replacement	15	-	-	-	-	-	15
Design Development	40	-	-	-	-	-	40
Devolved Formula Capital	203	225	-	-	-	-	428
Hampton Hill Junior School Light Replacement	50	5	-	-	-	-	55
Hampton Hill Junior toilet refurb	55	5	-	-	-	-	60
Hampton Hill Toilets/Corridor	64	-	-	-	-	-	64
Hampton Infants Roof Replacement	11	-	-	-	-	-	11
Hampton Junior roof	71	5	-	-	-	-	76
Hampton Wick Infant and Nursery School - Playground and outdoor play Spaces	10	-	-	-	-	-	10
Hampton Wick Playground Ph2	23	-	-	-	-	-	23
Lowther Primary -EYs Roof Replace	6	-	-	-	-	-	6
Meadlands Primary School Boiler	148	10	-	-	-	-	158
Orleans Primary - Playground and Soft Play areas	10	-	-	-	-	-	10
Orleans Primary School Drainage	5	26	-	-	-	-	31
Richmond upon Thames School (REEC)	440	1,216	-	-	-	-	1,656
Schools General Planned Maintenance - unallocated funding	-	693	-	-	-	-	693
Sheen Mount - Refurb Main KS1 Toilets	15	-	-	-	-	-	15
Stanley Primary School Roof	155	15	-	-	-	-	170
Windham Nursery - Security safeguarding works	5	-	-	-	-	-	5

Committed Capital Programme	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Other Projects :							
AfC Critical IT investment	273	-	-	-	-	-	273
Programme Contingency	29	-	-	-	-	-	29
Family Hubs - Heatham House	1,448	561	180	-	-	-	2,189
Condition Surveys	20	-	-	-	-	-	20
Richmond Capital Expansion Grant	266	7	-	-	-	-	273
Urgent Health & Safety works	50	-	-	-	-	-	50
The White House/Family Hub/Pilot	32	-	-	-	-	-	32
Education & Childrens Services Total	17,822	12,987	180	-	-	-	30,989
Adult Social Services, Health & Housing							
Other Adult Social Services, Health & Housing							
Health Bus	100	-	-	-	-	-	100
Occupational Therapy	100	100	100	100	100	-	500
4A & B Station Road	1,000	-	-	-	-	-	1,000
Housing Grants :							
Coldbusters Home Repair Assistance Grant	201	175	175	175	175	175	1,076
Development Delivery Agreement (DDA)	-	1,000	1,000	1,000	1,000	1,000	5,000
Disabled Facilities Grants	2,032	4,963	1,726	3,226	3,452	-	15,399
Empty Property Grants	50	50	50	50	50	50	300
Home Improvement Agency - System replacement	40	-	-	-	-	-	40
Affordable Housing Development :							
Day Centre Improvements: Modern Day Services Offer	100	-	-	-	-	-	100
Digital Switchover Telecare	247	272	-	-	-	-	519
Downsizing Right Fit	129	100	100	70	-	-	399
Ham Close Affordable Housing	1,426	928	-	928	859	859	5,000
Integrated Community Equipment	2,050	876	1,463	1,463	1,463	-	7,315
Residential Acquisitions – Phase 1	245	-	-	-	-	-	245
Residential Acquisitions – Phase 2	2,310	-	-	-	-	-	2,310
RHP Extension Programme	100	100	100	100	100	100	600
Richmond Care Homes Future Model (PFI Expiry Programme)	100	-	-	-	-	-	100
Adult Social Services, Health & Housing Total	10,230	8,564	4,714	7,112	7,199	2,184	40,003

Committed Capital Programme

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Finance Policy and Resources							
Broad Street improvements (PRIF)	70	-	-	-	-	-	70
Castelnau shopping parade improvements (PRIF)	226	5	-	-	-	-	231
Change of use of Clarendon School site	465	60	-	-	-	-	525
Council Funded Decarbonisation Projects - Phase 2 (Part RCES)	680	-	-	-	-	-	680
Decarbonisation and Improvement to Twickenham Civic Centre (Part RCES)	3,230	3,771	2,171	-	-	-	9,172
Elleray Hall redevelopment	3,106	-	-	-	-	-	3,106
Emergency Plant and Equipment Renewal	13	-	-	-	-	-	13
Empty Property Purchase	100	-	-	-	-	-	100
Ferguson Hall and Adjoining WCs - Asbestos removal and demolition	186	-	-	-	-	-	186
General Planned Maintenance	1,099	1,330	1,330	1,330	1,330	-	6,419
Grimwood Road Garden Site renovation	78	-	-	-	-	-	78
Ham Close	2,569	16,712	-	86	-	-	19,367
Heathfield Shop Front improvements (PRIF)	28	-	-	-	-	-	28
ICT Investment	518	801	185	185	-	-	1,689
NCIL Community Fund Projects	98	-	-	-	-	-	98
Operational Buildings EV Charging (RCES)	30	-	-	-	-	-	30
Operational Plant and Equipment Renewal (OPER)	693	693	693	693	693	-	3,465
Operational Roof and Fabric Renewal (OPRFR)	353	812	200	200	199	-	1,764
Pavilion works	450	-	-	-	-	-	450
PSDS4 Heat decarbonisation and energy efficiency	1,000	6,470	1,470	-	-	-	8,940
Richmond Community Fund (round 3)	44	-	-	-	-	-	44
SSA wide - Access Control System Replacement	249	-	-	-	-	-	249
Statutory Compliance and Remedial Works (SCRWCB)	554	554	554	555	555	-	2,772
Twickenham Riverside	11,097	43,684	4,389	-	-	-	59,170
Whitton Community Centre Mixed Use Reprovision	482	-	-	-	-	-	482
York House Refurbishment	1,013	-	-	-	-	-	1,013
							-
Finance Policy and Resources Total	28,431	74,892	10,992	3,049	2,777	-	120,141

Committed Capital Programme	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Environment, Sustainability, Culture and Sports Services							
Barn Elms Playing Fields Athletics Track	40	-	-	-	-	-	40
Community Bluescapes	1,157	2,110	-	-	-	-	3,267
Group Exercise Studio	181	-	-	-	-	-	181
Hampton Pool - Swimming Pool Support Fund	1	-	-	-	-	-	1
Improve/redesign of Garfield Road pocket park (PRIF)	20	4	-	-	-	-	24
Joint Thames Strategies	549	365	-	-	-	-	914
Leisure Infrastructure Plan	150	1,770	-	-	-	-	1,920
Leisure Infrastructure Plan - Project Management	40	40	-	-	-	-	80
Library improvements	195	12	-	-	-	-	207
Orleans House Gallery - Delivery phase	57	-	-	-	-	-	57
Parks Cyclical Maintenance	125	125	125	125	125	125	750
Parks Strategy	250	250	250	250	244	250	1,494
Pocket parks	140	140	100	-	-	-	380
Pools on the Park refurbishment	1,414	-	-	-	-	-	1,414
Public Recycling Sites (PRS) Refurbishment & Replacement Programme	-	108	-	-	-	-	108
Public Recycling Points Vehicle	200	-	-	-	-	-	200
Teddington Pools and Fitness Centre	677	-	-	-	-	-	677
Teddington Sports Centre Changing Rooms	266	-	-	-	-	-	266
Teddington Sports Centre Sand Dressed Pitch Replacements	45	16	-	-	-	-	61
Townmead Road Fire Suppression System	-	785	-	-	-	-	785
Waste Vehicles	-	260	-	-	-	-	260
Whitehouse Family Hub - Hampton - Multi Use Games Area (MUGA)	60	200	-	-	-	-	260
	-	-	-	-	-	-	-
Environment, Sustainability, Culture and Sports Services Total	5,567	6,185	475	375	369	375	13,346
Transport and Air Quality							
20mph schemes - Phase 2	348	-	-	-	-	-	348
A305 Sixth Cross to Apex	50	-	-	-	-	-	50
A314 Hanworth Road	90	-	-	-	-	-	90
Arragon Road, TW Safety measure	90	-	-	-	-	-	90
Automatic Number Plate Recognition Cameras for School Streets enforcement	6	-	-	-	-	-	6
Bikehangars - residential scheme (part RCES)	101	-	-	-	-	-	101
Bus Priority Delivery	180	-	-	-	-	-	180
Bus Priority Park Road / Wellington Road	50	-	-	-	-	-	50
CCTV - Moving Traffic Enforcement Cameras	42	-	-	-	-	-	42
Contraflow cycle schemes (RCES)	20	41	-	-	-	-	61
Cycle Parking - public on-street (Part RCES)	96	-	-	-	-	-	96
East Twickenham Public realm improvements (PRIF)	18	-	-	-	-	-	18
Electric Vehicle Charge Points	152	59	-	-	-	-	211
Electrification of trading pitches (RCES)	42	-	-	-	-	-	42
Flood Alleviation Works	133	-	-	-	-	-	133
Gully replacement programme	154	100	100	-	-	-	354
Hammersmith Bridge Mitigation measures	50	65	-	-	-	-	115

Committed Capital Programme	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Hampton Court Road (PRR)	200	-	-	-	-	-	200
Hampton Court Road Cycle Scheme	-	475	-	-	-	-	475
Hanworth Road, Hampton	40	-	-	-	-	-	40
Highways and Pavements	7,416	7,575	7,550	2,700	2,700	550	28,491
Hospital Bridge Road - Walking & Cycling improvements	102	354	-	-	-	-	456
Kew Gardens Pedestrian bridge	58	292	-	-	-	-	350
Kew Towpath Reinstatement	2,957	-	-	-	-	-	2,957
Remote monitoring of gullies	5	-	-	-	-	-	5
Richmond Road East Twickenham	50	250	-	-	-	-	300
S106 Schemes	32	-	-	-	-	-	32
Safer Route to School Improvements/Engineering measures (RCES)	105	125	-	-	-	-	230
School Streets (part RCES)	448	366	-	-	-	-	814
Strawberry Vale Cycle Scheme	9	17	-	-	-	-	26
Street Lighting	204	-	-	-	-	-	204
Teddington Suspension footbridge and Lock Cut Footbridge Essential Maintenance	332	1,340	-	-	-	-	1,672
Traffic Calming measures	67	-	-	-	-	-	67
Twickenham Green Lighting	40	-	-	-	-	-	40
Uplift Schemes/Twickenham Area Action Plan	179	-	-	-	-	-	179
	-	-	-	-	-	-	-
Transport and Air Quality Total	13,866	11,059	7,650	2,700	2,700	550	38,525
Total CPP Capital Programme	75,916	113,687	24,011	13,236	13,045	3,109	243,004
Financed Financed By :							
Grants	27,936	43,346	3,964	5,050	5,190	175	85,661
S106 & CIL	3,937	1,819	-	-	-	-	5,756
Affordable Housing S106	1,576	2,078	1,150	2,078	2,009	2,009	10,900
Revenue funding	60	30	-	-	-	-	90
Earmarked Reserves	663	1,346	185	185	-	-	2,379
Application of Capital Receipts	4,062	22,358	4,389	-	-	-	30,809
Borrowing	37,682	42,710	14,323	5,923	5,846	925	107,409
Total CPP Financing	75,916	113,687	24,011	13,236	13,045	3,109	243,004

RICHMOND UPON THAMES - GENERAL FUND CAPITAL PROGRAMME

APPENDIX B - Development Pool (DP)

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	Total £'000
<u>NEW SCHEMES / ADDITIONS 2026/27 to 2030/31</u>							
Adult Soc Services, Hlth & Hsg							
Disabled Facilities Grants	-	-	-	-	-	2,115	2,115
Integrated Community Equipment	-	-	-	-	-	1,463	1,463
Residential Acquisitions – Phase 3	-	8,500	-	-	-	-	8,500
Kingston Lane Supported Housing Scheme (feasibility study)	-	200	-	-	-	-	200
Total Adult Soc Services, Hlth & Hsg	-	8,700	-	-	-	3,578	12,278
Finance Policy and Resources							
Elleray Hall redevelopment	-	600	-	-	-	-	600
General Planned Maintenance	-	-	-	-	-	1,330	1,330
Operational Plant and Equipment Renewal (OPER)	-	-	-	-	-	693	693
Operational Roof and Fabric Renewal (OPRFR)	-	-	-	-	-	352	352
Statutory Compliance and Remedial Works (SCRWCB)	-	-	-	-	-	555	555
Twickenham Civic Centre - Roof Replacement	-	860	-	-	-	-	860
Empty Property Purchase	-	100	-	-	-	-	100
Digital Data Back Up	-	175	75	-	-	-	250
Total Finance Policy and Resources	-	1,735	75	-	-	2,930	4,740
Environment, Sustainability, Culture and Sports Services							
Cemeteries - Urgent Works	-	100	400	-	-	-	500
Central Depot - Materials Recycling Facility Perimeter Fencing	-	50	-	-	-	-	50
Fitness Kit Replacement - Shene, Whitton & Hampton Sports and Fitness Centres	-	350	-	-	-	-	350
Leisure Infrastructure Plan	-	-	2,000	-	-	-	2,000
POTP & Teddington Pools undercroft repair	-	-	-	-	-	250	250
Teddington Allotment/Cemetery Reclamation Works	-	-	228	-	-	-	228
Teddington Sports Centre-Padel Courts	-	300	-	-	-	-	300
LED Floodlight Upgrades - Hampton Sports and Fitness Centre and Lincoln Fields Sports Pitches	-	200	-	-	-	-	200
Total Environment, Sustainability, Culture and Sports Services	-	1,000	2,628	-	-	250	3,878
Transport and Air Quality							
CCTV - Parking enforcement cameras	-	336	-	-	-	-	336
Cycle Parking - public on-street (Part RCES)	-	65	-	-	-	-	65
Digital Traffic Regulation Orders (TRO) Project	-	125	100	50	-	-	275
Highways and Pavements	-	1,194	-	-	-	956	2,150
Richmond Town Centre Improvement Project	-	1,500	-	-	-	-	1,500
Total Transport and Air Quality	-	3,220	100	50	-	956	4,326
Total New Schemes	-	14,655	2,803	50	-	7,714	25,222

Development Pool - Existing Schemes 2025/26 to 2030/31

Indicative Budgets

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	Total £'000
Education & Childrens Services							
Basic Needs - unallocated funding	789	350	350	-	-	-	1,489
Final Retention Payments - Various Schemes	3	-	-	-	-	-	3
Short Break Care	11	-	-	-	-	-	11
Unallocated High Needs Provision	-	461	52	247	-	-	760
Total Education & Childrens Services	803	811	402	247	-	-	2,263
Adult Soc Services, Hlth & Hsg							
Day Centre Improvements - Modern Day Services Offer	-	1,050	200	-	-	-	1,250
Digital Switchover Telecare project	-	331	-	-	-	-	331
Residential Acquisitions – Phase 3	-	15,300	-	-	-	-	15,300
Richmond Care Homes (PFI Expiry Programme) Future Model	-	-	1,600	1,800	-	-	3,400
Total Adult Soc Services, Hlth & Hsg	-	16,681	1,800	1,800	-	-	20,281
Finance Policy and Resources							
Hampton Wick improvements (PRIF)	14	-	-	-	-	-	14
IT Investment	-	417	206	205	-	-	828
LED Lighting Upgrade Project (Part RCES)	-	1,200	1,000	-	-	-	2,200
Minimum Energy Efficiency Standards - Compliance Work (RCES)	24	-	-	-	-	-	24
Public Sector Decarbonisation (PSDS 3c) (part RCES)	815	-	-	-	-	-	815
Refurbishment of Clarendon School Lodge	100	100	-	-	-	-	200
York House Basement Building Regulations Compliance Works	425	-	-	-	-	-	425
Total Finance Policy and Resources	1,378	1,717	1,206	205	-	-	4,506
Environment, Sustainability, Culture and Sports Services							
Circular Economy Hub	-	350	210	220	240	-	1,020
Climate Change Strategy (RCES) - unallocated	669	350	350	421	500	-	2,290
Hampton Sports and Fitness Centre Pitch Replacement	-	350	-	-	-	-	350
Parks Pavillion	-	150	-	-	-	-	150
POTP & Teddington Pools undercroft repair	-	1,716	-	-	-	-	1,716
Public Toilets Improvements Orleans House Gallery	-	60	-	-	-	-	60
Total Environment, Sustainability, Culture and Sports Services	669	2,976	560	641	740	-	5,586
Transport and Air Quality							
Footbridges	-	300	-	-	-	-	300
Towpath Improvements	175	175	175	175	150	150	1,000
Tree Repair Sites and Tree Planting	150	175	175	175	175	150	1,000
Total Transport and Air Quality	325	650	350	350	325	300	2,300
Total Existing Schemes	3,175	22,835	4,318	3,243	1,065	300	34,936
Total Existing + New Bids	3,175	37,490	7,121	3,293	1,065	8,014	60,158

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financed By:							
Grants	792	13851	402	247	0	3578	18,870
S106 & CIL	0	0	0	0	0	0	-
Affordable Housing S106	0	1000	0	0	0	0	1,000
Revenue funding	0	0	0	0	0	0	-
Earmarked Reserves	14	2492	491	425	240	0	3,662
Application of Capital Receipts	0	281	0	0	0	0	281
Borrowing	2369	19866	6228	2621	825	4436	36,345
Total DP Financing	3,175	37,490	7,121	3,293	1,065	8,014	60,158

London Borough of Richmond upon Thames

Capital Strategy 2026/27

1. Introduction

- 1.1. This capital strategy sets out the long-term context within which capital expenditure, borrowing and investment decisions are made (as per Chartered Institute of Public Finance and Accountancy (CIPFA)'s Prudential Code and Treasury Management Code). It is to be approved by full Council. The overall aim of the framework is to demonstrate that such decisions properly take account of stewardship, prudence, value for money, sustainability, proportionality, and affordability.
- 1.2. CIPFA consulted on further revisions to both Codes in Autumn 2025, but no timeline is known for updated guidance at this time. The Council's investment arrangements take due notice also to Investment Guidance issued under Section 15 of the Local Government Act 2003 by the Ministry of Housing, Communities and Local Government (MHCLG).

2. Capital Expenditure – Capital Programme

Overview of Governance Process

- 2.1 The capital programme is based on the approved capital schemes, Treasury Management Strategy, Asset Management strategy, capital resources projections and an annual process for prioritising additions which recognises cost in use and sustainability issues.
- 2.2 It contains currently approved spending and sets the financial parameters within which the Committee may add to commitments in the context of reserves and resources anticipated in the medium-term outlook.
- 2.3 The overall programme is reviewed and approved by the Full Council in March after additions are made to the programme. Individual schemes may be approved and added to the programme during the year using Committee approval or other delegated decision-making frameworks as appropriate.
- 2.4 Monitoring of capital expenditure is embedded throughout the organisation with project managers working with finance teams to update their cost estimates and budgets. These reports are regularly reviewed by the Council's management team, and monitoring reported to Committees periodically.
- 2.5 Capital budgets are reviewed and reported annually to Full Council. Budgets are reviewed and updated throughout the year, with additional capital budgets approved where appropriate. These projects are prioritised based on their ability to meet strategic priorities, ensure continued service delivery, reduce

annual revenue costs and protect Council income. All bids are reviewed by senior officer working groups and lead Council Members before being presented for consideration and approval at Full Council. General assumptions are as follows:

General assumptions are as follows:

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

- 2.6 Capital spend and the availability of resources to finance that spend are monitored by the Executive Director of Finance on a monthly basis.

Long-term View of Capital Spending Plans

- 2.7 The Capital Programme considers the programme and available resources for the current year and five subsequent years. The Council's ability to finance capital spending is restricted only by its own view on affordability, subject to the Government's possible imposition of limits on local authority borrowing for macro-economic reasons.

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

- d) Grants – either earmarked for particular schemes or services, or available for any scheme. There is no revenue effect, provided that the receipt of grant is not significantly delayed.
- e) CIL and Section 106 – these are either earmarked for particular use or generally for a specific type of spend. Where conditions are more general, these will be used to replace financing from borrowing or Council resources wherever possible. There is no revenue effect.

- f) Borrowing – this is used where a need to spend is identified and no alternative funding is available. Borrowing is financially disadvantageous compared to other sources of finance. The Council must make annual provision for debt repayment and debt charges. Where possible the Council will use of internal borrowing and the debt charge will be the loss of interest from reducing balances invested. Where there is no scope to borrow internally, external loans are taken out and the Council will make either “repayment” or “interest only” mortgage type payments. All borrowing costs are financed as a charge to the revenue budget (e.g. a charge to the Council Tax payer).
- g) Revenue Reserves – other than specific schemes from the Repairs and Renewals Fund this is rarely used as there are minimal earmarked reserves available. This reduces balances invested and therefore the interest income to the Council.
- h) Capital Receipts – these are used where available in preference to borrowing. There is a loss of investment interest associated with their use. The Council reviews its assets regularly and will dispose of under-utilised assets and has used the proceeds extensively over time to support the Capital Programme.

3. Investment

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

Treasury Management Investments

- 3.2 These are investments that arise from the Council’s cash flows and ultimately represent balances which need to be invested until the cash is required for use in the course of business.
- 3.3 The Council’s policy on Treasury Management Investments is submitted to the Finance, Policy and Resources Committee and approved by the Full Council. The overall arrangements and strategy for the ensuing financial year are reviewed and approved in February or March, an Annual Report after the end of the financial year and a mid-year review report. From time to time the Executive Director of Finance may submit additional reports recommending changes in Policy for approval if circumstances require.

- 3.4 The Council's Treasury Management Practices (TMPs) are in accordance with the Treasury Management Code issued by CIPFA. As prescribed in the Code, the Executive Director of Finance will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Executive Director of Finance will also ensure that those engaged in Treasury Management follow the policies and procedures set out. The present arrangements are documented and monitored by the responsible officer in effective day to day management of the Treasury Management function. Treasury Management activities and issues are reviewed monthly by a meeting within the Finance Directorate including the Director of Financial Management, attended by the Executive Director of Finance (or deputy) and day to day Treasury Management activities are handled by the Financial Management Division of the Finance Directorate. Treasury Management staff attend training courses and seminars to ensure they maintain sufficient knowledge as prescribed by the Code in order to keep up to date with current developments.
- 3.5 Treasury Management advisers are appointed at least once within the lifetime of each Council to carry out an independent review of the Council's Treasury Management activities. Mitsubishi UFJ Financial Group Inc, MUFG (previously Link Treasury Services) completed the last lifetime review in March 2025. The next lifetime review is due in March 2029.
- 3.6 The Council's detailed investment policy is contained within the Treasury Policy Statement. Its overriding purpose is the control of risk. It specifies the types of investments that may be used and the limits of their use. These limits relate to the maximum time period for each investment type and to the maximum amount that may be held at any one time. The choice of limits is governed by the requirement to safeguard the security of the Council's portfolio and to spread risk through suitable diversification. The Council uses credit rating information from the three main credit rating agencies (Fitch, Moody's and Standard and Poor's) and this data is supplemented by other available information where appropriate. The limits also consider liquidity requirements and finally the yield that may be obtained.
- 3.7 The Council held investments of £93m at 31st December 2025, at an average rate of 4.50%. The Council is expected to begin 2026/27 with investments below £40m.

Investments that are not part of Treasury Management Activity

- 3.8 The Council may invest in other financial assets and property primarily for service and commercial purposes that are not part of Treasury Management activity. These activities are subject to similar assessments of risk as for Treasury Management investments. They are approved as part of the capital programme as described in Sections 2 and 3 of this Capital Strategy.

- 3.9 The Prudential Code determines that certain acts or practices are not prudent activity for a local authority and incur risk to the affordability of local authority investment. The Council has complied with paragraph 51 of the Prudential Code, which states that an authority must not borrow to invest primarily for financial return, and states that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority and where any financial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose.
- 3.10 Investment Property: The Council owns Investment Property and may occasionally use capital receipts or other funds to purchase investment properties subject to availability and appropriate financial appraisal. The review of Council assets may lead to operational use ceasing and the asset being reclassified as an investment property either to retain long term for income generation or pending a further decision to dispose of or redevelop the site. The level of borrowing required to finance the Capital Programme is a consideration when reviewing the use of these assets.
- 3.11 All investment properties are revalued annually at fair value as part of the Council's preparation of final accounts and audit process. Consideration is given at the end of each financial year as to whether impairment of any properties is required.
- 3.12 Loans to facilitate Council Policy. The Council may make loans to organisations the Council has an interest in e.g. West London Waste Authority (WLWA), Sout West Middlesex Crematorium Board (SWMCB), Achieving for Children (AfC), academy schools, other service providers, voluntary organisations or other bodies working to achieve Council priorities. The Council's Treasury Policy Statement also covers the terms under which such loans can be made.
- 3.13 The main loans made under this facility at present are:
- £15m loan to WLWA to facilitate the building of a new Energy for Waste (EfW) facility. This was made by Richmond as a constituent authority of WLWA who will therefore benefit from the improved facilities. This loan is now being repaid so the balance is declining. Interest was fixed when the loan was agreed.
 - Revolving Credit Agreement for AfC where the Council shares the cash flow "overdraft" funding for AfC pro rata to its ownership of the organisations with RB Kingston and RB Windsor & Maidenhead. This loan varies with the cash flow of Achieving for Children. As at 31st December 2025 the loan (credit facility) to AfC is at £15.6m.

4 Borrowing

- 4.1 **External Borrowing.** The Council's external long-term borrowing is from the Public Works Loan Board (PWLB) except for £10.5m from Mayor of London's Energy Efficiency Fund (MEEF) and £5m from Barclays Bank. Loans are advanced on a repayment basis in order to minimise cost of carry and future potential loss of investment during market volatility.
- 4.2 The Council also offers deposit facilities to various other bodies and manages invests on behalf of various Trusts. The Council passes on its average investment return to these depositors.
- 4.3 **Internal Borrowing.** This arises where capital expenditure is financed by borrowing but no external loan is taken out. This is effectively using positive cash flow in lieu of external debt. The money still has to be repaid (effectively the Council is not holding the cash required to support its reserves position, and the money will be needed when the reserves are used) but instead of incurring interest costs payable to PWLB or a bank, the Council receives less interest as it holds less investments.
- 4.4 In prior years the Council has had substantial cash balances which were used to support internal borrowing where required as it is cheaper than external borrowing. However, as the Council has a projected continuing need to increase its borrowing, it has to manage the risk of interest rate increases against the current saving. Decisions on capital expenditure being funded from any available cash flow (internal) or formal (external) borrowing will therefore be taken to balance the risks and rewards of both options considering market expectations and the Council's appetite for risk.
- 4.5 The following table shows estimates of the Council's External and Internal Borrowing outstanding balances based upon the currently approved capital programme.

	<u>31st March</u> <u>2026</u>	<u>31st March</u> <u>2027</u>	<u>31st March</u> <u>2028</u>	<u>31st March</u> <u>2029</u>
	£000	£000	£000	£000
External Borrowing				
- Loans	106,214	125,988	133,630	197,129
- Leases/PFI	21,208	16,577	13,073	9,569
Internal Borrowing	100,387	97,130	94,428	89,201
Underlying Need to Borrow	<u>227,809</u>	<u>239,695</u>	<u>241,131</u>	<u>295,899</u>

- 4.6 **Minimum Revenue Provision.** Regulations issued under the Local Government Act 2003 require local authorities to make prudent provision for

the repayment of debt. This is referred to as the Minimum Revenue Provision (MRP) and is funded from revenue (e.g. is part of the Council Tax Requirement calculation). The annual statement on the Council's MRP Policy is contained within the Treasury Policy Statement and approved by full Council in March.

- 4.7 **Voluntary Revenue Provision.** The Council can make more than the minimum prudent set aside to cover debt repayment if it decides that is the best use of its resources in any year. However, this would again be funded from revenue budget and there are other ways to produce future savings in a more flexible way which are more likely to be used.
- 4.8 **Authorised and Operational Borrowing Limits.** Section 3 of Part 1 of the Local Government Act 2003 requires local authorities to set an affordable borrowing limit and operational boundary each year. This is contained within the Prudential Indicators and approved by full Council in March each year. In February 2026, the authorised limit and operational boundary for 2026/27 were set at £163m and £158m respectively and actual external debt (including lease and PFI obligations) is expected to be £143m at year end. It is proposed to set the authorised limit for 2027/28 at £167m and the operational boundary at £162m however there is £20m headroom included in proposed limits set.
- 4.9 **Capitalisation of the Borrowing cost.** Borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset are capitalised as part of the asset's cost, in accordance with IAS 23 Borrowing Costs. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (where the construction period exceeds twelve months). The Council will cease capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Interest and related financing costs incurred during the development of a qualifying asset are added to the asset's carrying value rather than expensed immediately.

SECTION I

Medium Term Financial Strategy



MEDIUM TERM FINANCIAL STRATEGY

SEPTEMBER 2025

Executive summary

1. The Council sets a Medium Term Financial Strategy (MTFS) in order to ensure that it can plan for future commitments, establish a framework for setting council tax, ensure financial sustainability and recognise and address the risks inherent in achieving these aims. The Administration has translated its commitments into a Corporate Plan and the MTFS seeks to ensure that the aims of the Corporate Plan can be achieved within the finance available to the Council. Current themes include pressures on finances from escalating cost and complexity of demand in adults and children's and continuing homelessness, as well as significant uncertainty around future Government funding. The Government issued a consultation over the summer around the Fair Funding Review of the national distribution of local authority funding which significantly removes funding from Richmond. Whilst the final outcome will not be known until the Local Government Finance Settlement for 2026/27 (usually issued in draft in December), latest estimates have been incorporated within the MTFS and therefore finances continue to be run prudently, delivering savings and progressing the Transformation Programme after the finalisation of the Change Programme. We will continue to support vulnerable and less well-off residents through ongoing financial challenges, working closely with our voluntary sector partners.

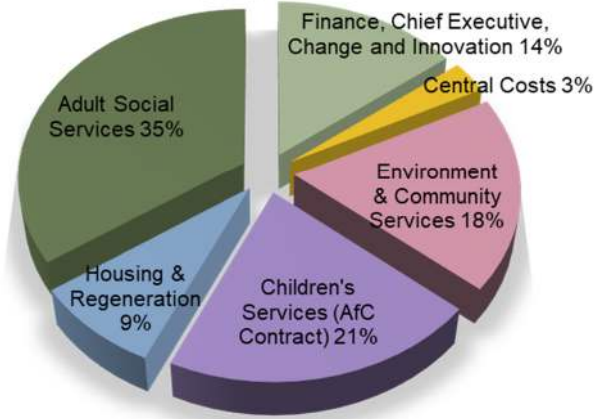
Background

2. The key objective of the MTFS is to set the lowest possible Council Tax consistent with delivering an overall objective to make Richmond fairer and the other objectives of the Corporate Plan, including increased provision of affordable housing and delivering the Climate and Nature Strategy 2025-30.
3. Over the past few years in particular, the Council has successfully supported both residents and businesses within the borough through difficult financial times, navigating through the pressures presented at the time to deliver services to those most in need. The Council was successful in delivering on the Dedicated Schools Budget (DSB)'s deficit recovery plan with the support of the Department for Education funding agreement to bring the fund back into a surplus in March 2024. Since 2018 reserve levels have been increased in order to build a healthy financial base which enables the Council to better deal with what are clear financial challenges on the horizon as well as invest in major projects and priorities for the borough.
4. The Council adapts to be able to meet the increased need for social support whilst delivering on the Administration's priorities and protecting services from cuts through constantly looking for efficiencies. Key priorities include "fairer finances", the delivery of more affordable housing, the climate emergency strategy, investment in youth services and tackling violent crime and anti-social behaviour. Detailed initiatives were set out in the budget to deliver on these priorities and are continuing.
5. The financial pressures impacting on our residents and businesses are fully recognised and are a priority for the Administration which the Administration will continue to work on ensuring that the most vulnerable in our community are supported and cared for whilst achieving fairer outcomes for all residents.
6. The Council itself faces further significant challenges. Whilst the overall level of inflation (Consumer Price Index – CPI) has stabilised since its peak of 11.1% in October 2022, the significant cumulative impact of high inflation remains within base budgets. The Treasury has predicted that inflation will remain at or just above the 2% level for the next four years.
7. Alongside general inflation pressures, the Council faces significant increases in demand for services, in particular within adults' and children's social care and homelessness. Richmond is not alone in facing these demands. Recognising the known service pressures – a mix of both increased costs and increased demand – a total of £11m (over and above inflation) was added to the 2025/26 budget across Council services in addition to the £10m added in 2024/25 to cover expected continuing budget pressures across all services when the budget was set.

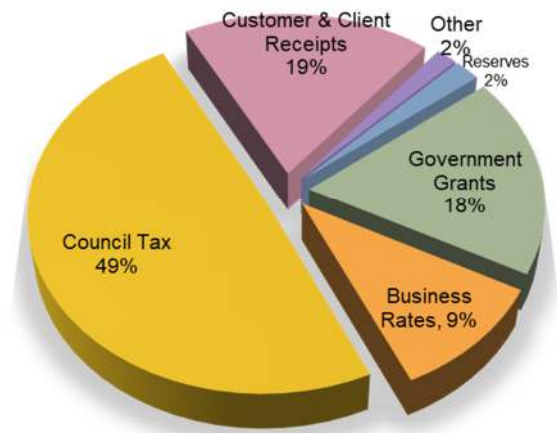
8. Government grant is not sufficient to address the rising complexity of demand and increased costs incurred by local government. The Government published its Spending Review in June 2025, setting proposed budgets through to 2028/29. This included a commitment to real-terms growth in Core Spending Power (CSP), averaging 2.6% annually over the next three years. CSP is defined by the Government as the total funding available to councils to deliver services which includes both Council Tax income and Government Grants. This assumes maximum council tax increases each year (of 4.99% made up of 2.99% for the general rate plus 2% adult social care precept). Council tax increases are expected to account for 80-90% of overall CSP growth, with the remainder coming from Government contributions.
9. However, the distribution of Government funding is set to be entirely reviewed in the Fair Funding Review 2.0, expected to significantly remove funding from London and in particular Richmond. The precise impact of FFR2.0 is difficult to predict until the Government finalises the funding distribution model. However, the latest models indicate that Richmond will potentially lose over 90% of its current Government funding by 2028/29. The Council will continue doing all it can, with the support of local MPs, to lobby Government about the severe and disproportionate impact of these proposals, with Richmond upon Thames set to be the hardest hit of any London borough, and the only outer London borough to be affected in this way. The Council and MPs will continue to seek additional mitigation for Richmond given the disproportionate impact. The exact allocations will be confirmed in the provisional local government finance settlement in December.
10. The Strategy will include taking specific actions in respect of:
 - delivering efficiencies by ensuring the Council's corporate Transformation Programme acts as an enabler for the delivery of better and more efficient services including innovative ways to deliver services to minimise the scope of savings required and protecting front line services
 - continuing to provide support as the economy continues to emerge from the cost of living crisis
 - maximising access to sources of grant funding and
 - continuing to implement plans to deliver the Fairer Finances and Corporate Plan objectives including in respect of affordable housing and the Climate and Nature Strategy 2025-30.
11. Further details on the actions already in progress are provided later in this document. A high level summary of revenue and capital expenditure and income and demand pressures within the borough is overleaf.

? Facts and figures £

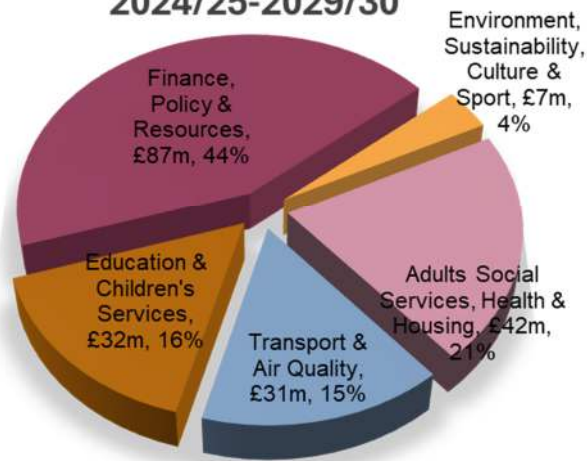
2025/26 Expenditure budget by service



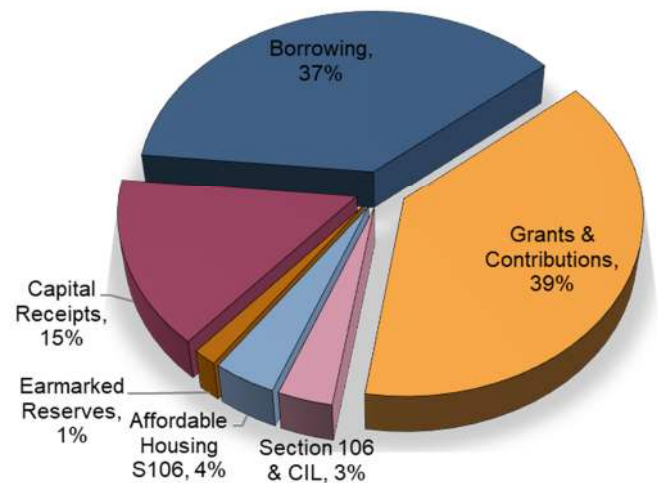
2025/26 Income Budget Analysis



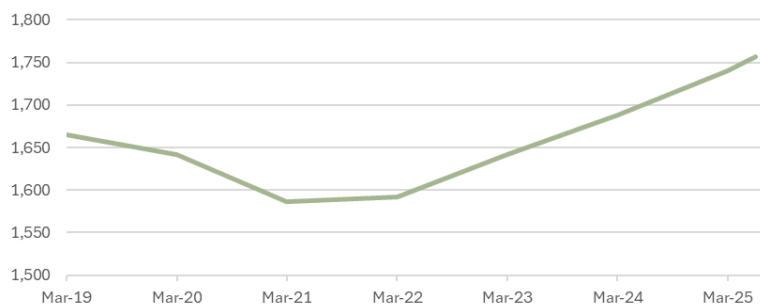
General Fund capital investment 2024/25-2029/30



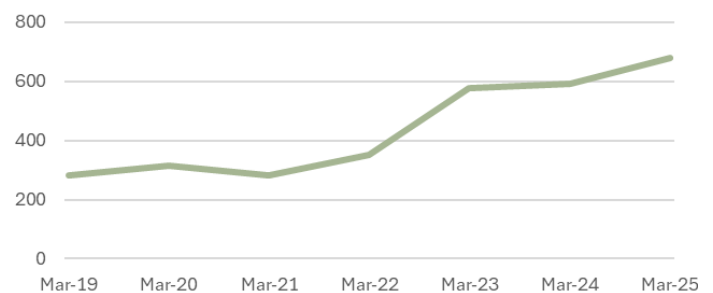
Sources of capital funding 2024/25-2029/30



People receiving services - Adult Social Care



Number of households living in Temporary Accommodation



The current MTFS

12. The MTFS agreed in September 2024 showed that, assuming the achievement of agreed savings plans, the budget gap before Council Tax increases would be:

Year	2025/26	2026/27	2027/28	2028/29
MTFS Gap £	£8.3m	£17.6m	£28.9m	£36.6m

13. The final Local Government Finance Settlement to feed into the budget for 2025/26 was slightly better than assumed in the MTFS and whilst the increase in Richmond's Core Spending Power was 4% this was the second lowest in London above the City of London. Core Spending Power is made up of Government funding for the Council plus locally raised Council Tax and Business Rates. As outlined above, this means that the majority of the increase in spending power is made up of the revenue generated by local Council Tax payers.
14. Despite implementing the maximum allowed Council Tax increase for 2025/26 of 2.99% plus a further 2% adult social care precept set out by the Government, a contribution from reserves of £4.9m was still required to balance the budget.
15. The budget included increased investment in adults and children's services as well as for temporary accommodation costs and provisions for increased inflationary pressures. Latest estimates suggest that the estimate was not enough in order to support the growing number of homelessness presentations causing a predicted overspend of £2m in this area. Whilst other services are largely managing within their budgets, there are still significant pressures within adult social care across all client groups due to both complexity of need and additional demand. The budget also added enhancements to the borough's waste and street cleansing service but also the delivery of a new programme of £7m of efficiencies. It included continued funding for the Council's climate response and a review of the capital budget, with the highest ever investment in pavements and highways to enhance the condition of the road and pavement infrastructure across the borough, and also investment in other key infrastructure in the borough such as Teddington Lock footbridges, leisure facilities, the Council's operational buildings and our community facilities, as well as progressing Twickenham Riverside redevelopment.
16. Since 2010:
- Core Spending Power in 2025/26 is £18m or 8% lower in real terms and has only caught up in the last two years with that gap being £40m less in 2023/24
 - The Council has achieved savings/efficiencies/income generation of over £100m
 - Council Tax (excluding the adult social care precept) has risen by 20% compared with inflation increases over the same period of some 55%.
17. Against this backdrop this Administration has, since 2018, managed to introduce a number of measures, made possible through the delivery of almost £50m of efficiencies, including:
- removing minimum Council Tax contributions for the poorest families and individuals in receipt of Council Tax Reduction Scheme funding, so that they pay zero;
 - setting up a discretionary fund to work with Citizens Advice on extreme hardship cases;
 - continued funding for extra mental health support in schools and funding of Council Tax for care leavers;
 - introducing Real Living Wage requirements for all Council contractors (as well as directly employed staff);

- implementing a Climate Emergency Strategy (now the Climate and Nature Strategy 2025-30), including measures to support active travel;
- delivering the highest ever level of road and pavement repair budgets;
- investing £4.8m in the borough's parks, roads and pavements via the Public Realm Improvement Fund (PRIF);
- increased SEND school places within the borough;
- supporting businesses and residents through the Covid-19 pandemic;
- providing a package of support of £4.5m within the Cost of Living Fund for financially vulnerable households;
- introducing a Voluntary Council Tax Contribution Scheme for those in the Borough who may be able to afford and be willing to contribute a further additional voluntary amount towards specific schemes (typically to directly help vulnerable residents);
- continuing significant increased investment in the community safety team to enable collaborative working with the police to tackle violent crime and anti-social behaviour as well as tackling violence against women and girls;
- supporting refugees across the borough, including achieving Borough of Sanctuary status;
- driving the delivery of more genuinely affordable housing in the borough with 256 units commenced since 2023, and more than 250 additional units planned across the next two years, including at Ham Close, the Elleray Hall site and via our residential property acquisition programme as well as progressing the extensive Twickenham Riverside redevelopment; and
- introducing family hubs in order to provide integrated, all-age and needs-led services to make a positive difference to the lives of children and young people across the borough.

Future forecasting

18. The ongoing impact of inflationary pressures and increased levels of demand for Council services are having a significant impact on the Council's finances. The annual inflationary increases on service budgets cannot be funded in full by Council Tax increases and it is clear that Government funding will not meet the gap – therefore the budget is facing a significant financial challenge. In addition to this, the outcome of the Fair Funding Review means the future for local Government finance continues to remain very unclear.

Government Funding

19. Since 2013/14, general Government funding overall has reduced significantly. However, the distribution formula and data has not been updated since that date. Whilst the proposed FFR now makes an attempt to address this, it is clear that the proposed formulae do not adequately take into account service pressures in boroughs like Richmond in a number of ways, most notably failing to take adequate account of housing costs as a driver of deprivation, failing to reflect the cost of delivering effective children's services, and driving a very high proposed reduction in grant as a result.
20. Previous Governments have incentivised councils not to raise council tax by offering a Council Tax Freeze grant for 5 years from 2011/12 - 2015/16, enabling the council to freeze council tax levels. After successive years of cuts Richmond reached the point in 2018/19 where it received no **general** Government grant. Rather than stopping at that point the Government originally decided to continue applying cuts to Richmond meaning that (in effect) it would be paying an extra tax to the Government – this is what is generally now referred to as "negative RSG". This was somewhat controversial and, following much lobbying and a short consultation, the Government removed negative RSG. This meant Richmond has avoided the loss of £7.5m since 2019/20, with the value in 2024/25 now at around £8m.

21. As part of FFR 2.0, the Government proposes to introduce multi-year (likely three-year) funding settlements from 2026/27. Whilst each local authority's funding will continue to be determined by an assessment of its "needs" (spend) and "resources" (income) relative to the rest of the country, the distribution formulae and data that feed into it will be amended. In addition, for the first time, the resources element will be based on an assumed (notional), rather than actual, level of council tax.
22. The Government defines the total funding available to councils to deliver services as Core Spending Power (CSP):

$$\text{CSP} = \text{Government Grants} + \text{Council Tax Income}$$

23. The proposed "needs" (spend) element will be based on England-wide Relative Needs Formulae for the following key services:

Adults Social Care
Children and Young People's Services
Foundation Formula
Fire & Rescue
Highway Maintenance
Home to School Transport
Temporary Accommodation

24. The Foundation Formula looks to capture demand for all other council services funded through CSP not specifically listed, factoring in population, deprivation etc.
25. The proposed 'resources' (income) element is based on a notional level of Band D council tax (which will increase each year of the settlement), proposed to be approximately £2,000 in 2026/27:

	Richmond	Notional average	Difference
Band D	£1,882	£2,000	-£118
GLA	£490	n/a	-
Total	£2,372	n/a	-

So if an authority's Council Tax is below this level, then the actual council tax income will be lower than this notional level set.

26. Government grant within CSP for each council will be the difference between its "needs" and "resources". The Council's current council tax is below the assumed average rate, and the changes in the "needs" part of the formulae are also adversely impacting the Council. Richmond is still receiving transitional protection for grant losses introduced in 2013/14 which means current grant levels are higher than would otherwise be received (worth approximately £17.5m or over 200% additional funding at that time) including not being subject to the "negative RSG" outlined above. This means that Richmond suffers a 'double-hit' and is particularly affected. In addition, several grants currently listed separately are proposed to be consolidated into the new funding distribution.
27. Overall, these factors taken together are leading to a significant drop in the Council's overall future funding. Initial modelling suggests an overall loss of grant in the region of £45m a year once the funding redistribution has been fully implemented. It is not clear how Government intends to address below-notional council tax i.e. if/how councils will be expected to mitigate grant losses through higher council tax increases, as no changes have been proposed to the council tax referendum limits at this stage.

28. The Government is aware of the scale of the potential financial impact its redistribution will have on some councils and has therefore proposed that a phased approach to implementation is taken. A zero (i.e. cash flat grant) funding floor for three years has been proposed for the majority of those expected to lose out. However, for certain local authorities who are expected to be disproportionately affected by the changes (8 in London) – including Richmond – a negative funding floor (i.e. cash loss) has instead been proposed. The consultation also proposes that any protection offered through a funding floor assumes local authorities use their full council tax increase flexibility each year which means that grant funding will reduce over time as CSP replaces grant with annual council tax increases.
29. Proposals include transitional protection for the next three years, to align with the current Spending Review period. Historically protection on funding changes has been applied over much longer periods as necessary and so it could be that future transitional protection may be given beyond this period, although no commitment has been made at this stage.
30. Based on the modelling from three separate organisations of the impact of FFR2.0, Richmond is expected to lose the highest percentage of grant in London and the country as relative needs (as assessed by the new funding formulae) are lower than the resources it has available. The Council considers the funding formulae flawed and has raised this within its consultation response and lobbying. The overall phasing for Richmond would be an overall grant loss of £12m in 2026/27, rising to £27m in 2027/28 and £45m in 2028/29. These figures have been included in the framework modelling at this stage but will be kept under review as this could change as Government considers consultation responses and the full impact of its proposals
31. The Fair Funding Review consultation closed on 15th August with the Council submitting a detailed response highlighting the significant impact for Richmond. Lobbying will continue to fight for a much fairer settlement for Richmond residents.

Dedicated Schools Budget (DSB)

32. Since the Children and Families Act 2014 - which changed the requirements associated with assessing pupils with special educational needs and disabilities, extended the age range covered by the legislation from 5-16 years to 0-25 years and replaced Statements of Special Educational Needs with the requirement to produce holistic Education Health and Care Plans (EHCPs) - councils across the country have experienced a significant 40%+ overall increase in the number of EHCPs. Richmond prior to any action plan had a High Needs funding deficit of around £3m annually and had a cumulative deficit of £8.0m on the ringfenced DSB fund at 31st March 2018 inherited from the previous administration.
33. After extensive lobbying of the Government, in March 2021 a 'Safety Valve' funding agreement was made with the Department for Education in which the Council received £20m over a five-year period to remove the cumulative DSB deficit with a contribution from the Council of £1.2m in each of the five years to plug the remaining gap. The full safety valve funding has been received and as a result the cumulative deficit was turned into a surplus of £1.17m at 31st March 2024 but the continued increase in the number of EHCPs pushed the fund back into a deficit of £0.225m at 31st March 2025. The safety valve agreement included a £1.2m Council per year contribution which has now also finished and there is no further funding.
34. Latest estimates at this stage in 2025/26 predict an in-year overspend of £4.34m. The principal pressure remains the underfunding of high needs education services directly related to the levels of need and rising cost of supporting those needs. The number of EHCPs continues to increase although the increase in Richmond is below the national averages. Fundamentally the base funding available within the DSB is not enough to meet

costs and predicted future demand pressures and so as the additional funding has fallen away, the predicted risk that the deficit will grow again without further measures from Government is coming to fruition. The Government has committed to reforming the SEND system to address the unsustainable pressures on local authorities but concrete proposals are still awaited.

Areas we can predict and other risks/opportunities

35. **Inflation** – prior to 2022/23, inflation was built into the MTFS at an average of 2-3% each year and varied where more specific information is available. Over the two years since then inflation increased to around 6-10% each year. Latest estimates for inflation in 2025/26 and future years range as follows:
- (i) Salaries: the 2025/26 pay award for Council staff was agreed nationally in July at 3.2%. An allowance of 2.8% had been set aside in 2025/26, causing a small overspend pressure. A further annual increase of 2.5% in thereafter has been assumed.
 - (ii) Contracts: the Council has a significant level of outsourced services which run under contract with the private and voluntary sectors. Most of these contracts have either specific inflation indices built into them (often CPI linked or industry specific or Real Living Wage (RLW) rises) or require renegotiation on an annual basis such as social care spot purchases. Whilst CPI inflation dropped to around the Government's 2% target a year ago, it rose again to 3.8% in July 2025 and the Council continues to experience higher than normal inflationary pressures. The Bank of England predicts CPI inflation to peak again at 4.0% in September 2025 and not reach the Government's inflationary target of 2% until mid 2027. CPI does not explicitly include the cost of increased National Insurance contributions which occurred from April 2025 though prices should implicitly include increased producer costs. A number of contracts strongly weighted to staff based services are likely to incur higher inflationary increases than CPI. The Council will continue to seek to negotiate lower increases where possible however this continues to be difficult in the current climate. In addition, the Council has committed to paying the RLW across all of its contracts which is set by the Living Wage Foundation and so outside of the Council's influence. Latest estimates assume an average inflation allowance for contracts of 3.5% within the MTFS for 2026/27 to reflect the combination of CPI and RLW increase expectations.
 - (iii) General prices: no allowance has been made for inflation on other items except where stated below.
 - (iv) Energy: The energy price cap is revised quarterly with the latest figures for the period October 2025 to December 2025 recently published. Year on year this represents a 2% increase in the average household bill though this figure would have been 10% based on the July 2025 – September 2025 figures. Wholesale prices are currently falling but other costs are increasing. It is unclear if the Council will see a reflection of this wholesale reduction when annual prices change under the contract in October. For the current model it is assumed that there will be very little change to prices during 2025/26 but a prudent low-inflationary increase in 2026/27 onwards has been modelled. However, estimates are yet to be received from the Council's contract provider.
36. Current estimates for the impact of 2025/26 inflationary levels are broadly in line with that estimated when setting the 2025/26 budget (£8.9m). In addition the overall inflation contingency is expected to add around £8.0m to 2026/27 budget pressures. Inflation overall is causing a significant financial challenge for budgets.
37. **Service pressures** – the 2025/26 budget agreed additional growth of £11m to fund substantial pressures on the demand and cost of council services on top of what were

thought to be unprecedented levels in 2024/25 (£8m). In particular, £9.2m ongoing annual budget was added for demand growth in relation to care packages in social care and homelessness arisings.

- (i) Adult social care – whilst there has been a greater national drive for integrating care and pooling resources with the NHS through the Better Care Fund, and the ability to raise a higher level of Council Tax to help support adult social care as well as continued elevated social care grant awarded in 2025/26, there are still significant demand-led pressures across all client groups. The most significant pressures are brought about by an increased level of care needs, and where the current pressure on the NHS is having an impact on adult social care, particularly in the discharging of patients (many with complex needs) into the care system. Whilst the planned national adult social care reforms have been scrapped, councils remain concerned that service pressures need recognition in longer-term funding settlements and a review of the expectations set for local Government and the costs borne by local tax payers.
 - (ii) Social care for children – pressure on social care budgets has been seen in particular in relation to providing care for our looked-after children. The average cost of residential placements has increased due to an increasing proportion of children being supported in the more expensive residential or independent foster placements as opposed to more affordable in-house foster placements. This is due to the complexity of young peoples' needs and the availability of in-house foster placements. This is leading to around 30% increases in costs since 2022/23. The service is having continued challenges in recruiting permanent social care staff, exacerbated by the additional staff needed to support the high number of referrals. Of significant concern is the continuing rise in the cost of placements which reflects not just high inflation but also limited supply of available placements and an increasing complexity of need. Whilst the forecast against the budget provision made in 2025/26 is showing a small overspend, this is largely due to compensating underspends elsewhere. A significant amount of work is underway to transform social care and early help services.
 - (iii) Homelessness – there are continuing and growing pressures on temporary accommodation; particularly with increasing numbers of homelessness admissions at levels above those assumed when the budget was set. The council continues to be restricted in the amount that can be recovered from clients due to housing benefit levels being frozen at 2011 Local Housing Allowance rates and government grant support being insufficient relative to the financial challenge. Officers continue to bring forward proposals to seek to mitigate demand and/or reduce the cost of accommodation through alternative options for supply (including direct provision via capital acquisitions), whilst actively lobbying government in conjunction with partner organisations in relation to seeking national and regional solutions to the growing pressures.
38. **Demographic changes** – both nationally and locally councils face increasing demands from an ageing population and a young population with different support requirements. Despite the additional budget added in the last two years, there are still some further pressures within adults and children's social care which are currently being contained. The MTFS recognises the ongoing impact and estimates future growth for demographic pressures of £1m for both adult and children's social care in year one with a further £1m per annum which is reviewed each year as budgets are set. Total service user numbers within adult social care have increased from 1,684 to 1,730 between March 2024 and 2025 and are now at 1,757 in June 2025.
39. **Council Tax base and the Collection Fund** – last year's MTFS assumed an increase in the Council Tax base of 300 for 2025/26, representing the increase in the number of residential properties in the borough. The actual increase was 462. This year continues to expect an increase in the region of 300 per year.

40. **Capital programme** – funding of the existing agreed five year capital programme is built into the MTFS and this is subject to review both in relation to the delivery of the Council's priorities and the affordability of the ongoing programme. A full review of the affordability of borrowing took place during 2024/25 to establish the affordable capital financing commitment as a proportion of the net budget requirement each year. The Council is very aware that to deliver the investment ambition there will need to be additional external borrowing and, at this stage, additional capital financing has been built into the MTFS from 2026/27 onwards to fund this. For 2025/26 the estimated additional annual revenue cost of borrowing to support capital spend is £5.3m.
41. **Cost of living crisis** – given the seriousness of the crisis facing households through recent years and particularly during winters, it continues to be a Council priority to ensure a full range of policy responses are considered to support residents and businesses at this difficult time. A wide range of initiatives have been completed, in particular working cohesively across Council services and in partnership with voluntary sector organisations, with more underway. The Council allocated £4.5m from reserves to deliver a response to this crisis and £3.9m of this has already been allocated, with a further package of support of £6.7m through the use of the Household Support Fund and the UK Shared Prosperity Fund. Funding within the Household Support Fund is confirmed until the end of March 2026 but funding beyond that date is unclear.

“Fairer Finances” and delivering Council priorities

42. The Council will focus on managing the impact of the cost of living crisis in the local area, supporting residents, schools and children, businesses and the voluntary sector and keeping the Council's finances on a secure footing.
43. The Council will not lose sight of its wider objectives to invest in good local services while protecting the most vulnerable in our community and investing for the future. The Council has set out in the Corporate Plan what it aims to do to promote a fairer deal for all those that live in the borough and how it will work with residents to ensure they have a fair say in decisions that affect them. A number of these have been outlined in paragraph 17 above already.
44. The Council is continuing other corporate plan priorities including:
- (i) The Council is taking bold steps toward its ambition of becoming carbon neutral as an organisation by 2030. It has launched the **Richmond Climate and Nature Strategy** and supporting annual action plan which sets out how the Council's carbon footprint will be reduced and air quality improved. The majority of such investment is likely to require capital funding but the Council will also be considering how it uses existing Climate Change Reserves and has budgeted additional revenue funds to help manage the necessary changes which should generate longer term efficiencies from lower operating costs. In addition, this work will help to mitigate future costs associated with the Emissions Trading Scheme which could add additional pressure to council finances as carbon emissions from the waste incineration process have to be paid for.
 - (ii) The Council is working to deliver more **Genuinely Affordable Housing** within the borough and the capital programme allows for significant funding contributions to drive this, in partnership with housing associations and other developers. The Council is also looking to maximise the use of its own sites for affordable housing, and has acquired 46 properties since 2022/23, 17 of which are now with Richmond Housing Partnership for letting, with the remaining 29 under the Council's direct management. The Development Pool contains funding for a further expansion of the acquisition programme which will seek to acquire another 50 properties on an 'invest to save' basis when compared to the cost of provision of more expensive alternative

forms of temporary accommodation, making better use of council resources whilst providing much-needed TA in the borough, close to residents' support networks.

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

Capital programme

45. As in previous years this MTF focuses on the revenue budget. A review of the capital element of the MTF and the capital programme for 2024/25 to 2029/30 is set out in a report to the Finance, Policy and Resources Committee on 13 February 2025 with cashflows updated in a subsequent report to the same Committee on 25 September 2025. The revised capital programme totals around £279m over the six-year period.
46. The table below shows some of the key capital financing expectations for future years. Importantly, external debt is likely to rise unless new sources of alternative funding can be identified. The potential increase in borrowing costs will be spread over a number of years as the Council will run down its internal cash holdings in the short term which will help to limit its impact on Council Tax. Given the overall revenue projections it is clear that the Council will need to continue to review its commitments for the future carefully to ensure its capital ambitions remain affordable.

Funding sources	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	2029/30 £000s	2030/31 £000s
Total Capital Expenditure	110,622	105,218	29,862	17,212	14,213	2,184
Revenue, reserves, capital receipts	38,461	40,900	6,516	7,375	7,199	2,184
Grants and contributions	5,878	24,654	5,195	465	240	0
Borrowing (internal and external)	66,283	39,664	18,151	9,372	6,774	0
Opening Capital Financing Requirement (CFR)	198,576	264,859	304,523	322,674	332,046	338,820
Borrowing (internal and external)	66,283	39,664	18,151	9,372	6,774	0
Implied underlying need to borrow (CFR) at end of year	264,859	304,523	322,674	332,046	338,820	338,820

47. The underlying need to borrow at 1st April 2025 was £198.6m which was increased from £174m at 1st April 2024. Under the revised capital programme the estimated need to borrow at the end of 2025/26 is a maximum of £264.9m, although no new external borrowing has been taken at the mid point of the year. The actual level of outstanding external borrowing at 1st April 2024 was £111.8m, with £15.6m internally borrowed. Total external borrowing has reduced from levels of £132.2m in 2020. The difference between the underlying need to borrow and existing external borrowing is that the underlying need will include future estimates and doesn't necessarily need to be borrowed externally.

48. The above table shows that the Council still has a significant capital programme. Looking at the current programme, although some is funded through Government grant, the plans continue to include assumed increases in borrowing. The Council believes that it is essential that central Government provide more direct capital funding (particularly for schools and major infrastructure). Of particular note is the continued uncertainty around future Transport for London funding and the impact this may have on the borough's infrastructure needs, plus the current funding gap for the planned delivery of much needed additional SEN school places.

Latest MTFS Position

49. The latest position has significantly worsened since the last update as a result of the proposed funding reform. Although individual allocations will not be published until late Autumn, the proposed changes to the funding formula are expected to have a significant adverse impact on the Council's budget position. As outlined in paragraph 9 above, initial estimates have suggested that Richmond will lose over 90% of current Government funding over the period 2026/27-2028/29. The table below incorporates that estimate into the current MTFS including the areas discussed above to provide an indicative potential budget that the Council will need to fund. It identifies how much of a gap there is between costs and current best estimates of funding. In particular:
- (i) Expected Government grant funding reductions as a result of the Fair Funding Review 2.0 redistribution of grant of £45m per year by the end of the MTFS period, estimated to be profiled -£12m in 2026/27, -£27m in 2027/28 and -£45m in 2028/29.
 - (ii) Increased demand/complexity of need experienced within adults and children's social care is limited to a further £500k per annum in both areas in future years with any further demand pressures managed by management actions across all services.
 - (iii) The expiry of the Private Finance Initiative (PFI) Care UK contract at the end of 2025/26. An estimate has been included from 2026/27 for the revised service cost as well as for the loss of government PFI grant, currently worth £0.8m annually.
 - (iv) There is no further assumed top up of the DSB deficit from the General Fund.
 - (v) The concessionary fares levy, paid to Transport for London and based on passenger journeys on public transport from the prior 18 month period reflects estimates of usage and inflationary uplifts based on TfL modelling.
 - (vi) The delayed impact of the Environment Act 2021 is minimal as requirements around the standardisation of recycling and waste collection across the country are unclear and will be funded from balances held within the Waste and Recycling Reserve.
 - (vii) Separate allocations set aside to tackle the cost of living crisis within the Emergency Funding Reserve (£1.8m) and the remaining Government grant received within the Refugee and Homelessness Support Reserve of £6.0m will gradually be drawn down to fund targeted support in those areas and to assist with the wider homelessness pressures.
 - (viii) The modelling assumes that all of the remaining Financial Resilience Reserve balance of £25.6m at the end of 2024/25 will be required to help mitigate against pressures. Whilst overall general reserve levels available to supplement council tax total £47.2m at the end of 2024/25, some of these are already committed to the initiatives outlined in (vii) above with any remainder required to balance the budget in the short term.

Year	2026/27 (£000)	2027/28 (£000)	2028/29 (£000)	2029/30 (£000)
Current Council Tax Requirement 2025/26	£169,617	£169,617	£169,617	£169,617
Inflationary pressures	8,000	16,000	22,500	29,000
Demographic pressures	1,000	2,000	3,000	4,000
Homelessness TA pressures	3,000	3,000	3,000	3,000
Other growth items	130	230	230	230
Expiry of Adults PFI contract	1,800	2,100	2,100	2,100
Previously agreed efficiency/ income plans	-3,595	-5,355	-6,347	-7,117
Change programme efficiencies	-751	-1,024	-1,133	-1,146
Levies/charges from other bodies	650	1,300	1,950	2,800
Removal of temporary budgets	-337	-726	-216	-216
Treasury changes including capital investment	2,300	4,700	7,400	8,100
Removal of assumed use of reserve	4,870	4,870	4,870	4,870
Council tax base growth	-593	-1,215	-1,868	-2,554
Fair Funding Review 2.0 - loss of grant	12,400	27,100	45,100	45,100
Final MTFS mid-case budget	£198,492	£222,597	£250,203	£257,784
Budget Gap <i>increase to be covered by further use of reserves/Council Tax /additional savings</i>	£28,874	£52,980	£80,586	£88,167
Government assumed Council Tax Increase at 4.99%	-£8,464	-£17,350	-£26,680	-£36,475
Revised Budget Gap after Council Tax Increases	£20,410	£35,630	£53,906	£51,692

Closing the budget gap

50. Future years contain further uncertainties, but the gap is expected to worsen by the impact of inflation over time and also the continued drop in Government funding. This gap must be closed by a combination of improved Government funding, increased income (including council tax), cost reductions or the use of reserves. The parameters for increasing council tax have been confirmed over the Spending Review period to be set at 4.99% which incorporates 2% for the social care precept plus 2.99% general increase. In calculating the grant allocation within FFR2.0,

Government has assumed council tax is increased by the maximum and grant funding has been set out in FFR2.0.

51. Decisions on council tax are taken annually in March as part of setting a balanced budget for the coming year and will continue to take all matters into account, including the impact on residents of any increases and other financial support the Council can offer those households in financial need.
52. Whilst reserves are available in the short term to close the immediate gap, based on the latest assumptions, these would be **depleted in full during 2027/28** based on current planned use and funding gaps. A full review of all reserve balances and their planned use will therefore be required alongside a fundamental change to the way the Council operates via a new Transformation Programme which will tackle the longer-term budget gap and mitigate reserve use in the short/medium term where possible.

Conclusion

53. To summarise, service demand pressures are high and show little sign of abating and levels of inflation remain higher than predicted 12 months ago. The national Fair Funding Review proposals are significant for Richmond and will exacerbate the position further.
54. The Council is in a strong financial position to deal with these challenges as significant reserve balances can be deployed to mitigate against the impact of these rising costs and grant loss. Current reserve levels enable a planned drawdown of reserves to deliver a balanced budget and protect services in the short-term. However, the Council will require significant ongoing reductions in spend levels or increases in income (service income or council tax) to maintain financial sustainability as otherwise reserves will be exhausted over the period of the MTFs and an ongoing funding gap will remain.
55. The Transformation Programme will be used to drive change throughout the organisation, and the pursuit of further income generation possibilities and the identification of potential efficiencies will be needed.
56. Overall, the future local government finance position still remains very uncertain and projections are difficult to make. The Fair Funding Review will be significant for Richmond and the Council will continue to lobby the Government about its proposals, to include a fair distribution of needs formula and a more sustainable approach to transitional support. The outcome will not be confirmed until December. Beyond that, there are still many risks relating to service delivery pressures and cost inflation, without compensating increases in income, that signal an ongoing and significant budget gap.

Key actions and reports in the next six months

57. The following summarises the key actions and reports that will impact on the Council's budgetary position in the next six months:
 - Continued lobbying of MHCLG in co-ordination with MPs and London Councils
 - Continued monitoring of the impact of, and response to, the current demand pressures
 - Government publishes responses to the FFR2.0 consultation and publishes final proposals alongside the Local Government Policy Statement in the Autumn

- Q2 monitoring report – November 2025
- Performance monitoring reports (quarterly)
- Development of the business cases required to deliver the Transformation Programme
- Local Government Finance Settlement 2026/27 – December 2025
- Committee budget proposals – January/February 2026
- Q3 monitoring report – February 2026
- Revenue and capital budget reports and Council Tax proposals – February/March 2026

58. The above will all be monitored via reports to the Committees as appropriate.

APPENDICES

Annex 1 – Sensitivity analysis of projections

Annex 2 – Working with our key partners

Sensitivity analysis of projections

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

Description	2025/26	
	£'000	%
Employee Costs	68,495	12.5%
Premises Costs	18,972	3.5%
Transport Costs	1,598	0.3%
Supplies and Services Costs	20,686	3.8%
Third Party Payments	223,859	40.9%
DSG Expenditure	183,823	33.6%
Transfer Payments	55,480	10.1%
Support Services	1,774	0.3%
	<u>574,688</u>	<u>100.0%</u>
Funded by:		
Income from Fees and Charges etc.	-64,415	11.2%
Housing Benefit Subsidy	-44,967	7.8%
Government Grants:		
Retained NNDR	-30,528	5.3%
Specific Government Grants	-78,619	13.7%
Non Ring Fenced Grants	-3,713	0.6%
DSG	-183,823	32.0%
Collection Fund Surplus	-1,000	0.2%
Transfers from Reserves	-6,895	1.2%
Council Tax	-160,728	28.0%
	<u>574,688</u>	<u>100.0%</u>

2. Third party payments are mainly contract based expenditure and include care budgets, waste collection and disposal, and ICT expenditure.
3. The largest variable elements of the budget are staffing costs, third party payments and income, predominantly from fees and charges for services. Relatively small changes in these have a significant impact on the overall financial position.
4. The model assumes that the budgetary effect of general inflation is restricted wherever possible but, to put inflation in context, a 1% increase equates to £0.7m in staff costs and £2.8m in other costs (excluding housing benefit payments and DSG).
5. Although the exact impact of future demand pressures cannot be known, there is a significant underlying risk related to the level of social care that may be required. The Council currently spends approximately £119m on the provision of children's and adult social care so a 1% increase in costs or client numbers would cost £1.2m. This expenditure is mostly included in the third party costs figure in the table.

6. The Council generates income from a number of key sources (e.g. planning fees, building control fees and parking charges) which are subject to fluctuation over time across economic cycles. These and other income streams support large expenditure budgets which do not reduce in the same way as the income budgets thus putting pressure on the overall budget. There will remain the underlying risk of shortfalls in income due to the wider economic conditions. The continued cost of living crisis is also having some impacts on income levels. The Council currently budgets to collect around £64m in fees, charges and non-Government grants or contributions. If the Council underachieved these budgets by 1%, it would lose £0.6m in income.
7. The overall impact of a 1% adverse change in all these factors would be a cost to the Council of approximately £5.3m, which is equivalent to around £59 per annum on a Band D Council Tax bill. This clearly illustrates the potential impact of the volatile risk factors underlying the budget.

Working with our key partners

1. At the same time as local Government is facing very uncertain costs and levels of funding, we must recognise that our other key partners also face significant pressure – the local NHS Integrated Care Board (ICB), the voluntary sector who partly rely on public sector funding and support, and our local schools are particularly important for the quality of life in the borough.
2. The Council has a statutory role through the Health and Wellbeing Board to bring together strategic partners to plan how best to meet the health and care needs and improve the health and wellbeing of the local population, making most effective use of resources in the local health and care system. The enactment of the Health and Care Act 2022, enables greater integration between partners across the health and social care sector. This includes collaboration between partners who can address the wider determinants of health by removing barriers to data-sharing and enabling joint decision-making and greater collaboration within the NHS, between trusts, and between the NHS and other systems partners, including local authorities. The South West London Integrated Care Board has appointed Place leads and determined which aspects of service are to be managed at a local level and at a sub-regional level. The statutory place and SWL Integrated Care Board and partnership committees are key structures for the joint planning and management of integrated health and care services locally.
3. The Council continues to work closely with local health partners on implementing place-based arrangements to ensure joined up health and care services for residents. This includes the ambition for further pooling of health and care budgets with appropriate risk sharing as part of the ICS. There is a renewed focus on optimising impact of the Better Care Fund Grants which are focussed on integrated delivery of services and in managing pressure in health and care system. There are several structures and plans aimed at bringing system wide approaches to addressing the needs of local people making best use of local resources. The Council continues to work with the Local Government Association to press for adequate long-term funding for social care to provide stability and extra capacity in local care systems, which will also assist in supporting NHS partners to help relieve pressure on health services.
4. The partnership between the ICB (Integrated Care Board), Council, and Police is crucial in the realm of safeguarding. The Richmond and Wandsworth Safeguarding Adults Board (RWSAB) enhances collaborative efforts across a wide geographic area, fostering increased learning opportunities throughout both boroughs and aligning with the Police Basic Command Unit and ICB footprint. The 5-year overall priorities for RWSAB are around Prevention and Early Intervention, Making Safeguarding Personal, Quality Assurance and learning from reviews, and linking with the wider system via other partnerships across South-West London (i.e., quarterly group of SWL Chairs and Managers, with Children's Partnership in Richmond and Wandsworth, as well as Health and Wellbeing Boards and Community Safety Partnerships).
5. The ICB (Integrated Care Board), Police and Council partner again within the statutory Community Safety Partnership, alongside other statutory organisations such as the Probation Service, London Fire Brigade and voluntary and community led organisations. The focus is on embedding partnership/multi-agency working to respond to crime and anti-social behaviour in the borough.
6. Recent budget cuts to policing make it even more important for the council to work closer with the police through the Statutory Community Safety Partnership and regular operational partnership meetings to ensure the police and wider criminal justice agencies remain responsive to the crime and ASB that impacts on our local communities. Richmond remains one of London's safest boroughs, this is maintained through strong strategic and

operational partnership working with regular monthly meetings taking place between the police and the leader of the council.

7. The Council continues to support the borough's high streets during challenging economic conditions. All the borough's town and district centres now have a similar level or increased level of spend compared to pre pandemic. They also all have an increased level of transactions (MasterCard data). An exception is Richmond town centre where weekend spend levels remain below pre-pandemic levels. Recovery stalled during 2023 and spend declined, reflecting broader economic conditions but also the impact of the Manor Circus roadworks. The Council is undertaking an in depth analysis of the challenges faced by Richmond town centre and is developing a forward strategy to ensure the borough's largest town centre can fulfil its potential. Footfall data across the borough's town centres (provided by BT) suggests there may have been some decline in visitor footfall in recent months, although this is subject to further investigation and verification. This may reflect prevailing economic conditions, although there has been no corresponding drop in spend or number of transactions.
8. Following a year long "Shop Local" campaign during 2023, the Council continues to promote high street businesses and has produced an Independent Shops directory. The Council's Public Realm Improvement Fund has worked with local businesses and communities to develop interventions in a number of high streets with schemes in Teddington, Heathfield and Castelnau currently being implemented. A draft Night Time Strategy (NTS) for the borough is currently being consulted on with an ambition to make the night time (everything between 6pm and 6am) a better experience for people living, working, and visiting the borough.
9. The Richmond upon Thames Partnership is a cross-sector partnership that brings together senior leaders from key organisations delivering services and working with communities across the borough. The last Richmond Partnership Conference took place in November 2024 and was focussed on sharing challenges faced by local organisations, exploring opportunities to work together and support one another, and generating ideas on how partners can best collaborate to meet local needs. On the day, partners highlighted several priority areas for joint working, including assets and funding, health and social care, volunteering, and employment and skills. A further event is being planned for December 2025 to build on momentum and further progress partnership working on shared priorities.
10. The Council continues to work closely with the local voluntary sector, in particular recognising and championing the efforts the sector plays in supporting the community. It is vital that we work to make the best use of all the resources available in the local area. The Council meet with the VCS regularly through forums, local partnership working and ensuring they are included in our wider work around strategic partnerships. The Council recognises the support provided to the local community from the many voluntary organisations including their volunteers, which help to ensure the local community maintains its strength and cohesiveness and contributes towards strengthening community participation and strengthening community capacity – helping us meet the needs of our communities. The Richmond upon Thames Compact is a written understanding between the voluntary and statutory sector (London Borough of Richmond upon Thames and the Integrated Care System) as to how they should work together and ensure a mutually beneficial relationship exists. The Compact aims to build upon our existing commitment to partnership working by setting out our shared principles and how we will consult, involve and manage our resources together. The Council works with Richmond Council for Voluntary Services (RCVS) on embedding the principles of the Compact in how both partners work together and with the voluntary and community sector. The Council also commissions RCVS to deliver capacity building services that help organisations become more resilient and sustainable, and able to respond to new financial challenges and changes in demand for their services. The Council works with many voluntary organisations and local people in a range of partnerships such as the Homelessness Forum, Citizens Advice Richmond Advice Forum and Learning Disability Partnership Board.

11. We are determined to maintain a strong relationship between children's services and our local schools who are so vital in providing the best start in life for our children and young people. We have strengthened our provision for mental health services within schools and, through the Richmond Upon Thames Voluntary Fund, we continue to support local charities to provide further support in this area. Since 2020/21, when the fund was established, almost £0.75m has been raised to support charities focusing on children's mental health and young carers. A particular concern in the longer term continues to be the lack of adequate funding to meet the needs of the growing number of young people with Special Educational Needs and Disabilities (SEND), and associated transport costs, which is placing significant financial pressure on schools and the Council. These young people are amongst the most vulnerable in our community and as part of this strategy we will continue to lobby for adequate levels of funding to ensure they are all appropriately supported.
12. The Council supports small businesses and early stage entrepreneurs with advice through a comprehensive programme of business advice services with further support available through the Richmond Business Hub. The Council has enhanced its support to entrepreneurs and small businesses through additional resources from the UK Shared Prosperity Fund. The Zenith Enterprise programme has been extended and is now supporting 40 businesses and 25 start-ups this year. The Greening Your Business scheme will help 15 businesses improve their environmental performance and achieve Level 1 accreditation of the Green Mark scheme; an extended ReCreate Richmond programme targeted at creative businesses will support a further 15 businesses.
13. The London Growth Plan, launched in February 2025, sets out a framework for improving the capital's productivity growth, increasing exports, raising incomes of low earners and accelerating progress towards net zero. The South London Partnership's Ambitions document sets out the conditions for achieving this in its partner boroughs through place-based innovation and business growth, workforce development and improved connectivity. Richmond upon Thames contains important assets referenced in both documents – a strong research base, visitor economy, creative sector and excellence in professional services. The Council will formulate its response to the new policy context and the importance of investing in the borough to improve the business start-up rate, workforce skills and career progression, acknowledging the importance of enabling factors such as housing choice and sustainable transport.

APPENDIX B

The Transformation Programme

The eight following portfolios have been identified, and initial objectives and scope have been outlined. This will be refined over the coming weeks with input from our consultancy partner, once appointed.

Portfolio	Lead Member	Sponsor	Description
Adults Social Care and Health	Cllr Allen	Executive Director of Adult Social Care and Health	Promote independent and healthy lives, and review thresholds, structures and processes, and commissioning strategies. Promote neighbourhood integration with health and seek to optimise outcomes from overall health and social care funding. Use data and AI for targeted commissioning and more efficient processes
Children's Services	Cllr Cambridge	Executive Director of Children's Services	Target early help to enable children, young people and their families to thrive. Use data and AI for targeted commissioning and more efficient processes. Implement the government's social care reform agenda, reviewing thresholds, structures, processes, and commissioning strategies. Reform SEND provision to remain within DSG funding.
Resident services	Cllr Neden-Watts	Executive Director of Environment and Community Services	Create focussed, seamless and efficient 'day-to-day' services for residents and businesses, across all forms of housing tenure. Review provision and explore opportunities for greater efficiency, income-generation and commercialisation.
Place and Growth	Cllr Giesler	Interim Director of Place	Deliver a widely-defined growth programme to provide better neighbourhoods, more housing and increased economic opportunity, including higher pay and greater participation in the labour market. Maximise council income through broader council tax and business rate taxbases, and via CIL and section 106 income
Corporate Services (quality and efficiency)	Cllr Millard	Executive Director of Finance	Improve the quality and cost-effectiveness of corporate services, supported by enhanced data and AI
Early intervention and prevention of increased service demand	Cllr Cambridge	Executive Director of Change and Innovation	Through connection and engagement with residents, deliver a data-driven programme of early intervention focussing on the prevention of increased demand for health and social care, homelessness and children's social care

Single resident and business interface	Cllr Ehmann	Assistant Chief Executive	Implement a single customer interface for all council services based on the most cost-effective contact and fulfilment methodologies, using data and AI
Assets	Cllr Millard	Interim Executive Director of Housing and Regeneration	Based on analysis of all assets in council ownership, devise and implement a strategy for 'utilise, develop, dispose' to enable rationalised asset use for service delivery, for development, and disposal to generate capital receipts

Flexible Use of Capital Receipts Strategy (as updated)

Introduction

1. The Flexible Use of Capital Receipts was last approved via the MTFs in September 2024.
2. The Government introduced the Flexible Use of Capital Receipts in 2016 to give local authorities the freedom to use capital receipts to help fund the revenue costs of transformation projects and release savings. The regime was originally intended to run until the end of 2021/22, this was subsequently extended to 2024/25, and following a further announcement in November 2024 the regime has been extended to 2029/30.

Criteria to Assess Relevant Projects

3. Government guidance requires each authority intending to use the flexibility to prepare a "Flexible Use of Capital Receipts Strategy" to be approved by full Council and reported to the Ministry of Housing, Communities and Local Government. The Strategy should contain details of projects intending to make use of the flexibility, including amount of planned capitalisation using the flexibility, and the savings and service transformations expected to result. The guidance gives a wide range of projects that could generate qualifying expenditure, although the list is not intended to be prescriptive and it is for local authorities to determine whether or not a project qualifies for the flexibility.
4. The list is not exhaustive, but provides examples of qualifying expenditure include:
 - (i) Activities which support or enable efficiency savings, improved service delivery or transformation as part of local government re-organisation,
 - (ii) Sharing back-office and administrative services with one or more other council or public sector bodies,
 - (iii) Investment in service reform feasibility work, e.g. setting up pilot schemes,
 - (iv) Collaboration between local authorities and Central Government departments to free up land for economic use,
 - (v) Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation,
 - (vi) Sharing Chief-Executives, management teams or staffing structures,
 - (vii) Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible,
 - (viii) Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations,
 - (ix) Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training,
 - (x) Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others), and
 - (xi) Integrating public facing services across 2 or more public sector bodies (for example children's social care, trading standards) to generate savings or to transform service delivery.
5. In addition to extending the regime, the updated 2025 directive permits use of receipts to finance all redundancy payments to be treated as qualifying expenditure, previously it was limited to statutory redundancy payments.
6. In August 2022, an amended direction was issued stating that capital receipts used must only be from disposals where the authority does not still retain some direct or indirect control of the assets. The updated 2025 directive sets out the Government's expectation that community assets should be protected where possible and not disposed of in order

that residents can continue to benefit from them.

Historic Use of Capital Receipts Flexibility

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

Actuals	2016/17	2017/18	2018/19 – 2024/25
Use of Capital Receipts	£2.2m	£0.8m	£0m

8. Costs to date regarding the establishment of the SSA included:
- Legal and taxation advice on the vehicle to be used for the SSA,
 - System implementation costs for the shared payroll and other systems, and
 - Redundancy costs incurred by moving to a shared structure across both Councils.
9. These proposals have contributed over £10m to the Council's efficiency savings.

Proposed Projects to be funded from Capital Receipts

10. The Council will potentially make use of this flexibility in relation to the investment costs incurred to deliver the ambitious Transformation Programme which aims to help to close the funding gaps in the latest Medium Term Financial Strategy. The programme will be structured to join up delivery across eight portfolios which will invest in changes to IT infrastructure and further digitalisation and deliver other invest to save projects such as office accommodation rationalisation, and wider demand management initiatives across children's and adult social services and resident services.
11. The ambitious scale of the transformation will require further investment over the next couple of years, however an initial budget of £1.5m for transformation has been developed to deliver the initial "discovery" phase based on resource analysis and market testing. There is therefore the potential to incur indicative qualifying expenditure for the use of capital receipts flexibilities to this value in 2025/26 and further investment in future years.

Impact on Prudential Indicators

11. The Council is required to report the impact of this Strategy on its Prudential Indicators. The main purpose of the Prudential Indicators is to control planned borrowing. The "flexible" use of capital receipts has not been included in the main Capital Programme but will rather be accounted for separately and hence will have no impact on the Council's assumed borrowing reported elsewhere. Therefore, there will be no change to the council's Prudential Indicators.

SECTION J

Definitions

Definitions of Budget Headings

SeRCOP

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

EXPENDITURE

Employees

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

Premises

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

Transport

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

Supplies and Services

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

Third Party Payments

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

Transfer Payments

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

Support Services

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

INCOME

Government Grants

This covers all specific and special government grants.

Other Grants & Contributions

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

Customer & Client Receipts

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

FINANCIAL ACCOUNTING ADJUSTMENTS

Central Support Charges

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

Central Support Income

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

Capital Charges

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

OTHER DEFINITIONS

Business Rates Levy / Tariff

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

Collection Fund

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

Corporate and Democratic Core

This comprises corporate management and democratic representation and management costs.

Depreciation

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

Earmarked Reserves

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

