



BUDGET BOOK

2025/26

Budget Book 2025/26

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.

Please contact:

Katherine Burston – Director

Katherine.Burston@richmondandwandsworth.gov.uk

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LONDON BOROUGH OF RICHMOND UPON THAMES

REPORT TO: FINANCE, POLICY AND RESOURCES COMMITTEE

DATE: 13TH FEBRUARY 2025

REPORT OF: EXECUTIVE DIRECTOR OF FINANCE

TITLE OF DECISION REVENUE BUDGET STRATEGY AND COUNCIL TAX 2025/26

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 £1,881.69 (an increase of 2.99% in Council Tax plus 2% for the Adult Social Care Precept). Including the GLA precept, which has increased by 4.03%, the Band D Council Tax will be £2,372.07.

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 3.36 to 3.45);
2.2	That the Council be recommended to agree the Revenue Budget for 2025/26;
2.3	That the Council be recommended to agree that the Band D level of Council Tax for 2025/26, including the Council's increase in Council Tax of 2.99%, the Social Care Precept of 2% and the GLA increase of 4.0%, be set at £2,372.07, an overall increase of 4.79% on 2024/25. The levels of Council Tax for all property bands are shown at Appendix A;
2.4	That the Service Committee note that the Medium Term Financial Strategy was approved by this Committee in September 2024 and a further update will be provided by September 2025; and
2.5	That the Council be recommended to apply the Government's statutory exceptions in relation to the premiums for second homes and long-term empty properties from 1st April 2025, (see paragraphs 3.46 - 3.51).

3. DETAILS

Background

- 3.1. In developing its financial strategy the Council has reviewed the national budget and assessed the impact of the single year Local Government Finance Settlement, spending review announcements and high inflation, the 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.
- 3.3. The Council has been active in fighting for a fairer funding deal for Richmond residents, coordinating lobbying of ministers especially in relation to support for residents during the pandemic, the provision of free school meals before it was funded centrally, calling for the Household Support Fund to be extended, campaigning for Local Housing Allowance levels to be increased, calling for the uprating of the housing benefit subsidy cap for temporary accommodation placements and lobbying for support to the charitable sector with the increase in national insurance contributions cost burden. 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.

The Local Government Finance Settlement (LGFS)

- 3.4. In the context of many years of austerity in local government and a recent period of high inflation, the Government published the provisional Local Government Finance Settlement for 2025/26 on 18th December. The announcement followed the details provided at Autumn Statement 2024 and the Policy Statement on 28th November 2024. Once again this was a single year settlement, however it also set out a consultation on the objectives and principles for local authority funding reform which includes a commitment to multi-year funding settlements in the future. It is not possible as yet to understand the potential impact for Richmond – the Government's next Spending Review, which will set out its longer term public sector funding plans, is due in the summer 2025. There is also a commitment to the implementation of a reset of the distribution of funding across the country. The settlement was finalised on 3rd February.
- 3.5. The settlement announced an increase in average Core Spending Power (defined as Government grant plus the ability to increase council tax) of 6% across England and 5.7% for London boroughs. Richmond's increase in Core Spending Power is the second lowest in London above the City of London at 4%. With inflation currently at 2.5% (December 2024 CPI) and national spending pressures within adults, children's services and homelessness continuing to rise, there are ongoing challenges. Despite increasing calls for the Government to urgently address the structural under funding of the sector, and whilst the additional funding for social care is welcomed, the settlement still does not adequately cover increased costs and projected pressures.
- 3.6. Funding in future years beyond what is currently known as it remains very unclear what future settlements might look like and how funds will be distributed between councils. However, Members should be aware that there remains a significant risk of a shift of resources away from London authorities and therefore the gap in future years could grow.

3.7 The Council's total grant allocation in 2025/26 is slightly better than previously assumed when the Medium Term Financial Strategy was agreed in September 2024. The headline announcements for Richmond in relation to government funding are as follows:

- Local authorities will be able to raise council tax by up to 2% for the "Adult Social Care Precept" and by a further general 2.99% increase before triggering the requirement for a local referendum.
- A continuation of the assurance that no authority would suffer "negative Revenue Support Grant (RSG)" (removing, for the short term, a £7.8m risk to the finances of Richmond) for 2025/26. As in 2024/25, Richmond will again not be penalised as being liable for negative RSG in relation to the grants being 'rolled into' RSG and would receive those at the level previously identified as separate grants.
- An increase in the social care grant funding for adults and children's social care of £880m nationally, worth an additional £1.8m in total for Richmond. This is to fund general pressures around service demands, complexity of care and rising costs in an overheated market. A continuation of the Market Sustainability and Improvement Fund at the same national allocation and this grant is passed in full to providers to help stabilise the fragile care market. The Social Care Discharge Fund and Improved Better Care Fund have been merged and renamed Local Authority Better Care Grant. Richmond's allocation is £1m which is unchanged from 2024/25. A new Children's Social Care Prevention Grant has been announced with Richmond's allocation £0.3m, however it has been confirmed that this grant will be ringfenced for direct investment in additional prevention activity for children and families through the implementation of Family Help and Child Protection reforms. It has therefore been assumed to require new expenditure alongside this sum (i.e. is net nil at this stage).
- The "Services Grant" which was introduced by the Government in 2022/23 to cover "vital services, including social care" has been entirely cut, amounting to a loss of £0.16m for Richmond. A new Recovery Grant which targets money towards areas with greater need and demand for services (as proxied by deprivation) and less ability to raise income locally (council tax) has been announced with nil allocation for Richmond in 2025/26.
- Nationally the Homelessness Prevention Grant increased with Richmond receiving an increase of £1.2m. The Government has introduced a requirement against the grant that 49% of it will be ringfenced for prevention, relief and staffing, and explicitly not for temporary accommodation costs.
- The 'funding guarantee' grant which Richmond qualified for the first time in 2024/25 has been amended to establish a 'funding floor' in 2025/26 wherein no local authority would see a reduction in their cash terms Core Spending Power. As a result, Richmond receives no allocation in 2025/26 which was worth £2.6m in 2024/25.
- Separately to the settlement, the Government has announced a new Extended Producer Responsibility grant which 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. Allocations of grant to local authorities have been made in 2025/26 based on estimates, with Richmond receiving £1.9m. 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, this income has been recognised in the 2025/26 budget to help fund essential services.

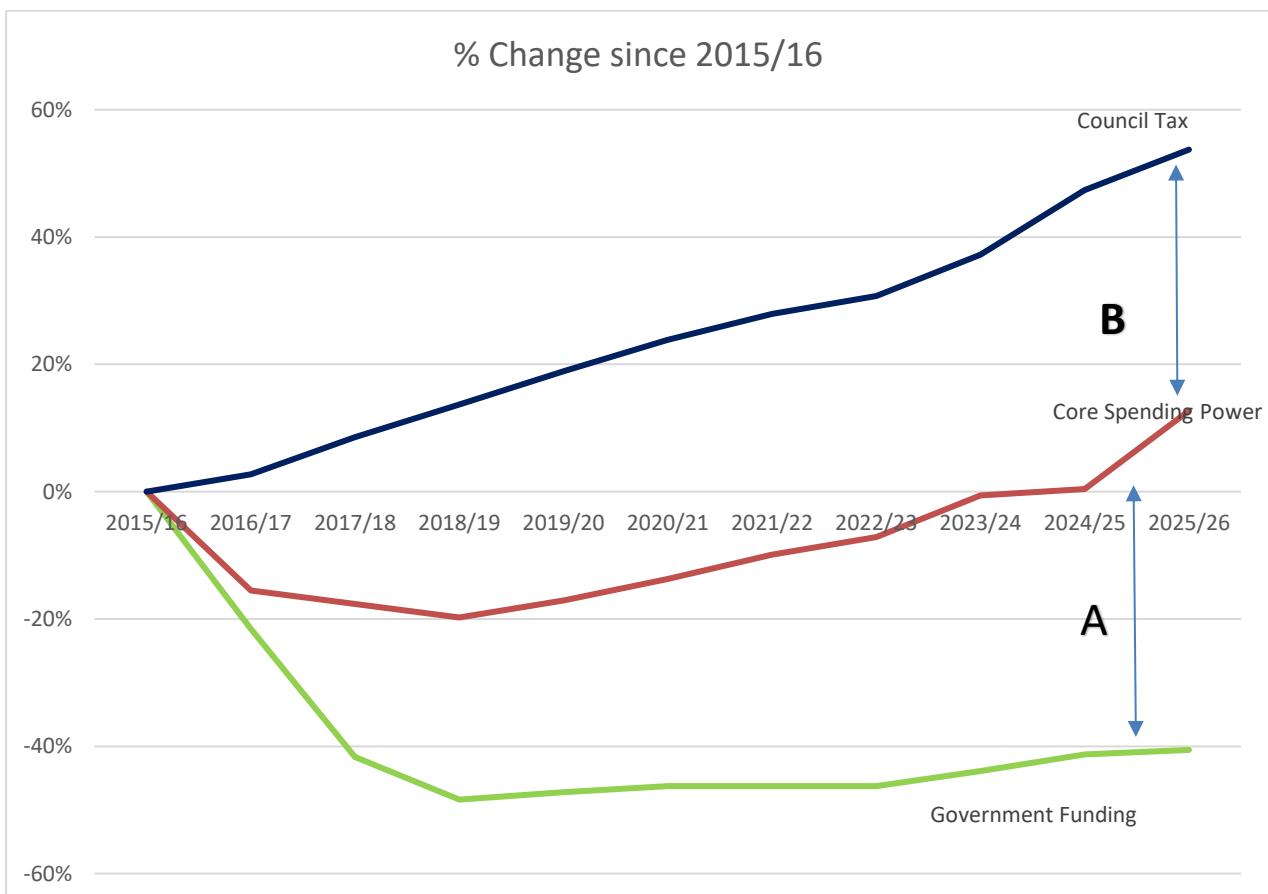
Overall, the increases in social care and homeless prevention grants almost cover the loss of the Funding Guarantee.

3.8 Whilst the LGFS gives welcome recognition of the challenges facing local government, particularly in social care, it is important to note that again the settlement is for one year only and offers no certainty beyond that.

3.9 The continued removal of the proposed negative RSG removes a key risk to Richmond's finances for 2025/26, however, it is still unclear if this risk will re-materialise in later years or will be reintroduced in a different way through the proposed funding reform. Richmond remains one of the lowest funded councils and will continue to argue that the current core funding position should be the minimum baseline for any future funding settlement.

3.10 The chart below illustrates how changes in funding from Government translates to changes in Core Spending Power. The loss in Government funding (area A on the chart), is compensated for 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 Spending Power as a measure of the impact of the LGFS, argued that it dilutes the true effect of reductions in central Government funding by using locally raised council tax to offset the reductions. Spending power calculations by central Government assume that council tax is raised by the maximum amount possible locally.

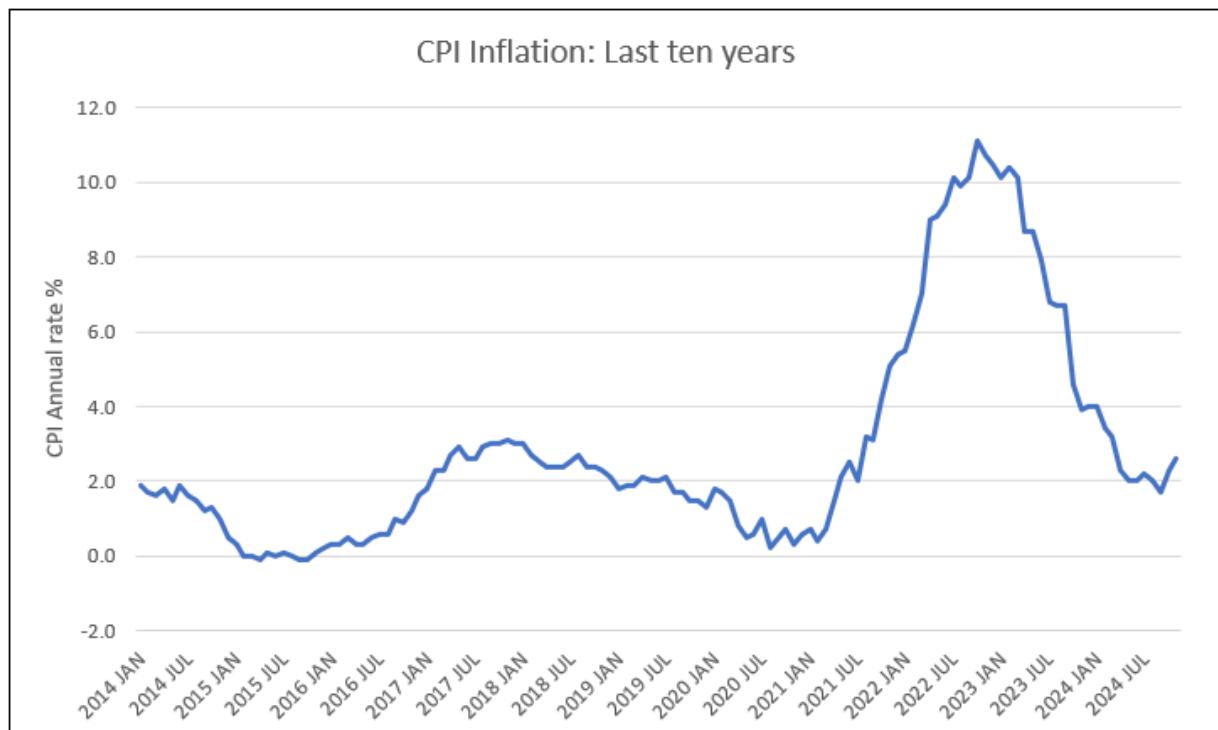
The Medium Term Financial Strategy (MTFS)

3.12 The MTFS is intended to identify a financially sustainable way of achieving the Council's aims, recognising the need to balance service demands with available resources and the impact on council tax payers. The MTFS was updated in September 2024 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 £2.6m overspend on its revenue budget in 2024/25. 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 adult social care where all client groups are experiencing increases in demand for services as well as an increased level of care needs, generating an overspend of £4.2m. In addition to this there are continued pressures within housing services as the volume of clients in high cost temporary accommodation continues at a higher level than budgeted for (£1.1m). Increased treasury income over and above the level included in the 2024/25 budget of almost £2m is currently partly offsetting some of this overspend, along with the service pressures contingency of £1.5m set aside when the 2024/25 budget was set. It is not expected that this level of treasury income will continue as interest rates drop whilst the service pressures continue. The budgeted position already assumed the use of £2.2m reserves to balance the budget which as a result of the projected overspend will be nearer £4.8m. 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% until the last three years which has seen prices increase much more quickly and then drop again, although it has started to rise again in recent months. 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%. The most recent announcement showed annual inflation at 2.5% (December 2024 CPI), a drop from 2.6% 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 £8.9m in 2025/26, 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). In addition to pay inflation, the Government announced an increase in employers' national insurance contributions both for the contribution rate for employers and the lower earnings threshold. This change is expected to increase costs to the Council by £1.6m from 2025/26 for the cost of directly employed staff. The Government has confirmed that councils will be compensated for this increase by a new grant which, at £1.5m, almost covers Richmond's direct costs in full, as well as those for AFC. This, 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. An additional provision of £1.3m has therefore been set aside within the inflation contingency for this impact in 2025/26, inevitably going to be experienced where social care is spot purchased.

3.16 The Council originally set aside £3m in an Emergency Funding Reserve transferred from the Financial Resilience Reserve to assist residents and businesses 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, has been confirmed as continuing in 2025/26 but the details and sum are unclear at this stage. Richmond's allocation of £1.7m in 2024/25 has been fully allocated and decisions will need to be made about an appropriate level of Council funded continuing support for financially vulnerable households if the grant does not continue in future years. The Council's response aims 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.

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 is key to successfully delivering support to residents. In particular, co-working has been strengthened to ensure that work across the borough's partners is well-informed and support is directly targeted to those in greatest need. The Council has successful partnership working arrangements with the NHS and is working closely with local health and care organisations, as part of the South West London Integrated Care System (ICS). There is a renewed focus on optimising the impact of joint funding which is focussed on integrated delivery of services and in managing pressure in the health and care system whilst at the same time ensuring health provide sufficient funding alongside their responsibilities. There are several structures and plans aimed at bringing system wide approaches to addressing the needs of local people making best use of local resources.

Balances and Reserves

3.18 Appendix B to this report contains a full listing of the revenue balances and reserves held by the Council and gives details on their intended application. The key issues are:

- The General Reserve held a balance of £11.06m at the beginning of 2024/25 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.
- Approximately 28% (£29.5m) e.g. Business Rates Volatility Reserve, PFI Reserve, Schools Balances and Insurance Funds, whilst being under Council control, are essentially not available for use for other purposes.
- The Invest to Save Reserve will be used to fund the ongoing change and transformation programmes, with planned use of £1.5m in 2024/25 and £1.2m in 2025/26. A total of £2.2m was specifically set aside in the paper to the Finance, Policy and Resources Committee in September 2023 to add to the existing approvals to establish the 'Change Programme Delivery Fund' which has now all been committed to deliver efficiencies across the organisation.
- 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 £28.0m. The 2024/25 budget includes a planned use of £2.2m from this reserve and a further £2.6m is likely to be required to fund the current Q3 overspend. This reserve is likely to be required in future years to enable services to continue to be provided at their current levels. The reserve can provide against a medium term funding outlook which is very unclear; particularly ongoing service demand pressures, the effect of future Government funding reform both within adult social care funding and general grants.
- 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 will receive £20m over a five-year period to remove the cumulative DSG deficit. The Council was expected to contribute £1.2m each year to plug this gap up to the final year of the agreement which was 2024/25. The DSG has successfully recovered all of the previous deficit and now has a brought forward surplus of £1.2m which has allowed the equal provision of the previous deficit set aside within the Financial Resilience Reserve (FRR) to be entirely released and 2024/25 was the last year of the budgeted £1.2m contribution.
- 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 2025/26. The Council received a rebate of £2.4m in

2023/24 and £2.1m in 2025/26 from WLWA which has been transferred to the Waste Reserve. This money is being set aside to provide for any future financial implications of the Environment Act 2021, the implementation of which could lead to the Council incurring significant additional costs, including Emissions Trading Scheme referenced above.

- In September 2022, the Finance, Policy and Resources Committee approved the creation of a Emergency Funding Reserve funded from the FRR, to underpin further work to support residents and businesses through the cost of living crisis. The remaining balance of this reserve at the beginning of 2024/25 was £2.9m with a further planned use of £1.0m in 2024/25 and further plans in 2025/26. Regular updates are provided to this Committee around the use of this reserve, with the remaining balance being available for further support.
- Balances are available for use only once. Their use to reduce council tax or meet existing cost pressures can allow the Council to smooth the impact of underlying funding and service changes but must be carefully considered as part of longer-term planning.

3.19 Despite the DSG maintaining a surplus in the current year, as the DfE and Council contribution drop away in 2025/26, the ongoing pressures within high needs are likely to cause another deficit imminently. In 2020, the Government also introduced a statutory override which separates local authorities' DSG deficits from their wider financial position. The statutory override was put in place for a period of three years, up to March 2023, and meant that local authorities' DSG deficits could be separated from their wider accounts. The statutory override has been extended since then and the Government has indicated this will continue until at least 31 March 2026. The LGFS and the Autumn Budget recognised an increase in funding for school placements for children with special educational needs and disabilities (SEND) and alternative provision. The Government will work with the sector on a way forward and set out plans for reforming the SEND system in further detail next year, including how it will support local authorities with their historic and accruing deficits. This will inform any decision to remove the statutory override. Given the Government's statement that it will support 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.

Overall Budget Proposals

3.20 In line with the Council's Constitution individual service budgets have been submitted to the relevant Council Committees.

3.21 As a result of the relatively poor grant settlement within the LGFS for 2025/26, and the ongoing demand led pressures within social care and homelessness, the Council has had to carefully consider future spending requirements and continue to base its planning for council tax in the light of the serious, long term reductions in local government funding. It has done so in a way that will maintain or improve service standards for residents.

3.22 The Administration's priorities in setting the budget are to ensure that the borough continues to bounce back from the health and economic impacts of the pandemic and offers support through the current economic climate; to promote a strong recovery, to continue to deliver on key priorities and to manage the Council's finances responsibly in the light of continued uncertainty, including a continuing efficiency programme. Key priorities include "fairer finances", the delivery of more affordable housing, the climate emergency strategy, investment in youth services and tackling violent crime and anti-

social behaviour. Detailed budget proposals have been presented to each service committee and in particular have included the following:

- £2.2m to reflect rising levels of need in children's social care and education services. The funding will support the increasing levels of need and cost of placements for children who are looked after by the Council as well as increasing investment within preventative services and ensuring the increased number of pupils requiring the Home to School Transport service can be supported. Plus a further £1.1m allowed for contractual inflation within these services.
- An additional £7.0m 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 and additional costs for increases to the London Living Wage across direct Council contracts. Pressures within the NHS are contributing to increased activity through people being discharged from hospital through the Discharge to Assess arrangements who have more complex needs. A further £0.8m has been added for additional social work capacity to meet the additional demand and invest in care technology to support more people to live independently for as long as possible in their communities. The budget includes growth of £1.9m to fund the impact of high inflation costs within the residential care home PFI contract which cannot be mitigated fully through the PFI reserve.
- Allowed for the continuing increased pressures associated with looking after the homeless within the borough (£0.6m). Overall demand has added additional pressure which is partly funded by the increased Homelessness Prevention Grant outlined above. 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 national, London and local position remains challenging, and a notable risk is the Renters' Rights Bill, expected to become law later this year, which may cause a spike in homelessness presentations ahead of the changes becoming effective.
- Increasing the level of Temporary Accommodation that the Council is able to offer within the borough.
- Continuing investment of £0.5m (plus an additional £1m per annum in the capital programme) to help deliver the Richmond Climate Emergency Strategy agreed by the Environment, Sustainability, Culture and Sports Committee in January 2020. Specific allocation of these funds within year include air quality monitoring, a focussed energy and sustainability team and ecology work.
- Ensuring the Council's IT systems are protected from cyber attack and improving IT security £0.3m.
- Improvements to the borough's waste and street cleansing service to the value of £0.3m, including an enhanced communication plan to help to improve recycling rates for an improved environmental impact.
- The highest ever investment in pavements and highways to enhance the condition of the road and pavement infrastructure across the borough, investing £12.9m over the next three years.
- Continued dedicated support to the Community Toilet Scheme, additional resource to help tackle noise complaints, continued investment in extra CCTV monitoring and collaboration with the police and additional resource for flood management (£0.2m)
- Investment in trees to expand the overall number of trees and strengthen the maintenance programme to help during the greater frequency of more extreme weather events (both capital (£1.0m) and revenue (£0.1m))
- Maintaining key infrastructure in the borough such as Teddington Lock footbridges, leisure facilities and the Council's operational buildings and investing in our

community facilities, with new provision for Elleray Hall, Ham Community Centre and Whitton. Progressing the Twickenham Riverside redevelopment and repairing the Thames towpath between Kew and Richmond Lock. Plus investment in the provision of pocket parks across the borough.

- Support for residents during the cost of living crisis, funded from an Emergency Funding Reserve of a total of £4.5m, plus a further £1.8m of support to residents funded by the Household Support Fund grant.
- A continuation of efficiency plans which in 2024/25 delivered £11m with a further £7m in efficiencies as follows:
 - Reductions generated from procurement and contract savings £0.5m
 - Income/efficiencies and holding down inflation on supplies budgets £4.6m
 - Transformation and service remodel £1.7m.
- Provided for inflation.

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

- The office estate is being reviewed recognising the change in working practices and this could lead to future revenue savings as a result of reduced office accommodation costs and better aligned service provision. The first phases of moves has already delivered revenue savings and work continues on consolidating the Council's use of buildings, capturing decarbonisation efficiencies, and expanding accommodation provision for the voluntary sector. These changes are being delivered with no diminution in front line service delivery.
- Investment has been made in moving IT services to "the Cloud" and securing the network against the increasing threat of cyber-attack.
- Further investment in reducing the carbon footprint of the Council's estate will reduce energy costs and help contribute towards the Council's "net zero by 2030" target.
- Rigorous commissioning and procurement policies will be progressed to ensure value for money. An external review has identified where there could be further cost reduction opportunities in commissioning and procurement activities which are now being progressed.
- The digital strategy and continued investment in analytics capability will help to improve services, increase efficiency and help to tackle fraud. A number of lines of enquiry are being progressed across Council services which, with some upfront investment, should lead to efficiencies and the delivery of more modern services.

3.24 The final service totals are:

	2025/26
	£m
Adult Social Services, Health and Housing	75.6
Education and Children's Services	53.6
Environment, Sustainability, Culture and Sports	35.8
Finance, Policy and Resources	40.6
Transport and Air Quality	(8.1)
Total	197.5

3.25 Central Items and Contingency:

	<u>£m</u>
Capital Funding and Investment	3.2
Pensions Deficit Funding	1.5
Investment Items	0.2
General Contingency	0.5
Pay Award	2.9
Contract Contingency / Other	6.0
Planned Transfers to/from Reserves	(2.0)
Non Ring Fenced Grants	(3.5)
Revenue Support Grant	(0.3)
Retained Business Rates	(30.5)
Contribution from Collection Fund (CTAX)	(1.0)
Contribution from Reserves to Balance Council Tax	(4.9)
Total Central Items	(27.9)

3.26 Summary of Borough Expenditure:

	<u>£m</u>
Service Estimates	197.5
Central Items and Contingency	(27.9)
Total	169.6

Levies

3.27 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	2024/25 £000	2025/26 £000	Variation %
West London Waste Authority	8,509	9,187	0.8%
Lee Valley Park	232	238	2.7%
Environment Agency	213	220	2.0%
London Pension Fund Authority	298	304	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.

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

3.28 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 2025/26 (also 3% in 2024/25).

3.29 The LGFS for 2025/26 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.

3.30 Taken together this would allow a maximum council tax increase without triggering a referendum of 4.99% for this Council.

3.31 As detailed above, the Council continues to experience increasing demand on social care services and therefore considers it appropriate to increase council tax by the 2% allowed for the Adult Social Care Precept. Taking into account the other pressures the Council is facing in relation to inflation, both in the current and next financial year, the need to protect services, and the fact that Government funding has not met that gap in full, the Council has 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 £4.9m from the Financial Resilience Reserve to balance the budget in 2025/26.

The Greater London Authority (GLA) Precept

3.32 The Band D council tax in respect of the GLA precept is expected to increase by £18.98 (4.0%) to £490.38. Of this sum £14 is to fund police and £4.98 for the London Fire Brigade.

Summary of requirements and Council Tax

	2025/26 £'m
Net Expenditure after use of balances and reserves	200.645
Collection Fund Deficit/ (Surplus)	-1.000
	<u>199.645</u>
Less:	
Retained Business Rates	-30.528
Richmond Requirement for Council Tax	<u>169.617</u>
GLA Precept	44.203
Total Requirement including GLA Precept	<u>213.821</u>

3.33 The council tax base for 2025/26 was set as 90,141 Band D equivalents in the delegated authority report published on 30th December 2024.

3.34 **Based on the above figures, allowing for roundings, the total council tax at Band D including the GLA element would be increased to £2,372.07, an increase of 4.79%.**

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

	2024/25 £	2025/26 £	£ change	% change
Richmond	1,792.26	1,881.69	89.43	4.99
GLA	471.40	490.38	18.98	4.03
TOTAL	2,263.66	2,372.07	108.41	4.79

Section 25(2) of the Local Government Act 2003

3.36 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.

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

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

3.38 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.

3.39 Any future Funding Review is likely to present a risk for Richmond as the Government considers how best to distribute the limited funding available to the sector at a time when overall public spending is being restricted. Longer term planning remains challenging and the Council has therefore taken a prudent stance to providing reserves and assuming the need for further efficiency measures. The longer term position remains extremely challenging and uncertain regarding future Government funding levels.

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

3.41 The ongoing financial sustainability of the Council depends on finding significant opportunities for efficiencies, cost-reduction or income to meet future projected budget shortfalls. It is necessary to invest to save to unlock these opportunities at scale, and to protect critical services and resident experience from the impact of budget reductions. To this end the Council will continue to invest in its own corporate change programme, in particular considering digital investment and the best use of the Council's office estate whilst looking to improve customer experience. This will contribute towards the achievement of the Council's objectives.

3.42 Despite the constrained funding position, the Council remains committed to maintaining the services that residents both rely on and value, plus it continues to invest in the essential infrastructure which both underpins high quality services and will help to rebuild the economic vibrancy of the Borough. The affordability of this programme has been helped by the identification of one-off capital and revenue resources but the programme still relies heavily on the Council being prepared to increase its borrowing in future years. The 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.

3.43 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 2025/26. The overall level of useable reserves remains adequate for the purposes identified.

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

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

Council Tax Empty Property and Second Home Premiums

3.46 The Levelling Up and Regeneration Act 2023 allows local authorities to:

- charge a 100% council tax premium on second homes;
- shorten the timeframe for charging the current "long-term empty property" council tax premium from two years to one.

3.47 The aim of the legislation is to incentivise the occupation of empty properties which, considering the acute national housing crisis and lack of available housing in the borough, is a key priority for this Council. Following the decision made at Full Council on 5th March 2024 these two provisions are due to come into effect from 1st April 2025.

3.48 To ensure that the new premium measures are effective, the Government published a consultation on 6 July 2023 seeking views on circumstances where it may not be appropriate for these premiums to apply. As a result of the consultation, Government brought in new legislation, which came into force on 1st November 2024, introducing a minimum level of statutory 'exceptions' to the premiums depending on the status of the property.

3.49 The Government also provided discretionary powers to Local Authorities to extend the statutory exceptions within the legislation or to create new exceptions of their own. In order to help shape this decision, Richmond Council conducted its own consultation between 20 November and 18 December 2024, to ask residents their views. This is covered in detail in a separate report to this Committee and proposes to retain the statutory exceptions to the Second Home and Long-Term Empty Property Premiums without change.

- 3.50 The Council will retain 79% of all additional income collected with 21% passed to the GLA. It is estimated there are around 470 second home properties in the borough and potentially around 200 properties impacted at any one time by the proposed change to the long term empty premium. It is estimated that additional income for the Council of £0.6m could be generated each year.
- 3.51 An exercise has been undertaken, in partnership with an insight and analytics company who specialise in council tax reviews, to conduct an initial systematic review of the Borough in order to identify additional empty properties. This has involved communication with residents as part of the process. Work will also be done to ensure the revised policy on long term empty homes is sensitive to issues such as probate.

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 3.36 to 3.45 of this report as part of the Executive Director of Finance's comments on Section 25 (2) of the Local Government Act 2003.

9.2 Many of the risks are similar to previous years but it is particularly worth noting the risks in relation to the pressures on our residents during the continuing cost of living crisis, Government funding, 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 2025/26 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 2025/26
- Appendix B – Revenue Reserves
- Appendix C – Equality Impact Assessment
- Appendix D – Council Tax Resolution

13. BACKGROUND PAPERS

- None

14. CONTACTS

Cllr Robin Brown, Lead Member for Finance and Resources
Email: cllr.r.brown@richmond.gov.uk

Fenella Merry, Executive Director of Finance
Email: fenella.merry@richmondandwandsworth.gov.uk

Katherine Burston, Director of Financial Management
Email: katherine.burston@richmondandwandsworth.gov.uk

Richmond Council Tax Bands 2025/26

Band	Richmond Council Tax (2025/26) £	Greater London Authority (2025/26) £	Total Council Tax (2025/26) £
A	1,254.46	326.92	1,581.38
B	1,463.54	381.41	1,844.95
C	1,672.61	435.89	2,108.50
D	1,881.69	490.38	2,372.07
E	2,299.84	599.35	2,899.19
F	2,718.00	708.33	3,426.33
G	3,136.15	817.30	3,953.45
H	3,763.38	980.76	4,744.14

ESTIMATED RESERVE BALANCES AT YEAR END

Description/ Purpose	Balance at 31-Mar-24 £000	Estimated Revenue usage 2024/25 £000	Estimated Capital Usage 2024/25 £000	Estimated Additions 2024/25 £000	Estimated Balance at 31-Mar-25 £000	Estimated Movement 2025/26 £000	Estimated Balance at 31-Mar-26 £000	PURPOSE OF RESERVE
'GENERAL RESERVES'								
Financial Resilience Reserve:								
– DSG (High Needs) Contingency (FRR)	0				0		0	In recognition of the volatility of the arrangements of future local government funding
– Other (FRR)	-27,966	4,163			-23,803	4,870	-18,933	
Emergency Funding Reserve	-2,903	1,414			-1,489	1,489	0	To support Cost of Living measures
Refugee and Homelessness Support Reserve	-6,900	685		200	-6,015	467	-5,548	To support refugee and homelessness pressures
Pensions Resilience Reserve	-3,000				-3,000		-3,000	Funding set aside to fund impacts of future actuarial reviews of pension fund
Public Realm Improvement Fund	-3,454	19	1,686		-1,749	64	-1,685	Investment in public realm across the borough - revenue and capital
Invest to Save Reserve	-5,839	1,481			-4,358	1,182	-3,176	Funding for efficiency work across the Council, including an allowance for redundancy costs
Repairs and Renewals Fund Reserve	-3,183			82	-3,101	748	-2,352	Purchase or creation of assets providing benefits of at least 3 years and investment in Information Technology
General Reserve	-53,245	7,762	1,686	282	-43,515	8,820	-34,694	
	-11,062	303			-10,759		-10,759	To be used to contribute to minimising Council Tax in future years
TOTAL GENERAL RESERVES	-64,306	8,065	1,686	282	-54,273	8,820	-45,453	
STATUTORY RESERVES OVER WHICH THE COUNCIL HAS LIMITED OR NO CONTROL								
Dedicated Schools Grant Reserve	-1,170	1,156			-14	3,000	2,986	Created from under/overspend of Dedicated Schools Budget. Currently showing a deficit balance. Earmarked for schools expenditure.
Schools maternity and supply cover scheme	-519	*			-519		-519	Internal insurance arrangement for supply and maternity cover in schools
Schools' Reserves	-7,240	*			-7,240		-7,240	Ring fenced to schools
South London Partnership Reserve	-751	0		-300	-1,051		-1,051	5 Borough collaboration to promote sustainable growth
Other	-219				-219		-219	e.g. Homes Loan unit
	-9,899	1,156	0	-300	-9,043	3,000	-6,043	

Description/ Purpose	Balance at	Estimated Revenue usage	Estimated Capital Usage	Estimated Additions	Estimated Balance at	Estimated Movement	Estimated Balance at	PURPOSE OF RESERVE
	31-Mar-24 £000	2024/25 £000	2024/25 £000	2024/25 £000	31-Mar-25 £000	2025/26 £000	31-Mar-26 £000	
EARMARKED FOR CERTAIN OR PROBABLE EXPENDITURE OUTSIDE THE COUNCIL'S CONTROL:								
General Insurance Reserve	-4,149	187			-3,962	111	-3,851	Internal insurance fund (non vehicle). Revaluation is completed as part of the insurance tendering process.
PFI Reserve (Education)	-6,495	793			-5,702	873	-4,829	To allow for future smoothing of annual payments under PFI contracts
PFI Reserve (Social Services)	-1,718	1,718			0	0	0	
Direct Payment Reserve	-170	0			-170	0	-170	Recouped funds for Direct Payment Service Users to support with costs of their care in future
SUB TOTAL	-12,533	2,698	0	0	-9,835	984	-8,851	
Business Rates Volatility Reserve	-6,116				-6,116	1,100	-5,016	Used to smooth the impact of NNDR year on year variations and S31 grants
Council Tax Volatility Reserve	-957				-957		-957	To smooth the impact of council tax collection year on year variations
SUB TOTAL	-7,074	0	0	0	-7,074	1,100	-5,974	
OTHER EARMARKED RESERVES								
Climate Change Reserve	-2,715	928	417		-1,370	250	-1,120	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	-5,818		800	-2,114	-7,132	635	-6,497	Used to fund Waste and Recycling Strategy
Youth Development Fund Reserve	-248				-248	248	0	To fund capital schemes to improve youth facilities
Learning Disability and Health Reform Grant Reserve	-293	254			-39		-39	Previous unringfenced grant for use to assist pressures within Adult Social Care
Richmond CCG Contributions reserve	-1,142	708			-434		-434	To fund health pressures in agreement with CCG
Other Minor Reserves under £100K	-167	0		0	-167	0	-167	Various small reserves
SUB TOTAL	-10,383	1,890	1,217	-2,114	-9,390	1,133	-8,257	
TOTAL RESERVES	-104,195	13,809	2,903	-2,132	-89,614	15,037	-74,577	

SUMMARY BY COMMITTEE

<u>SERVICE</u>	<u>2024/25</u> <u>Revised</u> <u>£</u>	<u>2025/26</u> <u>Budget</u> <u>£</u>
Adult Social Services, Health and Housing	67,420,800	75,563,200
Education and Childrens Services	53,652,100	53,636,500
Environment, Sustainability, Culture and Sports	32,859,700	35,825,000
Finance, Policy and Resources	40,045,900	40,592,600
Transport and Air Quality	(6,125,600)	(8,144,400)
Central Items	(27,125,200)	(27,855,500)
Total Council Tax Requirement	160,727,700	169,617,400

SUBJECTIVE ANALYSIS

	<u>2024/25</u> <u>Original</u> <u>£</u>	<u>2024/25</u> <u>Revised</u> <u>£</u>	<u>2025/26</u> <u>Budget</u> <u>£</u>
Expenditure			
Employees	64,218,180	68,493,600	68,494,800
Premises	18,946,900	19,298,400	18,972,100
Transport	1,505,800	1,551,300	1,598,200
Supplies & Services	20,514,620	22,159,700	20,686,300
Third Party Payments	203,421,600	218,460,300	223,858,600
Transfer Payments	170,904,900	176,777,200	179,154,300
Support Service	1,708,500	1,774,200	1,774,200
 TOTAL EXPENDITURE	 481,220,500	 508,514,700	 514,538,500
Income			
Government Grants	(228,055,200)	(244,431,800)	(241,253,900)
Other Grants & Contributions	(4,507,200)	(5,852,700)	(5,843,900)
Customer & Client Receipts	(63,014,200)	(64,715,500)	(64,414,500)
Interest Received	(67,700)	(67,700)	(67,700)
Recharge Income	(1,246,000)	(1,246,000)	(1,246,000)
Internal Charges	(4,034,600)	(4,348,100)	(4,239,600)
 TOTAL INCOME	 (300,924,900)	 (320,661,800)	 (317,065,600)
 NET EXPENDITURE (excluding Central Items)	 180,295,600	 187,852,900	 197,472,900
 Central Items	 (19,567,900)	 (27,125,200)	 (27,855,500)
 NET EXPENDITURE	 160,727,700	 160,727,700	 169,617,400

EDUCATION AND CHILDRENS SERVICES

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

**Andrew Reeve
Financial Controller
Resources**

Andrew.reeve@richmondandwandsworth.gov.uk

EDUCATION AND CHILDREN'S SERVICES

SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Education and Children's Services	53,652,100	53,636,500
Total Education and Childrens Services	53,652,100	53,636,500

<u>Variation Analysis</u>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
2024/25 ORIGINAL BUDGET	52,859,300	52,859,300
Inflation to Current Prices	1,150,600	2,211,600
Changes in Government Grants	(679,100)	(1,875,100)
Other Government or Outside Body Changes	0	595,900
Demand Led Growth	0	1,621,500
Efficiency Savings	0	(1,355,000)
Investment Priorities	95,000	0
Other Growth & Savings	0	(443,000)
Budget Transfers	226,300	21,300
NET EXPENDITURE	53,652,100	53,636,500

EDUCATION AND CHILDREN'S SERVICES

SUBJECTIVE ANALYSIS

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Expenditure		
Employees	402,200	410,100
Premises	2,270,200	2,270,200
Transport	0	0
Supplies & Services	5,566,500	4,399,800
Third Party Payments	96,949,700	92,518,400
Transfer Payments	116,384,700	117,343,100
 TOTAL EXPENDITURE	 221,587,700	216,956,000
 Income		
Government Grants	(165,965,000)	(161,336,400)
Other Grants & Contributions	(1,798,600)	(1,798,600)
Customer & Client Receipts	(172,000)	(184,500)
 TOTAL INCOME	 (167,935,600)	(163,319,500)
 NET EXPENDITURE	 53,652,100	53,636,500

EDUCATION AND CHILDREN'S SERVICES

Education and Children's Services

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Achieving for Children Contract	93,696,700	89,265,400
Grant Funding	(45,856,100)	(40,248,300)
Children's Retained costs	377,200	385,100
General Fund Contribution to DSG	1,200,000	0
Schools PFI	1,107,400	1,107,400
Other School Costs	13,900	13,900
	<hr/> 50,539,100	<hr/> 50,523,500

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
<u>Variation Analysis</u>		
2024/25 ORIGINAL BUDGET	49,896,300	49,896,300
Inflation to Current Prices	1,000,600	2,061,600
Changes in Government Grants		
- 2024/25 Additional Social Care Grant Income	(679,100)	(679,100)
- 2025/26 Additional Social Care Grant Income	0	(881,100)
- 2025/26 Children's Social Care Prevention Grant Income	0	(318,000)
- Removal of Extended Right Home to School Transport Grant- Income	0	3,100
Other Government or Outside Body Changes		
- National Insurance Increase and Threshold Change	0	595,900
Demand Led Growth		
- Social Care Placement growth	0	510,000
- Social Care Staffing	0	487,500
- Home to School Transport	0	196,000
- Preventative Placements	0	371,000
- S17 Support for Families	0	57,000
Efficiency Savings		
- Reduction in ICT and Business Support Costs	0	(93,000)
- Establish Independent Travel Training service	0	(187,000)
- Early Help Transformation	0	(260,000)
- Placements Transformation	0	(100,000)
- Review of funding between General Fund to DSG	0	(35,000)
- Efficiencies in Emotional Health Service contract	0	(100,000)
- Implementing a Care Leavers corporate guarantor scheme	0	(215,000)
- Decision Making Accountability review	0	(165,000)
- Changes to delivery of Preventative Care model	0	(200,000)
Investment Priorities		
- Cost of Living - Mondays Champion Café Project AfC	17,600	0
- Cost of Living - Youth Services Community Spaces	77,400	0
Other Growth & Savings		
- 2025/26 Children's Social Care Prevention Grant Income	0	318,000
- Social Care and Early Help	0	171,000
- Fostering - paying council tax for foster carers	0	33,000
- Business Systems	0	32,000
- Uplift in procurement service costs	0	25,000
- Special Educational Needs staffing and software updates	0	265,000
- Special Educational Needs Transport	0	56,000
- Investment in Workforce / Quality Assessors	0	32,000
- Removal of DSG safety valve top up	0	(1,200,000)
- Removal of temporary budgets	0	(175,000)
Budget Transfers	226,300	21,300
NET EXPENDITURE	<hr/> 50,539,100	<hr/> 50,523,500

EDUCATION AND CHILDREN'S SERVICES

Education and Children's Services

	<u>2024/25</u> <u>Revised</u> <u>£</u>	<u>2025/26</u> <u>Budget</u> <u>£</u>
Public Health	3,113,000	3,113,000
	<hr/> 3,113,000	<hr/> 3,113,000

<u>Variation Analysis</u>	<u>2024/25</u> <u>Revised</u> <u>£</u>	<u>2025/26</u> <u>Budget</u> <u>£</u>
2024/25 ORIGINAL BUDGET	2,963,000	2,963,000
Inflation to Current Prices	150,000	150,000
NET EXPENDITURE	<hr/> 3,113,000	<hr/> 3,113,000

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
Sarah Evans
Head of Finance

Sarah.Evans@richmondandwandsworth.gov.uk

Housing & Regeneration Services
Sandra Burree
Head of Finance & Business Support

Sandra.Burree@richmondandwandsworth.gov.uk

Environment and Community Services
Alex Moylan
Head of Finance

Alex.Moylan@richmondandwandsworth.gov.uk

ADULT SOCIAL SERVICES, HEALTH AND HOUSING

SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2024/25</u> <u>Revised</u>	<u>2025/26</u> <u>Budget</u>
Housing & Regeneration		
Housing Management	186,900	199,900
Housing Services	7,690,300	7,126,500
Other Housing	397,200	403,900
Adult Social Care & Public Health		
Adult Social Care	54,593,100	62,850,500
Commissioning and Quality Standards	9,462,300	9,397,400
Public Health	(8,684,600)	(8,679,900)
Business Resources	1,959,340	1,994,540
Assurance and Innovation	1,421,360	1,812,560
Health and Care Integration	121,500	123,200
Environment & Community Services		
Private Sector Housing	273,400	334,600
Total Adult Social Services, Health & Housing	<u>67,420,800</u>	<u>75,563,200</u>

<u>Variation Analysis</u>	<u>2024/25</u> <u>Revised</u>	<u>2025/26</u> <u>Budget</u>
2024/25 ORIGINAL BUDGET	64,427,800	64,427,800
Inflation to Current Prices	3,677,900	4,139,000
Changes in Government Grants	(3,042,400)	(5,114,600)
Other Government or Outside Body Changes	0	312,300
Demand Led Growth	0	7,600,000
Efficiency Savings	0	(859,600)
Investment Priorities	239,500	435,100
Income Generation	(7,900)	(13,800)
Other Growth & Savings	2,038,100	4,549,200
Budget Transfers	87,800	87,800
NET EXPENDITURE	<u>67,420,800</u>	<u>75,563,200</u>

ADULT SOCIAL SERVICES, HEALTH AND HOUSING

SUBJECTIVE ANALYSIS

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Expenditure		
Employees	22,790,800	22,861,200
Premises	755,600	756,100
Transport	644,200	692,600
Supplies & Services	2,981,600	3,151,700
Third Party Payments	87,129,100	96,538,100
Transfer Payments	8,597,200	8,870,300
Support Services	281,800	281,800
 TOTAL EXPENDITURE	 123,180,300	 133,151,800
 Income		
Government Grants	(32,425,200)	(34,248,400)
Other Grants & Contributions	(3,843,800)	(3,845,000)
Customer & Client Receipts	(19,490,500)	(19,495,200)
 TOTAL INCOME	 (55,759,500)	 (57,588,600)
 NET EXPENDITURE	 67,420,800	 75,563,200

ADULT SOCIAL SERVICES, HEALTH AND HOUSING

Housing Management

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Joint Control Room	543,600	556,600
Careline	(369,900)	(369,900)
Animal Welfare	13,200	13,200
	<hr/> 186,900	199,900

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
<u>Variation Analysis</u>		
2024/25 ORIGINAL BUDGET	166,900	166,900
Inflation to Current Prices	20,600	21,000
Other Government or Outside Body Changes		
- National Insurance Increase and Threshold Change	0	8,700
Efficiency Savings		
- Income, Contract and Departmental Efficiencies	0	(1,100)
Investment Priorities		
- Provision for extension of CCTV pilot	0	22,500
Other Growth & Savings		
- Removal of temporary budgets from base	0	(17,500)
Budget Transfers	(600)	(600)
NET EXPENDITURE	<hr/> 186,900	<hr/> 199,900

ADULT SOCIAL SERVICES, HEALTH AND HOUSING

Housing Services

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Housing Services Teams	2,603,700	2,647,900
Discretionary Social Fund (Housing)	140,000	140,000
Direct Homelessness costs	4,120,700	3,529,600
Homelessness Prevention Schemes	569,900	569,900
Home Improvement Agency	0	0
Ex HRA Properties	(4,900)	(4,900)
Rough Sleeping	260,900	244,000
	<hr/> 7,690,300	<hr/> 7,126,500

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
<u>Variation Analysis</u>		
2024/25 ORIGINAL BUDGET	6,959,800	6,959,800
Inflation to Current Prices	728,700	712,000
Changes in Government Grants		
- Increased Homelessness Prevention Grant	0	(1,191,100)
Other Government or Outside Body Changes		
- National Insurance Increase and Threshold Change	0	48,900
Demand Led Growth		
- Homelessness Pressures	0	600,000
Efficiency Savings		
- Income, Contract and Departmental Efficiencies	0	(200)
Income Generation		
- Review of fees and charges income	(6,000)	(10,700)
Budget Transfers	7,800	7,800
NET EXPENDITURE	<hr/> <hr/> 7,690,300	<hr/> <hr/> 7,126,500

ADULT SOCIAL SERVICES, HEALTH AND HOUSING

Other Housing

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Management and Support	349,500	353,600
Delivery and Development	147,700	150,300
Residential Acquisitions	(100,000)	(100,000)
	<hr/> 397,200	403,900

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
<u>Variation Analysis</u>		
2024/25 ORIGINAL BUDGET	380,900	380,900
Inflation to Current Prices	15,300	15,600
Other Government or Outside Body Changes		
- National Insurance Increase and Threshold Change	0	7,900
Efficiency Savings		
- Income, Contract and Departmental Efficiencies	0	(300)
Income Generation		
- Affordable Housing grant income offsetting costs	(1,900)	(3,100)
Budget Transfers	2,900	2,900
NET EXPENDITURE	<hr/> 397,200	<hr/> 403,900

ADULT SOCIAL SERVICES, HEALTH AND HOUSING

Adult Social Care

	<u>2024/25</u> Revised £	<u>2025/26</u> Budget £
Adult Service Operations Teams	9,669,200	9,711,700
Early Help & Enablement Services	2,097,300	2,097,500
Services for Older People, Sensory & Physical Disabilities	10,963,900	14,459,500
Services for Adults with Learning Disabilities	24,867,700	27,345,200
Services for Adults with Mental Health Needs	4,954,000	6,765,000
Care Provision	1,997,000	2,094,000
Borough of Sanctuary (Operational & Staffing budgets)	44,000	377,600
	<hr/> 54,593,100	<hr/> 62,850,500

	<u>2024/25</u> Revised £	<u>2025/26</u> Budget £
<u>Variation Analysis</u>		
2024/25 ORIGINAL BUDGET	53,122,800	53,122,800
Inflation to Current Prices	2,433,300	2,910,600
Changes in Government Grants		
- 2024/25 Additional Social Care Grant Income	(697,700)	(697,700)
- 2025/26 Additional Social Care Grant Income	0	(881,100)
- ASC Discharge Fund -SWL-ICB	(1,343,300)	(1,343,300)
Other Government or Outside Body Changes		
- National Insurance Increase and Threshold Change	0	145,800
Demand Led Growth		
- Demographic Pressures in all Client Groups Care Budget	0	7,000,000
Efficiency Savings		
- Income, Contract and Departmental Efficiencies	0	(1,800)
- Mental Health Commissioning Review	0	(130,000)
- Older People Delivery Plan	0	(525,000)
Investment Priorities		
- Borough of Sanctuary	107,000	89,200
Other Growth & Savings		
- Hospital Discharge Fund -SWL-ICB Expenditure	1,208,200	1,208,200
- PFI Contract	0	1,900,000
- MH Staffing Team-Assessments	0	290,000
Budget Transfers	(237,200)	(237,200)
NET EXPENDITURE	<hr/> 54,593,100	<hr/> 62,850,500

ADULT SOCIAL SERVICES, HEALTH AND HOUSING

Commissioning and Quality Standards

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Commissioning Teams	1,795,800	1,710,700
Advocacy, Supported Employment and Other minor services	531,600	531,600
Professional Standards and Safeguarding	1,174,000	1,194,200
Public Health & Specialist Commissioning	2,737,500	2,737,500
Public Health & Wellbeing	3,223,400	3,223,400
	<hr/>	<hr/>
	9,462,300	9,397,400

<u>Variation Analysis</u>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
2024/25 ORIGINAL BUDGET	8,906,000	8,906,000
Inflation to Current Prices	324,600	325,000
Changes in Government Grants		
- Substance Misuse Grant	(72,600)	(72,600)
- Rough Sleepers Drug and Alcohol Treatment	(34,400)	(34,400)
Other Government or Outside Body Changes		
- National Insurance Increase and Threshold Change	0	49,600
Efficiency Savings		
- Income, Contract and Departmental Efficiencies	0	(400)
- Contracts - Decommissioning Impact Assessments	0	(200,000)
Investment Priorities		
- Cost of Living - Richmond AID/Age UK	116,400	116,400
Other Growth & Savings		
- ASC Discharge Grant - Expenditure	73,500	73,500
- Mental Health Commissioning Review	0	85,500
- Substance Misuse Grant Expenditure	72,600	72,600
- Rough Sleepers Drug and Alcohol Treatment Expenditure	34,400	34,400
Budget Transfers	41,800	41,800
NET EXPENDITURE	<hr/> <hr/> 9,462,300	<hr/> <hr/> 9,397,400

ADULT SOCIAL SERVICES, HEALTH AND HOUSING

Public Health

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Core Public Health (team and other)	1,988,000	1,992,700
Public Health Grant	(10,672,600)	(10,672,600)
	<hr/> (8,684,600)	(8,679,900)

<u>Variation Analysis</u>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
2024/25 ORIGINAL BUDGET	(8,364,000)	(8,364,000)
Inflation to Current Prices	21,600	21,800
Changes in Government Grants		
- Increase in Public Health Grant Income	(342,500)	(342,500)
- 2024 25 Local stop smoking services	(125,100)	(125,100)
Other Government or Outside Body Changes		
- National Insurance Increase and Threshold Change	0	4,700
Efficiency Savings		
- Income, Contract and Departmental Efficiencies	0	(200)
Other Growth & Savings		
- 2024 25 Local stop smoking services	125,100	125,100
Budget Transfers	300	300
NET EXPENDITURE	<hr/> <hr/> (8,684,600)	(8,679,900)

ADULT SOCIAL SERVICES, HEALTH AND HOUSING

Business Resources

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Business Resources	1,959,340	1,994,540
	<hr/> 1,959,340	<hr/> 1,994,540

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Variation Analysis		
2024/25 ORIGINAL BUDGET	2,007,500	2,007,500
Inflation to Current Prices	73,500	74,100
Changes in Government Grants		
- Increased Better Care Fund (inflation)	(426,800)	(426,800)
Other Government or Outside Body Changes		
- National Insurance Increase and Threshold Change	0	35,200
Efficiency Savings		
- Income, Contract and Departmental Efficiencies	0	(600)
Other Growth & Savings		
- Increased Better Care Fund	426,800	426,800
Budget Transfers	(121,660)	(121,660)
NET EXPENDITURE	<hr/> 1,959,340	<hr/> 1,994,540

ADULT SOCIAL SERVICES, HEALTH AND HOUSING

Assurance and Innovation

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Assurance and Innovation	1,421,360	1,812,560
	<hr/> 1,421,360	<hr/> 1,812,560

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
<u>Variation Analysis</u>		
2024/25 ORIGINAL BUDGET	884,500	884,500
Inflation to Current Prices	25,800	24,400
Other Government or Outside Body Changes		
- National Insurance Increase and Threshold Change	0	8,600
Investment Priorities		
- Digital Data	16,100	0
- Transformation Plan – Change Agents	0	147,000
Other Growth & Savings		
- 2023 24 Client Data Flow	34,900	0
- Hospital Discharge Grant - Expenditure	62,600	62,600
- Care Technology	0	478,000
- Removal of temporary budgets	0	(190,000)
Budget Transfers	397,460	397,460
NET EXPENDITURE	<hr/> 1,421,360	<hr/> 1,812,560

ADULT SOCIAL SERVICES, HEALTH AND HOUSING

Health and Care Integration

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Health and Care Integration	121,500	123,200
	<hr/> 121,500	<hr/> 123,200

<u>Variation Analysis</u>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
2024/25 ORIGINAL BUDGET	118,300	118,300
Inflation to Current Prices	3,100	3,100
Other Government or Outside Body Changes		
- National Insurance Increase and Threshold Change	0	1,700
Budget Transfers	100	100
NET EXPENDITURE	<hr/> 121,500	<hr/> 123,200

ADULT SOCIAL SERVICES, HEALTH AND HOUSING

Regulatory Services Partnership

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Private Sector Housing	273,400	334,600
	<hr/> 273,400	<hr/> 334,600

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Variation Analysis		
2024/25 ORIGINAL BUDGET	245,100	245,100
Inflation to Current Prices	31,400	31,400
Other Government or Outside Body Changes		
- National Insurance Increase and Threshold Change	0	1,200
Investment Priorities		
- Minimum Energy Efficiency Standard (MEES) Enforcement Project	0	60,000
Budget Transfers	(3,100)	(3,100)
NET EXPENDITURE	<hr/> 273,400	<hr/> 334,600

ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES

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

Alex Moylan
Environment and Community Services
Head of Finance

Alex.Moylan@richmondandwandsworth.gov.uk

ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES**SUMMARY BY SERVICE AREA**

<u>SERVICE</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
Environment and Community Services		
ECS Management and Support	1,490,200	1,523,000
Highways Operations and Streetscene	891,700	952,900
Leisure	11,548,500	11,622,600
Traffic and Engineering	30,000	160,000
Waste & Recycling	16,223,500	19,318,500
Chief Executive Group		
Place	2,210,200	2,018,900
Policy and Performance	465,600	229,100
Total Environment, Sustainability, Culture & Sports Services	<u>32,859,700</u>	<u>35,825,000</u>

<u>Variation Analysis</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
2024/25 ORIGINAL BUDGET		
	32,201,000	32,201,000
Inflation to Current Prices	1,555,500	1,632,000
Other Government or Outside Body Changes	(23,900)	959,300
Demand Led Growth	1,600	1,600
Efficiency Savings	0	(89,400)
Investment Priorities	533,800	268,000
Income Generation	0	(70,000)
Other Growth & Savings	1,300	894,400
Budget Transfers	(1,409,600)	28,100
NET EXPENDITURE	<u>32,859,700</u>	<u>35,825,000</u>

ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES**SUBJECTIVE ANALYSIS**

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Expenditure		
Employees	16,966,900	17,113,300
Premises	4,875,300	4,843,100
Transport	72,600	72,600
Supplies & Services	3,725,700	3,447,900
Third Party Payments	22,922,100	24,007,000
Support Services	510,000	510,000
TOTAL EXPENDITURE	49,072,600	49,993,900
Income		
Other Grants & Contributions	(104,100)	(104,100)
Customer & Client Receipts	(15,411,000)	(13,367,000)
Internal Charges	(697,800)	(697,800)
TOTAL INCOME	(16,212,900)	(14,168,900)
NET EXPENDITURE	<u><u>32,859,700</u></u>	<u><u>35,825,000</u></u>

ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES**ECS Management and Support**

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Business Support	114,400	116,200
ECS Management Team	754,800	777,600
Finance and Performance	405,600	409,600
Precepts and Levies	215,400	219,600
	<hr/> 1,490,200	<hr/> 1,523,000

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
<u>Variation Analysis</u>		
2024/25 ORIGINAL BUDGET	1,466,200	1,466,200
Inflation	25,200	27,400
Other Government or Outside Body Changes		
- Coroners Court Levy	0	17,100
- National Insurance Increase and Threshold Change	0	11,500
- Environment Agency Levy	0	4,200
Efficiency Savings		
- Income, Contract and Departmental Efficiencies	0	(2,200)
Budget Transfers	(1,200)	(1,200)
NET EXPENDITURE	<hr/> 1,490,200	<hr/> 1,523,000

ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES

Leisure

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Arts and Culture	1,276,100	1,262,800
Libraries	4,378,700	4,407,000
Parks Management	5,022,700	4,915,300
Registrars and Cemeteries	(863,200)	(855,400)
Sports Services	1,734,200	1,892,900
	<hr/> 11,548,500	<hr/> 11,622,600

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Variation Analysis		
2024/25 ORIGINAL BUDGET	10,696,000	10,696,000
Inflation	568,100	625,600
Other Government or Outside Body Changes		
- Lee Valley Regional Park Authority Levy	(6,500)	(200)
- National Insurance Increase and Threshold Change	0	140,900
Efficiency Savings		
- Income, Contract and Departmental Efficiencies	0	(27,200)
Investment Priorities		
- Change Programme - Cultural Project Officer	49,600	0
- Parks Trees	0	50,000
- RCES - Climate Change Priority Initiatives	170,300	19,800
Other Growth & Savings		
- National Non Domestic Rate Payments	(16,500)	(16,500)
- Parks and Open Spaces Green Space Management	23,000	143,100
- RCES - Climate Change Priority Initiatives Cessation	0	(69,500)
- Schools Community Use Agreements	0	60,000
Budget Transfers	64,500	600
NET EXPENDITURE	<hr/> 11,548,500	<hr/> 11,622,600

ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES

Waste

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Public Conveniences	118,900	121,900
Street Cleansing	3,191,800	3,191,800
Waste and Street Cleansing Contract Management	441,600	438,000
Waste Collection and Recycling	5,750,000	6,029,000
Waste Disposal including WLWA Levy	6,721,200	9,537,800
	<hr/> 16,223,500	<hr/> 19,318,500

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
<u>Variation Analysis</u>		
2024/25 ORIGINAL BUDGET	17,002,700	17,002,700
Inflation	689,400	702,400
Other Government or Outside Body Changes		
- Employer's Pension Contribution Increase	0	16,800
- West London Waste Authority Levy (WLWA)	(17,400)	717,200
Demand Led Growth		
- Waste Contract Increase in Number of Properties	1,600	1,600
Efficiency Savings		
- Income, Contract and Departmental Efficiencies	0	(1,300)
- Waste Minimisation & Diversion Measures	0	(55,000)
Investment Priorities		
- Community Toilet Scheme	22,000	25,000
- RCES - Climate Change Priority Initiatives	11,100	0
Income Generation		
- Review of Fees & Charges	0	(70,000)
Other Growth & Savings		
- General Waste Investment	0	346,000
- National Non Domestic Rate Payments	(5,200)	(5,200)
- WLWA Renewable Energy Income Disbursement	0	630,000
Budget Transfers	(1,480,700)	8,300
NET EXPENDITURE	<hr/> 16,223,500	<hr/> 19,318,500

ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES

Highways Operations and Streetscene - including Regulatory Services

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Emergency Planning	96,500	97,700
Regulatory Services Partnership	795,200	855,200
Environmental Services	<hr/> 891,700	952,900

<u>Variation Analysis</u>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
2024/25 ORIGINAL BUDGET	727,600	727,600
Inflation	144,000	144,000
Other Government or Outside Body Changes		
- National Insurance Increase and Threshold Change	0	1,200
Other Growth & Savings		
- RSP Noise and Nuisance Resourcing	0	60,000
Budget Transfers	20,100	20,100
NET EXPENDITURE	<hr/> 891,700	<hr/> 952,900

Policy and Performance

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Climate Change	465,600	229,100
	<hr/> 465,600	<hr/> 229,100

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Variation Analysis		
2024/25 ORIGINAL BUDGET	339,100	339,100
Inflation	8,300	9,800
Other Government or Outside Body Changes		
- National Insurance Increase and Threshold Change	0	1,500
Efficiency Savings		
- Income, Contract and Departmental Efficiencies	0	(1,500)
Investment Priorities		
- RCES - Climate Change Priority Initiatives	60,000	8,400
- Cost of Living Warm Packs	66,700	0
Other Growth & Savings		
- Cost of Living Removal of Temporary Measures	0	(33,500)
- RCES - Climate Change Priority Initiatives Cessation	0	(95,000)
Budget Transfers	(8,500)	300
NET EXPENDITURE	<hr/> 465,600	<hr/> 229,100

Traffic and Engineering

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Flood Defence	30,000	160,000
	<hr/> 30,000	<hr/> 160,000

<u>Variation Analysis</u>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
2024/25 ORIGINAL BUDGET	30,000	30,000
Investment Priorities		
- Lead Local Flood Authority - Flood Risk Management	0	130,000
NET EXPENDITURE	<hr/> 30,000	<hr/> 160,000

ENVIRONMENT, SUSTAINABILITY, CULTURE AND SPORTS SERVICES

Place

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Building Control	192,000	204,900
Development Management	877,400	896,600
Flood Defence	0	0
Information and Business Support	33,600	37,300
Land Charges	(182,700)	(181,100)
Policy and Design	917,500	802,900
Strategic Developments	14,200	16,700
Thames Landscape Strategy	0	0
Transport Strategy	358,200	241,600
	<hr/> 2,210,200	<hr/> 2,018,900

<u>Variation Analysis</u>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
2024/25 ORIGINAL BUDGET	1,939,400	1,939,400
Inflation	120,500	122,800
Other Government or Outside Body Changes		
- National Insurance Increase and Threshold Change	0	49,100
Efficiency Savings		
- Income, Contract and Departmental Efficiencies	0	(2,200)
Investment Priorities		
- RCES - Climate Change Priority Initiatives	48,000	34,800
- Short Term ULEZ Mitigation Measures	106,100	0
Other Growth & Savings		
- Richmond Town Centre Engagement	0	(125,000)
Budget Transfers	(3,800)	0
NET EXPENDITURE	<hr/> 2,210,200	<hr/> 2,018,900

FINANCE, POLICY AND RESOURCES

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

Resources Directorate
Matt Rowe
Financial Controller

Matt.Rowe@richmondandwandsworth.gov.uk

Chief Executive's Directorate
Ibrahim Ibrahim
Head of Support and Member Services

Ibrahim.Ibrahim@richmondandwandsworth.gov.uk

Housing and Regeneration Directorate
Sandra Burree
Head of Finance & Business Support

Sandra.Burree@richmondandwandsworth.gov.uk

FINANCE, POLICY AND RESOURCES

SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2024/25</u> <u>Revised</u> <u>£</u>	<u>2025/26</u> <u>Budget</u> <u>£</u>
Finance Directorate		
Directorate	365,500	325,400
Financial Management	3,534,500	3,363,700
Revenue Services	9,722,800	11,084,000
Financial Services	1,364,800	1,882,900
Chief Executives Directorate		
Chief Executive Group	8,186,600	7,719,600
Place	336,100	9,700
Change and Innovation Directorate (from 2024/25)		
Change and Innovation	10,021,100	10,338,200
Housing and Regeneration Directorate		
Property Services	<u>6,514,500</u>	<u>5,869,100</u>
	<u>40,045,900</u>	<u>40,592,600</u>
Central Items	(27,125,200)	(27,855,500)
Total Finance, Policy and Resources	12,920,700	12,737,100

<u>Variation Analysis</u>	<u>2024/25</u> <u>Revised</u> <u>£</u>	<u>2025/26</u> <u>Budget</u> <u>£</u>
2024/25 ORIGINAL BUDGET	37,434,000	37,434,000
Inflation	1,185,800	1,423,500
Other Government or Outside Body Changes	0	1,607,600
Demand Led Growth	0	30,000
Efficiency Savings	0	(107,200)
Investment Priorities	2,007,000	333,500
Income Generation	(1,000)	(80,600)
Other Growth & Savings	6,500	139,900
Budget Transfers	(586,400)	(188,100)
Central Items	(27,125,200)	(27,855,500)
NET EXPENDITURE	12,920,700	12,737,100

FINANCE, POLICY AND RESOURCES

SUBJECTIVE ANALYSIS

	<u>2024/25</u>	<u>2025/26</u>
	<u>Revised</u>	<u>Budget</u>
	<u>£</u>	<u>£</u>
Expenditure		
Employees	23,993,700	23,770,900
Premises	8,280,000	7,971,000
Transport	211,600	210,100
Supplies & Services	8,613,700	8,414,700
Third Party Payments	4,140,400	3,662,400
Transfer Payments	51,795,300	52,940,900
Support Services	691,300	691,300
 TOTAL EXPENDITURE	 97,726,000	97,661,300
 Income		
Government Grants	(46,041,600)	(45,669,100)
Other Grants & Contributions	(789,900)	(671,400)
Customer & Client Receipts	(8,593,000)	(8,472,600)
Interest	(67,700)	(67,700)
Recharge Income	(1,246,000)	(1,246,000)
Internal charges	(941,900)	(941,900)
 TOTAL INCOME	 (57,680,100)	(57,068,700)
 NET EXPENDITURE (excluding Central Items)	 40,045,900	40,592,600
 Central Items	 (27,125,200)	(27,855,500)
 NET EXPENDITURE (including Central Items)	 12,920,700	12,737,100

FINANCE, POLICY AND RESOURCES

Finance Directorate

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Directorate	365,500	325,400
	<hr/> 365,500	<hr/> 325,400

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
<u>Variation Analysis</u>		
2024/25 ORIGINAL BUDGET	314,000	314,000
Inflation	8,500	7,400
Other Government or Outside Body Changes		
- National Insurance Increase and Threshold Change	0	3,800
Investment Priorities		
- Change Programme Resource	42,800	0
Budget Transfers	200	200
NET EXPENDITURE	<hr/> 365,500	<hr/> 325,400

FINANCE, POLICY AND RESOURCES

Financial Management

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Financial Control and Accountancy	2,213,200	2,212,400
Corporate Management	1,192,100	1,222,100
Non Distributed Costs	(203,100)	(403,100)
Levies	325,400	325,400
SSA Implementation Costs	0	0
Invest to Save (SSA)	0	0
Home Loans	6,900	6,900
	<hr/> 3,534,500	<hr/> 3,363,700

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
<u>Variation Analysis</u>		
2024/25 ORIGINAL BUDGET	3,255,800	3,255,800
Inflation	49,700	50,500
Other Government or Outside Body Changes		
- National Insurance Increase and Threshold Change	0	26,000
Demand Led Growth		
- External Audit Fees	0	30,000
Efficiency Savings		
- Income, Contract and Departmental Efficiencies	0	(1,500)
Investment Priorities		
- Change Programme Resource	26,100	0
Other Growth & Savings		
- Goods Received not Invoiced (GRNI)	0	(200,000)
Budget Transfers	202,900	202,900
NET EXPENDITURE	<hr/> 3,534,500	<hr/> 3,363,700

FINANCE, POLICY AND RESOURCES

Revenue Services

	<u>2024/25</u> <u>Revised</u> <u>£</u>	<u>2025/26</u> <u>Budget</u> <u>£</u>
Council Tax and Business Rates	294,000	336,200
Parking Administration	1,046,500	1,082,100
Accessible Transport and Concessionary Fares	7,145,400	8,395,200
Housing Benefit Administration	1,227,100	1,260,700
Housing Benefit Subsidy	9,800	9,800
	<hr/> 9,722,800	<hr/> 11,084,000

	<u>2024/25</u> <u>Revised</u> <u>£</u>	<u>2025/26</u> <u>Budget</u> <u>£</u>
<u>Variation Analysis</u>		
2024/25 ORIGINAL BUDGET	9,605,800	9,605,800
Inflation	117,600	209,000
Other Government or Outside Body Changes		
- National Insurance Increase and Threshold Change	0	55,000
- Concessionary fares	0	1,246,800
Efficiency Savings		
- Income, Contract and Departmental Efficiencies	0	(3,100)
Investment Priorities		
- Cost of Living Crisis Support Measures	30,900	100,500
Budget Transfers	(31,500)	(130,000)
NET EXPENDITURE	<hr/> 9,722,800	<hr/> 11,084,000

FINANCE, POLICY AND RESOURCES

Financial Services

	<u>2024/25</u> <u>Revised</u> <u>£</u>	<u>2025/26</u> <u>Budget</u> <u>£</u>
Internal Audit	42,800	42,800
Shared Audit and Fraud	452,300	476,100
Pensions Administration	51,500	51,500
Pension Fund Administration	27,900	30,200
Insurance	37,000	519,200
Health and Safety Team	115,300	117,200
Procurement	638,000	645,900
	<hr/>	<hr/>
	1,364,800	1,882,900

	<u>2024/25</u> <u>Revised</u> <u>£</u>	<u>2025/26</u> <u>Budget</u> <u>£</u>
<u>Variation Analysis</u>		
2024/25 ORIGINAL BUDGET	1,469,000	1,469,000
Inflation	199,900	685,500
Other Government or Outside Body Changes		
- National Insurance Increase and Threshold Change	0	38,200
Efficiency Savings		
- Income, Contract and Departmental Efficiencies	0	(5,700)
Budget Transfers	(304,100)	(304,100)
NET EXPENDITURE	<hr/> <hr/>	<hr/> <hr/>
	1,364,800	1,882,900

FINANCE, POLICY AND RESOURCES

Chief Executive Group

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Community and Partnerships	2,360,600	1,771,500
Resident Engagement	935,000	924,800
Communications	386,500	384,500
Community Safety	588,500	583,200
Corporate Initiatives	59,200	99,200
Legal Services	25,000	25,000
Member Services	2,015,100	2,038,200
Policy, Performance and Analysis	435,900	348,200
Chief Executive's support and trainees	701,100	762,600
Corporate Project Office	184,000	183,300
Electoral Services	495,700	599,100
	<hr/> 8,186,600	<hr/> 7,719,600

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
<u>Variation Analysis</u>		
2024/25 ORIGINAL BUDGET	7,323,200	7,323,200
Inflation	170,700	161,400
Other Government or Outside Body Changes		
- National Insurance Increase and Threshold Change	0	81,500
Efficiency Savings		
- Income, Contract and Departmental Efficiencies	0	(3,400)
Investment Priorities		
- Cost of Living Crisis Support Measures	406,600	0
- Change Programme	195,100	0
- Independent Domestic Violence Advocacy Service	48,000	73,000
- Borough of Sanctuary and Richmond Town Centre Member Allowances	0	0
- Performance IT System Development Investment	0	40,000
- Household Support Fund	20,000	0
Income Generation		
- Review of Fees and Charges	0	(2,000)
Other Growth & Savings		
- Place Division Staffing Restructure	0	54,700
- The White House Community Centre Temporary Support	16,100	0
- Local Election Costs	0	100,000
- Removal of Temporary Budgets	0	(70,000)
Budget Transfers	6,900	(38,800)
NET EXPENDITURE	<hr/> 8,186,600	<hr/> 7,719,600

FINANCE, POLICY AND RESOURCES

Place

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Economic Development	697,100	636,200
Commercial Property	(773,200)	(1,043,500)
Valuation and Asset Management Team	412,200	417,000
	<hr/> 336,100	9,700

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
<u>Variation Analysis</u>		
2024/25 ORIGINAL BUDGET	(130,700)	(130,700)
Inflation	60,200	60,600
Other Government or Outside Body Changes		
- National Insurance Increase and Threshold Change	0	7,900
Demand Led Growth		
Investment Priorities		
- Modular Housing Feasibility	134,000	0
- Future Library Provision Feasibility	70,000	0
- Cost of Living Crisis Support Measures	30,000	0
- Public Realm Improvement Fund slippage from 2023/24	18,600	0
- Change Programme - Business Partnership Officer	15,000	0
Income Generation		
- External Commercial Income from Office Consolidation	0	(67,000)
Other Growth and Savings		
- National Non-Domestic Rates Adjustments	(2,000)	(2,000)
Budget Transfers	141,000	140,900
NET EXPENDITURE	<hr/> 336,100	9,700

FINANCE, POLICY AND RESOURCES

Property Services (Housing and Regeneration)

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Facilities Management	4,295,700	4,329,200
Utilities	2,880,400	2,486,600
Sustainability	383,900	85,200
Public Halls and Community Centres	(284,900)	(294,800)
Office Accommodation	745,800	766,100
AFC Properties	(1,506,400)	(1,503,200)
	<hr/> 6,514,500	<hr/> 5,869,100

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Variation Analysis		
2024/25 ORIGINAL BUDGET	5,836,100	5,836,100
Inflation	303,300	(69,500)
Other Government or Outside Body Changes		
- National Insurance Increase and Threshold Change	0	28,500
Efficiency Savings		
- Income, Contract and Departmental Efficiencies	0	(300)
Investment priorities		
- Decarbonisation Projects and Support (RCES)	265,000	85,000
- Exploring potential for Public Halls Income Growth	0	30,000
- Asset Review Programme	31,000	0
Income Generation		
- Review of Fees and Charges	(1,000)	(11,600)
Other Growth & Savings		
- National Non Domestic Rate Adjustments	(7,600)	(10,100)
- Review of Operational Buildings expenditure	0	60,000
- Removal of temporary budgets	0	(56,700)
Budget Transfers	87,700	(22,300)
NET EXPENDITURE	<hr/> 6,514,500	<hr/> 5,869,100

FINANCE, POLICY AND RESOURCES

Change and Innovation

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Directorate and Support	197,200	178,500
Customer Experience	1,841,400	1,865,000
ICT and Digitalisation	4,896,900	5,123,100
HR and Organisational Development	2,205,300	2,116,600
Change Programme	331,000	550,100
Insight and Analytics	299,800	255,400
Apprenticeship Levy	249,500	249,500
	<hr/> 10,021,100	<hr/> 10,338,200

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Variation Analysis		
2024/25 ORIGINAL BUDGET	9,760,800	9,760,800
Inflation		
	275,900	318,600
Other Government or Outside Body Changes		
- National Insurance Increase and Threshold Change	0	119,900
Efficiency Savings		
- Income, Contract and Departmental Efficiencies	0	(93,100)
Investment Priorities		
- Cost of Living Crisis Support	47,200	0
- Change Programme	626,700	0
Other Growth & Savings		
- IT Cyber Security and Cloud Hosting	0	269,000
Budget Transfers		
- Change Programme - transfer to specific schemes	(706,100)	0
- Other	16,600	(37,000)
NET EXPENDITURE	<hr/> 10,021,100	<hr/> 10,338,200

FINANCE, POLICY AND RESOURCES

Central Items

	<u>2024/25</u>	<u>2025/26</u>
	<u>Revised</u>	<u>Budget</u>
	£	£
ASSET MANAGEMENT & TREASURY		
Interest Payable	3,438,800	4,039,000
Interest Receivable	(6,048,400)	(8,066,000)
MRP (Principal Loan Repay)	4,861,000	6,323,000
Revenue Funding of Capital Expenditure	917,000	917,000
CONTINGENCY & INVESTMENT ITEMS		
General Contingency	500,000	500,000
Pay and Other Contingency	486,300	8,911,100
Service Pressures Contingency	1,000,000	0
Investment Initiatives	1,500,000	150,000
NON-RINGFENCED GOVERNMENT GRANTS		
Revenue Support Grant	(207,700)	(244,000)
Funding Guarantee	(2,611,500)	0
General Service Grant	(157,600)	0
New Homes Bonus	(13,300)	(13,600)
Extended Producer Responsibility Grant	0	(1,865,000)
National Insurance Contributions Compensation Grant	0	(1,590,000)
Social Care Grant - late addition	(200)	0
OTHER		
Centrally Funded Pensions	1,505,900	1,505,900
Distribution of surplus on Collection Fund	(1,100,000)	(1,000,000)
Retained NNDR and Section 31 Grants	(26,900,000)	(30,528,000)
Contributions from Earmarked Reserves	(1,752,400)	(2,024,900)
Transfers from Earmarked Reserves to Balance the Budget	(2,240,000)	(4,870,000)
Transfers from General Fund Reserve	(303,100)	0
NET EXPENDITURE	(27,125,200)	(27,855,500)

	<u>2025/26</u>
	<u>Budget</u>
	£
Variation Analysis	
2024/25 ORIGINAL BUDGET	(19,567,900)
Inflation	8,911,100
Changes in Government Grants	
- Revenue Support Grant	(36,300)
- General Service Grant Reduction	157,600
- Funding Guarantee Grant	2,611,500
- Social Care Grant transfer to services	1,377,000
- New Homes Bonus Grant	(300)
- Extended Producer Responsibility Grant	(1,865,000)
- NI Contributions Compensation Grant	(1,590,000)
Investment Priorities	
- Richmond Town Centre Investment Priorities	150,000
- Revenue Cost of Capital	714,000
Change in Use of the Following Reserves:	
- Transformation Programme - Invest to Save Reserve	178,000
- Cost of Living Programme - Emergency Funding Reserve	(54,900)
- Refugee and Homelessness Support Reserve	(89,200)
- Climate Emergency Strategy (RCES) Reserve Use	(86,900)
- Energy Income - top up of Waste Reserve	(855,000)
Income Generation	
- Treasury Management	(669,400)
Other Growth & Savings	
- Adjustment to centrally funded pensions	50,600
- Retained NNDR and Section 31 Grants	(3,628,000)
- Collection Fund Surplus	100,000
- Removal of one off top up of Emergency Funding Reserve	(1,500,000)
- Removal of Service Pressures Contingency	(1,000,000)
- Change in Use of Reserves to Balance the Budget	(2,630,000)
Budget Transfers	(8,532,400)
NET EXPENDITURE	(27,855,500)

TRANSPORT AND AIR QUALITY SERVICES

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

Alex Moylan
Environment and Community Services
Head of Finance

Alex.Moylan@richmondandwandsworth.gov.uk

TRANSPORT AND AIR QUALITY SERVICES

SUMMARY BY SERVICE AREA

<u>SERVICE</u>	<u>2024/25</u> <u>Revised</u> <u>£</u>	<u>2025/26</u> <u>Budget</u> <u>£</u>
Environment and Community Services Directorate		
Highways Operations and Streetscene	1,104,800	1,028,200
Regulatory Services	420,800	392,100
Traffic and Engineering	(7,658,200)	(9,570,500)
Housing and Regeneration Directorate		
Housing Management	7,000	5,800
Total Transport and Air Quality	<u>(6,125,600)</u>	<u>(8,144,400)</u>

<u>Variation Analysis</u>	<u>2024/25</u> <u>Revised</u> <u>£</u>	<u>2025/26</u> <u>Budget</u> <u>£</u>
2024/25 ORIGINAL BUDGET	<u>(6,626,500)</u>	<u>(6,626,500)</u>
Inflation	557,000	645,400
Other Government or Outside Body Changes	0	(549,700)
Efficiency Savings	0	(134,800)
Investment Priorities	165,300	210,000
Income Generation	0	(1,031,200)
Other Growth & Savings	(191,100)	(476,900)
Budget Transfers	(30,300)	(180,700)
NET EXPENDITURE	<u>(6,125,600)</u>	<u>(8,144,400)</u>

TRANSPORT AND AIR QUALITY SERVICES

SUBJECTIVE ANALYSIS

	<u>2024/25</u> <u>Revised</u>	<u>2025/26</u> <u>Budget</u>
	£	£
<u>Expenditure</u>		
Employees	4,340,000	4,339,300
Premises	3,117,300	3,131,700
Transport	622,900	622,900
Supplies & Services	1,272,200	1,272,200
Third Party Payments	7,319,000	7,132,700
Support Services	276,700	276,700
 TOTAL EXPENDITURE	 16,948,100	 16,775,500
<u>Income</u>		
Customer & Client Receipts	(21,049,000)	(22,895,200)
Internal charges	(2,024,700)	(2,024,700)
 TOTAL INCOME	 (23,073,700)	 (24,919,900)
 NET EXPENDITURE	 (6,125,600)	 (8,144,400)

TRANSPORT AND AIR QUALITY SERVICES

Highways, Operations and Street Scene

	<u>2024/25</u> Revised £	<u>2025/26</u> Budget £
Depots	230,100	186,000
Highways	(232,200)	(219,600)
Inspection and Enforcement	757,100	766,500
Network Management	(638,400)	(633,200)
Transport and Workshops	988,200	928,500
	1,104,800	1,028,200

	<u>2024/25</u> Revised £	<u>2025/26</u> Budget £
<u>Variation Analysis</u>		
2024/25 ORIGINAL BUDGET	1,039,000	1,039,000
Inflation	135,300	145,100
Other Government or Outside Body Changes		
- Employer's NI Contribution Increase	0	33,500
Efficiency Savings		
- Income, Contract and Departmental Efficiencies	0	(4,900)
- Change Programme Efficiencies	0	(65,000)
- Depot Rent Review	0	(50,000)
Budget Transfers	(69,500)	(69,500)
NET EXPENDITURE	1,104,800	1,028,200

TRANSPORT AND AIR QUALITY SERVICES

Regulatory Services

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Revised</u> £
RSP - Air Quality	420,800	392,100
	<hr/> 420,800	<hr/> 392,100

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Variation Analysis		
2024/25 ORIGINAL BUDGET	182,500	182,500
Inflation	19,600	19,600
Investment Priorities		
- R58 Climate ChangeAir Quality	88,300	0
Other Growth & Savings		
- Air Quality Action Plan Delivery	0	210,000
Budget Transfers	130,400	(20,000)
NET EXPENDITURE	<hr/> 420,800	<hr/> 392,100

TRANSPORT AND AIR QUALITY SERVICES

Traffic and Engineering

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Revised</u> £
Engineering - Highways	4,556,600	4,536,900
Engineering - Parking & Traffic	944,800	962,200
Engineering - Road Safety	493,000	501,500
On & Off Street Parking	(13,652,600)	(15,571,100)
	<hr/> (7,658,200)	(9,570,500)

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
Variation Analysis		
2024/25 ORIGINAL BUDGET	(7,855,000)	(7,855,000)
Inflation	402,100	480,700
Other Government or Outside Body Changes		
- Employer's NI Contribution Increase	0	30,800
- London wide rebanding of PCNs	0	(615,000)
- Traffic Signals Contribution	0	1,000
Efficiency Savings		
- Income, Contract and Departmental Efficiencies	0	(14,900)
Investment Priorities		
- Street Lighting	77,000	0
Income Generation		
- Review of Fees & Charges	0	(1,030,000)
Other Growth & Savings		
- National Non Domestic Rate Payments	(1,100)	(1,100)
- New Parking Contract	(190,000)	(325,800)
- Parking Income - Gradual Recovery from Covid-19	0	(150,000)
Budget Transfers	(91,200)	(91,200)
NET EXPENDITURE	<hr/> (7,658,200)	(9,570,500)

TRANSPORT AND AIR QUALITY SERVICES

Housing Management

	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Revised</u> £
CCTV	7,000	5,800
	<hr/> 7,000	<hr/> 5,800

<u>Variation Analysis</u>	<u>2024/25</u> <u>Revised</u> £	<u>2025/26</u> <u>Budget</u> £
2024/25 ORIGINAL BUDGET	7,000	7,000
Income Generation		
- Review of CCTV Charging	0	(1,200)
Other Growth & Savings		
Budget Transfers	0	0
NET EXPENDITURE	<hr/>7,000	<hr/>5,800

LONDON BOROUGH OF RICHMOND UPON THAMES

COMMITTEE **Finance, Policy and Resources Committee**
DATE: **13 February 2025**
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 2024, 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.
- 1.3. That new schemes (bids) are entered into the Development Pool of schemes with indicative expenditure budgets and funding alongside existing schemes (Appendix B) be recommended to Council for approval.
- 1.4. That the 2025/26 Capital Strategy in Appendix C be recommended to Council for approval.
- 1.5. The Committee notes the proposed change to the accounting policy in relation to accounting for interest charges for assets under construction (see section 5.7).

3. BACKGROUND

- 3.1. Since 2018, the Council has spent £207m on the capital programme to support investment in the borough. The investments reflect 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 2024. That

programme included a total underlying need for borrowing by the end of the programme of around £78m. The total budgeted expenditure for the six years approved by the Sept report was £212.7m, with total overall project budgets (all years) standing at £299.5m.

4. THE EXISTING PROGRAMME

- 4.1. The main schemes in the existing six-year capital programme invest in the Twickenham Riverside development, Elleray Hall redevelopment with 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 of Section 106 contributions), expenditure on the Richmond Climate Emergency Strategy (RCES) and redevelopment at Ham Close.
- 4.2. During the course of this year, various new approved schemes have been added to the programme under the appropriate approval processes. This includes Electric Vehicle (EV) Chargepoints (through the On-Street Residential Chargepoint Scheme grant), Disabled Facilities Grant – New Schemes, Strathmore at St Richard Reynolds SEN provision and Tangleay Park Refurbishment, which are all fully externally funded. In addition there has been a review of the forecast expenditure profiles for schemes as well as the removal of non-committed schemes and changes to financing.
- 4.3. A breakdown of these new schemes added to budgets since September 2024 and other changes is shown below:

	£000	£000
September Published Capital Programme All Year Budgets (before in-year additions below)		299,457
<u>Amendments to budget since Sept</u>		<u>Funded by / Reason</u>
Disabled Facilities Grant - New Schemes	3,037	Disabled Facilities Grant brought forward
Townmead Road Fire Suppression System	800	Waste and Recycling Reserve (November 2024 FPR)
Electric Vehicle Charge Points (part RCES)	489	ORCS Grant
Heathfield Shop Front improvements (PRIF)	228	Public Realm Improvement Fund Reserve
Broad Street improvements (PRIF)	203	Public Realm Improvement Fund Reserve
Castelnau shopping parade improvements (PRIF)	179	Public Realm Improvement Fund Reserve
UK shared prosperity fund	15	UKSPF Capital Grants
Hampton Wick improvements (PRIF)	3	Public realm Reserve
Development Delivery Agreement (DDA)	(1,000)	Correction to Budget
School Street Phase 4	(190)	Correction to Budget
Total Adjustments to Project Budgets (all years)		3,764
Updated Capital Programme - Total Project Budgets (before changes proposed in this report)		303,221

4.4. The overall programme has then been separated into the Committed Capital Programme (CCP) and the Development Pool. The CCP contains the schemes which have passed Gateway 2 and 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. These stages were outlined within the 'Capital Programme and Funding Review 2024/25' (Appendix C) report to FPR Committee on 19 September 2024.

4.5. 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.

4.6. The CCP latest spending plan profile and funding for the period 2024/25 to 2029/30 is provided below:

Committed Capital Programme - Latest Spending Plan

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
Committee	£'000						
Adult Social Services, Health & Housing	14,153	6,367	6,208	4,650	6,064	4,564	42,006
Education & Children's Services	9,747	14,566	7,475	0	0	0	31,788
Environment, Sustainability, Culture & Sport	2,147	3,233	590	550	450	450	7,420
Finance, Policy & Resources	13,915	34,903	32,177	3,394	1,330	1,330	87,049
Transport & Air Quality	10,945	6,935	3,559	3,350	3,250	2,700	30,739
Total Capital Programme	50,907	66,004	50,009	11,944	11,094	9,044	199,002

Financed By							
Grants	22,536	26,513	16,024	3,480	4,964	3,464	76,981
S106 & CIL	5,755	1,070	0	0	0	0	6,825
Affordable Housing S106	2,143	1,200	1,175	1,100	1,100	1,100	7,818
Revenue Funding	1	25	0	0	0	0	26
Earmarked Reserves	2,091	887	0	0	0	0	2,978
Application of Capital Receipts	2,767	18,883	7,646	992	0	0	30,288
Borrowing	15,614	17,426	25,164	6,372	5,030	4,480	74,086
Total Financing	50,907	66,004	50,009	11,944	11,094	9,044	199,002

4.7. The Latest Spending Plan provides the Council with the detailed monitoring position on all live schemes and the current projection of the level of capital investment and financing costs over the next six-year period for schemes within the CCP. Through detailed forecasting it is also important that schemes are monitored against their total project budgets to ensure that schemes remain deliverable within the agreed project budget approved for them by the Council.

4.8. The following table summarises the individual schemes which are currently forecasting variances between their total project budgets and the latest spending plan. This outlines the current forecasting position and scheme managers continue to review budgets to ensure that schemes ultimately will be delivered within their budget envelope.

4.9. If individual schemes do require an adjustment to their project budget then recommendation through the Investment and Funding Board needs to be obtained followed by formal Committee approval, if necessary.

4.10. Current forecast variances compared to total project budgets:

Scheme	All Years Budget £'000	All Years Forecast £'000	All Years Variance £'000	Commentary
Inflation Placeholder	2,562	0	(2,562)	This budget is only drawn upon when schemes demonstrate an inflationary pressure and appropriate evidence is provided
Teddington Suspension Footbridge and Lock Cut Footbridge Essential Maintenance Works	7,590	7,015	(575)	An element of the contingency budget has not been committed to date
Residential Acquisitions – Phase 1	12,501	12,095	(406)	A small underspend is currently forecast against this scheme as properties have been acquired, on average, cheaper than the amount estimated when factoring in first let repairs and all associated acquisition costs
All other schemes	280,568	280,340	(228)	No scheme variances greater than £400k
Total CCP Project Budgets	303,221	299,450	(3,771)	

5. REVIEW OF NEED TO SPEND AND BORROWING

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

5.2. 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.

5.3. 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.

- 5.4. In general every £1m of borrowing has an ongoing revenue cost in the region of £70,000 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.
- 5.5. The Council has a borrowing requirement within the existing approved programme (CCP+DP) of £80.7m. This represents 38% of the funding of the six-year capital programme and will likely increase revenue borrowing costs by an estimated £5.82m per year. The Council has reviewed the proposed additions to the capital programme to ensure that levels of debt incurred for investment remains prudent and affordable over the medium/long term. It is also proposed to target investment to those schemes which will provide further investment in the borough but also provide an efficiency to the Council increasing value for money to Council Tax payers by generating income or avoided costs of more than the cost of financing the borrowing.
- 5.6. Where possible the Council will use internal borrowing, utilising cash-backed earmarked reserves. The debt charge on internal borrowing is the loss of interest earned from reducing balances invested, which is (almost always) lower than external borrowing rates. 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, this will normally be advanced via the Public Works Loan Board (PWLB).
- 5.7. The Council proposes to amend its accounting policy in relation to the accounting treatment of borrowing costs. At present interest costs for capital expenditure/assets financed via borrowing are charged to revenue expenditure. The change provides the option to enable interest costs to be charged to capital on certain qualifying assets while the asset is actively being developed and remains within Assets Under Construction (AUC) on the Council's balance sheet. This will result in the capitalised interest forming part of the cost of the asset instead of being charged to the Council's revenue account and would contribute to reducing debt costs chargeable to the revenue account. This will be applied to particular schemes following approval by this Committee.

6. DEVELOPMENT POOL - 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	2025/26	2026/27	2027/28	2028/29	2029/30	Total
Committee	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Services, Health & Housing	7,100	8,200	1,800	1,800	2,001	20,901
Education & Children's Services	2,700	561	180	0	0	3,441
Environment, Sustainability, Culture & Sport	6,169	2,183	410	420	1,090	10,272
Finance, Policy & Resources	10,138	1,872	2,196	2,077	1,600	17,883
Transport & Air Quality	7,892	4,850	4,550	250	0	17,542
Total new schemes and indicative budgets	33,999	17,666	9,136	4,547	4,691	70,039

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 £12.9m across three years to improve infrastructure and safety. The additions also include investments to our community facilities such as Care Homes and a new Leisure Infrastructure Plan. In addition, a further £0.5m is being added to tackle the Climate Change Strategy across the period, alongside further LED and decarbonisation projects, including Twickenham Civic Centre. Investment also includes maintaining and enhancing operational estates to ensure they remain fit for purpose for community and resident use and priority investment of £4m in Towpath repair and maintenance. The additions include an extra year of the schemes funded directly by grant such as Disabled Facilities Grant and Schools Condition Programme schemes.

6.3. These schemes draw down £3.16m of existing earmarked reserves and are also financed through the receipt of £2m of capital receipts with a further £19m expected to be financed through the receipt of either grants and contributions, primarily from government departments and developer S106 and CIL contributions. The balance of funding is from Council resources such as borrowing.

6.4. In addition to the approved programme there is a known "pipeline" of potential schemes which includes investment required as part of the library strategy, the next steps and phases of the Council's commitment to decarbonisation and development of Kingston Lane Supported Housing scheme & Whitton Community Centre. Further rounds of public realm improvements are also within the pipeline of schemes for future rounds of the capital programme. Funding for these will be added into the programme as schemes are agreed and funding is identified. Members should bear this pipeline in mind when considering adding other schemes to the capital programme as, ultimately, available resources are limited.

7. FINANCING

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

	£000	£000
Committed Capital Programme (CCP) 2024/25 to 2029/30		
Financing Requirement		74,086
Add Indicative borrowing requirement for existing Development Pool and new bids (Appendix B)		51,650
Total Indicative Borrowing Requirement 2024/25 to 2029/30		125,736

7.2. **Capital Receipts:** At the start of 2024/25 the Council held a total of £1.3m 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.

7.3. **Community Infrastructure Levy:** As detailed in the table below, as at 31st December 2024, a balance of £7.11m of Strategic Borough CIL had been received and not spent. In agreeing the new capital programme (and/or in financing the final outturn for the current year) the Council may decide to either:

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

Richmond Strategic CIL Statement as at 31st December 2024

	£		
Total SCIL Cash Received as at 31st December 2024	-18,680,314		
	SCIL Budget Committed £	Expenditure Incurred to date £	Net Remaining Budget £
Projects to be funded by SCIL			
20mph schemes - Phase 2	400,000	6,020	393,980
ANPR Cameras for School Streets enforcement	145,000	118,376	26,624
Completed SCIL projects as at 30/06/24	9,792,197	9,792,197	0
Elleray Hall redevelopment	3,120,000	536,044	2,583,956
Ham Close	1,913,000	0	1,913,000
Hampton Court Road Cycle Scheme	450,000	465	449,535
Hospital Bridge Road - Walking & Cycling improvements	199,674	46,674	153,000
Remote monitoring of gullies	60,000	46,583	13,417
School Streets (part RCES)	483,865	58,865	425,000
Teddington Suspension footbridge	540,000	540,000	0
Traffic Improvements	257,663	217,866	39,796
Zebra Crossings	217,052	205,362	11,690
Previously Approved Projects Funded from SCIL	17,578,451	11,568,452	6,010,000
New Development Pool Additions	9,230,000		
Total Approved Projects Funded from SCIL	26,808,451		
Value of SCIL Receipts over Committed to date	8,128,137		
Forecast of further CIL receipts by 31.3.2030	-7,653,187		
Forecast Value of SCIL Receipts Overcommitted by 31.3.2030	474,950		
Balance SCIL Receipts remaining unspent as at 31/12/2024		-7,111,862	

7.4. **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 £21.688m is currently unallocated within the capital programme, however £16.293m of this is attributable to planning permission related income not yet received so the balance currently available and uncommitted is £5.395m. Further work is continuing to estimate the timing and profile of these potential future Section 106 affordable housing receipts, particularly for larger sites, however the timing or receipt of future payments cannot be guaranteed as they are dependent on whether individual developments progress and whether they hit key trigger points and milestones. This is subject to regular monitoring from the Section 106 Team within the Planning Division and the Affordable Housing Team within the Housing and Regeneration Directorate, in conjunction with the Executive Director of Finance.

As at 31st December 2024	£000	£000
Affordable Housing S106 opening balance 2024/25		18,634
Received in the year to date	1,550	
Committed to existing capital schemes	(13,957)	
Committed to revenue	(832)	
Affordable Housing S106 currently available		5,395
Secured in planning permissions (not yet received)	16,293	
Unallocated within the capital programme		21,688

7.5. There are some significant affordable housing schemes already in the pipeline that may draw down on these unallocated Section 106 affordable housing receipts estimated in the region of £2.9 to £3.2m. These schemes include Council led developments such as those at Twickenham Riverside and Elleray Hall.

7.6. 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.

7.7. The Development Delivery Agreement (DDA) is an agreement between the Council and Richmond Housing Partnership (RHP) to combine available funding resources to improve and increase the delivery of affordable housing in the borough. Jointly, the Council and RHP utilise funds held under the Trust Account Deed (which is held by RHP and has built up as a result of receipts from RHP disposals of transferred assets) and from Section 106 affordable housing receipts. The DDA scheme was originally approved in September 2019 with the intention to enable RHP to deliver additional homes beyond those already in its pipeline.

8. PROPOSED CAPITAL PROGRAMME

- 8.1. Following all the proposals in this paper, the Council is in a position to announce a revised six-year capital programme with investment totalling £282.4m over the period 2024/25 to 2029/30 in the Borough.
- 8.2. The most significant sources of financing are borrowing (£125.7m), grants (£89.2m), capital receipts (£32.3m) and CIL / Section 106 receipts (£21m), 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	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Committed Capital Programme (CCP) – Latest Spending Plan	50,907	66,004	50,009	11,944	11,094	9,044	199,002
Development Pool – existing	0	7,003	1,700	1,700	2,921	0	13,324
Development Pool – new bids	0	33,999	17,666	9,136	4,547	4,691	70,039
Total Proposed Investment in Richmond Upon Thames	50,907	107,006	69,375	22,780	18,562	13,735	282,365

Financed By	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
Grants	22,536	35,304	17,298	3,830	4,964	5,365	89,297
S106 & CIL	5,755	9,811	1,889	450	2,950	200	21,055
Affordable Housing S106	2,143	1,200	1,175	1,100	1,100	1,100	7,818
Revenue Funding	1	25	0	0	0	0	26
Earmarked Reserves	2,091	1,835	472	806	697	240	6,141
Application of Capital Receipts	2,767	19,883	8,470	1,172	0	0	32,292
Borrowing	15,614	38,948	40,071	15,422	8,851	6,830	125,736
Total Financing	50,907	107,006	69,375	22,780	18,562	13,735	282,365

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 £125.7m of borrowing which is broken down per year in paragraph 8.3. This level of borrowing is considered affordable within the current MTFS. The estimated borrowing cost of £38.9m in 2025/26 would be £2.8m in the first full year for a loan taken in 2025/26. For future years' additions, Members will need to be mindful of the ongoing uncertainty around central Government funding, forecasts for interest

rates, and ongoing demand pressures on revenue budgets, particularly as there are already some further large capital schemes that are under development.

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 – CCP Latest Spending Plan 2024/25 to 2029/30

Appendix B – Development Pool - 2025/26 to 2029/30

Appendix C – Capital Strategy 2025/26

17. CONTACTS

Fenella Merry
Executive Director of Finance
Fenella.Merry@richmondandwandsworth.gov.uk

Cllr Robin Brown
Finance and Resources Lead Member
Cllr.r.brown@richmond.gov.uk

RICHMOND UPON THAMES - GENERAL FUND CAPITAL PROGRAMME

Latest Spending Plan

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £'000
Education & Children's Services							
Basic Needs							
Collis KS1 Rebuild	21	0	0	0	0	0	21
Devolved Formula Capital	205	225	225	0	0	0	655
East Sheen Double Demountable Classrooms	68	0	0	0	0	0	68
Richmond Upon Thames School (REEC)	4,767	442	0	0	0	0	5,209
Strathmore at St Richard Reynolds	109	0	0	0	0	0	109
SEN Provision							
New Clarendon School at Petersham	1,041	6,462	5,797	0	0	0	13,300
Strathmore at Hampton High	489	5,686	580	0	0	0	6,755
Vineyard Primary Special Resource Provision	1,223	50	0	0	0	0	1,273
Schools General Planned Maintenance							
Barnes Primary KS2 roof	1	0	0	0	0	0	1
Condition Surveys	25	0	0	0	0	0	25
Carlisle Inf Internal Doors	23	0	0	0	0	0	23
Carlisle Inf U/Ground Drainage	19	0	0	0	0	0	19
Carlisle Infant LTHW System	5	302	0	0	0	0	307
Carlisle Infants H	11	0	0	0	0	0	11
Darell Prim - Ph 2 Roof Repair	117	6	0	0	0	0	123
Darell Primary School - Roof replacement	67	0	0	0	0	0	67
Design Development	40	0	0	0	0	0	40
East Sheen Decarbonisation LED Lighting (RCES)	9	4	0	0	0	0	13
Hampton Hill Toilets/Corridor	104	0	0	0	0	0	104
Hampton Inf Roof Replacement	163	17	0	0	0	0	180
Hampton Wick Infant and Nursery School - Playground and outdoor play spaces	171	15	0	0	0	0	186
Hampton Wick Infant and Nursery School - Roof replacement phase 1	10	0	0	0	0	0	10
Hampton Wick Playground Ph2	155	5	0	0	0	0	160
Heathfield School Partnership - Windows and Doors	21	5	0	0	0	0	26
Lowther Prim-EYs Roof Replace	100	4	0	0	0	0	104
Orleans Primary - Playground and Soft Play Areas	10	0	0	0	0	0	10
Schools General Planned Maintenance - unallocated funding	0	1,093	866	0	0	0	1,959
Sheen Mount-Refurb Main KS1 WC	224	14	0	0	0	0	238
Stanley School Decarbonisation LED Lighting (RCES)	0	3	0	0	0	0	3
Urgent Health & Safety Works	50	0	0	0	0	0	50
Windham Nursery - Security Safeguarding Works	7	0	0	0	0	0	7
Other Projects							
AfC Critical IT investment	288	101	0	0	0	0	389
Richmond Childcare Capital Expansion Grant	134	132	7	0	0	0	273
The White House Family Hub	70						70
Total Education & Children's Services	9,747	14,566	7,475	0	0	0	31,788
Adult Social Services, Health & Housing							
Other Adult Social Services, Health & Housing							
Health Bus	50	0	0	0	0	0	50
Integrated Community Equipment	1,463	1,463	1,463	1,463	1,463	1,463	8,778
Occupational Therapy	100	100	100	100	100	100	600
Purcahse of 4A & B Station Road	1,000	0	0	0	0	0	1,000
Housing Grants							
Coldbusters Home Repair Assistance Grant	101	233	175	175	175	175	1,034
Development Delivery Agreement (DDA)	0	1,000	1,000	1,000	1,000	1,000	5,000
Disabled Facilities Grant	2,302	3,216	3,195	1,742	3,226	1,726	15,407
Empty Property Grants	25	50	25	0	0	0	100
Home Improvement Agency - System replacement	40	0	0	0	0	0	40
Sponsored Moves	48	155	100	70	0	0	373
Affordable Housing Development							
Residential Acquisitions – Phase 1	1,374	0	0	0	0	0	1,374
Residential Acquisitions – Phase 2	7,650	0	0	0	0	0	7,650
RHP Extension Programme	0	150	150	100	100	100	600
Total Adult Social Services, Health & Housing	14,153	6,367	6,208	4,650	6,064	4,564	42,006

Latest Spending Plan

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £'000
Finance, Policy & Resources							
Broad Street improvements (PRIF)	154	663	0	0	0	0	817
Busen - Reprovision	30	0	0	0	0	0	30
Castelnaud shopping parade improvements (PRIF)	236	31	0	0	0	0	267
Central Depot Heating Controls	3	0	0	0	0	0	3
Council Funded Decarbonisation Projects - Phase 1	575	0	0	0	0	0	575
Council Funded Decarbonisation Projects - Phase 2 (Part RCES)	889	93	0	0	0	0	982
Decarbonisation and Improvement to Twickenham Civic Centre	0	350	0	0	0	0	350
East Sheen Library brighter spaces (PRIF)	33	31	0	0	0	0	64
Elleray Hall Redevelopment	3,244	1,748	0	0	0	0	4,992
Emergency Plant and Equipment Renewal	383	0	0	0	0	0	383
Empty Property Purchase	100	0	0	0	0	0	100
Ferguson Hall and Adjoining WCs - Asbestos removal and demolition	0	186	0	0	0	0	186
General Planned Maintenance	1,613	1,729	1,330	1,330	1,330	1,330	8,662
Ham Close	1,093	8,031	11,247	0	0	0	20,371
Hampton Wick improvements (PRIF)	39	0	0	0	0	0	39
Heathfield Shop Front improvements (PRIF)	300	129	0	0	0	0	429
ICT Investment	1,066	389	0	0	0	0	1,455
IT Infrastructure - PCI & PSN Compliance	13	10	0	0	0	0	23
Public Sector Decarbonisation (PSDS 3a) (part RCES)	668	0	0	0	0	0	668
Redevelopment of Milestone Green (PRIF)	29	33	0	0	0	0	62
Richmond Community Fund (round 3)	33	29	0	0	0	0	62
SSA wide - Access Control System Replacement	1	0	0	0	0	0	1
Townmead Road Fire Suppression System	800	0	0	0	0	0	800
Twickenham Riverside	1,904	20,327	19,576	2,064	0	0	43,871
UK shared prosperity fund	336	0	0	0	0	0	336
Whitton Community Centre Mixed Use Reprovision	287	241	24	0	0	0	552
York House AV System	7	0	0	0	0	0	7
York House Refurbishment	79	883	0	0	0	0	962
Total Finance, Policy & Resources	13,915	34,903	32,177	3,394	1,330	1,330	87,049
Environment, Sustainability, Culture & Sport							
Barn Elms Playing Fields Athletics Track	282	0	0	0	0	0	282
Group Exercise Studio	15	166	0	0	0	0	181
Improve/redesign of Garfield Road pocket park (PRIF)	20	0	0	0	0	0	20
Local Studies Library, AHU replacement	47	0	0	0	0	0	47
OH Gallery Stables Heat Pump	1	0	0	0	0	0	1
Old Town Hall Library (Richmond Museum) - New Lift	79	0	0	0	0	0	79
Orleans House Gallery - Delivery phase	70	0	0	0	0	0	70
Parks Cyclical Maintenance	150	150	150	150	150	150	900
Parks Strategy	445	300	300	300	300	300	1,945
Pocket parks	20	140	140	100	0	0	400
Pools on the Park - Boundary Wall Replacement	63	0	0	0	0	0	63
Pools on the Park - Refurbishment of the gym members changing room, associated toilets/shower blocks and café toilet block	12	134	0	0	0	0	146
Pools on the Park - Refurbishment of swimming changing room & associated toilets/shower blocks	12	134	0	0	0	0	146
Pools on the Park - Replace pool lights	20	179	0	0	0	0	199
Pools on the Park - Replacement of the pool hall ceiling/AHU/Lighting System	30	768	0	0	0	0	798
Pools on the Park - Upgrade ventilation	6	64	0	0	0	0	70
Pools on the Park - UV Installation POTP & TPFC	0	149	0	0	0	0	149
Pools on the Park Insulation	2	0	0	0	0	0	2
Public Recycling Points Vehicle	0	200	0	0	0	0	200
Richmond Libraries CCTV Installation	123	100	0	0	0	0	223
Teddington Library - First Floor refurbishment	1	0	0	0	0	0	1
Teddington Pools, AHU replacement	80	162	0	0	0	0	242
Teddington Pools, Boilers	120	321	0	0	0	0	441
Teddington Sports Centre Sand Dressed Pitch Replacements	509	0	0	0	0	0	509
Teddington School - Sports Centre Changing Rooms	0	266	0	0	0	0	266
Twickenham Green Lighting	40	0	0	0	0	0	40
Total Environment, Sustainability, Culture & Sport	2,147	3,233	590	550	450	450	7,420

Latest Spending Plan

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £'000
Transport and Air Quality							
20mph schemes - Phase 2	210	249	0	0	0	0	459
A305 Sixth Cross to Apex	60	0	0	0	0	0	60
A314 Hanworth Road	51	0	0	0	0	0	51
Air Quality Monitoring - Richmond Town Centre (RCES)	2	0	0	0	0	0	2
Arragon Road, TW Safety measure	161	0	0	0	0	0	161
Automatic Number Plate Recognition Cameras for School Streets enforcement	27	0	0	0	0	0	27
Bikehangars - residential scheme (part RCES)	170	64	0	0	0	0	234
Cargo bike parking bays	28	0	0	0	0	0	28
Cargo Bike Rental Service	7	0	0	0	0	0	7
Contraflow cycle schemes (RCES)	2	62	0	0	0	0	64
Cycle Parking - public on-street (RCES)	43	0	0	0	0	0	43
East Twickenham Public realm improvements (PRIF)	63	0	0	0	0	0	63
Electric Vehicle Charge Points (part RCES)	539	100	95	0	0	0	734
Electrification of trading pitches (RCES)	21	0	0	0	0	0	21
Flood Alleviation Works	215	175	0	0	0	0	390
Friar's Lane Car Park Improvement	245	0	0	0	0	0	245
Hammersmith Bridge Mitigation measures	35	0	0	0	0	0	35
Hampton Court Road Cycle Scheme	0	475	0	0	0	0	475
Highways and Pavements	3,413	3,380	3,350	3,350	3,250	2,700	19,443
Hospital Bridge Road	19	0	0	0	0	0	19
Hospital Bridge Road - Walking & Cycling improvements	51	400	0	0	0	0	451
Hospital Bridge Road / Turing House School	18	0	0	0	0	0	18
Paradise road car park ANPR solution and automated payment option	15	0	0	0	0	0	15
Principal Roads	200	0	0	0	0	0	200
Remote monitoring of gullies	13	0	0	0	0	0	13
Richmond Road East Twickenham	88	0	0	0	0	0	88
S106 Schemes	0	32	0	0	0	0	32
Safer Route to School Improvements/Engineering measures (RCES)	116	255	114	0	0	0	485
School Streets (part RCES)	552	272	0	0	0	0	824
Strawberry Vale Corridor	100	25	0	0	0	0	125
Strawberry Vale Cycle Scheme	0	17	0	0	0	0	17
Street Lighting	1,322	650	0	0	0	0	1,972
Street Trees	25	0	0	0	0	0	25
Teddington Suspension and Lock Cut Footbridges	2,771	600	0	0	0	0	3,371
The Vineyard Safety improvements	232	0	0	0	0	0	232
Traffic Calming measures	118	0	0	0	0	0	118
Uplift Schemes/Twickenham Area Action Plan	0	179	0	0	0	0	179
Zebra Crossing Meadoway, Kneller Gardens / Crane Park	13	0	0	0	0	0	13
Total Transport and Air Quality	10,945	6,935	3,559	3,350	3,250	2,700	30,739
Total Capital Programme	50,907	66,004	50,009	11,944	11,094	9,044	199,002
Financed By :							
Grants	22,536	26,513	16,024	3,480	4,964	3,464	76,981
S106 & CIL	5,755	1,070	-	-	-	-	6,825
Affordable Housing S106	2,143	1,200	1,175	1,100	1,100	1,100	7,818
Revenue Funding	1	25	-	-	-	-	26
Earmarked Reserves	2,091	887	-	-	-	-	2,978
Application of Capital Receipts	2,767	18,883	7,646	992	-	-	30,288
Borrowing Requirement	15,614	17,426	25,164	6,372	5,030	4,480	74,086
Total Financing	50,907	66,004	50,009	11,944	11,094	9,044	199,002

RICHMOND UPON THAMES - GENERAL FUND CAPITAL PROGRAMME

APPENDIX B - Development Pool

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £'000
NEW SCHEMES / ADDITIONS 2025/26 to 2029/30						
Education & Children's Services						
Richmond School Condition Programme	1,250	-	-	-	-	1,250
Family Hubs - Heatham House	1,450	561	180	-	-	2,191
Total Education & Children's Services	2,700	561	180	-	-	3,441
Adult Social Services, Health & Housing						
Richmond Care Homes (PFI Expiry Programme) Future Model	0	400	1,800	1,800	-	4,000
Day Centre Improvements - Modern Day Services Offer	-	850	-	-	-	850
Digital Switchover Telecare	500	350	-	-	-	850
DFG (RHP)	-	-	-	-	600	600
DFG (except RHP)	-	-	-	-	1,126	1,126
Empty Property Purchases/Housing Acquisition	6,500	6,500	-	-	-	13,000
Refurbishment of Clarendon School Lodge	100	100	-	-	-	200
Coldbusters	-	-	-	-	175	175
Sponsored moves	-	-	-	-	100	100
Total Adult Social Services, Health & Housing	7,100	8,200	1,800	1,800	2,001	20,901
Finance, Policy & Resources						
Twickenham Civic Centre Decarbonisation and Improvement	8,000	-	-	-	-	8,000
Operational Plant and Equipment Renewal (OPER)	693	693	693	693	693	3,465
Statutory Compliance and Remedial Works (SCRWCB)	554	554	554	554	554	2,772
Operational Roof and Fabric Renewal (OPRFR)	353	353	353	353	353	1,764
IT Investment	538	272	596	477	-	1,883
Total Finance, Policy & Resources	10,138	1,872	2,196	2,077	1,600	17,883
Environment, Sustainability, Culture & Sport						
Leisure Infrastructure Plan	2,000	-	-	-	-	2,000
Community Bluscapes	1,240	560	-	-	-	1,800
POTP & Teddington Pools undercroft repair	858	858	-	-	-	1,716
Joint Thames Strategies	1,051	365	-	-	-	1,416
Circular Economy Hub	150	200	210	220	240	1,020
Tree Repair Sites and Tree Planting	200	200	200	200	200	1,000
Climate Change	-	-	-	-	500	500
Hampton Sports and Fitness Centre Pitch Replacement	350	-	-	-	-	350
Waste Vehicles	260	-	-	-	-	260
Parks Cyclical Maintenance	-	-	-	-	150	150
Public Toilets Improvements Orleans House Gallery	60	-	-	-	-	60
Total Environment, Sustainability, Culture & Sport	6,169	2,183	410	420	1,090	10,272
Transport and Air Quality						
Highways and Pavements (additional)	4,300	4,300	4,300	-	-	12,900
Kew Towpath Reinstatement	3,000	-	-	-	-	3,000
Towpath Improvements	250	250	250	250	-	1,000
Footbridges	300	300	-	-	-	600
CCTV - Moving Traffic Enforcement Cameras	42	-	-	-	-	42
Total Transport and Air Quality	7,892	4,850	4,550	250	-	17,542
Total New Schemes	33,999	17,666	9,136	4,547	4,691	70,039
EXISTING SCHEMES 2025/26 to 2029/30						
Education & Children's Services						
Basic Needs - unallocated funding	699	350	350	-	-	1,399
Final Retention Payments - Various Schemes	3	-	-	-	-	3
Short Break Care	11	-	-	-	-	11
Total Education & Children's Services	713	350	350	-	-	1,413
Adult Social Services, Health & Housing						
Ham Close Affordable Housing	2,500	-	-	2,500	-	5,000
Total Adult Social Services, Health & Housing	2,500	-	-	2,500	-	5,000
Finance, Policy & Resources						
LED Lighting Upgrade Project	1,000	1,000	1,000	-	-	3,000

RICHMOND UPON THAMES - GENERAL FUND CAPITAL PROGRAMME

APPENDIX B - Development Pool

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £'000
Minimum Energy Efficiency Standards - Compliance Work (RCES)	24	-	-	-	-	24
Pavilion works	450	-	-	-	-	450
Public Sector Decarbonisation (PSDS 3c) (part RCES)	815	-	-	-	-	815
York House Basement Building Regulations Compliance Works	425	-	-	-	-	425
Total Finance, Policy & Resources	2,714	1,000	1,000	-	-	4,714
Environment, Sustainability, Culture & Sport						
Climate Change Strategy (RCES) - unallocated	612	350	350	421	-	1,733
Total Environment, Sustainability, Culture & Sport	612	350	350	421	-	1,733
Transport and Air Quality						
Corridors	90	-	-	-	-	90
Cycle Parking	54	-	-	-	-	54
Cycleways Network	140	-	-	-	-	140
Richmond Station Heritage Project	100	-	-	-	-	100
Specialised Street Lighting Columns	50	-	-	-	-	50
Traffic improvements	30	-	-	-	-	30
Total Transport and Air Quality	464	-	-	-	-	464
Total Existing Schemes	7,003	1,700	1,700	2,921	-	13,324
Total Development Pool	41,002	19,366	10,836	7,468	4,691	83,363
Financed By :						
Grants & Contributions	8,791	1,275	350	-	1,901	12,317
S106 & CIL	8,741	1,889	450	2,950	200	14,230
Asset Purchase Borrowing	6,500	6,500	-	-	-	13,000
Earmarked Reserves	948	472	806	697	240	3,163
Capital Receipts	1,000	824	180	-	-	2,004
Borrowing (General & Invest 2 Save)	15,022	8,407	9,050	3,821	2,350	38,650
Total Financing	41,002	19,366	10,836	7,468	4,691	83,363

London Borough of Richmond upon Thames

Capital Strategy 2025/26

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

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

2. Capital Expenditure – Capital Programme

Overview of Governance Process

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

2.4 Monitoring of capital expenditure is embedded throughout the organisation with project managers working with finance teams to update their cost estimates and budgets. These reports are regularly reviewed by the Council's management team, and monitoring reported to Committees periodically.

2.5 Capital budgets are reviewed and reported annually to Full Council. Budgets are reviewed and updated throughout the year, with additional capital budgets approved where appropriate. These projects are prioritised based on their ability to meet strategic priorities, ensure continued service delivery, reduce annual revenue costs and protect Council income. All bids are reviewed by senior officer working groups and lead Council Members before being presented for consideration and approval at Full Council. General assumptions are as follows:

General assumptions are as follows:

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

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

Long-term View of Capital Spending Plans

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

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

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

3. **Investment**

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

Treasury Management Investments

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

3.7 The Council held investments of £130m at 31st December 2023, at an average rate of 5.14%. The Council is expected to begin 2025/26 with investments in excess of £70m.

Investments that are not part of Treasury Management Activity

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

3.9 The Prudential Code determines that certain acts or practices are not prudent activity for a local authority and incur risk to the affordability of local authority investment. The Council has complied with paragraph 51 of the Prudential Code, which states that an authority must not borrow to invest primarily for financial return, and states that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority and where any financial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose.

3.10 Investment Property: The Council owns Investment Property and may occasionally use capital receipts or other funds to purchase investment properties. The annual review of Council assets may lead to operational use ceasing and the asset being reclassified as an investment property either to retain them long term for income generation or pending a further decision to dispose of or redevelop the site. The level of borrowing required to finance the Capital Programme is a consideration when reviewing the use of these assets.

3.11 Suitable properties for purchase by the Council are selected after going through robust procedures to assess the security of the investment in the short, medium and longer term, that the risk of not achieving satisfactory rental returns is minimised and that there are the best prospects of future rental and capital growth.

3.12 The Council's valuers are supported through the acquisition process by specialist property investment surveyors and legal advisers. The Council may contact agents in the market to help identify potential investment properties for sale as these are not frequently widely marketed, or commission its specialist property advisers to undertake a search for specific suitable properties. The adviser undertakes negotiations with the vendor for the acquisition subject to approval by officers. A set of assessment criteria are used in evaluating the suitability of properties. These criteria are as follows:

- a) Location

- b) Tenancy strength/strength of covenant
- c) Length of tenure
- d) Occupier's lease length
- e) Repairing terms/obligations
- f) Lot size (value of the investment)

3.13 These criteria are assessed against weighting factors ranging from Excellent to Unacceptable

3.14 If a property is considered to meet the Council's investment criteria, the Council commissions a Property Investment Surveyor (not the same one used to identify the property) to provide a market report on the property. This report will include commentary on the credit worthiness of the tenant, an opinion of value and a recommendation in respect of the provisionally agreed acquisition price. This is undertaken in accordance with the Royal Institute of Chartered Surveyors Red Book.

3.15 Prior to acquiring any properties, officers also undertake a further due diligence exercise including reviewing the leases, commissioning a building survey and report, a mechanical and electrical survey, a valuation report, and ensuring that there is an Energy Performance Certificate in place with a rating of at least D, but this has been revised to B due to changing regulations. Solicitors also undertake legal due diligence with a further review of the leases, the planning position and a report on title, highlighting any potential title defects.

3.16 All investment properties are revalued annually at fair value as part of the Council's preparation of final accounts and audit process. Consideration is given at the end of each financial year as to whether impairment of any properties is required.

3.17 Loans to facilitate Council Policy. The Council may make loans to organisations the Council has an interest in (e.g. WLWA, SWMCB, AfC), academy schools, other service providers, voluntary organisations or other bodies working to achieve Council priorities. The Council's Treasury Policy Statement also covers the terms under which such loans can be made.

3.18 The main loans made under this facility at present are:

- £15m loan to WLWA to facilitate the building of a new EfW facility. This is made by Richmond as a constituent authority of WLWA who will therefore benefit from the improved facilities. This loan is now being repaid so the balance is declining. Interest was fixed when the loan was agreed.
- Revolving Credit Agreement for AfC where the Council shares the cash flow "overdraft" funding for AfC pro rata to its ownership of the

organisations with RB Kingston and RB Windsor & Maidenhead. This loan varies with the cash flow of Achieving for Children.

4 Borrowing

4.1 **External Borrowing.** The Council's external long-term borrowing is from the Public Works Loan Board (PWLB) except for £11.4m from Mayor of London's Energy Efficiency Fund (MEEF) and £5m from Barclays Bank. Historically, loans were taken on a maturity basis. However, the decision was taken to switch to repayment loans as a result of changes to the regulatory framework and as a way to minimise cost of carry and the potential loss of investment following financial crisis in 2008.

4.2 The Council also offers deposit facilities to various other bodies and manages investments 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>2025</u>	<u>31st March</u> <u>2026</u>	<u>31st March</u> <u>2027</u>	<u>31st March</u> <u>2028</u>
	£000	£000	£000	£000
External Borrowing				
- Loans	111,209	144,539	181,492	190,231
- Leases/PFI	28,212	23,926	19,502	16,205
Internal Borrowing	55,146	53,118	48,321	45,190

Underlying Need to Borrow	194,568	221,583	249,316	251,626
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4.6 **Minimum Revenue Provision.** Regulations issued under the Local Government Act 2003 require local authorities to make prudent provision for the repayment of debt. This is referred to as the Minimum Revenue Provision (MRP) and is funded from revenue (e.g. is part of the Council Tax Requirement calculation). The annual statement on the Council's MRP Policy is contained within the Treasury Policy Statement and approved by full Council in February or March.

4.7 **Voluntary Revenue Provision.** The Council can make more than the minimum prudent set aside to cover debt repayment if it decides that is the best use of its resources in any year. However, this would again be funded from revenue budget and there are other ways to produce future savings in a more flexible way which are more likely to be used.

4.8 **Authorised and Operational Borrowing Limits.** Section 3 of Part 1 of the Local Government Act 2003 requires local authorities to set an affordable borrowing limit and operational boundary each year. This is contained within the Prudential Indicators and approved by full Council in February or March each year. In February 2024, the authorised limit and operational boundary for 2024/25 were set at £146m and £141m respectively and actual external debt (including lease and PFI obligations) is expected to be £141m at year end. It is proposed to set the authorised limit for 2025/26 at £190m and the operational boundary at £185m as no external borrowing is planned to be taken in 2025/26 however there is £20m headroom included in proposed limits set.



MEDIUM TERM FINANCIAL STRATEGY

SEPTEMBER 2024

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. We will continue to support the vulnerable and less well-off residents through the cost of living crisis, working closely with our voluntary sector partners. The government funding outlook is uncertain ahead of the budget and comprehensive spending review, so we will continue to run the Council's finances prudently, delivering savings and progressing the Change Programme.

Background

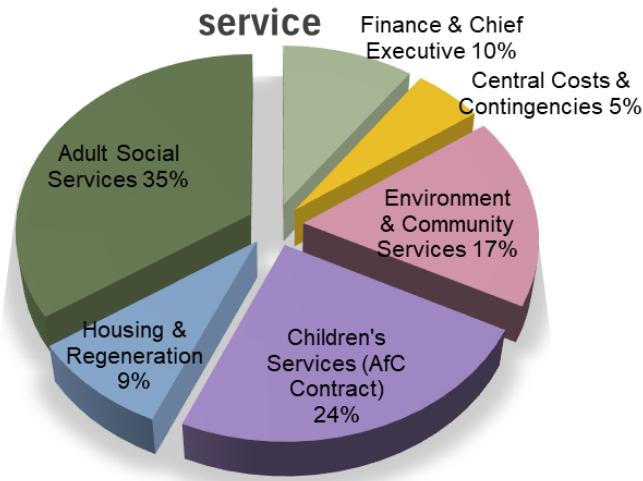
2. The key objective of the MTFS is to set the lowest possible Council Tax consistent with delivering an overall objective to make Richmond fairer and the other objectives of the Corporate Plan, including increased provision of affordable housing and delivering the Climate Emergency Strategy. However, the Administration continues to recognise the context of a post-financial crisis risk against the level of central Government support grant and historical structural underfunding by the Government of special needs education.
3. 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 has so far successfully delivered on the Dedicated Schools Budget (DSB)'s deficit recovery plan with the support of the Department for Education funding agreement. Since 2018 reserve levels have been increased in order to build a healthy financial base which enables the Council to better deal with what are clear financial challenges on the horizon.
4. The 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, addressing the climate emergency strategy, investment in youth services and tackling violent crime and anti-social behaviour. Detailed initiatives were set out in the budget to deliver on these priorities and are continuing.
5. In addition, the seriousness of the cost of living crisis and its potential impact on our residents and businesses is fully recognised and is a priority for the Administration which will continue to work on ensuring that the most vulnerable in our community are supported and cared for whilst achieving fairer outcomes for all residents.
6. Alongside the cost of living crisis for individuals and businesses being driven by high inflation, the Council itself faces further significant challenges. Whilst the UK has experienced inflation rates of largely between 0% and 3% over the last ten years, prices increased much more quickly in recent years. During that time, the country has faced the highest levels of inflation for 40 years, with Consumer Price Index (CPI) peaking at 11.1% in October 2022. This reflects dramatically increasing prices, particularly in gas and electricity charges, transport, household equipment and food. These increases have had a significant impact on the Council's budgetary outlook. The general trend this year has been reducing inflation levels with the level of CPI currently 2.2% in July 2024. Despite the reduction, 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 £10m (over and above inflation) was added to the 2024/25 budget across Council services to cover expected continuing budget pressures across all services when the budget was set. A recent survey by London Councils outlined that the biggest single demand pressure over the next four years will continue to be adult social care, followed by children's social care and financing capital investment.

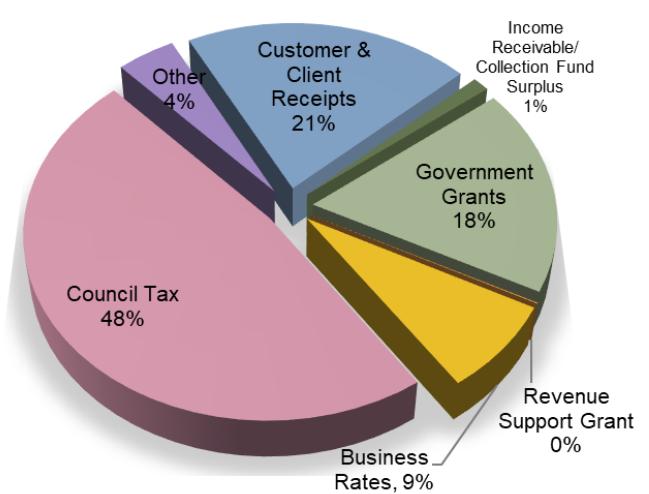
8. Government grant is not sufficient to address the rising complexity of demand and increased costs incurred by local government. A report by the Institute for Fiscal Studies released in August 2023 outlined that government funding for local government across London is 17% lower than the levels of need suggest it should be (based on latest population and deprivation statistics). The new national Government has outlined that a multi-year spending review will conclude in Spring 2025 and has committed to spending reviews every two years to cover a three year period. This promise of funding certainty is welcomed, however, the Chancellor has outlined the significant national budget pressures and therefore the overall level of funding available for the local government sector currently remains uncertain.
9. The Strategy will include taking specific actions in respect of:
 - delivering efficiencies by ensuring the Council's corporate Change Programme acts as an enabler for the delivery of better and more efficient services including innovative ways to deliver services to minimise the scope of savings required and protecting front line services
 - continuing to provide support as the economy emerges 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 Emergency Strategy.
10. 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 £

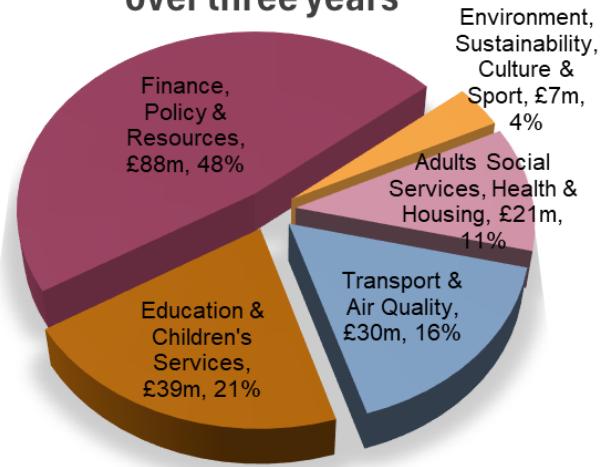
2024/25 Expenditure budget by service



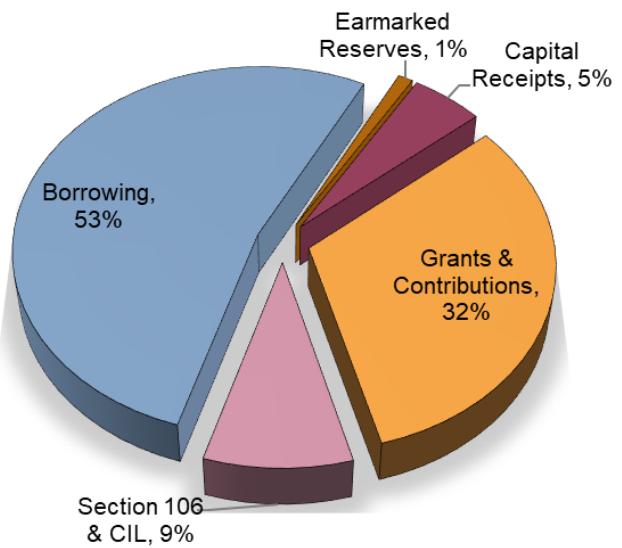
2024/25 Income Budget Analysis



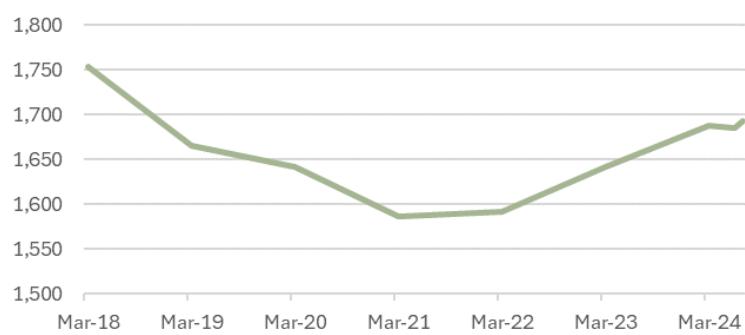
General Fund capital investment over three years



Sources of capital funding



Total Adult Service users



Statutory Homeless



The current MTFS

11. The MTFS agreed in September 2023 showed that, assuming the achievement of agreed savings plans, the budget gap before Council Tax increases would be:

Year	2024/25	2025/26	2026/27	2027/28
MTFS Gap £	£15.8m	£24.7m	£32.9m	£38.8m

12. Following lobbying from the sector, the final Local Government Finance Settlement to feed into the budget for 2024/25 included some additional funding for social care and an increase in Richmond's Core Spending Power of 7.7%, largely driven by a 'funding guarantee' payment. Core Spending Power is made up of Government funding for the Council plus locally raised Council Tax and Business Rates. This means that the majority of the increase in spending power is made up of the revenue generated by local Council Tax payers. The 'funding guarantee' payment ensures that all authorities receive at least a 4% increase in CSP excluding council tax growth and was worth £2.6m in 2024/25 for Richmond.

13. Despite implementing the maximum allowed Council Tax increase for 2024/25 of 2.99% plus a further 2% adult social care precept set out by the Government, a contribution from reserves of £2.2m was still required to balance the budget.

14. The budget included increased investment in adults and children's services as well as for temporary accommodation costs and provisions for increased inflationary pressures whilst also recognising the continued loss of some Council income (in particular in parking and leisure services) as a result of behaviour change since the pandemic. Whilst services are currently managing within these revised budgets in most areas, 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 recognised additional income earned on treasury investments to reflect the Bank of England base rate remaining at relatively high levels plus the delivery of a new programme of £6m of efficiencies. It included continued funding for the Council's Climate Emergency Strategy and a review of the capital budget, with a continuation of investment into the improvement of roads and pavements and improving the energy efficiency of the office estate by investing in upgrades to lighting.

15. The Council managed to deliver £25.7m of efficiencies over 2020/21 – 2024/25 which exceeded original immediate targets. Combining these with the continued delivery of agreed efficiency programmes this means that, since 2010:

- General Government Grant has reduced by almost £40m (62%)
- The Council has achieved savings/efficiencies/income generation of almost £100m
- Council Tax (excluding the adult social care precept) has risen by 16.7% compared with inflation increases over the same period of some 56%.

16. Despite this, this Administration has, since 2018, managed to introduce a number of measures including:

- removing minimum Council Tax contributions for the poorest families and individuals in receipt of Council Tax Reduction Scheme funding;
- setting up a discretionary fund to work with Citizens Advice on extreme hardship cases;
- continued funding for extra mental health support in schools and funding of Council Tax for care leavers;
- introducing Real Living Wage requirements for all Council contractors;

- implementing a Climate Emergency Strategy, including measures to support active travel;
- delivering the highest ever level of road and pavement repair budgets;
- investing £4.8m in the borough's parks, roads and pavements via the Public Realm Improvement Fund (PRIF);
- increased SEND school places within the borough;
- supporting businesses and residents through the Covid-19 pandemic;
- 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 investment in the community safety team to enable collaborative working with the policy 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;
- delivering more affordable housing in the borough via Ham Close, the Elleray Hall site and our residential property acquisition programme as well as securing planning permission and budget for the 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

17. 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 unlikely that Government funding will meet the gap – therefore the budget is facing a significant financial challenge. In addition to this, the cost of living crisis and position of national finances means the future for local Government finance continues to remain very unclear.

Government Funding

18. Since 2013/14, general Government funding has reduced significantly. It is unclear what further changes in Government funding will occur in the short to medium term with the recent change in the national Government.

19. After successive years of cuts Richmond reached the point in 2018/19 where it received no general Government grant. Rather than stopping at that point the Government originally decided to continue applying cuts to Richmond meaning that (in effect) it would be paying an extra tax to the Government – this is what is generally now referred to as "negative RSG". This was somewhat controversial and, following much lobbying and a short consultation, the Government removed negative RSG.

20. This meant Richmond has avoided the loss of £7.5m since 2019/20, with the value in 2024/25 now at £7.7m. However, no indication has yet been provided as to whether this position will be permanent. At this stage, the MTFS assumes that the £7.7m will continue to be avoided in 2025/26 and beyond. Richmond will also not be penalised as being liable for negative RSG in relation to the grants being 'rolled into' RSG and would receive those at the level previously identified as separate grants.

21. Proposed changes to business rates and the fair funding review (which will look at how funds are distributed to local authorities) have already been delayed by the previous

Government. It is likely to become clearer following the Spring 2025 Spending Review what the revised timescales might be.

22. The new Government has already made a commitment to multi-year finance settlements, which is welcomed, and restated the intention to implement a review of funding distributions. It has also announced that it will not proceed with the planned national adult social care reforms which is welcome news to the sector but this does not solve the major challenges the sector faces, which requires more funding.

Dedicated Schools Budget (DSB)

23. Since the Children and Families Act 2014 - which changed the requirements associated with assessing pupils with special educational needs and disabilities, extended the age range covered by the legislation from 5-16 years to 0-25 years and replaced Statements of Special Educational Needs with the requirement to produce holistic Education Health and Care Plans (EHCPs) - councils across the country have experienced a significant 40%+ overall increase in the number of EHCPs. Richmond prior to any action plan had a High Needs funding deficit of around £3m annually and had a cumulative deficit of £14.8m on the ringfenced DSB fund at 31st March 2020.

24. After extensive lobbying of the Government, in March 2021 a 'Safety Valve' funding agreement was made with the Department for Education in which the Council will receive £20m over a five-year period to remove the cumulative DSB deficit with a contribution from the Council of £1.2m in each of the five years to plug the remaining gap. £19.04m of safety valve funding has been received to date and as a result the cumulative deficit has been turned into a surplus of £1.17m at 31st March 2024. 2024/25 is the final year of the agreement with the DfE. The receipt of the remaining funding is subject to the continued successful delivery of the *SEND Futures Plan* in terms of financial sustainability and service improvement plans.

25. The Council has been successful in achieving a surplus position on the fund in advance of the completion of the Safety Valve agreement. However, despite the achievement of a cumulative surplus so far, the in year pressure on the High Needs Block is around £3m and current projections show that pressures will continue to increase without further intervention. 2024/25 is also the final year of the £1.2m Council contribution under the agreement and this will cease. Fundamentally the base funding available within the DSB is not enough to meet costs and predicted future demand pressures and so as the current funding drops away, there is a significant risk that the deficit will grow again without further measures from Government.

Areas we can predict and other risks/opportunities

26. **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 2024/25 and future years range as follows:

- (i) **Salaries:** agreement has not yet been reached nationally regarding the 2024/25 pay award for Council staff. An allowance up to 4% has been set aside in 2024/25 with a further 3% in 2025/26 dropping to 2.5% in 2026/27 thereafter.
- (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 has dropped to just above 2% in July 2024 in some areas the Council is still seeing a time lag of the impact of the previously high levels of inflation on contract prices. The Bank of England predicts inflation to drop and

to remain at around 2% over the MTFS period. 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 2.5% within the MTFS for 2025/26 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: whilst the energy price cap has been fluctuating since April 2023, it is forecast to increase by 12% in the final quarter of 2024. Wholesale prices are currently falling but 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 no change to prices during 2024/25 but a prudent low inflationary increase in 2025/26 onwards has been modelled. However, estimates are yet to be received from the Council's contract provider.

27. Current estimates for the impact of 2024/25 inflationary levels are broadly in line with that estimated when setting the 2024/25 budget (£8.5m). In addition the overall inflation contingency is expected to add around £7.5m to 2025/26 budget pressures. Inflation overall is causing a significant financial challenge for budgets.

28. **Service pressures** – the 2024/25 budget agreed unprecedented growth to fund substantial pressures on the demand and cost of council services. In particular, £7.8m 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 higher social care grant awarded in 2024/25, 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 people's 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 budget provision made in 2024/25 is currently expected to be sufficient to meet current needs the future is uncertain and a significant amount of work is underway to transform social care and early help services.
- (iii) Homelessness – there are continuing pressures on temporary accommodation; both in increasing numbers of homelessness admissions and scarce supply continuing to add to

the cost of procuring suitable accommodation. Additional budget provision of £2.2m has been included in annual budgets and significant additional sums are being provided to fund inflationary pressures. Latest pressures are being funded in year by additional government grant but it is uncertain if this funding stream will continue into future years.

29. **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 2024/25, there are still some further pressures in adult social care as outlined above. 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 1,642 to 1,684 between March 2023 and 2024. In addition, the 2021 census showed what is likely to be a pandemic driven (and therefore temporary) drop in the borough's population which may mean that future formulae based funding allocations are based on artificially low population figures.
30. **Council Tax base and the Collection Fund** – last year's MTFS assumed an increase in the Council Tax base of 300 for 2024/25, representing the increase in the number of residential properties in the borough. The actual increase was 390. This year continues to expect an increase in the region of 300 per year.
31. **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 is currently underway 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 2024/25 the estimated annual revenue cost of borrowing to support capital spend is £10.6m.
32. **Cost of living crisis** – given the seriousness of the crisis facing households through last winter and the future it continues to be a Council priority to ensure a full range of policy responses are considered to support residents and businesses at this difficult time. A wide range of initiatives have been completed, in particular working cohesively across Council services and in partnership with voluntary sector organisations, with more underway. The Council allocated £4.5m from reserves to deliver a response to this crisis and £2.6m of this has already been allocated, with a further package of support of £5.2m through the use of the Household Support Fund and the UK Shared Prosperity Fund. At the beginning of this month, the government confirmed the extension of the Household Support Fund until the end of March 2025. Funding beyond that date is unclear.

"Fairer Finances" and delivering Council priorities

33. 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.
34. The Council will not lose sight of its wider objectives to invest in good local services while protecting the most vulnerable in our community and investing for the future. The Council has set out in the Corporate Plan what it aims to do to promote a fairer deal for all those that live in the borough and how it will work with residents to ensure they have a fair say in decisions that affect them. A number of these have been outlined in paragraph 16 above already.
35. The Council is continuing other corporate plan priorities including:

- (i) The Council wants to become a “**Greener Borough**” and be carbon neutral by 2030 and as such has published the Richmond Climate Emergency Strategy and supporting annual action plan which sets out how the Council’s carbon footprint will be reduced and air quality improved. The majority of such investment is likely to require capital funding but the Council will also be considering how it uses existing Climate Change Reserves and has budgeted additional revenue funds to help manage the necessary changes.
- (ii) The Council is working to deliver more **Affordable Housing** within the borough and the capital plan allows for significant contributions to enable this in partnership with housing associations and other developers. The Council is also looking to maximise the use of its own sites for affordable housing, has acquired 30 properties in 2022/23 and 2023/24 which are now with Richmond Housing Partnership for use.
- (iii) **A Safer Borough** – work continues with the police and community groups to help tackle crime including providing advice to local residents on crime prevention and enhancing the neighbourhood watch scheme by investing further in the community safety division including CCTV. Investment continues to deliver an enhanced response to Violence Against Women and Girls (VAWG) with a focus on the safety of women and girls in public spaces. Work is ongoing with 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

- 36. As in previous years this MTFS focuses on the revenue budget. A review of the capital element of the MTFS and the capital programme for 2023/24 to 2028/29 is set out in a report to the Finance, Policy and Resources Committee on 29 February 2024 with cashflows updated in a subsequent report to the same Committee on 19 September 2024. The revised capital programme totals around £213m over the six year period. For the purposes of this MTFS update additional investment in the borough is assumed to be required, and therefore an allowance has been made for an additional capital financing requirement from 2026/27 to fund the borrowing associated with this investment.
- 37. 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.

	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	2029/30 £000s
Total Capital Expenditure	78,579	60,186	37,166	13,576	14,101	9,044
To be funded from revenue, reserves and capital receipts	11,218	19,317	5,488	1,512	0	0
To be funded from grants and contributions	37,601	26,975	13,624	4,914	9,250	4,564
To be funded from borrowing (internal and external)	29,760	13,894	18,054	7,150	4,851	4,480
Implied underlying need to borrow (CFR) at end of year	196,699	199,459	207,615	197,414	187,507	187,507

38. The underlying need to borrow at 1st April 2024 was £174.7m which was increased from £165.4m at 1st April 2023. Under the revised capital programme the estimated need to borrow at the end of 2024/25 is a maximum of £182.6m, 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 £113.8m, with £15.2m 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.

39. 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

40. The table below updates the current MTFS for the areas discussed above to provide an indicative potential budget that the Council will need to fund. It identifies how much of a gap there is between costs and current best estimates of funding. In particular:

- (i) It assumes that general Government funding (Revenue Support Grant and retained business rates) increases by 1% above 2024/25 levels in cash terms plus a potential growth in retained business rates of £300k per year. However, as identified above, this assumes that the Government repeats the existing funding settlement for 2025/26, including a lower minimum funding guarantee increase whilst completing their longer term spending review. Beyond 2025/26 the gradual removal of the funding guarantee grant has been assumed to reflect the funding review but, as with other funding streams, this is uncertain.
- (ii) No further recovery of services from the Covid pandemic is expected, with the budgetary allowances for services such as leisure and parking now continuing in the base.
- (iii) Increased demand/complexity of need experienced within adults and children's social care do not continue at the same pace beyond the current year, with future growth limited to a further £500k per annum in both areas in future years. In addition the overall homelessness pressures expect to now be managed within revised budgetary levels.
- (iv) The expiry of the Private Finance Initiative (PFI) Care UK contract at the end of 2025/26. There is a known inflationary pressure deficit of £1.7m per year which has been funded from the PFI Reserve to date which is about to be depleted and it is also likely that future provision will incur additional annual cost to deliver a revised service. Work is underway to establish this cost and an estimate has been included from 2026/27 also for the loss of government PFI grant, currently worth £0.8m annually.
- (v) There is no further assumed top up of the DSB deficit from the General Fund.
- (vi) The concessionary fares levy, paid to Transport for London and based on passenger journeys on public transport from the prior 18 month period, reflects the reduced national and frozen London fare decisions from January 2024 and increases return to inflationary uplifts beyond that as, based on TfL modelling, usage has stabilised since the pandemic.
- (vii) Separate allocations set aside to tackle the cost of living crisis within the Emergency

Funding Reserve and the remaining Government grant received within the Refugee and Homelessness Support Reserve of £6.9m as well as the Invest to Save Reserve of £5.8m to fund the Change Programme, will gradually be drawn down to fund targeted support in those areas and to assist with the wider homelessness pressures. The modelling assumes that some of the Financial Resilience Reserve balance of £28.0m at the end of 2023/24 will be required to help mitigate against pressures. Whilst overall general reserve levels available to supplement council tax total £53.2m at the end of 2023/24, this will reduce levels of reserves significantly unless corresponding savings are identified.

- (viii) The delayed impact of the Environment Act 2021 is minimal as requirements around the standardisation of recycling and waste collection across the country are unclear and will be funded from balances held within the Waste and Recycling Reserve.

Year	2025/26 (£000)	2026/27 (£000)	2027/28 (£000)	2028/29 (£000)
Current Council Tax Requirement 2024/25	£160,728	£160,728	£160,728	£160,728
Inflationary pressures	7,991	14,657	21,157	27,657
General Government grant changes	-600	13	2,613	2,613
Demographic pressures	1,000	2,000	3,000	4,000
Adult social care pressures	1,000	1,000	1,000	1,000
Other growth items	500	500	500	500
Expiry of Adults PFI contract	1,700	3,200	3,700	3,700
Previously agreed efficiency/ income plans	-3,189	-5,318	-5,418	-5,418
Change programme efficiencies	0	-500	-1,000	-1,500
Levies/charges from other bodies	750	1,700	2,550	3,400
Removal of temporary budgets	-353	-386	-586	-586
Treasury changes including capital investment	-656	1,350	2,900	3,600
Removal of assumed use of reserve	2,240	2,240	2,240	2,240
Removal of contribution to DSB deficit under the SVA	-1,200	-1,200	-1,200	-1,200
Business rates income growth	-300	-600	-900	-1,200
Council tax base growth	-538	-1,075	-1,613	-2,151
Final MTFS mid-case budget	£169,072	£178,308	£189,671	£197,383
Budget Gap <i>increase to be covered by further use of reserves/Council Tax /additional savings</i>	£8,344	£17,580	£28,943	£36,655

Every 1% increase in Council Tax delivers approximately £1.6m additional income.

Closing the budget gap

41. Similar to last year's MTFS, current assumptions predict a significant challenge from the immediate financial year due to the ongoing impact of inflation and significant service pressures having been experienced across homelessness, and adult and children's social care. Continuing efficiency plans are in place which have so far generated efficiencies of £14.4m.across the two years.
42. The Government has not confirmed what the cap on Council Tax increases will be

in 2025/26 and these figures assume that the allowed increase of 4.99% in 2024/25 will drop back to a 2.99% threshold. It is assumed that maximum Council Tax increases are applied in order to protect Council services. Even with these increases, the budget gap widens over the coming years. Around this mid-case there are a range of possibilities, with the range made even wider than in previous years due to the uncertainty of the impact of inflation and the Government's future approach to funding. The best estimate of this range at present for 2024/25 only is from around £7m better (due to lower inflation, the delivery of all expected savings and no additional pressure around adult social care) to around £11m worse (due to worse inflation and worsening general service pressures). Looking into future years, these ranges grow further.

43. Future years contain further uncertainties but the gap is expected to worsen by the impact of inflation over time. This gap must be closed by a combination of improved Government funding, increased income (including council tax), cost reductions or the use of reserves. The parameters for increasing council tax and Government funding levels are currently unknown and it is not sustainable to draw from reserves indefinitely to meet the gap.
44. As outlined above, the Council has been delivering significant efficiency programmes over a number of years now. Due to the successful previous delivery of efficiencies, it will be difficult to find any immediate short term 'quick wins' and instead strategic structural change will be needed. To address this a corporate Change Programme has been introduced to enable the delivery of local priorities and secure ongoing financial sustainability. Use of the Invest to Save Reserve has established a Change Programme Delivery Fund to underpin the programme and facilitate longer term change. The Change Programme has a particular focus on those areas which are cross-cutting enablers or building blocks of an effective organisation and further review of the direction of that programme is detailed elsewhere on this agenda. Outside of that programme, there are existing cost saving initiatives which are also aimed at delivering efficiencies to assist with the closing of the predicted budget gap. In particular, the following are expected to deliver a net saving for the organisation:
 - Assets – the investment in assets to ensure fit for current and future service delivery is expected to generate efficiencies through asset release or rental income and reduced maintenance costs.
 - Achieving for Children challenge process – a challenge board has been set up which includes colleagues from Wandsworth Children's Services to identify and challenge existing delivery and cost pressures in order to identify any improvements and cost reductions.
 - Acquisition of residential properties – by purchasing units within the borough, this aims to reduce costs being incurred for housing the homeless.
45. In the short term, some efficiencies will need to be found, with the remainder delivered by drawing from reserves. However, the overall funding position will continue to be closely monitored and as detailed proposals are developed they will be reported to Committee and the MTFS will be updated.

Key actions and reports in the next six months

46. The following summarises the key actions and reports that will impact on the Council's budgetary position in the next six months:
 - Continued monitoring of the impact and response to the cost of living crisis
 - Government Spending Review – expected in the Spring

- Consultation on 2025/26 Local Government Finance Settlement – October/November 2024
- Q2 monitoring report – November 2024
- Performance monitoring reports (quarterly)
- Local Government Finance Settlement 2025/26 – December 2024
- Committee budget proposals – January/February 2025
- Q3 monitoring report – February 2025
- Revenue and capital budget reports and Council Tax proposals – February/March 2025

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

APPENDICES

Appendix 1 – Sensitivity analysis of projections

Appendix 2 – Working with our key partners

Appendix 3 – Flexible use of capital receipts strategy

Sensitivity analysis of projections

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

Description	2024/25 £'000	2024/25 %
Employee Costs	64,218	11.5%
Premises Costs	18,947	3.4%
Transport Costs	1,506	0.3%
Supplies and Services Costs	20,515	3.7%
Third Party Payments	203,422	36.5%
DSG Expenditure	183,823	33.0%
Transfer Payments	47,231	8.5%
Support Services	1,709	0.3%
Central Items	16,156	2.9%
	557,526	100.0%

Funded by:

Income from Fees and Charges etc.	-72,870	13.1%
Housing Benefit Subsidy	-44,967	8.1%
Government Grants:		
Retained NNDR	-26,900	4.8%
Specific Government Grants	-60,791	10.9%
Non Ring Fenced Grants	-2,990	0.5%
DSG	-183,823	33.0%
Collection Fund Surplus	-1,100	0.2%
Transfers from Reserves	-3,357	0.6%
Council Tax	-160,728	28.8%
	-557,526	100.0%

2. Third party payments are mainly contract based expenditure and include care budgets, waste collection and disposal, and ICT expenditure.
3. The largest variable elements of the budget are staffing costs, third party payments and income, predominantly from fees and charges for services. Relatively small changes in these have a significant impact on the overall financial position.
4. The model assumes that the budgetary effect of general inflation is restricted wherever possible but, to put inflation in context, a 1% increase equates to £0.6m in staff costs and £2.6m 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 £111m on the provision of children's and adult social care so a 1% increase in costs or client numbers would cost £1.1m. 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. Although income might be expected to stabilise in the future, there will remain the underlying risk of shortfalls. Behaviours have not returned to pre pandemic levels, causing shortfalls in income generated, particularly in relation to parking and leisure. The continued cost of living crisis is also having some impacts on income levels in these areas. The Council currently budgets to collect around £63m 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. A further key variable is the level of Government support for services. This comes to the Council in a variety of ways e.g. Settlement Funding Assessment (Revenue Support Grant and Retained Business Rates), specific grants and non-ring fenced grants. As discussed earlier, these are expected to continue to be under severe pressure for the foreseeable future as the new Government takes steps to manage the increase in the public sector deficit. It is not yet clear whether more funding will be made available to the sector to cover ongoing inflationary and demand-led pressures. The total funding received from Government (including retained Business Rates) is currently £91m so each 1% reduction would cost the Council £0.9m.
8. The overall impact of a 1% adverse change in all these factors would be a cost to the Council of approximately £5.8m, which is equivalent to around £65 per annum on a Band D Council Tax bill. This clearly illustrates the potential impact of the volatile risk factors underlying the budget.

APPENDIX 2**Working with our key partners**

1. At the same time as local Government is facing very uncertain costs and levels of funding, in particular in the context of a new national government and continuing to support residents through the cost of living crisis, we must recognise that our other key partners also face significant pressure – the local NHS Clinical Commissioning Group (CCG), the voluntary sector who partly rely on public sector funding and support, and our local schools are particularly important for the quality of life in the borough.
2. The Council has a statutory role through the Health and Wellbeing Board to bring together strategic partners to plan how best to meet the health and care needs and improve the health and wellbeing of the local population, making most effective use of resources in the local health and care system. The enactment of the Health and Care Act 2022, enables greater integration between partners across the health and social care sector. This includes collaboration between partners who can address the wider determinants of health by removing barriers to data-sharing and enabling joint decision-making and greater collaboration within the NHS, between trusts, and between the NHS and other systems partners, including local authorities. The South West London Integrated Care Board has appointed Place leads and determined which aspects of service are to be managed at a local level and at a sub-regional level. The statutory place and SWL Integrated Care Board and partnership committees are key structures for the joint planning and management of integrated health and care services locally.
3. The Council continues to work closely with local health partners on implementing place-based arrangements to ensure joined up health and care services for residents. This includes the ambition for further pooling of health and care budgets with appropriate risk sharing as part of the ICS. There is a renewed focus on optimising impact of the Better Care Fund Grants which are focussed on integrated delivery of services and in managing pressure in health and care system. There are several structures and plans aimed at bringing system wide approaches to addressing the needs of local people making best use of local resources. The Council continues to work with the Local Government Association to press for adequate long-term funding for social care to provide stability and extra capacity in local care systems, which will also assist in supporting NHS partners to help relieve pressure on health services.
4. The 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. 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.

7. 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.
8. The Richmond upon Thames Partnership brings together the public sector leads to consider priority areas for the borough and agree how the partners can work together to meet local needs. The last event that brought partners together was focused on the Cost of Living crisis, which deepened the understanding amongst partners of each other's work, so they could best support their own clients and customers, and find areas of collaboration. This was followed up with a specific event for advice teams within voluntary sector organisations, so that they could share information about the types of client issues and the scope of their respective services. A further event is being planned for later in 2024.
9. The Council continues to also work closely with the local voluntary sector, in particular recognising and championing the efforts the sector plays in supporting the community in this time of hardship for many residents. It is vital that we work to make the best use of all the resources available in the local area. The Council has had regular meetings with voluntary sector leaders to ensure a partnership approach to supporting the community. The Council recognises the support provided to the local community from the many voluntary organisations including their volunteers, which help to ensure the local community maintains its strength and cohesiveness, this includes how the sector is at the forefront helping residents to mitigate the impact of the cost of living. The Richmond upon Thames Compact is a written understanding between the voluntary and statutory sector (London Borough of Richmond upon Thames and the Integrated Care System) as to how they should work together and ensure a mutually beneficial relationship exists. The Richmond upon Thames Compact aims to build upon our existing commitment to partnership working by setting out our shared principles and how we will consult, involve and manage our resources together. The Council works with Richmond Council for Voluntary Services (RCVS) on embedding the principles of the Compact in how both partners work together and with the voluntary and community sector. The Council also commissions RCVS to deliver capacity building services that help organisations become more resilient and sustainable, and able to respond to new financial challenges and changes in demand for their services. The Council works with many voluntary organisations and local people in a range of partnerships such as the Homelessness Forum, Citizens Advice Richmond Advice Forum and Learning Disability Partnership Board.
10. We are determined to maintain a strong relationship between children's services and our local schools who are so vital in providing the best start in life for our children and young people. We have strengthened our provision for mental health services within schools and, through the Richmond Upon Thames Voluntary Fund, we continue to support local charities to provide further support in this area. A particular concern in the longer term 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.

11. 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 builds on the success of the predecessor Phoenix Enterprise programme last year and envisages supporting 55 businesses and 25 start-ups this year. The Greening Your Business will help 25 businesses improve their environmental performance and achieve Level 1 accreditation of the Green Mark scheme; and a new ReCreate Richmond programme targeted at creative businesses will support a further 20 businesses.

APPENDIX 3

Flexible Use of Capital Receipts Strategy (as updated)

Extension of the Strategy

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

Criteria to Assess Relevant Projects

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

Proposed Projects to be funded from Capital Receipts

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

as costs and savings are appropriately identified.

Efficiency Programme and Savings

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

	2016/17 Actual	2017/18 Actual	2018/19 – 2023/24 Actual	2024/25 Estimate
Use of Capital Receipts	£2.2m	£0.8m	£0m	£0.5m

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

Impact on Prudential Indicators

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

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.

